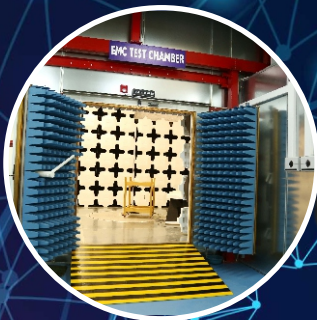




# ITI LIMITED

(A Government of India Undertaking)



# 70<sup>TH</sup> ANNUAL REPORT 2019-20



Total Solutions For Global Communications





## Chairman's Message

*Dear Shareholders,*

Warm welcome to the 70<sup>th</sup> Annual General Meeting of ITI Limited. The Notice related to this Meeting, Directors' Report, Audited Annual Accounts together with the Auditor's 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 CPSEs. On behalf of ITI and the Board of Directors, it is indeed an honour and a privilege to share my thoughts with you through the Annual Report 2019-20.

The Financial Year 2019-20 of the Company has been yet another year of immense growth and thriving success. We have registered a profit for third consecutive year after a long period of hard work and perseverance for 16 years. Your Company's performance for the financial year 2019-20 has been phenomenal. The Company has posted a Profit After Tax of ₹150.86 Crore which is a growth of 63.02% compared to the previous year and gross turnover rose to ₹2403.45 Crore which is 27% higher compared to the previous year ended March 31, 2019.

The most important achievement of this year is that the Net Worth of our Company has become positive for the first time after a long hiatus of close to 2 decades now. I am very happy to announce that your Company is making efforts to comeback and regain market dominance and strong leadership position in the

telecommunications segment of the country. As on date our order book including POs, APOs and orders in pipeline is around Rs. 19,540 Cr and our MoU target for the year 2020 – 21 is Rs. 2600 Cr. The above facts and figures adequately demonstrate that your Company's excellent performance for the current year is not a one-time phenomenon, but a testament to the herculean efforts made by the management to guarantee a bright future ahead.

This excellence in financial performance is achieved by effective execution and persistent monitoring of the projects in hand. We have redefined our project management styles and this has reflected in the performance of the turnkey projects we have been executing under BharatNet in the states of Gujarat & Maharashtra and NFS project for the Defense. The GujaratNet project is expected to be completed by November this year despite the challenges brought in by the COVID situation. ITI has been awarded a certificate of appreciation by the Government of Gujarat for our exemplary work which is a proof of our commitment towards dedication and timely execution.

Further, the NFS project will be completed by end of this year and MahaNet project is also likely to be accomplished as per the project schedule. These mega turnkey projects have contributed to nearly 80% of the revenue this year. In addition, we have been able to supply HDPE, OFC to these projects which has made our infrastructure set up for these products to be utilised for the first time after being established. The paradigm shift in our strategy of manufacturing, marketing and management of projects has contributed to our growth and improved profits. Another feather in the cap of ITI projects has been signing of the ASCON Phase IV contract recently. An order worth Rs. 7796 Cr. is the biggest ever order received in the history of ITI and we are gearing up to execute this.

Continuing further to contribute for self-reliance in the area of Telecommunication, ITI has signed a Memorandum of Understanding (MoU) with Tech Mahindra, a leading provider of digital business services & solutions, to work together in the areas of 4G & 5G Wireless Technology, Equipment Manufacturing, Smart Cities, Health Care services. The initiative is to build local competence by synergising the offerings of ITI & Tech Mahindra to create a next generation wireless network that will help India to become self-sufficient in the area of Telecommunications. Our Company with its efficient & innovative state-of-art facilities and capabilities for manufacturing Telecom equipment, plans to manufacture eNodeB and 5G NR products in its various plants. ITI is also in talks with other Indian companies to provide end to end solutions for 4G & 5G networks across the country through an ecosystem of the local technologies.

Similarly, ITI has also signed MoU with TCS, a leading IT and ITeS services organization. With these tie ups, two streams of solutions for 4G upgradeable 5G can be worked out with ITI being the common manufacturing partner.

The Company also plans to manufacture secure IP/MPLS routers which are very essential for secure data transfer in the defence network as well as for the networks of TSPs. For this, ITI has already entered into Technology Collaboration Agreement with a Bangalore based leading start-up company in this area. On the similar lines, our Company is also planning to tie up for manufacturing of E/V band Radios which are very essential with the emerging technologies of 4G & 5G. The partnerships with these Indian companies and the products with Indian IPR not only help to reduce dependency on import of Telecom equipment but also address the concerns in building a strategic network for defence communication. A PSU joining hands with two giant Indian Private sector leading companies shows the commitment of ITI towards the AatmaNirbhar Bharat initiative of Government of India.

The COVID-19 virus is unique in a way that, assumptions of common well-being, which was largely taken for granted, is no longer true. The bane of this virus is affecting all of humanity, impacting economies, business and lifestyles. This pandemic poses unprecedented health, economic and stability issues. This outbreak, along with the on-going border tensions, has dealt an exceptional blow to India as a whole. However, the pandemic has shown us the importance of local manufacturing, local market and local supply chains. As our respected Prime Minister rightly put it, "Local is not only our necessity but also our responsibility." We at ITI believe that every adversity brings its own set of opportunities. Even during the lockdown period, the business continuity of the company kept going and to strengthen the objective of Government of India's AatmaNirbhar Bharat Abhiyan, Company has recently signed a Transfer of Technology (ToT) agreement with Defence Research & Development Organization (DRDO) to manufacture portable ventilators at its manufacturing plants. The prototypes are ready for testing and once these are cleared by DEBEL, we intend to mass manufacture ventilators which will be supplied to Defence forces and other agencies in the country. The Company has been manufacturing Face Shields at its Bengaluru unit, which are designed to provide complete protection to facial area including eyes, nose and mouth from sprays and droplets. The Company has already supplied two million face shields and expects to enhance production in the coming months. During this pandemic, ITI Limited, has distributed grocery kits to around 2,500 needy families as a CSR measure.

ITI has initiated to bring up a Global Electronics Manufacturing Hub in the silicon city of Bengaluru and for this purpose, it has ear marked 200 acres of land in the first phase. With this venture ITI plans to create world class infrastructure for manufacturing, including common facilities, to attract major global electronics manufacturers, along with their supply chain, to set up units in the country. This is in line with the Electronics Manufacturing Cluster (EMC) 2.0 scheme of MeitY released during May of this year.

There is scarcity of testing labs in the country and to fill up the gap in testing infrastructure, ITI has set up EMI/EMC & Safety Labs in collaboration with DOT and TEC. Further SAR and Security Labs will be commissioned shortly. This would be an extended facility for the companies in the Manufacturing Hub as well as Start-up Hub. ITI has created Six Training Centers (TCs) within its plants including a Smart Skill Development Centre at Srinagar Plant to promote the Skill India Mission.

ITI Tier 3 compliant Data Center of 350 racks capacity in Bangalore is operational for last more than 10 years and the Company plans to expand this by additional 1,000 racks capacity. More so now, it is going to be cloud enabled Data Centre and would launch cloud services that include Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS) and Storage as a Service (StaaS). The Cloud facility is expected to achieve optimum utilization of the infrastructure and speed up the development and deployment of various ICT-IOT based applications for customers. It would also help government and non-government enterprises to procure ICT services on demand. This will greatly help the Digital India initiative of Government.

In order to increase value addition through manufacturing, we are incorporating transfer of technology in all the agreements being concluded. This will not only engage the infrastructure we have set up, but would also augment the Make in India initiative of Government. We plan to utilize the facilities set up for manufacturing of HDPE, OFC, Solar Panels, Smart Cards, Smart Energy Meter, WiFi Access Points, Micro PCs in different plants.

On the marketing front, ITI is consolidating its brand identity by getting into various new technology verticals like Bharatnet, Smart Cities, 4G/5G, AML solutions, Cybersecurity, IoT, cloud based data center solutions etc. ITI is entering into technology alliances with market leaders and is bidding aggressively in tenders of these verticals. ITI has also started undertaking projects for private customers like Airtel. Company is adopting centralized empanelment of business partners to address various opportunities pan India basis through ITI's countrywide marketing, service and project offices. The idea is to handhold upcoming Indian technology companies in order to create win-win business opportunities.

Dear Shareholders, in the last 3 years ITI has improved its performance and has also built up sizeable order book. Our renewed strategies with radical approach towards business are aiming to make ITI one of the best PSUs of the country in the coming years. With our sheer perseverance and hard work, the Company is now eligible for MiniRatna PSU status for which requisite application has already been submitted. This is just a beginning for us but the goal is to attain the Navaratna status in next 3 years. We have been meticulously working on every aspect, be it technology, project execution, manufacturing or marketing. This will enable ITI to achieve excellence in its business and keep its employees economically elated. At the same time, it is also important to give a better value to our shareholders for their significant investment in ITI. As committed, we have made significant strides towards achieving the old glory of the yesteryears.

Shedding our losses, we have transitioned into a profit making company. To achieve MiniRatna status and to move towards Navaratna, we have already started minimizing our debt burden and channelizing all our talents & ingenuity towards accomplishment of larger goal. Our commitment, to achieve this, is unshakable. Our drive to excel is resolute. With the support of DoT and Government of India, we shall move towards financial self-reliance to sustain through the market turbulence.

With a mix of new initiatives, new approaches, new business segments, I assure you that ITI shall continue to sustain the growth achieved during last 3 years to ensure sustained returns to all stakeholders.

I am grateful to the Government of India, Ministry of Home Affairs, Ministry for Rural Development, Ministry of Defence, MeitY, Ministry of Finance, Department of Telecommunications, Telecom Commission, BSNL, MTNL, BBNL, USOF, Defence, TCIL, Indian Railways, all departments of Central and State Governments and other valued customers, depositors, banks, financial institutions, overseas collaborators, Auditors, Committee on Public Undertakings [COPU], Standing Committee on Information Technology and Standing Conference of Public Enterprises [SCOPE] for their continued co-operation and support. I also take this opportunity to extend my thanks to all the employees and shareholders for their support and understanding.

**Thank You**

Place: Bengaluru

**R.M. Agarwal**  
Chairman & Managing Director

**NB:** This does not purport to be a record of the proceedings of 70<sup>th</sup> Annual General Meeting.

# ANNUAL REPORT 2019-2020

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## BOARD OF DIRECTORS\*

### Shri Rakesh Mohan Agarwal

Chairman and Managing Director & Addl. Charge Director Marketing

### Shri Shashi Prakash Gupta

Director- Human Resources

### Shri D Venkateswarlu

Director- Production

### Shri Rajeev Srivastava

Director-Finance

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

Government Nominee Director

### Dr Rajesh Sharma

Deputy Director General (SU), Department of Telecommunications

Government Nominee Director

### Shri Rajen Vidyarthi

Independent Director

### Dr Akhilesh Dube

Independent Director

### Shri Mayank Gupta

Independent Director

### Dr K R Shanmugam

Independent Director

## CHIEF FINANCIAL OFFICER

Shri Rajeev Srivastava

## COMPANY SECRETARY

Smt S Shanmuga Priya

## STATUTORY AUDITOR

M/s GRSM & Associates, Bengaluru

## BRANCH AUDITORS

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

M/s G K Arora & Associates, Allahabad (Naini)

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

M/s A R G E E & 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

Canara Bank

Punjab National Bank

Union Bank of India

Central Bank of India

Indian Bank

## MANAGEMENT\*

### CORPORATE OFFICE

#### Shri Rakesh Mohan Agarwal

Chairman and Managing Director & Addl. Charge Director Marketing

#### Shri Shashi Prakash Gupta

Director - Human Resources

#### Shri D Venkateswarlu

Director - Production

#### Shri Rajeev Srivastava

Director-Finance & Chief Financial Officer

#### Shri Shailendra Kumar Verma

Chief Vigilance Officer

#### Shri Sunil Kumar

General Manager-Operations

#### Shri Suresh Babu K T

General Manager - Internal Audit

#### Shri Sanjay Kumar Srivastava

General Manager- HR [ED & OD]

#### Shri Sasidharan K

General Manager - Project & Planning & Corporate Marketing

#### Shri Subhasis Som

General Manager - Vigilance

#### Shri Sanjay Kumar Gupta

General Manager- NFS & OL

#### 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 Sanjay Satyapriya

General Manager

Rae Bareli Plant

#### Shri V B Singh

General Manager

Naini Plant

#### Shri Sanjay Satyapriya

General Manager

Palakkad Plant

#### Smt. Jayasree E K

General Manager

Srinagar Plant

#### Shri I A Khan

Deputy General Manager

\*As on 02.11.2020



# ITI LIMITED

(A Govt of India Undertaking)

CIN: L32202KA1950G01000640

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

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

## NOTICE

NOTICE is hereby given that the Seventieth (70<sup>th</sup>) Annual General Meeting (AGM) of ITI Limited will be held on Friday, 04<sup>th</sup> December 2020 at 11.30 am through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') to transact the following business:

### I. ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and Auditors thereon and comments of Comptroller and Auditor General of India.
2. To appoint a Director in the place of Shri Shashi Prakash Gupta (DIN: 08254999), who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 2020-21".

### II. SPECIAL BUSINESS:

4. 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-14-1/2019-PSA dated 15<sup>th</sup> October 2020, Shri Rajeev Srivastava (DIN: 08921307), be and is hereby appointed as Director Finance of the Company w.e.f. 15<sup>th</sup> October 2020 for a period of five years till the date of his superannuation or until further orders whichever is earliest, liable to retire by rotation and on the terms and conditions as may be stipulated by the Government of India."

5. 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 2020-21 be and is hereby ratified".

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

By Order of the Board  
For ITI Limited

Place : Bengaluru  
Date : 02-11-2020

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

### NOTES:

1. In view of the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 permitted the holding of the

Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC/OAVM.

2. 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**.

3. Pursuant to provisions of the Regulations 26 (4) & 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General meeting issued by Institute of Company Secretaries of India, the brief resume/profile of the Director eligible for appointment /re-appointment vide Item No. 2 & 4 is appended to this Notice as **Annexure B**.

4. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice

5. In case of joint holders, the member whose name appears as the first holder in the order of names as per Register of Members of the Company will be entitled to vote at the meeting.

6. Corporate Members / Foreign Institutional Investors / Financial Institutions intending to appoint Authorised Representatives as per Section 113 of the Companies Act, 2013, to attend the AGM through VC/OAVM 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 by e-mail to [irg@integratedindia.in](mailto:irg@integratedindia.in), [cosecy\\_crp@itilttd.co.in](mailto:cosecy_crp@itilttd.co.in) and [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. The Register of Members and Share Transfer Books of the Company will remain closed from 28<sup>th</sup> November 2020 to 04<sup>th</sup> December 2020 (both days inclusive) for the purpose of the Annual General Meeting (AGM).

9. In line with the MCA General Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 70<sup>th</sup> AGM along with full version of Annual Report 2019-20 has been uploaded on the website of the Company at [www.itilttd.in](http://www.itilttd.in) under 'Investor Information' section and can also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

10. Shri D Venkateswarlu, (CP No. 7773), Practicing Company Secretary, Bengaluru has been appointed as the Scrutinizer to scrutinise the voting during the AGM and remote e-voting in fair and transparent manner.

11. 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.
12. 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.
13. 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 – 560 003, Tel No. 080-23460815-818, email id: irg@integratedindia.in and their respective Depository Participants immediately of any change in their address.
14. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form
15. In terms of the provisions of Listing Regulations, 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 contact the Registrar and Share Transfer Agents, M/s. Integrated Registry Management Services Private Ltd at irg@integratedindia.in and dematerialized their share for effecting any transfer.
16. Members may visit the website of the Company [www.itilttd.in](http://www.itilttd.in) for more information on the Company.
17. 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.
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
19. As per Section 108 of the Companies Act, 2013 read with relevant rules made there under, Regulation 44 of Listing Regulations, MCA Circular and SEBI Circular, 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 through remote e-voting and e-voting during AGM and for attending the meeting through VC/OAVM. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) in this regard. The instructions for remote e-voting, e-voting during AGM and for attending the meeting through VC/OAVM are appended to this Notice as **Annexure C**.
20. The Members can join the AGM in the VC/OAVM mode 15 minutes before and within 15 minutes of the scheduled time of the commencement of the Meeting by following the instructions mentioned in the **Annexure C**. The Members will be able to view the proceedings by login into the CDSL e-Voting website at [www.evotingindia.com](http://www.evotingindia.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
21. All documents referred to in the notice & statutory registers maintained under Section 170 and 189 of the Companies Act, 2013 will be available for electronic inspection during the AGM.

Regd. & Corporate Office  
ITI Bhavan, Doorvaninagar

Place : Bengaluru  
Date : 02-11-2020

By Order of the Board

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

**Annexure A**

## EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

#### Shri Rajeev Srivastava

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.

Shri Rajeev Srivastava (DIN: 08921307), was inducted to the Board as an Additional Director (Director Finance) w.e.f. 15<sup>th</sup> October 2020 in pursuance of Ministry of Communications order No. E-14-1/2019-PSA dated 15<sup>th</sup> October 2020 till the date of his superannuation or until further orders, whichever is earliest. In terms of Section 161 of the Companies Act, 2013, Shri Rajeev Srivastava holds office upto the date of ensuing Annual General Meeting (AGM).

Notice has been received under Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Shri Rajeev Srivastava as Director of the Company at the ensuing AGM.

The Nomination and Remuneration Committee at its meeting held on 02<sup>nd</sup> November 2020 have recommended to the Members' the appointment of Shri Rajeev Srivastava as Director Finance 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 AGM for Members' approval.

Shri Rajeev Srivastava is deemed to be interested in the proposed resolution to the extent of his appointment as Director of the Company.

None of the other Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item no. 4 of the notice.

Shri Rajeev Srivastava do not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person.

Your directors recommend the ordinary resolution for appointment of Shri Rajeev Srivastava as proposed in the notice for members' approval.

A brief profile of Shri Rajeev Srivastava is given in Annexure B of this Notice.

### Item No. 5

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 2020-21 is placed before the Member for their approval.

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

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



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

**Item No. 2 :**

**Shri Shashi Prakash Gupta:**

Shri Shashi Prakash Gupta (DIN: 08254999) aged 59 years holds B. Tech (Mech.) and MBA Degree. He is also a Fellow of the Institution of Engineers (India) and a Life member of the National Institute of Personnel Management, the Indian Institute of Metals and Quality Circle Forum of India. 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 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 during the financial year 2019-20. 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 or Key Managerial Persons of the Company or their relatives and does not hold any shares in the Company.

**Item No. 4 :**

**Shri Rajeev Srivastava:**

Shri Rajeev Srivastava (DIN: 08921307), General Manager Corporate Finance and Chief Financial Officer has taken over charge of Director Finance of ITI Limited on 15<sup>th</sup> October 2020 on the terms and conditions as may be stipulated by the Government of India. Shri Rajeev Srivastava is a Qualified Finance Professional having membership of the Institute of Cost & Management Accounts of India (ICMAI) and Institute of Company Secretaries of India (ICSI) with over 29 years of experience. Before joining ITI Limited, he has worked with Government of India as Director (Accounts)/ Senior Accounts Officer from December 1990 to December 2018.

He is B.Com and M.Com from Delhi University, LLB from DAV Law College and CWA from ICMAI and CS from ICSI.

Shri Rajeev Srivastava is not on the Board of any other Listed Company. Attendance of Shri Rajeev Srivastava at the Board Meeting held during the financial year 2019-20 did not arise as he was inducted into the Board Meeting during the current financial year 2020-21. Shri Rajeev Srivastava is not related to any of the Directors or Key Managerial Personnel of the Company or their relative and does not hold any shares of the Company.

## THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- The voting period begins on 01<sup>st</sup> December 2020 at 10.00 am and ends on 03<sup>rd</sup> December 2020 at 05.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27<sup>th</sup> November 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted through remote e-voting would not be entitled to vote at the meeting venue.
- The shareholders should log on to the e-voting website of CDSL at [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" module.
- Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- 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 e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:
 

For Shareholders 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) Shareholders who have not updated their PAN need to contact RTA at <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a> to get the sequence number.
- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for ITI Limited on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective app Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **RTA / Company email id**.
- For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **RTA / Company email id**.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- Shareholders are encouraged to join the Meeting through Laptops / I Pads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosecy\\_crp@itilttd.co.in](mailto:cosecy_crp@itilttd.co.in)
- The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosecy\\_crp@itilttd.co.in](mailto:cosecy_crp@itilttd.co.in) These queries will be replied to by the company suitably through email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login 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.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [viz cosecy\\_crp@itilttd.co.in](mailto:viz cosecy_crp@itilttd.co.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
- All grievances connected with the facility for voting by electronic means or Members who need technical assistance before or during the AGM can contact to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

**Other Instructions**

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.itilttd.in](http://www.itilttd.in) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.



# TEN YEAR DIGEST

₹ in Crore

OPERATING RESULTS	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Sales including services	2403	1894	1703	1611	1253	620	770	921	993	2139
Accretion / (Decretion) to Stock	40	11	(12)	18	0	(2)	(2)	(11)	3	(87)
Value of Production	2443	1905	1691	1629	1253	618	768	910	996	2052
Other Income**	184	336	381	542	598	86	40	33	34	78
Direct Materials	508	605	545	605	670	185	137	235	315	1662
Charges on Installation & Maintenance	1113	784	526	642	318	214	382	409	422	190
Employees Cost**	231	204	226	301	332	321	337	393	402	389
Depreciation	42	37	25	17	13	15	17	18	21	22
Financing Expenses	141	106	153	153	157	157	122	85	85	80
Other Expenses less Charges on Installation & Maintenance	441	412	367	187	124	110	159	163	154	148
Profit	151	93	230	266	238	(298)	(346)	(360)	(369)	(361)
Prior Period Adjustments	-	-	-	-	-	1	2	48	(1)	3
Extraordinary Items	-	-	-	-	-	-	-	130	-	-
Profit Before Tax	151	93	230	266	238	(297)	(344)	(182)	(370)	(358)
Provision for Tax / Deferred Tax/FRB	-	-	-	-	-	-	-	-	-	-
Add: Provision for tax of earlier years no longer required	-	-	-	-	-	-	-	-	-	-
Profit after Tax	151	93	230	266	238	(297)	(344)	(182)	(370)	(358)
Other Comprehensive Income	4	18	5	39	17	-	-	-	-	-
Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)	155	111	235	305	255	-	-	-	-	-

₹ in Crore

FINANCIAL POSITION	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Equity	925	897	760	560	288	288	288	288	288	288
Preference Shares *	-	-	-	-	-	300	300	300	300	300
Preference Shares - Application	-	-	-	-	-	-	-	-	-	-
Money Received Pending Allotment	-	55	137	-	192	192	-	-	-	-
Reserves & Surplus	3282	2847	2824	2814	2769	2735	2718	2709	2700	2701
Revaluation Reserves	2330	2335	2339	2348	2354	2360	2374	2390	2406	2424
Miscellaneous expenditure not written off	-	-	-	-	-	-	-	-	-	-
Profit and Loss Account-(Debit)	4206	4340	4432	4663	4929	5166	4869	4527	4345	3975
Net Worth Funds with Revaluation Reserve	2331	1794	1628	1059	674	713	819	1172	1413	1807
Net Worth without considering DRE not written off and Revaluation Reserve	1	(541)	(711)	(1289)	(1680)	(1647)	(1555)	(1218)	(993)	(617)
Grant-in-aid	-	-	-	-	-	4	8	12	64	69
Bonds	-	-	-	-	-	-	-	2	2	2
Other borrowings and deferred credit	1036	959	926	879	839	921	876	606	483	341
Gross Block #	2814	2775	2663	2524	3737	3690	3696	3695	3691	3684
Depreciation #	121	80	43	18	1279	1267	1243	1210	1175	1137
Net Block	2693	2695	2620	2506	2458	2423	2453	2485	2516	2547
Capital work-in-progress	189	165	149	102	92	33	21	1	2	7
Assets, Loans and Advances (Current & Non-Current):										
Inventory	173	149	156	142	104	93	96	105	113	118
Debtors	3120	2659	3086	2196	2743	2219	2152	4067	4268	4979
Others	1509	1292	996	566	436	572	366	348	333	409
<b>Total</b>	<b>4802</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>

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 and 2019-20 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 2019-20, FY 2017-18 and FY 2016-17 ₹ 4.39 crores, ₹ 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>2019-20</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>
Liabilities and Provisions (Current & Non-Current) \$	<b>4138</b>	3907	4153	3274	4021	3406	3393	5227	5335	5911
Working Capital	<b>(407)</b>	(498)	(642)	(1054)	(1478)	(1311)	(1501)	(1259)	(621)	(405)
Capital Employed (Net Fixed Assets+Working Capital)	<b>2286</b>	2197	1978	1452	980	1112	952	1226	1895	2142
<b>Sources of Funds:</b>										
Shareholders' Fund	<b>2331</b>	1794	1628	1059	674	713	819	1172	1413	1807
Borrowings	<b>1216</b>	1259	1226	1179	1139	1223	876	608	485	343
Net Non-Current Liabilities	<b>(36)</b>	268	199	195	98	131	155	57	-	-
Deferred Tax	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3511</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>Application of Funds:</b>										
Net Fixed Assets	<b>2693</b>	2695	2620	2506	2458	2423	2453	2485	2516	2547
Working Capital (Other than Cash Credit)	<b>628</b>	460	283	(176)	(640)	(390)	(625)	(650)	(621)	(405)
Capital Work in progress	<b>189</b>	165	149	102	92	33	21	1	2	7
Investments	<b>1</b>	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>3511</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>FINANCIAL RATIOS</b>	<b>2019-20</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>Working Capital Ratios:</b>										
Current Ratio	<b>0.92:1</b>	0.89:1	0.87:1	0.73:1	0.69:1	0.66:1	0.62:1	0.75:1	0.88:1	0.93:1
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>0.85</b>	0.94	1.11	1.05	1.00	1.81	1.50	1.38	1.36	0.69
Debtors(Net of Advances) in terms of months sales and services	<b>12.26</b>	12.85	16.31	14.13	18.28	38.76	30.22	30.18	30.89	18.12
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>20.79</b>	31.76	32.23	37.14	53.47	29.94	17.84	25.82	31.63	80.99
Cost of Direct Material & Charges on Insttn to value of Production incl. Excise Duty (%)	<b>66.35</b>	72.91	63.34	76.55	78.85	64.56	67.58	70.77	74.00	90.25
Debt-to-Equity Ratio	<b>2.30</b>	2.88	3.30	-	-	-	-	-	-	-
Return on equity (ROE)/Return on net worth Ratio	<b>54.06</b>	(0.17)	(0.14)	-	-	-	-	-	-	-
Net Profit Margin (%)	<b>7.33%</b>	5.55%	6.82%	-	-	-	-	-	-	-
Debtors/Receivable Turnover Ratio	<b>0.71</b>	0.58	0.54	-	-	-	-	-	-	-
Inventory Turnover Ratio	<b>11.96</b>	11.90	9.48	-	-	-	-	-	-	-
Interest Coverage / Debt Service Coverage Ratio	<b>1.52</b>	1.01	1.01	-	-	-	-	-	-	-
Operating Profit Margin (%)	<b>7.82%</b>	1.00%	-3.25%	-	-	-	-	-	-	-
<b>FINANCIAL RATIOS</b>	<b>2019-20</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>Growth Ratios:</b>										
Annual growth in value of Production (%)	<b>28.24</b>	12.66	3.81	30.01	102.75	(19.53)	(15.60)	(8.63)	(51.46)	(55.68)
Annual growth in Gross Block excluding Revaluation Reserve (%) \$	<b>10.00</b>	35.80	84.09	(87.27)	3.98	(0.58)	0.10	0.39	0.68	0.29
<b>OTHER STATISTICS</b>	<b>2019-20</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>Turnover Composition:</b>										
To BSNL/MTNL	<b>309</b>	974	1188	1083	592	239	260	181	206	1963
To Others	<b>2094</b>	920	515	528	661	381	510	740	787	176
<b>Total</b>	<b>2403</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>
Value added	<b>463</b>	276	324	283	177	153	164	166	164	328
No. of Employees as on 31st March	<b>3498</b>	3520	3576	4052	5229	6177	7311	8516	9512	10616
Value Added per Employee (₹)	<b>1319464</b>	777903	849502	609848	310363	226868	207241	184158	162957	293473
Value of Production per Employee (₹)	<b>6962097</b>	5369222	4433665	3510398	2197089	916370	970493	1009541	989666	1835995

\$ 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

BALANCE SHEET	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>(a) What the Company owned</b>		
Fixed Assets	2814	2775
Less: Depreciation	121	80
Net Block	2693	2695
Capital Work-in-Progress	189	165
Investments		1
Current Assets, Loans & Advances	4444	4097
Less: Current Liabilities	4851	4596
	(407)	(499)
Add: Non Current Assets	358	2
	2833	2364
<b>(b) Less: What the Company owed</b>		
Non-Current Liabilities	502	570
<b>(c) Shareholders' Funds [a]-[b]</b>	2331	1794
Represented by:		
Share Capital	925	897
Reserves & Surplus	3282	2902
Revaluation Reserve	2330	2335
Grant-in-aid	0	0
Less: Profit and Loss Account (Debit)	4206	4340
	1,406	897
	2,331	1,794

₹ in Crore

PROFIT AND LOSS ACCOUNT	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
<b>(a) What the Company earned</b>		
Sales including services (including GST)	2,403	1,894
Other Income*	184	336
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components	40	11
	2,627	2,241
<b>(b) What the Company incurred</b>		
Materials	1,621	1,389
Employees Cost*	231	204
Depreciation	42	37
Financing Expenses	141	106
Other Expenses (including GST)	441	412
	2,476	2,148
<b>(c) Profit/(Loss) before tax (a-b)</b>	151	93
<b>(d) Less: Provision for Taxation</b>	0	0
<b>(e) Profit after tax**</b>	151	93
<b>(f) Other Comprehensive Income</b>	4	18
<b>(g) Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)</b>	155	111

\* Employee cost & Other income includes ₹ 4.39 crores on account of VRS funded from the Government of India.

\*\* Profit of ₹ 151 crores and Profit of ₹ 93 crores is with Grant In Aid of ₹ 85.40 crore and ₹ Nil crores respectively.

<b>SOURCES AND APPLICATION OF FUNDS</b>	<b>For the year ended 31<sup>st</sup> March 2020</b>	<b>For the year ended 31<sup>st</sup> March 2019</b>
<b>SOURCES OF FUNDS</b>		
1. Depreciation	42	37
2. Increase in Borrowings	77	32
3. Reduction in Working Capital	0	0
4. Revenue Grant in aid received	85	0
5. Capital Grant in aid received	414	55
6. Increase in Non-Current Liabilities	0	65
7. Decrease in Non-Current Assets	0	5
8. a) Profit After Tax*	66	93
b) Other Comprehensive Income	4	18
	<b>688</b>	<b>305</b>
<b>APPLICATION OF FUNDS</b>		
1. Loss After Tax	0	0
2. Decrease in Borrowings	0	0
3. Increase in working Capital	191	177
4. Fixed Assets	71	128
5. Capital Grant-in-aid utilised	0	0
6. Revenue Grant-in-aid utilised	0	0
7. Decrease in Non-Current Liabilities	68	0
8. Increase in Non-Current Assets	358	0
	<b>688</b>	<b>305</b>

Note:

\* Profit of ₹ 66 crores and Profit of ₹ 93 crores is without Grant In Aid of ₹ 85.40 crore and ₹ Nil crores respectively.

# Directors' Report

## Dear Shareholders,

The Board of Directors have pleasure to present the 70<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, 2020 together with Auditors' report & comments on the accounts by the Comptroller & Auditor General (C & AG) of India.

As per the approved revival plan for the Company by the Cabinet Committee on Economic Affairs (CCEA) in February 2014, Company has received Rs. 1892.79 Crores as grant-in-aid and Rs 769.00 Crores as Capex Fund in the form of equity (out of approved amount of Rs. 2264 Crores) till Financial year 2019-20. Capex Fund amounting to Rs 105 Crores has been received during FY 2019-20. Rs 105 Crores has been allocated in budget as Capex funds for FY 2020-21.

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. These projects have helped ITI to regain its manufacturing strength. The state-of-the-art infrastructure established under revival package funds has boosted the manufacturing strengths to cater for domestic market demands under Make in India mission of Government of India.

The Company has been declaring profit since FY 2017-18. The Company has become networth positive during the FY 2019-20.

## FINANCIAL PERFORMANCE

The performance of the Company (Standalone basis) for the financial year 2019-20 as compared to the previous year 2018-19 is as follows :

₹ in Crores

S.No.	Particulars	2019-20	2018-19
1	Sales including services	2403	1894
2	Value of Production	2443	1905
3	Loss/Profit before tax	151	93
4	Loss/Profit after tax	151	93
5	Other Comprehensive Income	4	18
6	Total Comprehensive Income	155	111
7	Financing Expenses	141	106
8	Depreciation	42	37
9	Capital Employed (Net Fixed Assets + working capital)	2286	2197
10	R&D Expenditure	14	22

On a consolidated basis, the total revenue from operations for the financial year 2019-20 was Rs. 2058.87 Crores as against Rs. 1668.37 Crores for the financial year 2018-19. The PBT & PAT for the financial year 2019-20 were Rs. 150.86 Crores as against Rs. 92.54 Crores for the financial year 2018-2019.

## OPERATIONAL PERFORMANCE

The Company has achieved Sales of Rs. 2403.45 Crores during the FY 2019-20 against Rs. 1894 Crores during the previous FY 2018-19. This is remarkably the highest turnover in the past nine years. ITI Limited has declared Profit after Tax (PAT) of Rs. 150.86 crore for FY 2019-20, which is 63.02 % more, compared to the profit of Rs. 92.54 crore for the previous year 2018-19.

## HIGHLIGHTS

The turnover for the financial year 2019-20 is mainly constituted from Execution of Bharatnet Phase II Projects viz. Gujnet and Mahanet Projects, Network For Spectrum (NFS) project, business generated by Corporate Marketing & MSP Offices, manufacturing of HDPE PLB telecom duct, Business from Defence Sector viz ASCON Phase 3 AMC, Defence Product supplies & it's AMC, Business from BSNL & MTNL dealing with AMC of MLLN Projects, NGN AMC, Installation & Commissioning of WiFi Hotspots, AMC for GSM-SZ, AMC for OCB, Business from Data Centre and supply of Smart Energy Meter to EESL, Supply of Mini

PCs, Manufacturing of Solar Panels, Supply of Solar LED street lights, EMI/EMC LAB services, Third Party Audit of Bharatnet Phase II Projects in Jharkhand & Odisha States, E-governance & Aadhar based services, 3D printing services, Component Screening, Module assembly & testing services for Vikram Sarabhai Space Centre (VSSC) etc.

The Company has been implementing turnkey projects of National Importance such as Government of India's flagship project "BharatNet", which is aiming to provide high-speed broadband connectivity to cover 2.5 Lakhs of Gram Panchayats in India. Under Bharatnet Phase I & II, ITI has successfully manufactured, supplied & commissioned 2073 GPON OLTs and 51369 ONTs. ITI is implementing the GujNet and MahaNet orders under Bharatnet Phase II Project. Order for value of Rs. 1417 Crores is received from Gujarat Fibre Grid Network Limited (GFGNL) for implementation and maintenance of Broad Band Connectivity solutions across the state of Gujarat. ITI has executed this order for total value of Rs 1070 Crores so far, Rs 13.39 Crores in 2018-19, Rs. 1056.68 Crores in 2019-20; Rs. 17.32 Crores in 2020-21. Order for value of Rs 3111.66 Crores is received from Maharashtra Information Technology Corporation limited (MITCL) for implementation of Broad Band Connectivity solutions across the state of Maharashtra. ITI has executed this order for total value of Rs 1381.43 Crores so far.

ITI also has received orders worth Rs. 18.06 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 also received an order worth Rs. 11.64 Crores from BBNL for TPA services for satellite based Broadband connectivity across 15 states / Union territories

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 HDPE Duct and accessories for construction of exclusive Optical NLD backbone and Optical access routes on turnkey basis in the Eastern and North- Eastern region of the country. ITI has won the order for these 2 zones, for deployment of optical fiber for around 13,539 Kms of length. Out of the total of 13,539 kms cable laying, nearly 11475 kms have been laid in both F and G Packages. ITI has already completed 85% of the work and will be completing the entire project by the FY 2020-21.

On the Defence front, the Company won in the mega tender of Army Static Switched Communication Network (ASCON) Phase IV project and has received order worth Rs. 7796 Crores from the Ministry of Defence (MoD) to deploy and maintain Phase IV of the Army's modern communication network for the defence forces across India. The project includes civil works for the infrastructure and optical fiber network, installation, commissioning and maintenance of equipment such as IP MPLS routers, Microwave Radio, Satellite terminals, NMS and testing tools.

Manufacturing of Encrypted Telecommunication Equipment required for Defence sector and other defense agencies has also been a major goal of the Company in recent years. ITI has received purchase order for Design, development, manufacture, supply and AMC of Multi-Channel Encryption Units (MCEU) under NFS project and 1GB IP Encryptors to Defence and the projects are under execution. In addition, ITI has an order for Supply & AMC of 48 1GB IP Encryptors to defence. ITI has also received order for Supply and AMC of IP Encryptors and its Accessories from the Ministry of Home Affairs (MHA). ITI is bidding for more tenders for supply of Encryption equipments for Defence.

An order worth Rs. 40.41 Crores is received by ITI from EESL for supply, installation and AMC of Solar LED Street Light System for the State of Uttarakhand on behalf of Uttarakhand Renewable Energy Development Agency (UREDA) acting as the State Nodal Agency (SNA).

The Company has also received Orders worth Rs. 61.36 Crores and Rs. 6.72 Crores for manufacture and supply of 10,000 Km of HDPE PLB Telecom Ducts and 20,000 Nos. of Solar Panels for the Mahanet Project. ITI has supplied 6700 Km of HDPE Ducts and 9500 nos of Solar Panel so far.

ITI has also ventured in to diversified products/services/solutions like OFC / HDPE Duct manufacturing, Smart card manufacturing, Radio modem, Wi-Fi Hot Spot, Data Centre services, Saas, Aadhaar based authentication Services etc.), Products / solutions under IOT verticals, Component screening, manufacturing and

supply of avionics modules for ISRO, Mini PC, Smart Energy Meter manufacturing, Switch Mode Power Supply (SMPS), 3D Printing Services, EMI/EMC & Safety Lab services, supply of Sanitary Napkin Vending Machine (SNVM), Smart Parcel Delivery Systems etc.

ITI is addressing many more tenders in the Defence sector and also other tenders such as Smart City Projects, WiFi Access Points, HDPE Duct manufacturing, Supply of ONT/OLT, etc. ITI is also addressing various tenders viz BSNL Tenders, Airtel FTTH requirement, Tamil Nadu Tender etc for supply of OFC cables & OFC laying. ITI has planned to manufacture and supply 11000 km OFC cables against the mega ASCON Phase IV order received by ITI. ITI has also diversified into development of medical electronics devices. ITI is manufacturing and supplying Face Shields, Face Masks, Face Mask Vending / Disposal machines, Manual Hand Sanitizing Dispenser (Pedal operated), Automatic Hand Sanitizing Dispenser etc. as a part of the Government of India's effort in its fight against the ongoing COVID-19 pandemic. ITI has received orders worth Rs. 6.45 Crores for supply of 16.71 lakhs nos. of Face Shields and the supplies are under progress. IT has also signed MoU with DRDO for development of Single Outlet Automatic Resuscitator-Portable Ventilators and UV disinfection system.

The overall performance of the Company is as follows:

₹ in Crores

No.	Products/ Projects	2019-20 (Including ED, ST & GST)	2018-19 (Including ED, ST & GST)
1	GujNet	1056.68	13.31
2	MahaNet	619.05	426.19
3	Corp Mktg & MSP	217.73	413.89
4	NFS Project	214.37	274.94
5	Defence Business & AMC/ ASCON AMC	97.24	121.51
6	GSM SZ AMC	36.02	46.08
7	MLLN / AMC for MLLN / SSTP	28.00	72.48
8	HDPE PIPE Mfg	26.00	0.00
9	3D Printing, Aadhaar based Business / Mini PC /Component Screening/E-governance projects/Misc services	18.29	9.69
10	Data Centre	17.59	19.28
11	CCMS/ Online RPF exam	15.33	39.14
12	OCB AMC Business	13.93	20.23
13	Smart Energy Meter	11.98	30.84
14	TPA for Bharatnet project in Jharkhand & Odisha	9.75	0.00
15	SMPS & Repairs	5.41	11.55
16	NGN AMC	5.15	6.98
17	WiFi Hotspots I&C	2.64	37.04
18	GSM Franchise	2.63	4.22
19	Solar Panel/ Solar Street light	2.39	0.00
20	Banking Prodcuts/ Contract Mfg./Sanitary Napkin Vending Machine	1.84	20.97
21	GPON (ONT, OLT, SPV and I&C)	1.43	55.20
22	NGN / CPAN Contract Manufacturing	0.00	234.86
23	GSM WZ AMC	0.00	27.61
24	CDOT AN RAX/PCM MUX	0.00	8.01
	<b>Total</b>	<b>2403.45</b>	<b>1894.02</b>

#### SHARE CAPITAL:

During the year 2019-20, there was no change in the authorized share capital of the Company.

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 had redeemed following preference shares:

- (i) 1,00,00,000 8.75% Cumulative Redeemable Preference Shares of Rs 100 each at par to MTNL;
- (ii) 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 Board of Directors of the Company in its meeting held on 23<sup>rd</sup> March 2020, allotted 2,81,19,508 equity shares, (face value of Rs. 10.00 each) @ at Rs 56.90 (at a premium of Rs 46.90) on preferential basis to The President of India against the Capex grant of Rs. 160 Crore received from Government of India during FY 2018-19 & FY 2019-20. Accordingly, the paid up Equity Share Capital as on 31<sup>st</sup> March 2020 has been increased from Rs. 8,97,00,00,000 to Rs. 9,25,11,95,080.

During the year under review, the Company has not granted stock options or sweat equity shares. As on 31<sup>st</sup> March 2020, 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 Limited ("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) would be reserved for the employees of the Company. The object of the FPO was to raise working capital for new projects, reduce its debt obligations and to meet SEBI's requirement of Minimum 25% public shareholding.

The Company with the approval of competent authorities opened the issue on 24<sup>th</sup> January 2020 which was extended twice upto 05<sup>th</sup> February 2020. The Board of Directors in its meeting held on 22<sup>nd</sup> January 2020 had fixed the price band for the shares offered through FPO at Rs. 72- Rs. 77 which was revised to Rs 71- Rs 77. However, due to prevailing market conditions, the FPO was withdrawn on 05<sup>th</sup> February 2020.

The Company is exploring options for raising funds and also to achieve SEBI's Minimum 25% public shareholding requirement.

#### DIVIDEND

As the Company still has accumulated losses, the Directors are not in a position to recommend any dividend for the year 2019-20.

#### RESERVES

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

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

##### BANGALORE PLANT

##### I. PERFORMANCE

In the financial year 2019-20, Bangalore Plant has achieved a turnover of Rs. 710.89 Crores. The turnover consists of supplies, projects and services provided to the customers.

- Under supplies head – Secrecy equipment worth Rs 2.50 Crores to Defence, Contract manufacturing for PSUs, private companies worth Rs 0.97 Crores, 3D printing of prototypes for PSUs, medical institutions, private companies worth Rs 0.45 Crores have been supplied by the Plant.
- Under projects head - The unit has executed part of MahaNet project worth Rs. 619.05 Crores.
- Under services head - The unit has executed GSM-SZ AMC worth Rs. 36.02 Crores; Defence AMC worth Rs. 10.45 Crores; NGN Equipment AMC worth Rs. 5.15 Crores; Data Centre services worth Rs. 17.59 Crores; Installation & commissioning of Centralized Control and Monitoring



System (CCMS) for LED Street Lights worth Rs. 14.40 Crores for EESL; Installation & commissioning of WiFi Hotspots worth Rs 2.64 Crores for BSNL, Aadhaar based business services worth Rs. 0.74 Crores; Online exams for RPF worth Rs. 0.93 Crores;

## II. PROJECTS EXECUTED / UNDER EXECUTION DURING THE YEAR 2019-20

- Mahanet for BharatNet Ph-II project
- Data Center Services
- Defence Business / AMC
- CCMS / Online RPF exam
- GSM SZ AMC / NGN AMC
- Aadhar Based services
- 3D printing
- WiFi Hotspot

## III. HIGHLIGHTS OF BANGALORE UNIT FOR THE YEAR 2019-20:

### MAHANET FOR BHARATNET PHASE-II PROJECT:

ITI has received order from Maharashtra Information Technology Corporation Ltd, for Implementation of Package A & C of MahaNet-I (BharatNet-II) Project for providing broadband connectivity across Maharashtra State.

The scope of the Project involves laying of OFC (23300 KMs underground, 14400 KMs Aerial cable) and Establishment of network comprising of IP MPLS, microwave radio, Wi-Fi hotspots, network operating centre (NOC). The Total Project value is around Rs 3111.66 Crores. ITI has executed the project with total value of Rs. 1381.43 Crores. Out of this, order worth Rs. 419.19 Crores has been executed in 2018-19 and Rs 619.05 Crores during the year 2019-20 and Rs. 343.19 Crores in 2020-21. So far, T&D has been completed for 10357 KMs, Fibre blowing for completed for 5784 KMs, Aerial routing completed for total of 1873 KMs and total of 265 GPs are lit so far.

### DATA CENTER SERVICES:

ITI's state-of-the-art Tier 3+ compliant Data Center is currently spread over more than 2,00,000 Sq. ft. with world class facilities of 350 racks capacity in its Bangalore plant since 2009. Various services like Colocation (hosting), Managed Bandwidth, and e-mailing services are provided to PSU, Banking, Corporate and private as well as Start-up customers, under highly secured and stable environment. Company is further expanding the Data Center with establishment of another 1000 racks capacity in two phases. The Phase I with provision for 343 racks is already completed and TIA 942-B TIER-3/Rated-3 certificate for 343 racks is received on 15<sup>th</sup> October 2020. In addition to the existing services, secured cloud services like SaaS, PaaS and IaaS are also offered with new Data Centre. The turnover achieved during the year 2019-20 with existing Data Centre Services is Rs. 17.59 Crores.

### DEFENCE PROJECTS/ AMC:

ITI has got the order worth Rs. 85 Crores for supply and AMC of 710 Multi-Channel Encryption Units (MCEU) under NFS project to Defence.

ITI has further received order worth Rs. 4.41 Crores for supply and maintenance of 48 1GB IP Encryptors from Department of space (DoS) - ADRIN. In addition to above, ITI has also bagged order worth Rs. 25.48 Crores for supply & AMC of 860 IP Encryptors to Ministry of Home Affairs (MHA) under the Government of India. All these orders are under execution. ITI has executed AMC orders worth Rs. 10.45 Crores for equipment supplied to Defence.

### 3D PRINTING:

3D printing is a revolutionary manufacturing method by which we can create various types of three Dimensional (Solid) parts for R&D Prototype; it is an excellent option for presentation models, detailed prototypes, and master patterns for manufacturing industries, Medical purpose, etc. Bangalore Plant has installed Poly Jet and FDM (Fused Deposition Modeling) 3D Printer which is capable of producing prototypes with different materials using a CAD file. The Plant has generated a revenue for Rs. 0.45 Crores in FY 2019-20.

### AADHAR AUTHENTICATION SERVICES:

The Company is providing Aadhar authentication services, e-KYC services, core banking applications, mobile wallet application etc. Services worth Rs. 0.74 Crores have been rendered during the FY 2019-20.

### PMKVY:

Bangalore plant has set up a state of art skill development scheme called the Pradhan Mantri Kausal Vikas Yojna (PMKVY) to cater to the skill development for the needy to impart Hands on Training GE certified course. Under this program, the Unit has trained two batches totaling to 70 students on the OFC splicing technique with all the students who attended the online exams clearing the exam. Revenue Generated is Rs. 2.85 Lakhs

### EMI/EMC LAB CHAMBER:

EMI/EMC Lab Chamber and Test System was commissioned in June 2019. Testing for external customers and in-house R&D and thereby revenue generation started in July 2019. Test Standards include IEC/CISPR, MIL and FCC for Emission and Immunity Testing. Devices under Test (DUTs) of external customers range from Defence, Aerospace, Environmental, Telecom and Industrial Automation. EMI/EMC Testing was carried out for In-house R&D products like 1GB IP Encryptor, MCEU, etc. Additional systems are expected to be installed and revenue generation is likely to go up by 20-30%. Revenue generated for the FY 2019-20 is Rs. 0.30 Crores.

### SAFETY LAB:

ITI has set up Safety Lab service commenced from June 2019. More than 52 tests can be performed as per IS 13252/IS 616/IS 304/IEC 60950-1/IEC 61010-1/IEC 60601-1/IEC 60335-1.

### ESTABLISHMENT OF START-UP HUB (VINYAS):

As part of 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. 150 seater Start-up hub, having amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity, is already functional. Start-up hub customers can also utilize our manufacturing facilities like PCB, SMT, Fabrication, Telecom testing labs and 3D printing to enhance their operations from this facility. Currently 64 Start-ups in Technology domains like Consumer Electronics, Aeronautics, Medical Electronics, Additive Manufacturing and IOT are working from VINYAS.

### CMMi LEVEL 3:

ITI is certified with CMMi Level 3 for Data center, IT and IoT services. The Capability / maturity level of an organisation provides a way to characterize its performance. ITI is into Datacenter services and IoT businesses and as part of improvement, ITI has obtained Capability Maturity Model, Level 3 in the month of December 2019 from CMM Institute for its services in the field of Data center, Information Technology and Internet of Things.

With this ITI will be able to participate in IT, IoT and Data center tenders as this is the eligible criteria in almost all IT tenders.

ITI is practising CMMi L3 in these areas and will be working towards the next level that is CMMi L5 (which is an Optimisation level) after practising for 2 years and periodic audits.

### RESEARCH & DEVELOPMENT:

Research & Development (R&D) located in Bangalore plant is designing & developing Communication Equipment to support manufacturing and also keep abreast with State of the Art Technologies in the field of Electronics & Communications and IOT. R&D has core strength in design & development of Encryption systems to secure Communication Networks and also in development of Network solutions. The strength of R&D lies in its skilled design team with expertise in development of Hardware & Software. The necessary infrastructure to aid design & development is available in the form of Test Instruments, Software design tools, CAD design tools, reliability lab, EMI/EMC test lab and Telecom testing lab. The R&D team develops allied products in area Transmission and terminal products.

## MAJOR PRODUCTS / SYSTEMS DEVELOPED IN FINANCIAL YEAR 2019-20:

R&D developed products in the following areas:

- Encryption Systems for Defence
- Network Solutions for Communication Network
- Power Supply Modules
- Integrated Selection System

The successful products Solutions developed in FY 2019-20 are:

Products:

- Integrated Selection System
- High Speed Radio System
- Encryptors for Defence Network

The Encryption products have been successfully undergone Field trials and testing & Evaluation by customers. Also, the same are subjected for certification by DRDO lab.

## NEW INITIATIVES UNDERTAKEN IN FY 2019-20

In the year 2019-20 R&D initiated development of new products like Satellite receivers for Defence.

The following products are under development:-

- 1) Secure FAX for Para military forces
- 2) Indian Regional Navigation Satelity System receivers
- 3) High Capacity Radio Relay
- 4) Integrated Selection System
- 5) Ruggedized Multi Channel Eneription Unit
- 6) Smart Energy Meter
- 7) EVM and Multi-Post ISS (EVM)

## MANKAPUR PLANT

### ANNUAL PERFORMANCE OF MANKAPUR UNIT FOR FY 2019-20

#### I. PERFORMANCE:

Mankapur Plant has achieved a turnover of Rs. 45.87 Crores during the financial year 2019-20. The turnover consists of supplies and services provided to the customers, which is as follows:

- Under supplies head –The Plant has supplies Rs. 0.84 Crores worth Titli ONTs for BSNL, Banking Products to nationalised banks and Sanitary vending machines to various customers; Mankapur has manufactured & supplied 5211 nos of ONTs to Raebareli against Gujnet orders on SSU basis and the turnover of this supply is booked by Raebareli Plant.
- Under services head – The Plant has executed Rs. 35.21 Crores worth NFS Project; Third Party Audit Services worth Rs. 9.75 Crores of Broad band connectivity in the states of Jharkand and Odisha.

#### II. PROJECTS EXECUTED DURING THE YEAR 2019-20:

- NFS
- TPA for Jharkhand and Odisha
- GPON ONTs
- Diversified Products: TITLI ONT, Bank Mechanising Products (NCM/FND), SNVM (Sanitary Napkin Vending Machine)

#### III. HIGHLIGHTS OF MANKAPUR UNIT FOR THE YEAR 2019-20:

##### NETWORK FOR SPECTRUM PROJECT (NFS):

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. 35.21 Crores has been completed in FY 2019-20.

##### GPON:

The Plant has manufactured and supplied 5211 Nos. of ONT 11 equipment to Raebareli unit under the GujNet Project as well as to cater the spare need of BBNL and BSNL POs already served altogether by ITI Raebareli & Mankapur in 3 years, from 01.04.16 to 31.03.19. Some ONT 11 equipment has also been sold directly to different agencies. The Plant has executed orders worth Rs. 0.04 Crores through Titli ONT, against various miscellaneous orders.

##### THIRD PARTY BASED AUDIT (TPA):

ITI Mankapur has taken up Third Party Audit (TPA) activities for implementation of Bharat Net Phase-II project in Jharkhand under Jharkhand Communications Network Limited (JCNL) and Odisha under Odisha Power Transmission Corporation Limited (OPTCL). Revenue of Rs. 9.75 Crores has been generated through this project.

ITI Mankapur has also received an order from BBNL worth Rs. 11.64 Crores for TPA activities for Acceptance and testing of Satellite based Broadband equipment and Solar Power Plant at 4849 GP sites across 15 States/ Union territories.

##### NOTE COUNTING MACHINE/ FAKE NOTE DETECTOR:

The Plant is also into supply and servicing of various Banking Mechanized products including Note Counting Machines (NCM). Besides note counting, to counterfeit detection, Unit has developed a new model by adding extra feature of UV Fake Note Detector (FND) in it. Orders worth Rs. 0.53 Crores have been executed under the above said products.

##### SUPPLY OF SANITARY NAPKIN VENDING MACHINES (SNVM):

The Plant has contributed in Installation of Sanitary Napkin Vending machines by developing and supplying a new Product - "Flora-Sanitary Napkin Vending Machine"-A step towards Women Health & Hygiene. It is a self service vending machine for dispensing sanitary napkins against acceptance of coins. The product has generated revenue of Rs. 0.34 Crores for the year FY 2019-20.

##### SKILL DEVELOPMENT:

The Employee Development Centre (EDC) is organizing Industrial Skill Training for Engineering / Diploma Students under the aegis of "Finishing Schools". It is an endeavor to have effective industry- Institute interaction whereby the students are exposed to the practical issues through project internship in our organization. Summer training / project training is also organized for Engineering / Non Engineering Students. Besides Finishing and Summer Training, Employee development Centre is also involved in conducting CCC examination at various centers in UP through NIELIT Gorakhpur. Total revenue generated by EDC during FY 2019-20 is Rs. 0.74 Crores approx.

Hon'ble CMD Shri. R.M Agarwal inaugurated the Skill Development Training Programme on 02.03.2020. Skill Development Training on NSQF Course and "Installation and Maintenance of PC" was imparted. ITI Mankapur has also signed MoU with different Government, Polytechnics. The main objective is to impart skill development training to their students, which in turn will generate revenue.

The Mankapur Plant is now an associate member of Telecom Sector Skill Council (TSSC) for a period of 5 years.

##### NEW PRODUCTS:

ITI Mankapur is doing business in Diversified Products also. ITI Mankapur, as an effort towards the collaboration between Academics and Industry, has recently launched an in-house designed and developed product - 3D printer, which is developed in collaboration with IIT Allahabad, for manufacturing 3D based Models and prototypes. It features Rapid Prototyping and Concept modelling resulting in faster production with reduced cost and better quality.

Mankapur plant has developed medical products to help prevent the spread of COVID-19 like Face Mask Disposal Machine, Face Mask with detachable filter,

Automatic Hand Sanitizing Dispenser, Tunnel and Manual Sanitizing Dispenser, -a foot operated hand sanitizer fully adjustable for various bottle types etc. The plant has signed TOT agreement with M/s. Laser Science and Technology Centre (LASTEC), DRDO for "UV Disinfection system" named UV Blaster and developed prototypes. The prototypes are evaluated by DRDO. The plant will mass manufacture UV disinfection systems after getting necessary certifications.

## NAINI PLANT

### ANNUAL PERFORMANCE OF NAINI UNIT FOR FY 2019-20

#### I. PERFORMANCE:

Naini Plant has achieved a turnover of Rs 2.40 Crores during the financial year 2019-20. The turnover consists of supplies to the customers, which is as follows:

Under Supplies head: The Plant has supplied Solar Photovoltaic Equipment worth Rs 0.94 Crores for MahaNet order; Solar LED Street Light system towards order received from EESL. Apart from this, the plant has supplied 1157 units of CCU worth Rs. 0.60 Crores to NSU, as spare requirements for maintenance of GPON equipment supplied to BBNL/BSNL.

#### II. PROJECTS EXECUTED DURING THE YEAR 2019-20:

- Solar Photo Voltaic (SPV) Panel for MahaNet Project
- Solar LED Street Light System
- Charge Control Unit (CCU)

#### III. HIGHLIGHTS OF NAINI UNIT FOR THE YEAR 2019-20:

##### SPV PANEL FOR MAHANET (BHARATNET PHASE-II) PROJECT:

Naini Unit has received the Purchase Order for value Rs. 6.82 Crores for supply of 20,000 No.s of 60 Watt SPV Panels against MahaNet Project. Naini Unit has already dispatched 2,500 No.s of SPV panels worth Rs 0.94 Crores during 2019-20. Further, 7000 No. of Panels are supplied in 2020-21 and balance 10500 nos are already manufactured and under dispatch.

Naini unit has received the validity extension of TSEC for Hybrid Solar Photovoltaic system against TEC GR No GR/SPV-02/03. May 2008 and the revised validity of TSEC is 31.01.2023. The Hybrid Solar power system is used for providing un-interrupted power to ONT equipment of GPON broad band system.

##### SOLAR LED STREET LIGHT SYSTEM:

Naini Unit has received the Letter of Intent (LOI) from Uttarakhand Renewable Energy Development Authority (UREDA) for Survey Design, Supply, Installation Testing and commissioning with 5 years Comprehensive Maintenance Warranty of 19,665 Nos. of Solar LED Street Light System. Total PO value is Rs. 40.41 Crores. Naini Plant has supplied 2300 Nos. of LED Street Light Systems to UREDA.

##### CHARGE CONTROL UNIT:

The Unit has supplied 1157 Nos. of Units of Charge Control Unit (CCU) for BharatNet Ph-II Project as spare requirements worth Rs. 0.60 Crores to Network Systems Unit (NSU).

##### ISO AUDIT, PMMM & PCMM LEVEL II:

- Naini Unit has successfully upgraded from ISO 18001:2007 to ISO 45001:2018 The Certificate is Valid up to 22<sup>nd</sup> March 2023.
- The Unit has cleared 2<sup>nd</sup> Annual Surveillance Audit of ISO14001:2015 and ISO 9001:2015.
- Naini Unit has also successfully cleared PMMM & PCMM audit for level II.

##### SKILL DEVELOPMENT:

- A MoU has been signed for conducting skill development training programs inside & outside ITI Naini premises. The MoU was signed between ITI

Naini & Government Receipts Accounting System (GRAS) Delhi in the month of March 2020.

- In-house training has been provided to the employees of the Unit. Vocational Training has also been provided to B-Tech and Diploma holders through which revenue of Rs. 0.04 Crores has been generated.

#### MOU SIGNED DURING THE YEAR 2019-20:

- Naini Unit signed MOU with M/s OKAYA Power Private Limited for supply of Solar LED Street Light System to UREDA.
- Naini Unit has also signed MOU for conducting skill development training programs with Government Receipts Accounting System (GRAS), Delhi.

## PALAKKAD PLANT

### ANNUAL PERFORMANCE OF PALAKKAD UNIT FOR FY 2019-20

#### I. PERFORMANCE:

ITI Palakkad has achieved a turnover of Rs 62.46 Crores during the FY 2019-20. The turnover consists of supplies and services provided to the customers.

- Under Supplies head – The plant has supplied Mini PCs worth Rs 12.08 Crores to various customers; HDPE Telecom Ducts worth Rs 5.49 Crores for Mahanet project; Smart Energy Meters worth Rs. 11.98 Crores to EESL; Component screening services to VSSC (Vikram Sarabhai Space Center) worth Rs 4.09 Crores.
- Under services head - The plant has executed AMC services worth Rs. 28 Crores for MLLN equipment supplied to BSNL & MTNL; E-Governance projects worth Rs 0.79 Crores.

#### II. PROJECTS EXECUTED DURING THE YEAR 2019-20:

- AMC support for MLLN
- SMAASH PC
- Component Screening business
- HDPE Duct Manufacturing
- Smart Energy Meter
- E-Governance services
- Smart Parcel Delivery System

#### III. HIGHLIGHTS OF PALAKKAD UNIT FOR THE YEAR 2019-20:

##### SMART ENERGY METER:

ITI Ltd has been awarded with the letter of award (LOA) from Energy Efficiency Services Limited (EESL) for the manufacturing, supply and maintenance of GPRS based Smart energy meters complying to IS 16444 technical specifications. ITI Palakkad has received type approval and BIS certification for Single Phase Smart Energy meters complying to IS 16444 technical specifications for two technologies. Facilities and infrastructure are set up at the unit for bulk manufacturing, calibration, testing and supply of Smart Energy Meters. During the financial year 2019-20, the unit has manufactured and supplied 91000 Nos. of Smart Energy Meters to the DISCOMs in UP and Haryana till date.

##### Mini PC:

ITI Palakkad has started assembly and marketing of Mini PC, which is a replacement to the traditional Desktops. The product is 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 with 3 hour backup, Smart lock for Physical Security etc.

The product is well accepted by various customers and ITI Palakkad has executed orders worth Rs. 12.08 Crores during FY 2019-20 from various customers such as KSEDC for e-Health Project, Air India, Forest Department, Kerala Finance Department, Tamil nadu e-Health, Amritha Viswa Vidyapeetham, MIDHANI and M/s. Vehant etc. ITI has also supplied Video conferencing Codec branded as "Smaash Connect" to various colleges of Universities in Kerala.

The target market is Central / State Govt departments, Universities, Hospitals, Research organizations, Public / Private corporations, Banks, educational institutions etc. Many new big business associations with different Corporate Firms across the country are under progress.

## 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 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. Total turnover against this business opportunity for the year FY 2019-20 is Rs 4.09 Crores.

### 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).

### 2. COMPONENT SCREENING LAB:

An exclusive facility with fully air conditioned ESD protected area of 7000 sq. feet with the state of art equipments is established at ITI Palakkad for Screening and Burn-in of electronic components used in launch vehicles. The facility is further expanded with the inclusion of Screening of assemblies and sub-assemblies known as Test & Evaluation (T & E) also. Total order value on hand against VSSC business for the year FY 2020-21 is Rs. 7.46 Crores.

Small pilot orders from M/s Bosch, M/s Tata Elxsi, M/s BPL and M/s Souriau connectors are received and executed successfully.

## HDPE TELECOM DUCT MANUFACTURING:

The PLB HDPE Telecom duct manufactured at ITI Palakkad got TEC Approval in March 2019. The approval covered manufacturing of the product in 8 different colors (Orange, Red, Green, Brown, Blue, Violet, Grey, and Yellow). Despite all odds of the sudden lockdown imposed in the critical period of end of March'20, the plant could complete a total supply of 1300 KM till now out of the allocation of 2000 KM to Palakkad. Capacity enhancement of the duct manufacturing facility with an additional line is in progress.

## E-GOVERNANCE PROJECT:

ITI Palakkad has executed an order for Rs 0.79 Crores for the FY 2019-20 received from Kerala Irrigation department for establishing of wired network connectivity integrated with flow measuring devices, water level monitoring sensor, automatic rain gauge station and IOT based street lighting system including maintenance for 5 years for Siruvani Dam under the department of water resources of the Government of Kerala.

## AMC ORDERS:

ITI Palakkad has executed AMC orders worth Rs 28.00 Crores from BSNL/MTNL for the 24 x 7 technical support extended to Managed Leased Line Network (MLLN) projects for BSNL and MTNL.

## SMART PARCEL DELIVERY SYSTEM FOR DEPARTMENT OF POST:

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. Pilot order for Rs. 0.24 Crores received from O/O (Office of) CPMG Bangalore for the supply of total 8 systems as part of product validation has been supplied and installed successfully. Efforts are to be made to get more orders for the product.

## SKILL DEVELOPMENT:

ITI have executed an order for imparting Expert Interaction and On the Job Training to students of 31 VHSEs (Vocational Higher Secondary School) in the state of Kerala. Around 900 second year students studying the course Field Technician and Computing Peripherals got the benefit of the training. The training was for 11 days for each school.

## CERTIFICATIONS:

ITI has earned the recognition as the first PSU to get accredited for Rupay Card personalization by National Payment Corporation of India (NPCI) and Master card certification.

ITI is certified with ISO 14001: 2015 for Environment Management System and ISO 9001: 2015 for Quality Management System.

## ACCOLADES:

ITI Palakkad bagged the SURAKSHA PURASKAR award instituted by the National Safety Council (Kerala Chapter) for FY 2019-2020 in the Large Factories (Engineering) category.

## RAEBARELI PLANT

### ANNUAL PERFORMANCE OF RAEBARELI UNIT FOR FY 2019-20

#### I. PERFORMANCE:

In the year 2019-20, Raebareli has achieved a turnover of Rs. 208.09 Crores. The turnover consists of supplies and services provided to the customers.

- Under Supplies head - The Plant has supplied HDPE Ducts worth Rs. 20.51 Crores for Mahanet project; SMPS equipment worth Rs. 5.41 Crores to BSNL Rs. 5.41 Crores.
- Under Services head – The Plant has executed part of NFS Project worth Rs. 179.16 Crores; GSM show room sales worth Rs 2.63 Crores.

#### II. PROJECTS EXECUTED DURING THE YEAR 2019-20:

- NFS Cable laying services for Package G
- HDPE Duct manufacturing for Maha IT Projects
- SMPS & Repairs
- GSM Showroom Sales

#### III. HIGHLIGHTS OF RAEBARELI UNIT FOR THE YEAR 2019-20:

##### NETWORK FOR SPECTRUM (NFS) PACKAGE G:

The plant has achieved a turnover of Rs. 179.16 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.

##### SMPS AND GSM SHOWROOM SALES:

Further, the Plant has made turnover of Rs. 5.41 Crores through supply and repairs of SMPS and Rs. 2.63 Crores towards GSM Showroom Sales and miscellaneous services.

##### HDPE DUCT MANUFACTURING:

ITI Raebareli has established 3 lines of HDPE manufacturing lines. Despite all odds of the sudden lockdown imposed in the critical period of COVID pandemic, the Unit could supply a total of 5400 Kms out of the 8000 Kms allocated to the Unit till now, against the order for the MahaNet project. Capacity enhancement of the duct manufacturing facility with additional 4 lines is in progress.

## CERTIFICATIONS:

- Raebareli Unit has Obtained TSEC certifications for 24F ADSS, 24F NZDS, 48F Ribbon Type & 96F Ribbon type OFC.
- The Raebareli Unit has also obtained ISO certificates for QMS 9001:2015 & EMS 14001: 2004.

## SRINAGAR PLANT

### ANNUAL PERFORMANCE OF SRINAGAR UNIT FOR FY 2019-20

#### I. PERFORMANCE:

For the Financial year 2020-21, Srinagar Unit has achieved a turnover of Rs. 0.11 Crores.



## II. OPERATIONAL PERFORMANCE & PRODUCTION:

Turnover of Rs. 11 Lacs has been made through Skill Development activities in the Skill Development Centre of the Plant. Skill Development Centre was setup in Srinagar Unit in June 2019.

### NETWORK SYSTEMS UNIT (NSU)

#### I. PERFORMANCE:

In the financial year 2019-20, NSU has recorded a turnover of Rs. 1156.29 Crores.

The turnover consists of execution of order for GujNet as part of BharatNet Ph-II project, AMC for ASCON orders for Ministry of Defence (MoD) as well as execution of AMC for OCB Orders for BSNL and MTNL.

The turnover consists of value of project executed and services provided to the customers.

- Under projects head - The Unit has executed Gujnet project worth Rs. 1056.68 Crores against order received from GFGNL for Broad Band connectivity across the state of Gujarat.
- Under services head - The Unit has executed AMC orders worth Rs. 13.93 Crores for OCB equipment supplied to BSNL & MTNL; ASCON AMC order worth Rs. 84.29 Crores for Defence; Installation and commissioning of GPON equipments supplied to BBNL/ BSNL worth Rs. 1.39 Crores.

#### II. PROJECTS EXECUTED DURING THE FY 2019-20:

- **GujNet Project**
- **AMC for ASCON (MoD)**
- **AMC for OCB**
- **GPoN I&C services**

### III. HIGHLIGHTS OF NETWORK SYSTEMS UNIT FOR THE YEAR 2019-20:

#### GUJNET FOR BHARATNET PH-II PROJECT

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 Bharat net Phase II Project. The project includes laying of optic fiber cables ("OFC"), supply of access equipment and other related products as well as maintenance services. The Unit has achieved a turnover of Rs. 1056.68 Crores for the FY 2019-20.

#### 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 a track record of steady growth and continuous profitability. The plant has executed AMC order worth Rs. 84.29 Crores during FY 2019-20.

#### 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. 13.93 Crores has been executed during the year 2019-20.

### MARKETING SERVICES AND PROJECTS (MSP)

#### I. PERFORMANCE:

ITI Ltd has 25 offices, including 8 regional offices in India, which are located at Bengaluru, Bhubaneshwar, Chennai, Hyderabad, Kolkata, Lucknow, Mumbai and New Delhi as well as area offices spread across the country through out India managing marketing services and project execution. ITI MSPs are doing Telecom, IT, IOT and allied business for various State and Central Govt. departments. MSPs have achieved a turnover of Rs. 217.34 Crores for FY 2019-20 and many tenders and business proposals are in pipeline FY 2020-21.

## II. HIGHLIGHTS OF MSPs FOR THE YEAR 2019-20:

### MSP- BANGALORE:

- MSP Bangalore has achieved a turnover of Rs. 12.05 Crores for the FY 2019-20.
- APO worth Rs. 211 Crores is available for supply of BNG Phase II & III.

### MSP- DELHI:

- MSP Delhi has achieved a turnover of Rs. 109.41 Crores for the FY 2019-20.
- MSP-Delhi received order worth Rs. 39.86 Crores for implementation of Education augmentation and digital transformation system with Academic management system from Gurugram University, Haryana for a period of 5 years.
- The MSP has also bagged orders for installation of IP based CCTV surveillance systems worth Rs. 30 Crores to MHA, Delhi and Major Dhyan Chand Stadium, New Delhi.
- Order worth Rs. 3.69 Crores has been received for implementation of Online Dairy Management system in HDDCF, Panchkula.
- MSP Delhi is also involved in establishment of Data Centre of SICOM, eAuction / eTendering Solutions to various Govt Depts. / Institutions/ PSUs.

### MSP-LUCKNOW:

- MSP Lucknow has achieved a turnover of Rs. 73.17 Crores for the FY 2019-20.
- The MSP has executed order worth Rs. 22.28 Crores for supply of Smart Classrooms.
- MSP- Lucknow has executed orders worth Rs. 31.40 Crores for supply of Solar Street Lights, Synthetic Mink Blankets, Sanitary Napkins and large Blankets. The Orders were received from Uttarkhand Building and other Construction Workers Welfare Board (UKBCOW), Dehradun under the Uttarkhand Labour Department.
- MSP- 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 order worth Rs. 19.13 Crores has been executed by the MSP.

### MSP-MUMBAI:

- MSP Mumbai has executed orders worth Rs. 9.76 Crores for the FY 2019-20.
- MSP Mumbai bagged a prestigious order worth Rs. 88.60 Crores from Maharashtra Building and Other Construction Workers Welfare Board for providing services for implementation, operation & maintenance of Integrated Welfare Board Management System which is under execution.
- The MSP has executed order worth Rs. 1.68 Crores for setting up of Cyber Lab and Data Sciences Lab in Shivaji University, Kolhapur.
- MSP- Mumbai is also undertaking Geo Fencing & Manpower tracking system orders from Navi Mumbai Municipal Corporation and Thane Municipal Corporation and Gandhinagar Smart City.

MSP Offices have bagged cumulative orders worth Rs. 178.75 Crores for the FY 2019-20. Corporate Marketing has addressed tenders for Railtel IP based CCTV surveillance worth Rs. 2000 Crores and Wifi project for Jharkhand Communication Network Limited (JCNL) worth Rs. 60 Crores. MSP-Bangalore has been selected by Southern Railways Chennai as L1 for OFC Cable laying order. Another 3 OFC Tenders have been addressed for value of approx Rs. 16 Crores.

- 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 Centers 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

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 and 2019-20 are yet to be finalized by DPE. The MoU target for the year 2020-21 is yet to be finalised.

## 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, BSNL & GujNet. ITI successfully manufactured, supplied, installed and commissioned about 2073 OLT units and 51369 ONT's till March 2020. ITI is manufacturing these products at Rae Bareli 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 similar requirements of GPON products and solutions for BharatNet Phase. II.

### HDPE Telecom Duct and Optical Fibre Cable manufacturing:

Underground laying of optical fibre cable (OFC) is to be carried out through permanently lubricated (PLB) high density Poly ethylene (HDPE) Pipes. The demand for HDPE Pipes has risen due to several Government projects like BharatNet, Fiberization of Towers catering for 4G/5G deployments etc. 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 rural and urban geographies of the country. Hence, there is huge demand for HDPE ducts and OFC cables. Apart from BSNL, MTNL and BBNL, other service providers are also requiring such type of PLB HDPE pipes for their telecom operations. ITI has established 3 lines of HDPE manufacturing at Rae Bareli unit and one manufacturing line at Palakkad unit. ITI has got order for the supply of 10,000 KM HDPE Duct for MahaNet and supplied more than 6700 Km till now. The balance will be supplied in next 3 to 4 months' time.

The PLB HDPE Telecom duct manufactured at ITI Palakkad got TEC Approval in March 2019. Raebareli plant has got TSEC approval for manufacturing HDPE Ducts at Raebareli. The approval covered manufacturing of the product in 8 different colours (Orange, Red, Green, Brown, Blue, Violet, Grey, and Yellow). Capacity enhancement of the duct manufacturing facility with 10 additional lines (Raebareli- 4;Mankapur - 3; Palakkad - 1; Bangalore - 2) is in progress.

One manufacturing line of OFC has been commissioned at Rae Bareli unit. The Plant has also obtained TSEC of 24F ADSS OFC, 24F NZDS OFC & 48/96F Ribbon type OFC. The capacity installed will be used to meet the requirements of ASCON and BharatNet Phase II orders on ITI.

### 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 executed turnkey project of GujNet (about Rs. 1417.71 Crores), executing project of MahaNet (about Rs. 3111 Crores) under BharatNet PH II. ITI is also bidding for many other BharatNet PH II tenders through which we expect additional business.

### 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.85 Crores. Company is participating in tenders for defence and expected to get more business.

### Solar panel manufacturing:

Looking into requirement of solar panels as a part of powering the equipments 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. During FY 2019-20, ITI has received the order to supply 20000 nos solar panels under MahaNet project in Nov 2019. We have already manufactured 20000 nos of Solar panel and 9500 nos are already supplied. There is 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 strategy, ITI has entered into Smart Energy Meter manufacturing wherein the legacy energy meters are being 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. ITI Ltd has been awarded with the letter of award (LOA) from Energy Efficiency Services Limited (EESL) for the manufacturing, supply and maintenance of GPRS based Smart energy meters complying with IS 16444 technical specifications. ITI Palakkad has received type approval and BIS certification for Single Phase Smart Energy meters complying with IS 16444 technical specifications for two technologies. Facilities and infrastructure are set up at the unit for bulk manufacturing, calibration, testing and supply of smart energy meters. The unit has manufactured 91000 no.s of Smart Energy Meters to the DISCOMs in UP and Haryana till now. In order to increase the supplies, manufacturing capacity 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).

### SMAASH PC:

ITI Palakkad has started assembly and marketing of Micro PC branded as "SMAASH", which is a replacement to the traditional Desktops. 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 with 3 hour backup, Smart lock for Physical Security etc.

The product is well accepted by various customers and we had executed orders worth Rs 12.08 Crs during 2019-20 from various customers such as KSEDC for e-health Project, Air India, Forest Dept., Kerala Finance dept., Tamil nadu e-health, Amritha Viswa Vidyapeetham, MIDHANI, and M/s Vehant etc. ITI has also supplied Video conferencing Codec branded as "Smaash Connect" to various colleges of Universities in Kerala. The target market is Central / State Govt. departments, Universities, Hospitals, Research organizations, Public / Private corporations, Banks, educational institutions etc. Many new big business associations with different corporates across the country are under progress.

### 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 citizens, 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 like SBI and other customers for getting orders. In view of Govt. of India Digital India mission, smart cards assumes significant role in cashless transactions across the country in every sector and there will be huge demand for the same.

#### **Component Screening Project:**

Component Screening is a Project for VSSC (ISRO) at ITI Palakkad for meeting their requirement of Screening tests of electronic components, as the Screened Components are required regularly for VSSC for all their space missions. Basic facility for screening the electronic components have been established in the plant with a few selected items and accredited by VSSC in the year 2017. This project has been further expanded with establishing additional facilities for manufacturing and testing of different electronic packages used in various launch vehicles of ISRO and got accredited. As of now, the component screening and testing facility is accredited by VSSC, Trivandrum for screening of 22 types of Active and Passive electronic components, 48 types of sub-assemblies, includes 2 types of stacks. In addition, facility is accredited for Manufacturing and Testing of 73 types of ISRO packages. Orders are being received and executed continuously. Recently, component screening facility is qualified for screening requirements of Gaganyaan project of ISRO, against which pilot quantities are screened and delivered successfully. 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.

More than 62000 electronic components and 200 assemblies have been screened at this centre. Manufacturing and Testing has been done for more than 2000 packages used in Launch vehicles. Products from this Space Electronic Division at ITI Palakkad is being used in all launch vehicles- GSLV, PSLV and GSLV Mark-III- of ISRO including the prestigious Chandrayan mission and now heading towards Gaganyaan project.

#### **Data Centre and IT Business:**

ITI's state-of-the-art Tier 3+ Data Centre is currently spread over more than 2,00,000 Sq. ft. with capital investment of Rs. 200 Crores with world class facilities having ISO 20000-1:2011 & ISO 27001:2013 certification. 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. Other service portfolios include High density hosting services, Cloud services, Managed security services, on demand services, Professional services, and Security and Managed IT services. ITI has obtained Capability Maturity Model (CMMi) Level 3 in the month of Dec 2019 by CMM Institute for its services in the field of Data centre, Information Technology and Internet of Things (IoT). With this ITI will be able to participate in the IT, (IoT) and Data centre tenders. This is the eligible criteria in almost all IT tenders. 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.

#### **Wi-Fi products:**

Wi-Fi products are expected to be part of the Digital India programme to connect every citizen to Broadband network and also in setting up of Smart City projects. ITI is addressing the business opportunity in Wi-Fi solutions for various customers. 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. ITI has established production line for SKD manufacturing. ITI is in the process for establishing CKD production line. In this regard ITI will procure CKD calibration instruments from its technology partner. ITI is also in a process of procurement of components for manufacturing of 25,480 Nos Wi-Fi Access points for MahaNet project. Another TOT is also 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. ITI Palakkad has executed AMC orders worth Rs 28 Crores from BSNL/MTNL for the 24 x 7 technical support extended to MLLN projects for BSNL and MTNL

#### **Smart Parcel Delivery System for Department of Post:**

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 completed at GPO Bangalore and one unit is deployed at Tranquillity Apartment, Bangalore which is being used for the daily delivery of articles of the residents in the apartment. Pilot order for Rs 24 Lakhs received from O/o (Office of) CPMG Bangalore for the supply of total 8 systems as part of product validation. Efforts are to be made to get more orders for the product.

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

ITI is already executing job works for PSUs like BEL and Govt. Firms like C-DoT, CDAC, and Private firm Customers namely M/s Libre Wireless, M/s GAIA, M/s Honeywell, M/s Coreel Technologies, M/s Smile Technologies M/s Peninsula Electronics & M/s Unisem etc. With up-gradation of infrastructure in ITI, there is huge 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 or 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 Telecom Security Labs at ITI Bangalore plant. EMI/EMC lab and safety labs are already commissioned. Establishment of other two labs are under progress.

#### **Start-up and Manufacturing hub:**

ITI has always been 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. ITI vision for Start-up hub is to help Start-ups convert their Innovations to Pilot Products quickly through Rapid Proto-typing facilities under one roof. Our objective is to Manufacture the Successful products in-house and market them. 64 seater start-up hub along with Amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity is functional. Start-ups are using Rapid prototype facilities & testing facilities within Bangalore Plant. Coordination with various Start-ups to occupy these space and additional manufacturing spaces are under process.

## 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, 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. Presently ITI R&D is in the process of development of prototype module of Field Programmable Grid Array (FPGA) Version of IRNSS-RS receiver with value addition like security features.

- ITI has signed a Memorandum of Understanding (MoU) with Tech Mahindra, to work together in the areas of 4G & Wireless Technology, Equipment Manufacturing, Smart Cities, Health Care services. The initiative is to build local competence by synergizing the offerings of ITI & Tech Mahindra to create a next generation wireless network. The Company with state-of-art facilities and capabilities for manufacturing Telecom equipment plans to manufacture eNodeB in its various plants. ITI is gearing up to participate in the 4G tender expected to be floated by BSNL.
- ITI has signed MoU with Tata Consultancy Services (TCS), a leading IT and ITeS services organization, to work in different IT Projects and solutions.
- ITI has signed a Memorandum of Understanding (MoU) with Iltantus Technologies to deliver Make-in-India, world-class Identity and Access Management (IAM) solution to government agencies, defence and public sector undertakings to address concerns of cyber threats in the country. Under the MoU, ITI and Iltantus will address the challenges of today's fragmented identity landscape through Identity and Access Management Solution, which is the only solution in the world with all features inside one single product.

## CONTRIBUTION TO EXCHEQUER

During the year, your company has contributed Rs. 351.14 Crores to the exchequer towards duties and taxes.

## PUBLIC DEPOSIT

The Company did not accept any deposits during the year 2019-20. Deposits aggregating to Rs 0.24 crore had matured for payment, but were not claimed on due dates.

## 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 VENTURE

### 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 and Chris Tech Systems Pvt Ltd holding 51% of its share capital. As part of revival, during the financial year 2019-20, the Debt Recovery Tribunal has disposed off the cases filed by the Banks against ISL. ISL had executed Joint development agreement to develop its immovable property and the project is under planning and design stage. Currently all the banks debts are repaid.

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-Bareli and Naini have been accredited with Quality Management System as per ISO 9001-2015 and Environmental Management System as per ISO 14001-2015. Rae-Bareli plant have been accredited with Quality management - Customer satisfaction as per ISO : 10002 : 2018 and TL 9000:R6.2 and R5.6 for Quality Management System.
- 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 or 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.
- 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 – ONT & OLT, NFS GPON, 24F ADSS OFC, 24F NZSS, PLB HDPE Telecom Duct, for Hybrid Solar Photovoltaic (PV), Executive Telephone System (ETS-04), Electronic Telephone Instrument with CLIP and two-way speaker feature (Type-I) & Base Station Panel Antenna
- **IEC (International Electro-Technical Commission)** certificate of Solar PV Module.
- **BIS (Bureau of Indian Standards)** Certification of Smart Energy Meter, Crystalline Silicon Photovoltaic (PV) Modules and Micro PC.
- **Rupay Card Certification** by NPCI and **Master Card Certification** for Banking Card Personalisation.
- Accreditation of VSSC (Vikram Sarabai Space Center, Trivandrum) for Component Screening, Test & Evaluation, Assembly & Testing of flight Packages.
- **TEC (Telecommunication Engineering Center)** Type Approval certificate for HDPE Telecom Duct.

## MANPOWER

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



## EMPLOYEES STRENGTH

Employee strength at the end of the year 31<sup>st</sup> March, 2020 was 3498 out of which 506 were female employees.

As on 31<sup>st</sup> March 2020, there were 590 employees belonging to Scheduled Castes and 57 belonging to Scheduled Tribes.

73 Officials on Tenure basis, 2 Contract Technicians, 19 Contract Operators and 7 Experts were recruited during the year 2019-2020.

Employees belonging to Physically Challenged Persons numbering 43 and Ex-servicemen category numbering 11 were on the rolls of the company as at the end of the financial year.

## 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 during the year. Employees' Union and Officers' Association extended their co-operation and support in ensuring smooth work flow and helped to meet the Company's objectives.

## 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) consisting of senior women executives, to redress complaints received regarding Sexual Harassment at our all Units. All employees (Permanent, Contractual, Temporary, trainees) are covered under this policy. The new employees are made aware of this policy and gender sensitization programmes have been conducted. 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 the key in taking up the challenges effectively.

### 1.1 Training & Development:

Technological volatility and globalisation, the skill and capacity building are an important mechanism to increase the efficacy and quality of personnel for improved productivity and economic growth. Skill building is a powerful tool to empower individuals to improve their performance and growth. 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. 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.,

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

**Talent Development:** Knowledge increases as we gain more experience. A skill is an ability to do something well. A well-developed skill can make individual experts in a particular field. Skills can be learnt too. It improves employee performance – the employee who receives the necessary training is able to perform in their job. A training program allows you to strengthen those skills that each employee needs to improve. A development program brings all employees

to a higher level so they all have similar skills and knowledge. Skills training is designed to provide employees with the targeted training they need to gain the knowledge and abilities necessary to fulfill the specific requirements of their job positions. Skills training can also be used to re-educate and retrain employees whenever new technology, processes or systems debut.

Corporate Management has decided to train Executives of ITI in batches at various premier Institutes like IIMs, IITs to groom and develop their Attitude, Skills Knowledge and New technology. These interventions help them 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.

ITI has identified 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 Company's succession plan, to elevate these officers into a management role, we wanted that 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 One Management Development Programme by IIM wherein carefully chosen officers across the Company have been trained. 1 programme at IIMK (25) and 2 Technology training programmes through IIT Dharwad (5G communications-53, Machine Learning-80) were organized, covering 158 participants. In addition to the above, 31 officials have been nominated for external training programmes/workshops organized by various agencies Institutions like IICA/CBI/SCOPE Academy etc., in the most important areas.

As a part of synergy amongst Telecom PSUs, ITI is availing the expertise/faculty support from Telecom Engineering Centre (TEC) etc., through DoT for organising training programmes in New Technology. The second programme on "5G and IoT" has been arranged at Rae Bareilly, wherein 71 persons have been trained. Also making use of training infrastructure available with telecom PSUs for skill development/ enhancement.

The details of number of training programmes is as follows:

Details	Training			Total trained
	In-house	External	Premier Institutes	
No. of programmes	72	17	3	92
No. trained	2041	31	158	2230
Trg. Mandays achieved	2461.5	55	790	3306.5
% Trained	63.3% (Av. Manpower 3522)			
Male employees trained	1758	26	116	1900
Female employees trained	283	5	42	330
SC/ST employees trained	306	7	40	353

The Company has excelled on the MoU commitment with respect to HRD System and consecutively secured 'Excellent Rating' for the year 2019-20 also.

### 1.2 Skill Development and Capacity Building:

Skill development is important in the overall development of a student/trainees. Personal development, learning skills will not only increase the opportunities but will also empower an individual. Core Skills and competencies like communication go a long way in aiding the overall development of students / trainees. Developing skills of students through skill development training provides significant benefits like increased opportunities in employment, career development, personal growth, increase the knowledge and understanding of their local industry.

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 Apprenticeship training, summer placement, internship/ projects, finishing schools

etc., The 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 by Plants are doing yeoman services to the students' community in the neighborhood and Country.

The Company is actively involved in imparting skill development training in various modules viz. 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 increasing their employment opportunities and entrepreneurship.

The following are some of the Job Roles, that ITI has imparted skill development training: - Optical Fiber Technician; Optical Fiber Splicer; Solar Module Assembly Technician; PCB Fabricator; Circuit Image Operator (PCB Manufacturing); Pick-and-Place Assembly Operator; Through-Hole-Assembly Operator; Field Technician Computing Peripherals (FTCP); NSQF Course Assembly & Maintenance of PC; Domestic Data Entry Operator (IT-ITES SSC); Fashion Designing (AHFSSC) and BSS Support Engineer. 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). 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.

The details of number of training programmes conducted for FY 2019-20 is as follows:

SI	Skill Development QP/Module	No. Trained
1	Optical Fibre Splicer - TSSC QP	125
2	PCB-Circuit Image Operator- ESSCI QP (ASAP)	29
3	BSS Support Engineer	47
4	Domestic Data Entry Operator (IT-ITES SSC)	30
5	Fashion Designing (AHFSSC)	55
6	Field Network Technician	120
7	Telangana Scheduled Castes Co-Operative Development Corporation Ltd (TSCCDCL)	38
8	Field Technician Computing Peripherals (FTCP)	119
9	Assembly & Maintenance of PC- NSQF Course	21
10	Apprentices- ITI Trade (NAC)	124
11	Diploma technicians Apprentices	19
12	Graduate Engineers Apprentices	31
13	In-Plant/ Internship training (ITIL module)	1259
14	Project Training (ITIL module)	220
15	Finishing School (ITIL module)	98
16	Special Industrial Training to Adopted ITIs. (ITIL module)	649
	<b>TOTAL</b>	<b>2984</b>

ITI Limited has entered into MoU with NSDC SSC like TSSC, ESSCI and others to propel the Skill Development training.

### People Capability Maturity Module (PCMM):

People Capability Maturity Model (PCMM) is a maturity framework that focuses on continuously improving the management and development of the human assets of an organization. The People Capability Maturity Model provides guidance for improving the capability of an organization's workforce. These best practices help identify skill gaps, break down workflow bottlenecks, and empower team members to develop skills that will help the organization succeed. PCMM can be beneficial to ITI Limited, which is people, quality and customer-focused and the company is serious about business performance, people development, and organization strategy and goal alignment, hence to adopt this module in the ITI.

One of the HRM parameter and Target for the Company's MoU for the year 2019-20 is that "Upgradation of level in line with PCMM (People Capability Maturity Model) or equivalent system in ITI Ltd." The target maturity level for this gap fulfilment and achieving is the Maturity Level 2 (Managed Level) of PCMM V2.0. The process of PCMM gap fulfilment to PCMM level 2 to be completed by 31.1.2020, whereas the target has been achieved by 30.11.2019 and thereby achieved "Excellent" MoU score.

The strengths identified during the assessment - Technology driven organization; Strong communication practices - Publication of Magazines, Posters, Notice Boards, NOC, Intranet and Govt. portals; Well defined structure for policies and procedures; Automation of business processes - ERP, APAR, File Tracking System, Vigilance Tracking System, APR (Annual Property Returns), PCMM / PMMM Assessment Management Tool and Improved understanding of PCMM model across the organization. And the areas of improvement- Optimize usage of paper based documents; Establish/Upgrade process measurement and analysis framework covering all process areas; and Implement Formal orientation on all process areas.

As per the assessment carried out in Nov' 2019, the current overall maturity level for the ITI Limited is PCMM Level 2 (MANAGED).

### Project Management Maturity Model (PMMM) Assessment:

In order to assess and improve the maturity level of its project management practices, ITI had conducted an initial assessment of its PM practices in FY 2018-19 on the Project Management Maturity Model (PMMM). PMMM has 5 levels of increasing maturity that enables the organizations to systematically improve the maturity of the Project Management practices within the organization. The globally recognized process improvement framework CMMI (Capability Maturity Model Integration) – Dev V1.3 model was used as the equivalent for PMMM. The maturity level was found to be at Level 1 (Initial Level) from that assessment.

Subsequently, ITI decided to improve the PMMM maturity. This was also one of the MoU parameters and target for the company's MoU for the year 2019-20 ("Upgradation of level in line with Project Management Maturity Model (PMMM) or equivalent system in ITI Ltd). The target maturity level to be achieved was set for Maturity Level 2 (Managed Level) of PMMM.

Accordingly, the gap fulfilment project was initiated with a target of level 2 (Managed Level) for the year 2019-20. The timeline set to achieve it was 31.01.2020. However, successful assessment at Maturity Level 2 was completed by 30.11.2019, thereby enabling the company to achieve an Excellent rating on this parameter.

As per the assessment carried out in November 2019, the current overall maturity level for the ITI Limited is PMMM Level 2 (MANAGED).

### 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 having working knowledge of Hindi in these Units/MSP.

ITI Limited, Corporate Office is regularly sending the Quarterly Progressive Report to the Ministry of Communication, Department of Telecommunication, New Delhi as well as Dy. Director (Implementation), Regional Implementation Office, Bengaluru. After reviewing our quarterly report, Corporate Office has been receiving appreciation letter for the last one year from Deputy Director (Implementation), Regional Implementation Office, Bangalore.

On 17<sup>th</sup> June, 2019, an inspection was carried out by Shri. P.C. Vishwakarma, consultant (OL), & Shri Vijay Singh Rawat, Assistant Section Officer, Ministry of Communication, Department of Telecommunication, New Delhi, for implementation of Official Language Policy in ITI Limited, Corporate Office. A special workshop for senior officers of Bangalore based units and Regional Offices were also organized at the time of inspection at R&D Conference Hall, Bangalore Plant at 10.30 AM regarding implementation of official language policy and in order to overcome their hesitation and difficulties in day-to-day work by Shri P.C. Vishwakarma, Consultant (OL).

After inspection, commendation letter was received in the review report sent by Shri P.C Vishwakarma, Consultant (OL), DoT, New Delhi to the Chairman and Managing Director.

On 22<sup>nd</sup> January, 2020, again inspection was carried out by Shri. R.K. Khandelwal, Deputy Director General (Co-ordination & Administration), and Shri. P.C. Vishwakarma, consultant (OL), Department of Telecommunication, New Delhi for Implementation of Official Language Policy in ITI Limited, Corporate Office. After inspection a special Hindi workshop was also organized jointly for Senior Officers of Bangalore based Units and Regional Office and Officials of BSNL-CGM & C-DOT on 24<sup>th</sup> January, 2020 at 2.00 PM at R&D Conference Hall, Bangalore Plant.

After inspection, commendation letter was received in the review report sent by Shri. R.K. Khandelwal, Deputy Director General (Co-ordination & Administration), Ministry of Communication, DoT, New Delhi to the Chairman and Managing Director.

In order to enhance the knowledge of Official Language among the 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 2019-20 in all the Units/MSP and various events were organized for employees during this fortnight. Employees of Units/MSP also participated in the “Joint Hindi Month” competitions organized by Town Official Language Implementation Committee (Undertaking), Bangalore and won approx. 11 awards. Bilingual (i.e English and Hindi) website of the Company is being regularly updated.

## VIGILANCE

Vigilance Department focused to facilitate an environment enabling people to work with integrity, efficiency and in transparent manner, upholding highest ethical standards for the organization. There was a stress on the preventive vigilance activities and implementation of CVC guidelines and Government policies in order to bring more transparency and efficiency in the organization during the year 2019-20.

To achieve the above objectives, Corporate vigilance advised periodically to the Management for improvement regarding publishing of NITs and ‘Contracts concluded’ in the Company website, implementation of Rotational Transfers of Executives in Sensitive Areas, implementation of Integrity Pact, periodical review for ensuring probity and efficacy among employees. Several System Improvement Measures have also been suggested on case to case basis to various departments as a part of preventive vigilance.

To leverage technology while ensuring transparency & efficiency in the system, Company has already introduced Online Annual Property Return [APR] submission system, Online Vigilance Clearance System [OVCS], Online Annual Performance Appraisal report [APAR] submission system, Online File Tracking System. In order to ensure transparency, equity and competitiveness in public procurement, our Company has incorporated Integrity Pact with ceiling. The Company has appointed an Independent External Monitor (IEM) to address the grievances of intending bidders. Our Company celebrated Vigilance Awareness Week from 28<sup>th</sup> October 2019 to 2<sup>nd</sup> November 2019 in all manufacturing units, business establishments and corporate office.

A vigilance awareness Rally called ‘Walkathon’ was conducted by the 150 students & teachers of ITI Central School & Vidyamandir School covering a distance of 2.5 km in Doorvaninagar, Bangalore. Chief Vigilance Officer, ITI Ltd.

administered the pledge amongst the students & teachers of Vidyamandir School & ITI Central School and then he flagged off the rally of the students. Slogan competition & Essay competition in Hindi, English & Kannada held at ITI Central School & ITI Vidyamandir School, Doorvaninagar, Bangalore and more than 310 students & 40 Teachers participated in this event. Speech competition, Lecture and Integrity pledge was organized at Ryan International School, Rae Bareli & at Kendriya Vidyalaya, Rae Bareli on 1<sup>st</sup> November, 2019 to create awareness against corruption. Students of class IX, X, XI & XII both the schools participated. In Mankapur Unit, Vigilance team approached Mishroulia Goshai Gram Sabha School for conducting outreach activity in the village. Integrity pledge was administered with 240 students and teachers of the school. Naini Vigilance team visited Purva Madhyamik Primary School, Chaka, Naini, Allahabad. Pledge administered in the school and teachers and 250 students participated in pledge taking ceremony. Banners / posters pertaining to vigilance awareness 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.

Vigilance department received 10 complaints in the year 2019-20, out of that 9 was disposed off and preliminary investigation is under process in 1 complaint. Further among 9 disposed complaints, 1 was anonymous / Pseudonymous, 7 was administrative in nature and no vigilance angle found in 1 complaint.

9 awareness program in different units and pledge taking ceremony was done in Corporate office, all units, ROs and area offices.

## IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005 (RTI)

During the Financial Year 2019-20, we have received 317 requests for information under RTI Act 2005 from different applicants. RTI department of ITI was able to dispose off 312 RTI applications by providing them suitable replies during the financial year 2019-20. The Central Information Commission (“CIC”) has launched an online RTI portal for filing online RTI requests for seeking information for convenience of the applicants, wherein 232 cases were received. Total 312 replies, were provided to the RTI applicants. Quarterly online RTI returns were uploaded on CIC portal and same information is submitted to Ministry of Communication and also published on our Company website. With a view to achieve total transparency, the requests and responses are being uploaded on our website by First Appellant Authority/ Central Public Information Officer/ Public Information Officers 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. Mandatory disclosure under section 4.1.(b) of RTI Act has been updated in the Company’s Website during June 2019.

## AUDIT

### - STATUTORY AUDITOR

M/s Sankaran & Krishnan, Chartered Accountants, Bengaluru were appointed by Comptroller and Auditor General of India (C&AG) as Statutory Auditors for 2019-20. The Board of Directors has fixed remuneration of Rs. 5.00 lakhs for standalone and Rs 0.70 lakhs for Consolidation, Rs. 1.00 Lakh per Quarter (For 3 Quarters) for both Standalone & Consolidation, Rs. 4.15 lakhs for ROs Audit 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 2019-20 was Rs 1.15 Lakhs for Certification Fee and Rs. 26.50 Lakhs for FPO Assignment, Rs. 2.85 Lakhs for GST Audit (Excluding taxes).

### - BRANCH AUDITORS

The following firms of Chartered Accountants were appointed as Branch Auditors for different plants of the Company for the year 2019-20:

Sl. No.	Unit	Name of Auditor
1	Bengaluru	Sankaran & Krishnan, Bengaluru
2	Naini	Goel Vinay & Associates, Allahabad
3	Rae Bareli	R K Chari & Co., Lucknow
4	Mankapur	P N G & Co., Faizabad
5	Palakkad	Varrier & Associates, Palakkad
6	Srinagar	Amir Jan & Associates, Srinagar

## AUDITORS' REPORT

Auditors' report on the annual accounts for the financial year 2019-20 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 2019-20, there has not been any fraud reported by the Statutory Auditors of the Company.

## COST AUDITORS

M/s GNV & Associates, Bengaluru was appointed as Cost Auditors for the 2019-20 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) was ratified by the shareholders in the Annual General meeting on 27.12.2019. The Cost audit report for the year 2018-19 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 AUDITOR

The Company has appointed Shri D Venkateswarlu, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year 2019-20. The Secretarial Audit Report for the year 2019-20 is appended as **Annexure-2** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Directors report.

## 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 for safeguarding 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 Internal Financial Control of the Company is analyzed and audited for compliance. The report on the Internal Financial Controls under Section 143 of the Companies Act, 2013 is prepared and annexed to the Independent Auditor's Report. As per the report, the Company has, in all material respects, adequate internal financial controls with reference to the Financial Statements and such internal financial control were operating effectively as on March 31, 2020, based on the internal control with reference to the Financial Statements 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.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's 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 Rs. 96.10 Lakhs on various CSR activities. A report on the Company's CSR activities during the year as per the provisions of the Companies Act, 2013 read with Rules made thereunder 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 <https://www.itild.in/Investor%20information/ITI-Corporate%20Social%20Responsibility%20Policy.pdf>

## BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility Report for the year 2019-20 is appended as **Annexure-4** of the Board's Report.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 02<sup>nd</sup> November 2020, the Board of Directors of ITI Limited, comprises of Ten Directors of which four are Whole Time Directors, Two are Government Nominee Director and Four Non Official Part Time Directors (Independent Directors).

## CHANGES IN INDEPENDENT DIRECTORS

During the financial year 2019-20, Shri Suresh Chandra Panda resigned from the Board of Directors of the Company w.e.f. 09<sup>th</sup> September 2019. Further the term of Shri Saday Krishna Kanoria as Independent Director of the Company was completed on 23<sup>rd</sup> November 2019. The term of Smt Asha Kumari Jaswal was completed on 05<sup>th</sup> April 2020.

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 as 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 23<sup>rd</sup> March 2020 in which all the Independent Directors were present.

## CHANGES IN GOVERNMENT NOMINEE DIRECTOR

During the year under review, 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.

## CHANGES IN FUNCTIONAL DIRECTORS

Shri K Alagesan, Director Production, also entrusted with the additional charge of Chairman and Managing Director w.e.f. 01<sup>st</sup> June 2018, relinquished his post on 30<sup>th</sup> September 2019 on attaining the age of superannuation.

Shri Rakesh Mohan Agarwal, Director Marketing of the Company 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 no. F. No.E-14-3/2018-PSA dated 14<sup>th</sup> October 2019 appointed Shri Rakesh Mohan Agarwal as the Chairman and Managing Director of the Company w.e.f. 14<sup>th</sup> October 2019 till the date of his superannuation i.e. 30.06.2022 or until further orders whichever is earlier.



The Government of India vide order No. E-14-8/2019-PSA dated 15<sup>th</sup> November 2019, has entrusted the Additional Charge of the post of Director - Marketing to Shri Rakesh Mohan Agarwal, Chairman and Managing Director for the period w.e.f 14<sup>th</sup> October 2019.

Shri Shashi Prakash Gupta, Director- Human Resources of the Company was entrusted with additional charge of Director Production w.e.f. 01<sup>st</sup> October 2019 till 06<sup>th</sup> November 2019.

Government of India vide order no. F.No. E-14-3/2019-PSA dated 05<sup>th</sup> November 2019 appointed Shri D Venkateswarlu as Director Production of the Company w.e.f. 07<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 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 the post of Director Finance 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, 2019-20 and 2020-21, the Government of India has extended his tenure periodically from time to time. The Government of India vide order dated 22<sup>nd</sup> September 2020 further extended the entrustment of additional charge of the post of Director Finance for a period of 3 months upto 22<sup>nd</sup> December 2020 or till the appointment of regular incumbent or until further orders.

Shri Rajeev Srivastava was appointed as Director Finance w.e.f. 15<sup>th</sup> October 2020 vide Government of India order no. E-14-1/2019-PSA dated 15<sup>th</sup> October 2020 for a period of five years till the date of his superannuation or until further orders, whichever is earliest.

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

Shri Shashi Prakash Gupta, Director HR retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The details on remuneration of directors and Key Managerial Personnel is given in Extract of Annual Return and Corporate Governance Report of this Annual Report.

#### CHANGES IN KEY MANAGERIAL PERSONNEL

During the financial year 2019-20, apart from functional directors, Chief Financial Officer and Company Secretary continues to hold the post of Key Managerial Personnel of the Company. Smt. Malathy Menon held the post of Chief Financial Officer till 05<sup>th</sup> January 2020 and the Board of Directors appointed Shri Rajeev Srivastava as Chief Financial Officer of the Company w.e.f. 06<sup>th</sup> January 2020.

#### NUMBER OF MEETINGS OF BOARD

During the year, 9 meetings of the Board of Directors were held on 28<sup>th</sup> May 2019, 07<sup>th</sup> August 2019, 19<sup>th</sup> September 2019, 11<sup>th</sup> October 2019, 15<sup>th</sup> November 2019, 06<sup>th</sup> January 2020, 17<sup>th</sup> January 2020, 22<sup>nd</sup> January 2020 and 23<sup>rd</sup> March 2020. 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 Dr. K R Shanmugam, Independent Director as Chairman, Shri Rajen Vidyarthi and Shri Mayank Gupta, Independent Directors and Shri Shashi Prakash Gupta, Director Human Resources as its members. During the year 2019-20, 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

#### RISK MANAGEMENT POLICY

Pursuant to the Regulation 21 of Listing Regulations, the Company has constituted a Risk Management Committee. The details of Committee and other details are set out in the Corporate Governance Report and a detailed note on Risk Management is provided in the Management Discussion and Analysis Report. The Risk Management Policy of the Company is available at the website at [https://www.ititld.in/investor\\_information](https://www.ititld.in/investor_information).

#### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

In terms of the provisions of Section 177 (10) 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 whistle blower policy of the Company is available at the website at <https://www.ititld.in/vigilance>. 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 in Listing Regulations and the DPE guidelines 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** to this Report.

#### RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Related Party Transactions which is available on the Company's website at [https://www.ititld.in/investor\\_information](https://www.ititld.in/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.

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OCCURRING BETWEEN THE END DATE OF FINANCIAL YEAR AND DATE OF THE REPORT**
**COVID-19 PANDEMIC IMPACT**

The Covid-19 pandemic has caused unprecedented uncertainty into the economy and disrupted flow of business and economic activities in general. The Manufacturing activities and project execution in all the units were stopped from 22<sup>nd</sup> March 2020 as per Government of India guidelines, except for essential staff. Subsequently operations were gradually resumed from 20<sup>th</sup> April 2020 in phased manner in all the Units and Corporate Offices. Due to delay in getting components/ raw materials, orders, working capital constraints, the production and project execution is likely to be affected, which may impact the Company's operation. However, with the strong order book, the Company is confident that it will be able to cope up with the production gaps.

With the diversified products, ITI will endeavor to minimize the impact on turnover of FY 2020-21. ITI have developed the Face Shields, Detachable Face Masks, Face Mask Disposal System, Foot operated Hand Sanitizer, Sanitizing Tunnels and are being supplied to COVID Warriors. ITI has also entered into MoU with DRDO for manufacturing of Portable Ventilators and the prototype is being developed by ITI. On the positive side, 'Atmanirbhar Bharat Abhiyan' led by the Government is giving significant impetus for self-reliance and local production which may favourably impact the operations of the Company

**CONTRIBUTIONS TO PM CARE FUND**

Your Company has contributed Rs.1.09 Crore to PM Cares Fund. Employees of your Company have contributed their one day salary aggregating to Rs. 45 lakhs to this fund.

**RELIEF MEASURES**

In order to extend helping hand to the surrounding population due to lockdown and as a social measure, company has provided essential kits consisting of groceries to nearby areas of its function.

**THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE : 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 2020, 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 2020 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 AND 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. 0.87 lakhs. Expenditure on official travel abroad by the officials of the Company amounted to Rs. 0.10 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 70<sup>TH</sup> AGM**

Due to the difficulties faced in view of the Covid 19 pandemic, the Registrar of Companies (ROC), Bangalore vide order dated 08<sup>th</sup> September 2020 had granted the extension of time to hold the AGM for the financial year 31<sup>st</sup> March 2020 for Companies within the jurisdiction of ROC, Bangalore which are unable to hold the AGM within the due date, for a period of three months from the due date by which the AGM ought to have been held.

# ACKNOWLEDGEMENT

The Board of Directors would like to express its appreciation for the dedicated and sincere efforts of the employees of ITI Limited for the excellent performance achieved during the year 2019-20. The Board would also like to thank the Government of India, particularly the Ministry of Communications and Ministry of Defence as well as the various State Governments, regulatory and statutory authorities for their valuable guidance and support from time to time. The Board is also thankful to all its stakeholders, including bankers, investors, members, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditor, Cost Auditor, Internal Auditors, customers, vendors etc for their continued support and confidence reposed in the Company.

For and on behalf of the Board

Place: Bengaluru  
Date: 2<sup>nd</sup> November, 2020

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## ADDENDUM TO THE DIRECTOR'S REPORT

### COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATIONS 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 recognized 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 matter is under discussion with BMTC for reaching an amicable solution.
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 up-to the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.31.22);	The Company has been rigorously following on with the DOT for resolving the pending issue of the rent due from CDoT. 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 OBSERVATION OF SECRETARIAL AUDITOR

Secretarial Auditor's Observations	Company's Explanation
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 directors} consequent to the completion of term of Mr Saday Krishna Kanoria as Independent Director of the Company w.e.f 23 <sup>rd</sup> November 2019.	ITI Limited, being a Central Public Sector Enterprise, is governed by DPE guidelines, as regards its appointment of Directors. In accordance with DPE Guidelines and as specifically provided under the articles of association of the Company, the Directors are appointed by President of India.  The tenure of Shri Saday Krishna Kanoria, Independent Director was completed on 23.11.2019 after which the composition of board was not as per the provisions of SEBI Listing Regulations.  However, the proposal for appointment of requisite number of Independent Directors on the Board of the Company is under process with the Administrative Ministry.

For and on behalf of the Board

Place: Bengaluru  
Date: 2<sup>nd</sup> November, 2020

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

# ANNEXURE TO THE DIRECTORS' REPORT

## Form AOC-1

Pursuant to Section 129 (3) of the Companies Act, 2013  
read with Rule 5 of Companies (Accounts) Rules 2014 related to Joint Venture  
Statement containing salient features of the financial statement of Joint Ventures

Part "A": Subsidiaries – Not applicable

Part "B": Associates and Joint Ventures

S.No	Name of Joint Ventures	India Satcom Limited
1	Latest Audited Balance Sheet Date	31.03.2020
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 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% 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. (1,479.75) Lakhs
8	Profit / Loss for the year	
	i) Considered in Consolidation	Yes
	ii) Not Considered in Consolidation	N.A

For and on behalf of the Board

Place: Bengaluru  
Date: 2<sup>nd</sup> November, 2020

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## Annexure-2

### Form No. MR-3

#### Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2020

[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**  
ITI Limited  
(CIN: L32202KA1950GOI000640)  
ITI Bhavan, Doorvani Nagar,  
Bengaluru - 560 016

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITI Limited (CIN: L32202KA1950GOI000640) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 generally complied with the 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 ITI Limited for the financial year ended on 31<sup>st</sup> March 2020 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
- iv. 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;
- v. 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/Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; **(Not applicable during the audit period)**;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period)**;
  - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not applicable during the audit period) and**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **No buy - back was done during the year.**

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (LODR).

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 having regard to the compliance system prevailing in the Company and on the examination of relevant documents and records in pursuance thereof, on test-check basis, compliance certificates made by the heads of the departments and submitted to the Board of Directors of the Company, the Company has substantially complied with the following applicable laws /guidelines/rules applicable specifically to the Company:

- i. Guidelines issued by the Department of Public Enterprises (DPE)
- ii. Guidelines issued by the Ministry of Communications
- iii. The Telecom Regulatory Authority of India Act, 1997
- iv. The Information Technology Act, 2000
- v. E-Waste (Management & Handling) Rules, 2016
- vi. Orders / Regulations issued by Government of India from time to time

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.

I further report that during the year under review:

- ***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 directors} consequent to the completion of term of Mr. Saday Krishna Kanoria as Independent Director of the Company w.e.f 23<sup>rd</sup> November 2019.***

I further report that:

- a. The Board of Directors of the Company is duly constituted and 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 Companies Act, 2013. However, the Company has not been able to appoint requisite number of independent directors as required under the provisions of Regulation 17 of LODR as mentioned above.
- 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 following are the events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, Standards taken place:
- i. On 05<sup>th</sup> September 2019, the Company has redeemed 1,00,00,000 8.75% Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs. 100,00,00,000/- held by Mahanagar Telecom Nigam Limited (MTNL) out of the proceeds of the grant / aid received from the Government of India pursuant to the Board for Industrial and Financial Reconstruction (BIFR) order dated 08<sup>th</sup> January 2013 and Financial Assistance Letter dated 24<sup>th</sup> February 2014;
  - ii. On 06<sup>th</sup> September 2019, the Company has redeemed 2,00,00,000 7.00% Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs. 200,00,00,000/- held by Bharat Sanchar Nigam Limited (BSNL) out of the proceeds of the grant / aid received from the Government of India pursuant to the Board for Industrial and Financial Reconstruction (BIFR) order dated 08<sup>th</sup> January 2013 and Financial Assistance Letter dated 24<sup>th</sup> February 2014;
  - iii. On 17<sup>th</sup> January 2020, the Company had filed Red Herring Prospectus (RHP) with Registrar of Companies (ROC) and the acknowledgment of ROC was filed with Securities and Exchange Board of India on 18.01.2020 with respect to Further Public Offer (FPO) comprising of a fresh issue of upto 180,000,000 Equity Shares of the Company and an issue of an additional 18,00,000 Equity Shares to eligible employees of the Company under the employee reservation portion aggregating to 18,18,00,000 equity shares of Rs. 10/- each. The issue was opened on 24<sup>th</sup> January 2020 at a price band of Rs. 72/- to Rs. 77/- per Equity Share, extended with revised price band of Rs. 71- Rs 77 upto 31<sup>st</sup> January 2020 and further extended upto 05<sup>th</sup> February 2020. However, based on the advice of Book Running Merchant Bankers, due to prevailing market conditions, the Company had withdrawn the FPO on 05<sup>th</sup> February 2020.
  - iv. 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 2,81,19,508 equity shares of Rs. 10/- each at a premium of Rs. 46.90/- to the President of India allotted on 23<sup>rd</sup> March 2020 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.
  - v. During the year under review, the Company has time upto 03<sup>rd</sup> August 2020, for compliance with the requirement of minimum public shareholding of twenty-five (25%) in accordance with Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Securities Contract (Regulations) Rules, 1957 amended vide notification dated 03<sup>rd</sup> August 2018. The time limit is further extended to 03<sup>rd</sup> August 2021 vide notification dated 31<sup>st</sup> July 2020.

Place : Bengaluru  
Date : 20<sup>th</sup> August, 2020

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 C P No. 7773  
**UDIN:** F008554B000596691

**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 : 20<sup>th</sup> August, 2020

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 C P No. 7773  
**UDIN:** F008554B000596691



# 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. 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.

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

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

- Shri Rakesh Mohan Agarwal - Chairman
- Shri Shashi Prakash Gupta - Member
- Shri D Venkateswarlu - Member
- Dr. Akhilesh Dube - Member

**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 0.63 crore**

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

**Total amount to be spent for the financial year : Rs 63 lakhs**

**Amount unspent, if any: Nil**

**(a) Manner in which the amount spent during the financial year is detailed below:**

(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 Rs)	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
1	Contribution to PM CARES Fund	Health Care (Item No. viii of Sch. VII)	Pan India	64.00 Lakhs	Direct Expenditure	NA	Direct
2	Managing "Snehalaya": ITI School for Special Children (Intellectually challenged)	Special Education (Item no. ii of Sch VII)	Local Area, Bengaluru, Karnataka	15.00 lakhs	Direct Expenditure	NA	Direct
3.	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	03.00 lakhs	Direct Expenditure	NA	Direct
4.	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 lakhs	Direct Expenditure	NA	Direct
5.	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 lakhs	Direct Expenditure	NA	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
6.	Planting of 1000 saplings of different variety at vacant land and in selected areas of township for better environment	Environment (Item no. iv of Sch VII)	Local area Bengaluru, Karnataka	0.75 lakhs	Direct Expenditure	NA	Direct
7.	Free water supply distribution to adjacent Bovi colony residents.	Health Care (Item No. viii of Sch. VII)	Local area Bengaluru, Karnataka	2.00 lakhs	Direct Expenditure	NA	Direct
8.	Face lifting of Ring Road & Backyard	Environment (Item no. iv of Sch VII)	Local area Bengaluru, Karnataka	1.75 lakhs	Direct Expenditure	NA	Direct
9.	Donating dustbin, cleaning accessories and services to Dist. Govt. Hospital, Palakkad	Sanitation (Item no. i of Sch VII)	Palakkad, Kerala	0.25 lakhs	Direct Expenditure	NA	Direct
10.	Donation helping the Needy (Vishu Kit)	Eradicating hunger and poverty (Item no. i of Sch VII)	Palakkad, Kerala	0.05 lakhs	Direct Expenditure	NA	Direct
11.	Education for students- Factory Environment	Education (Item no. ii of Sch VII)	Other Area Palakkad, Keral, Tamilnadu	0.25 lakhs	Direct Expenditure	NA	Direct
12.	Green Revolution	Environment (Item no. iv of Sch VII)	Palakkad, Kerala	0.05 lakhs	Direct Expenditure	NA	Direct
	Total			96.10 lakhs			

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.

Place: Bengaluru  
Date: 2<sup>nd</sup> November, 2020

**Rakesh Mohan Agarwal**  
Chairman and Managing Director  
Chairman of Committee

# 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.itilttd.in
5.	E-mail id	cosecy_crp@itilttd.co.in
6.	Financial Year reported	2019-20
7.	Sector(s) that the Company is engaged in (industrial activity-code-wise)	Telecommunication Technology, Defence Products, 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 Bareli (Uttar Pradesh), Mankapur (Uttar Pradesh), 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, Bhubaneshwar, 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. 925.12 Crores
2.	Total Turnover	Rs. 2403.05 crores
3.	Total profit after taxes	Rs. 150.86 crores
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 96.10 lakhs
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**

<b>1. Details of Director/Directors responsible for BR</b>		
(a)	Details of the Director / Directors responsible for implementation of the BR policy / policies	
1.	DIN	07333145
2.	Name	Shri Rakesh Mohan Agarwal
3.	Designation	Chairman and Managing Director
4.	Email ID	cmd@itild.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 (as per 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="https://www.itild.in/investor_information">https://www.itild.in/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.								
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.itild.co.in/investor\\_information](http://www.itild.co.in/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? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?**

Yes. The policy covers the Company. The Company has positioned an Integrity Pact which is signed with bidders to enable them to raise any issues with regard to partnering with ITI for transfer of technology to ITI or addressing third party businesses together or bidding for high value tenders of more than Rs. 100 lakhs floated from time to time. People of high repute and integrity are appointed as Independent External Monitors to oversee implementation of the said Integrity Pact.

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

During the financial year 2019-20, 2 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. Further among 9 disposed complaints, 1 was anonymous / Pseudonymous, 7 was administrative in nature and no vigilance angle found in 1 complaint.

### 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 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 resources 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 panel manufacturing plant established by ITI 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 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 of 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

- Total number of employees: **2889** (permanent employees)
- Total number of employees hired on temporary / contractual basis: **609**
- The number of permanent women employees: **340**
- The number of permanent employees with disabilities: **43**
- Do you have an employee association that is recognized by management?: **Yes**
- 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 :	52%
Permanent Women Employees :	62%
Casual/Temporary/Contractual Employees :	38%
Employees with Disabilities :	29%

**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 are identified 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 2019-20, 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) Electronic Industries Association of India (ELCINA)

(d) Federation of Karnataka Chambers of Commerce & Industry (FKCCI)



- (e) Telecom Equipment & Services Exports Promotion Council (TEPC)
- (f) India Electronics & Semiconductor Association (IESA)
- (g) 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 Community development projects as one of its business activities. However, such projects are being planned under CSR activities.

**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

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 for identify the product. We do not sell products for general public.

**3. Is there any case filed by any stakeholder 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 Director

Place: Bengaluru  
Date: 02<sup>nd</sup> November 2020

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## I. Telecom Industry Structure

Communication sector has become an essential infrastructure for the development and growth. It has become more pertinent in the current pandemic situation. The Indian telecommunications industry is second largest telecom industry in the world in terms of number of Telecommunications subscriptions & internet subscribers. It has one of the lowest call and data tariffs in the world. According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 1164.00 million, with overall Tele density of 86.03% and Broadband subscriber base has reached 705.40 million at the end of 31<sup>st</sup> July 2020.

With the launch of 4G and Broadband wireless services average data consumption per user is increasing, with increased adoption of smart phones, laptops and availability of huge internet digital contents. The launch of 5G services will boost the data growth 5-7 times, enabling various use cases requiring higher data speed. Players are keen on investing in newer technologies such as Centralised RAN(C-RAN), multiple Input multiple output (MIMO) to improve 4G coverage and 5G technology to handle future data traffic growth for better customer experience. From smart cities and smart factories to smart education, smart health care, and smart banking, 5G holds the key to India's smart future and now is the right time to push for the launch of 5G in India.

Electronics manufacturing industry in the country is poised for growth due to make in India & PPP-MII policies of Govt. to support and create local manufacturing ecosystem. Production linked incentives (PLI) scheme for manufacturing of electronic components and semiconductors, and Electronics manufacturing clusters (EMC 2.0) scheme offer huge incentives from Govt. of India for local manufacturing over the period of next five years.

As per CRISIL report, the telecom service industries are expected to grow at a rate of 12-14% between Fiscal 2019-2024. Global mobile manufacturing giants have applied for the Centre's production-linked incentive (PLI) scheme for electronics worth Rs 11.5 lakh crore in the next five years. This will certainly create an indigenous ecosystem where local companies would be benefited in terms of creating design, helping in R&D and building world-class products through collaboration. It is observed that during the Covid-19 pandemic period, many global electronic manufacturing companies are relocating their facilities in India due to incentives and new policies by Government.

As per the Handbook of Urban Statistics 2019, the investment of about Rs 2.05 trillion will be made on smart cities over the next few years. These projects will be supported by centre and state government's fixed funding at Rs 5 billion each per city (approximately 45% of envisaged investment), and with funds raised by each cities union local bodies (ULBs). As of January 2019, the value of tendered smart city projects was Rs 1,057.8 billion, the value of work orders issued was Rs 626.52 billion, and value of all completed projects was Rs 110.4 billion. CRISIL research estimates that under ICT, investment in intelligent traffic management systems (ITMS) to be the highest at approx. 26%. Projects utilising ICT solutions, which are mostly centred around smart IoT solutions, constitute about 15.7% of the total project cost for the first 99 smart cities and are worth Rs 310 billion. There is a huge potential for smart meters in the Indian market, and they will pick up pace in the years to come with the investments from utility companies to make grid smart and curb high technical and commercial losses. The Government's plan for investment in Defence sector in the coming years is huge and there is a significant part earmarked for communications domain.

India ranks amongst the biggest telecommunications market in the world, driven by inexpensive plans and easy availability of smartphones. More importantly, telecommunications is one of the key drivers of India's inclusive and sustainable development plans.

Yet the digital divide has still not been fully bridged in the country. Around half of India's population does not have an Internet connection. Nearly 1.6 million students from economically disadvantaged backgrounds in India are at risk of falling behind their peers as they lack the means to access online education.

As we move ahead, we must work with the Government to bridge this chasm and bring every Indian into the digital fold. From building the necessary infrastructure to extending plans services for rural and remote regions, the Indian telecom sector has its work cut out, because only a connected India can be a truly

developed and Inclusive India.

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

### Opportunities:

With the policies proposed (under "Digital India", "Make in India", & PPP-MII policy) by the Government, local manufacturing in India will get an accelerated push. The New Digital Communication Policy (NDCP) of 2018 emphasizes on enhancing local manufacturing and aims at introduction of Phased Manufacturing Program for identified product segments in Digital Communication Technologies. The new initiatives of ITI in partnership with start-ups shall now focus on creating Indian IPRs in the electronics and communication sector which will help achieving visions of NDCP. Department for Promotion of Industry and Internal Trade (DPIIT) in its 2018 notification, has issued guidelines to adhere to Public Procurement (Preference to Make in India) 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.

There are many business opportunities in the field of 4G LTE communications, Defence electronics, solar power products, and medical electronics etc. ITI has tied up with many start-ups, reputed technology partners to manufacture various electronics and telecom products. Services like Cloud-based storage and platforms are becoming increasingly popular in recent years, with providers such as Amazon web service and Microsoft Azure actively increasing market shares and their product adoption across India. There is a huge opportunity in the Data centre cloud based services for which ITI is planning to provide these services and solutions through its data centre. With thrust towards providing Government services through digital means, there are many opportunities to provide e-governance solutions and services at central and state government level.

As per India Electronics and Semiconductor Association (IESA) and Frost & Sullivan report, along with the existing sectors, the advent of disruptive technologies like Robotics, Virtualization, Analytics, Cloud Computing, 5G, IOT/ Sensors, Drones, Artificial Intelligence (AI), Machine Learning, Augmented Reality (AR) and Virtual Reality (VR), Gaming and Entertainment among others are preparing the market for faster innovation. The velocity of change offers India with an unprecedented opportunity to invest and reap the benefits from the emerging Electronics industry. The large gap that exists between local demand and local supply in India on account of high import dependence is seen as an opportunity to increase the manufacturing index across electronics hardware and software segments.

Under the diversification strategy, ITI is entering into the new products and technology domain to reap the benefit from emerging opportunities.

Due to pandemic, Indians increasingly turn to their mobile devices to socialize and work from home. Even the Government turned to the telecommunications sector to spread awareness as well as to trace and track infected person in a bid to break the chain of transmission. As we emerge from this ongoing situation, we must focus on leveraging technology intelligently for future business security.

The rural subscriber base accounted for 43.36% of the total subscriber base in FY20 (till December 2020), thereby fuelling growth across the sector. Government promises broadband access in all villages by 2022; launches National Broadband Mission.

With increased dependence on technology, and an increasingly connected world, comes the risk of cyber-crime. Reports indicate that cyber-crime went up by 37% in the first quarter of 2020. India is second most cyber attacked country in the world, and also one of the countries with most data usage. At this juncture, we must focus on strengthening their security infrastructure with the objective of embedding security into every layer. AI powered security platforms are also a great investment to consider as we move forward, especially as 5G services and 5G powered technologies become the norm.

**Threats:**

Indian Electronics industry is currently characterized by low value addition Industrial activities. Electronic hardware manufacturing in India is being driven by its emerging economy, struggling to compete with major Asian countries with low-cost production and strong supply chain.

In the challenging business environment, the Company has witnessed the following threats:

1. Intense competition in the telecom sector.
2. Fast changing Technology & products.
3. High financing cost for the working capital and high operational cost.
4. Under-developed eco-system for electronics manufacturing in the country due to which still there is a huge dependency on imports of critical components.
5. Disruption in supply chain and logistics due to recent Covid-19 pandemic
6. Declining average revenue per user due to price wars.

**III. Strengths and Weakness :**

**Strengths:**

- 1) Latest state of the art infrastructure for manufacturing for complete range of telecom/ electronic products.
- 2) Seven decades of rich experience in Telecom equipment manufacturing and providing telecom turnkey solutions to national network.
- 3) Pan-India presence (6 Manufacturing units at Bengaluru, Palakkad, Rae Bareli, Mankapur, Naini and Srinagar) as well strong marketing presence through country wide 8 MSP offices at Bengaluru, Chennai, Hyderabad, Delhi, Mumbai, Kolkata, Lucknow and Bhubaneswar and many associated Area offices.
- 4) Expertise in development of Telecom products as well as Encryption and security products for defence communication.
- 5) Strategic telecom network infrastructure provider to Defence and providing maintenance services.
- 6) High Market demand because of large population, growing per capita income as well as increasing consumption of electronics goods.
- 7) Demand for upgraded Electronic products.
- 8) Ambitious expansion plan and capacity augmentation of indigenous manufacturing policy in EMS sector in India.
- 9) ITI continues to be among the leading Communication equipment manufacturer.
- 10) Company has diversified in manufacturing of new products such as HDPE Ducts, OFC cable, Solar Panel, Smart Energy meters, Wi-Fi Product, Smart cards/payment cards, Component screening services for VSSC, ISRO. Further company has diversified into new business areas like Smart city solution, IoT, 3D printing, Medical electronics and diversified Electronic Manufacturing Services (EMS).
- 11) Telecom testing lab facilities for testing of Telecom equipment under Mandatory Testing and Certification of Telecom Equipment (MTCTE) under the guidelines of DoT.
- 12) Provision of reservation quota (RQ) in procurement of BSNL, MTNL and BBNL.

**Weakness:**

- 1) Dependence on Technology Partners for key technical inputs.
- 2) Keeping pace with fast technology changing scenario due to lack of in-house technology/product development and Intellectual Property (IP) creation.
- 3) Difficulty in hiring and retaining good human resources due to unrevised remunerations
- 4) Rapid attrition of experienced manpower due to superannuation
- 5) Unavailability of right skillset resources during hiring. Major training courses are still not in sync. with industry demand.
- 6) Underutilised production capacities and manpower due to insufficient order volume.
- 7) Late adopters of new technology.

**IV. Future Outlook**

The order book of ITI is about Rs. 11319 Crs as on 01.10.2020. The MoU plan(net) for the turnover for FY 2020-21 of Rs. 2600 Crs. ITI is focusing on manufacturing in big way and also planning to take up turnkey projects as System Integrator (SI) to increase the value addition. Marketing group has been strengthened and restructured as Marketing, Services and Project (MSP) organisation, with a view to improve the market penetration and increased turnover in the days to come. The infrastructure up-gradation is completed at different plant 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 Wi-Fi Access points and G-PON etc. ITI has won the contracts from BBNL and BSNL for the supply of G-PON equipment with C-DoT technology and further expecting orders on BharatNet PH II, MLLN /IP MLLN, Broadband products, 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 Bareli and Palakkad plants. 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 Printers, Medical electronic products like portable ventilators 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 also collaborating with leading Technology partners for manufacturing of Wi-Fi products like Wi-Fi Access points and Radio equipment to cater to the requirements in the country. In line with the prevailing technology trends, ITI would consider innovative approaches in various fields of IoT and will engage itself in manufacture of world class new generation equipment including latest IoT Technologies and customized solutions.

Recently ITI has entered into an MoU with Tech Mahindra for collaboration for 4G/5G solution stack, Telecom Equipment supply, IT equipment manufacturing, Telecom & IT equipment testing, Smart cities opportunities, Medical electronics Health care and IOT device manufacturing. MoU with TCS is done for Business opportunities with GOI PSU's, BSNL, MTNL and for collaboration into Smart cities, Medical electronics, health care, IOT device manufacturing etc. Another MoU with DEBEL (DRDO) is done for manufacture of automated resuscitator as per their technology and design. In Cyber Security domain ITI has entered into an MoU with ILANTUS for business opportunity in Identity and Access Management system (IAM). Another MoU is signed with M/s Poletus for opportunities in Artificial Intelligence ("AI") driven infectious disease like COVID-19 management platform integrated with testing technology.

**VI. Risk Management:**

ITI has adopted a Risk Management framework, which covers risk management techniques while conceiving a project or while execution of the project. 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, operations 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. Key risk factors with the telecom industry are seen as the proper Govt. investments in the projects like smart city, 5G and IoT business verticals. Information security and lack of proper standards remains as the major challenge in the IoT industry which restricts interorganizational exchange of data.

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, Cyber Security solutions, Service Sector and manufacturing of

other allied Telecom / Electronics related products, solutions so as to improve the top 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. In December 2019, ITI has been assessed at Level-2 for PMMM and PCMM. This will help ITI for better management and co-ordination for project management and people capability management.

## VII. Human Resources

As on 31<sup>st</sup> March 2020, your Company had a total employee strength of 3,498 as compared to 3,520 at the end of the previous year. The detailed information on material developments in Human Resources/ Industrial front including number of people employed 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 has adequate Internal Control Systems.

## IX. Financial Performance

Your Company has achieved a sales turnover of Rs. 2403 crore for the year ended 31<sup>st</sup> March 2020, as compared to Rs. 1894 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 2019-20	FY 2018-19	Reasons for variations
1.	Debtors Turnover	0.71	0.58	Turnover of 2019-20 has increased mainly on account of execution of Gujnet and Mahanet projects. 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	11.96	11.90	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. 113.69 crore.  Average inventory has been increased by Rs. 8.72 crore because increase in inventory balance from previous period.  Hence impacting increment in inventory turnover ratio by 0.06.
3.	Interest Coverage Ratio	1.52	1.94	Increase in borrowings towards working capital due to delay in realization of debtors and to meet general operational expenses.  Marginal increase in EBIT in the current period. The interest expenses has gone up as compared to previous FY, so there is a reduction in Interest coverage ratio by 0.42.
4.	Current Ratio	0.92	0.89	Increase in current assets by Rs. 345.97 crore and decrease in the regulatory liability by Rs. 255.75 crore despite of increase in borrowings by Rs.76.88 crore. Hence impacting increment in current ratio by 0.03.

S. No.	Particulars	FY 2019-20	FY 2018-19	Reasons for variations
5.	Debt Equity Ratio	2.30	2.88	Company has paid liability of Rs. 275 Crores of Preference shares during current financial year, Equity has improved from Rs 1793.70 Crores in financial year 2018-19 to Rs 2331.39 Crores in Financial year 2019-20 due to allotment of share application money of Rs 105 Crores with premium to Government of India and profit of Rs 150.86 Crores and Rs. 3.92 Crores addition to Reserves & Surplus.
6.	Operating Profit Margin (%)	7.82%	1.00%	Net Revenue from operations has increased by Rs. 390.50 crore. Operating profit has increased from Rs. 16.71 crore to Rs. 75.60 crores.  Operating expenses has increased mainly on account of: (i) Employee expenses increased due to increase in DA and provision on actuarial valuation expenses. (ii) Increase in Other Expenses. (iii) The above has resulted in improvement in operating profit margin as compared to Previous year.
7.	Net Profit Margin (%) Or sector specific equivalent ratios, as applicable	7.33%	5.55%	Increase in profit for the period as explained above has resulted in increase 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 positive improvement in the Return on Net Worth is mainly because of increase in Net Profit from Rs. 92.54 crore to Rs. 150.86 crore by Rs. 58.32 crore. The reduction in the margins (except for Gujnet & MahaNet) for the period is due to decrease in the margins of the products mix, however the same is compensated to the extent of Rs. 152.58 crore because of increase in other income.

There is an improvement in the Net Worth of the Company from Rs. (541) crore to Rs. 1.21 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.

For and on behalf of the Board

Place: Bengaluru  
Date: 2<sup>nd</sup> November 2020

(Rakesh Mohan Agarwal)  
Chairman and Managing Director

# FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended 31.03.2020

**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: 080-25617486 FAX : 080-25618286 Email: cosecy_crp@itiltcd.co.in Website: www.itiltcd.in
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, 4th cross, Sampige Road, Malleswaram, Bengaluru – 560 003. Ph: 080-23460815. Fax-080-23460819 Email: irg@integratedindia.in

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

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

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the year As on 01.04.2019				No. of Shares held at the end of the year As on 31.03.2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.or State Govt.	807300000	-	807300000	90.00	835419508	-	835419508	90.30	0.30
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL: (A) (1)</b>	<b>807300000</b>	<b>-</b>	<b>807300000</b>	<b>90.00</b>	<b>835419508</b>	<b>-</b>	<b>835419508</b>	<b>90.30</b>	<b>0.30</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>807300000</b>	-	<b>807300000</b>	<b>90.00</b>	<b>835419508</b>	-	<b>835419508</b>	<b>90.30</b>	<b>0.30</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	17	-	17	0.00	4612	-	4612	0.00	0.00
b) Banks/FI	283079	21700	304779	0.03	124776	21700	146476	0.01	-0.02
c) Central Government	69480690	-	69480690	7.75	69480690	-	69480690	7.51	-0.24
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	0	800	800	0.00	0	800	800	0.00	0.00
g) FIIS	24600	-	24600	0.00	139897	-	139897	0.02	0.02
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>69788386</b>	<b>22500</b>	<b>69810886</b>	<b>7.78</b>	<b>69749975</b>	<b>22500</b>	<b>69772475</b>	<b>7.78</b>	<b>0.00</b>
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	1930307	37100	1967407	0.22	1124168	37100	1161268	0.13	-0.09
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	13530410	555914	14086324	1.57	14527571	528774	15056345	1.63	0.06
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	2461100	-	2461100	0.27	2705664	-	2705664	0.29	0.02
c) Others (specify)									
NRI	394468	55100	449568	0.05	416058	55100	471158	0.05	0.00
Clearing Member	924515	-	924515	0.10	532840	-	532840	0.06	-0.04
Others Category	200	-	200	0.00	250	-	250	0.00	0.00
<b>SUB TOTAL (B)(2):</b>	<b>19241000</b>	<b>648114</b>	<b>19889114</b>	<b>2.22</b>	<b>19306551</b>	<b>620974</b>	<b>19927525</b>	<b>2.15</b>	<b>-0.07</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>89029386</b>	<b>670614</b>	<b>89700000</b>	<b>10.00</b>	<b>89056526</b>	<b>643474</b>	<b>89700000</b>	<b>09.70</b>	<b>-0.03</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>	<b>896329386</b>	<b>670614</b>	<b>897000000</b>	<b>100.00</b>	<b>924476034</b>	<b>643474</b>	<b>925119508</b>	<b>100.00</b>	<b>0.00</b>



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

SI No.	Shareholders Name	Shareholding at the beginning of the year – 01.04.2019			Shareholding at the end of the year – 31.03.2020			% change in shareholding 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	806987500	89.97	-	835107008	90.27	-	0.30
2	Governor of Karnataka	312500	0.03	-	312500	0.03	-	0.00
	<b>Total</b>	<b>807300000</b>	<b>90.00</b>	<b>-</b>	<b>8354195008</b>	<b>90.30</b>	<b>-</b>	<b>0.30</b>

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

Sl. No.	Shareholders Name	Shareholding at the beginning of the year – 01.04.2019		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the Year – 31.03.2020	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	President of India	806987500	89.97	01.04.2019	-	-	806987500	89.97
				23.03.2020	28119508	Preferential Allotment	835107008	90.27
				31.03.2020	-	-	835107008	90.27
2	Governor of Karnataka	312500	0.03	31.03.2020	-	-	312500	0.03

**(D) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters & Group and Holder of GDRs and ADRs)**

SL. NO	NAME OF THE SHAREHOLDER	Shareholding at the Beginning of the Year – 01.04.2019		Date	Increase / Decrease in Share Holding	Reason	Cumulative Shareholding during the Year – 31.03.2020	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	SPECIAL NATIONAL INVESTMENT FUND	69480690	7.75	01.04.2019		NO MOVEMENT DURING THE YEAR		
				31.03.2020	0		69480690	7.51
2	DILIPKUMAR LAKHI	338792	0.04	01.04.2019		NO MOVEMENT DURING THE YEAR		
				31.03.2020	0		338792	0.04
3	KARVY STOCK BROKING LTD	189483	0.02	01.04.2019			189483	0.02
				05.04.2019	-19706	TRANSFER	169777	0.02
				12.04.2019	1217	TRANSFER	170994	0.02
				19.04.2019	1222	TRANSFER	172216	0.02
				26.04.2019	388	TRANSFER	172604	0.02
				03.05.2019	4642	TRANSFER	177246	0.02
				10.05.2019	-4644	TRANSFER	172602	0.02
				17.05.2019	10	TRANSFER	172612	0.02
				24.05.2019	-10315	TRANSFER	162297	0.02
				31.05.2019	-10924	TRANSFER	151373	0.02
				07.06.2019	2190	TRANSFER	153563	0.02
				14.06.2019	5636	TRANSFER	159199	0.02
				21.06.2019	4990	TRANSFER	164189	0.02
				29.06.2019	5620	TRANSFER	169809	0.02
				05.07.2019	-10466	TRANSFER	159343	0.02
				12.07.2019	48049	TRANSFER	207392	0.02

				19.07.2019	-39666	TRANSFER	167726	0.02
				26.07.2019	-2852	TRANSFER	164874	0.02
				02.08.2019	-4005	TRANSFER	160869	0.02
				09.08.2019	4154	TRANSFER	165023	0.02
				16.08.2019	2057	TRANSFER	167080	0.02
				23.08.2019	3844	TRANSFER	170924	0.02
				30.08.2019	4155	TRANSFER	175079	0.02
				06.09.2019	7319	TRANSFER	182398	0.02
				13.09.2019	4936	TRANSFER	187334	0.02
				20.09.2019	-10427	TRANSFER	176907	0.02
				27.09.2019	-13924	TRANSFER	162983	0.02
				30.09.2019	-1502	TRANSFER	161481	0.02
				04.10.2019	1021	TRANSFER	162502	0.02
				11.10.2019	-11354	TRANSFER	151148	0.02
				18.10.2019	-14923	TRANSFER	136225	0.02
				25.10.2019	-1011	TRANSFER	135214	0.02
				01.11.2019	5166	TRANSFER	140380	0.02
				08.11.2019	-4228	TRANSFER	136152	0.02
				15.11.2019	-5608	TRANSFER	130544	0.01
				22.11.2019	-5508	TRANSFER	125036	0.01
				29.11.2019	-6976	TRANSFER	118060	0.01
				06.12.2019	-109202	TRANSFER	8858	0.00
				13.12.2019	-51	TRANSFER	8807	0.00
				27.12.2019	-100	TRANSFER	8707	0.00
				03.01.2020	-60	TRANSFER	8647	0.00
				24.01.2020	-96	TRANSFER	8551	0.00
				14.02.2020	-35	TRANSFER	8516	0.00
				<b>31.03.2020</b>			<b>8516</b>	<b>0.00</b>
<b>4</b>	<b>ANGEL BROKING PRIVATE LIMITED</b>	<b>184636</b>	<b>0.02</b>	01.04.2019			184636	0.02
				05.04.2019	3340	TRANSFER	187976	0.02
				12.04.2019	24581	TRANSFER	212557	0.02
				19.04.2019	-18407	TRANSFER	194150	0.02
				26.04.2019	-19629	TRANSFER	174521	0.02
				03.05.2019	892	TRANSFER	175413	0.02
				10.05.2019	-5674	TRANSFER	169739	0.02
				17.05.2019	1597	TRANSFER	171336	0.02
				24.05.2019	7299	TRANSFER	178635	0.02
				31.05.2019	28302	TRANSFER	206937	0.02
				07.06.2019	-3671	TRANSFER	203266	0.02
				14.06.2019	-21152	TRANSFER	182114	0.02
				21.06.2019	-3438	TRANSFER	178676	0.02
				29.06.2019	-16861	TRANSFER	161815	0.02
				05.07.2019	-36334	TRANSFER	125481	0.01
				12.07.2019	39343	TRANSFER	164824	0.02
				19.07.2019	20825	TRANSFER	185649	0.02

				26.07.2019	12215	TRANSFER	197864	0.02
				02.08.2019	-20119	TRANSFER	177745	0.02
				09.08.2019	-9251	TRANSFER	168494	0.02
				16.08.2019	3456	TRANSFER	171950	0.02
				23.08.2019	3693	TRANSFER	175643	0.02
				30.08.2019	-31950	TRANSFER	143693	0.02
				06.09.2019	-259	TRANSFER	143434	0.02
				13.09.2019	-7041	TRANSFER	136393	0.02
				20.09.2019	9506	TRANSFER	145899	0.02
				27.09.2019	-35541	TRANSFER	110358	0.01
				30.09.2019	22410	TRANSFER	132768	0.01
				04.10.2019	7270	TRANSFER	140038	0.02
				11.10.2019	-17303	TRANSFER	122735	0.01
				18.10.2019	357	TRANSFER	123092	0.01
				25.10.2019	-15253	TRANSFER	107839	0.01
				01.11.2019	22099	TRANSFER	129938	0.01
				08.11.2019	-785	TRANSFER	129153	0.01
				15.11.2019	13647	TRANSFER	142800	0.02
				22.11.2019	-9101	TRANSFER	133699	0.01
				29.11.2019	-1114	TRANSFER	132585	0.01
				06.12.2019	23261	TRANSFER	155846	0.02
				13.12.2019	-6847	TRANSFER	148999	0.02
				20.12.2019	-6024	TRANSFER	142975	0.02
				27.12.2019	-17490	TRANSFER	125485	0.01
				31.12.2019	-10640	TRANSFER	114845	0.01
				03.01.2020	2695	TRANSFER	117540	0.01
				10.01.2020	6115	TRANSFER	123655	0.01
				17.01.2020	20537	TRANSFER	144192	0.02
				24.01.2020	-27166	TRANSFER	117026	0.01
				31.01.2020	81969	TRANSFER	198995	0.02
				07.02.2020	11165	TRANSFER	210160	0.02
				14.02.2020	-8707	TRANSFER	201453	0.02
				21.02.2020	-1530	TRANSFER	199923	0.02
				28.02.2020	-13582	TRANSFER	186341	0.02
				06.03.2020	-22543	TRANSFER	163798	0.02
				13.03.2020	-5953	TRANSFER	157845	0.02
				20.03.2020	-55728	TRANSFER	102117	0.01
				27.03.2020	9282	TRANSFER	111399	0.01
				<b>31.03.2020</b>	<b>13626</b>	<b>TRANSFER</b>	<b>125025</b>	<b>0.01</b>
<b>5</b>	<b>AXIS BANK LIMITED</b>	<b>149410</b>	<b>0.02</b>	01.04.2019			149410	0.02
				05.04.2019	-19011	TRANSFER	130399	0.01
				12.04.2019	5664	TRANSFER	136063	0.02
				19.04.2019	-1632	TRANSFER	134431	0.01
				26.04.2019	-1576	TRANSFER	132855	0.01
				03.05.2019	-2669	TRANSFER	130186	0.01

				10.05.2019	5414	TRANSFER	135600	0.02
				17.05.2019	-8528	TRANSFER	127072	0.01
				24.05.2019	6044	TRANSFER	133116	0.01
				31.05.2019	-5351	TRANSFER	127765	0.01
				07.06.2019	2945	TRANSFER	130710	0.01
				14.06.2019	-34602	TRANSFER	96108	0.01
				21.06.2019	-1977	TRANSFER	94131	0.01
				29.06.2019	30300	TRANSFER	124431	0.01
				05.07.2019	-10317	TRANSFER	114114	0.01
				12.07.2019	7037	TRANSFER	121151	0.01
				19.07.2019	449	TRANSFER	121600	0.01
				26.07.2019	336	TRANSFER	121936	0.01
				02.08.2019	3130	TRANSFER	125066	0.01
				09.08.2019	-2791	TRANSFER	122275	0.01
				16.08.2019	-2297	TRANSFER	119978	0.01
				23.08.2019	-1110	TRANSFER	118868	0.01
				30.08.2019	-7323	TRANSFER	111545	0.01
				06.09.2019	360	TRANSFER	111905	0.01
				13.09.2019	-3407	TRANSFER	108498	0.01
				20.09.2019	-1973	TRANSFER	106525	0.01
				27.09.2019	-23417	TRANSFER	83108	0.01
				30.09.2019	4719	TRANSFER	87827	0.01
				04.10.2019	15165	TRANSFER	102992	0.01
				11.10.2019	-1506	TRANSFER	101486	0.01
				18.10.2019	5111	TRANSFER	106597	0.01
				25.10.2019	2808	TRANSFER	109405	0.01
				01.11.2019	-13886	TRANSFER	95519	0.01
				08.11.2019	10558	TRANSFER	106077	0.01
				15.11.2019	6565	TRANSFER	112642	0.01
				22.11.2019	8602	TRANSFER	121244	0.01
				29.11.2019	-4147	TRANSFER	117097	0.01
				06.12.2019	-806	TRANSFER	116291	0.01
				13.12.2019	4756	TRANSFER	121047	0.01
				20.12.2019	-3617	TRANSFER	117430	0.01
				27.12.2019	-955	TRANSFER	116475	0.01
				31.12.2019	515	TRANSFER	116990	0.01
				03.01.2020	-100	TRANSFER	116890	0.01
				10.01.2020	-4130	TRANSFER	112760	0.01
				17.01.2020	3150	TRANSFER	115910	0.01
				24.01.2020	-51395	TRANSFER	64515	0.01
				31.01.2020	-1384	TRANSFER	63131	0.01
				07.02.2020	2960	TRANSFER	66091	0.01
				14.02.2020	5238	TRANSFER	71329	0.01
				21.02.2020	2575	TRANSFER	73904	0.01
				28.02.2020	-1116	TRANSFER	72788	0.01

				06.03.2020	-2822	TRANSFER	69966	0.01
				13.03.2020	3915	TRANSFER	73881	0.01
				20.03.2020	-3004	TRANSFER	70877	0.01
				27.03.2020	-4339	TRANSFER	66538	0.01
				<b>31.03.2020</b>	<b>-6357</b>	<b>TRANSFER</b>	<b>60181</b>	<b>0.01</b>
<b>6</b>	<b>SHAREKHAN LIMITED</b>	<b>140859</b>	<b>0.02</b>	01.04.2019			140859	0.02
				05.04.2019	19483	TRANSFER	160342	0.02
				12.04.2019	22880	TRANSFER	183222	0.02
				19.04.2019	-27249	TRANSFER	155973	0.02
				26.04.2019	-63911	TRANSFER	92062	0.01
				03.05.2019	1857	TRANSFER	93919	0.01
				10.05.2019	47	TRANSFER	93966	0.01
				17.05.2019	-1285	TRANSFER	92681	0.01
				24.05.2019	34081	TRANSFER	126762	0.01
				31.05.2019	-4405	TRANSFER	122357	0.01
				07.06.2019	1317	TRANSFER	123674	0.01
				14.06.2019	-23463	TRANSFER	100211	0.01
				21.06.2019	-6279	TRANSFER	93932	0.01
				29.06.2019	3098	TRANSFER	97030	0.01
				05.07.2019	20034	TRANSFER	117064	0.01
				12.07.2019	29866	TRANSFER	146930	0.02
				19.07.2019	-26123	TRANSFER	120807	0.01
				26.07.2019	-17771	TRANSFER	103036	0.01
				02.08.2019	11006	TRANSFER	114042	0.01
				09.08.2019	-7114	TRANSFER	106928	0.01
				16.08.2019	16331	TRANSFER	123259	0.01
				23.08.2019	5496	TRANSFER	128755	0.01
				30.08.2019	-2275	TRANSFER	126480	0.01
				06.09.2019	7358	TRANSFER	133838	0.01
				13.09.2019	-8370	TRANSFER	125468	0.01
				20.09.2019	9488	TRANSFER	134956	0.02
				27.09.2019	-8664	TRANSFER	126292	0.01
				30.09.2019	13938	TRANSFER	140230	0.02
				04.10.2019	-7365	TRANSFER	132865	0.01
				11.10.2019	2500	TRANSFER	135365	0.02
				18.10.2019	-2688	TRANSFER	132677	0.01
				25.10.2019	9233	TRANSFER	141910	0.02
				01.11.2019	14978	TRANSFER	156888	0.02
				08.11.2019	-17642	TRANSFER	139246	0.02
				15.11.2019	24206	TRANSFER	163452	0.02
				22.11.2019	-22388	TRANSFER	141064	0.02
				29.11.2019	38483	TRANSFER	179547	0.02
				06.12.2019	-50741	TRANSFER	128806	0.01
				13.12.2019	36	TRANSFER	128842	0.01
				20.12.2019	9619	TRANSFER	138461	0.02

				27.12.2019	2416	TRANSFER	140877	0.02
				31.12.2019	1639	TRANSFER	142516	0.02
				03.01.2020	22840	TRANSFER	165356	0.02
				10.01.2020	2358	TRANSFER	167714	0.02
				17.01.2020	6583	TRANSFER	174297	0.02
				24.01.2020	-4174	TRANSFER	170123	0.02
				31.01.2020	-30677	TRANSFER	139446	0.02
				07.02.2020	25635	TRANSFER	165081	0.02
				14.02.2020	714	TRANSFER	165795	0.02
				21.02.2020	-2662	TRANSFER	163133	0.02
				28.02.2020	-525	TRANSFER	162608	0.02
				06.03.2020	-7787	TRANSFER	154821	0.02
				13.03.2020	-9217	TRANSFER	145604	0.02
				20.03.2020	4789	TRANSFER	150393	0.02
				27.03.2020	-31137	TRANSFER	119256	0.01
				<b>31.03.2020</b>	<b>-92</b>	<b>TRANSFER</b>	<b>119164</b>	<b>0.01</b>
<b>7</b>	<b>AURANG ZEB</b>	<b>133040</b>	<b>0.01</b>	01.04.2019	<b>NO MOVEMENT DURING THE YEAR</b>			
				<b>31.03.2020</b>	<b>0</b>		<b>133040</b>	<b>0.01</b>
<b>8</b>	<b>ICICI BANK LIMITED</b>	<b>123674</b>	<b>0.01</b>	01.04.2019			123674	0.01
				05.04.2019	17300	TRANSFER	140974	0.02
				12.04.2019	16538	TRANSFER	157512	0.02
				19.04.2019	-248	TRANSFER	157264	0.02
				26.04.2019	14112	TRANSFER	171376	0.02
				03.05.2019	-3149	TRANSFER	168227	0.02
				10.05.2019	4519	TRANSFER	172746	0.02
				17.05.2019	-3870	TRANSFER	168876	0.02
				24.05.2019	-15099	TRANSFER	153777	0.02
				31.05.2019	-3617	TRANSFER	150160	0.02
				07.06.2019	7037	TRANSFER	157197	0.02
				14.06.2019	-2627	TRANSFER	154570	0.02
				21.06.2019	-1951	TRANSFER	152619	0.02
				29.06.2019	-2083	TRANSFER	150536	0.02
				05.07.2019	52975	TRANSFER	203511	0.02
				12.07.2019	-40164	TRANSFER	163347	0.02
				19.07.2019	-3274	TRANSFER	160073	0.02
				26.07.2019	-11645	TRANSFER	148428	0.02
				02.08.2019	3239	TRANSFER	151667	0.02
				09.08.2019	-1471	TRANSFER	150196	0.02
				16.08.2019	3015	TRANSFER	153211	0.02
				23.08.2019	8913	TRANSFER	162124	0.02
				30.08.2019	-12539	TRANSFER	149585	0.02
				06.09.2019	11228	TRANSFER	160813	0.02
				13.09.2019	2113	TRANSFER	162926	0.02
				20.09.2019	7793	TRANSFER	170719	0.02
				27.09.2019	-33485	TRANSFER	137234	0.02



				30.09.2019	-40109	TRANSFER	97125	0.01
				04.10.2019	32095	TRANSFER	129220	0.01
				11.10.2019	9965	TRANSFER	139185	0.02
				18.10.2019	3222	TRANSFER	142407	0.02
				25.10.2019	12107	TRANSFER	154514	0.02
				01.11.2019	-11067	TRANSFER	143447	0.02
				08.11.2019	25145	TRANSFER	168592	0.02
				15.11.2019	-12115	TRANSFER	156477	0.02
				22.11.2019	6952	TRANSFER	163429	0.02
				29.11.2019	-24581	TRANSFER	138848	0.02
				06.12.2019	-2818	TRANSFER	136030	0.02
				13.12.2019	8829	TRANSFER	144859	0.02
				20.12.2019	2716	TRANSFER	147575	0.02
				27.12.2019	765	TRANSFER	148340	0.02
				31.12.2019	1379	TRANSFER	149719	0.02
				03.01.2020	-228	TRANSFER	149491	0.02
				10.01.2020	-3591	TRANSFER	145900	0.02
				17.01.2020	-6000	TRANSFER	139900	0.02
				24.01.2020	29798	TRANSFER	169698	0.02
				31.01.2020	20609	TRANSFER	190307	0.02
				07.02.2020	-24180	TRANSFER	166127	0.02
				14.02.2020	9136	TRANSFER	175263	0.02
				21.02.2020	-939	TRANSFER	174324	0.02
				28.02.2020	296	TRANSFER	174620	0.02
				06.03.2020	-17689	TRANSFER	156931	0.02
				13.03.2020	-17395	TRANSFER	139536	0.02
				20.03.2020	-18112	TRANSFER	121424	0.01
				27.03.2020	-10897	TRANSFER	110527	0.01
				<b>31.03.2020</b>	<b>4254</b>	<b>TRANSFER</b>	<b>114781</b>	<b>0.01</b>
<b>9</b>	<b>HDFC SECURITIES LTD</b>	<b>122902</b>	<b>0.01</b>	01.04.2019			122902	0.01
				05.04.2019	-50476	TRANSFER	72426	0.01
				12.04.2019	-14822	TRANSFER	57604	0.01
				19.04.2019	9056	TRANSFER	66660	0.01
				26.04.2019	-18501	TRANSFER	48159	0.01
				03.05.2019	7621	TRANSFER	55780	0.01
				10.05.2019	-1296	TRANSFER	54484	0.01
				17.05.2019	-2633	TRANSFER	51851	0.01
				24.05.2019	22524	TRANSFER	74375	0.01
				31.05.2019	17929	TRANSFER	92304	0.01
				07.06.2019	-32835	TRANSFER	59469	0.01
				14.06.2019	27094	TRANSFER	86563	0.01
				21.06.2019	-29151	TRANSFER	57412	0.01
				29.06.2019	11145	TRANSFER	68557	0.01
				05.07.2019	-10778	TRANSFER	57779	0.01
				12.07.2019	6522	TRANSFER	64301	0.01

				19.07.2019	-4310	TRANSFER	59991	0.01
				26.07.2019	-3916	TRANSFER	56075	0.01
				02.08.2019	2082	TRANSFER	58157	0.01
				09.08.2019	-3544	TRANSFER	54613	0.01
				16.08.2019	5254	TRANSFER	59867	0.01
				23.08.2019	-385	TRANSFER	59482	0.01
				30.08.2019	-2029	TRANSFER	57453	0.01
				06.09.2019	2406	TRANSFER	59859	0.01
				13.09.2019	17265	TRANSFER	77124	0.01
				20.09.2019	-6012	TRANSFER	71112	0.01
				27.09.2019	-1904	TRANSFER	69208	0.01
				30.09.2019	-11591	TRANSFER	57617	0.01
				04.10.2019	10105	TRANSFER	67722	0.01
				11.10.2019	5084	TRANSFER	72806	0.01
				18.10.2019	-175	TRANSFER	72631	0.01
				25.10.2019	-7043	TRANSFER	65588	0.01
				01.11.2019	29346	TRANSFER	94934	0.01
				08.11.2019	-5890	TRANSFER	89044	0.01
				15.11.2019	-8117	TRANSFER	80927	0.01
				22.11.2019	1454	TRANSFER	82381	0.01
				29.11.2019	-5180	TRANSFER	77201	0.01
				06.12.2019	-20252	TRANSFER	56949	0.01
				13.12.2019	15205	TRANSFER	72154	0.01
				20.12.2019	18902	TRANSFER	91056	0.01
				27.12.2019	-27210	TRANSFER	63846	0.01
				31.12.2019	1027	TRANSFER	64873	0.01
				03.01.2020	18774	TRANSFER	83647	0.01
				10.01.2020	11611	TRANSFER	95258	0.01
				17.01.2020	-11650	TRANSFER	83608	0.01
				24.01.2020	12912	TRANSFER	96520	0.01
				31.01.2020	-12778	TRANSFER	83742	0.01
				07.02.2020	4352	TRANSFER	88094	0.01
				14.02.2020	-6417	TRANSFER	81677	0.01
				21.02.2020	1838	TRANSFER	83515	0.01
				28.02.2020	-3061	TRANSFER	80454	0.01
				06.03.2020	-17788	TRANSFER	62666	0.01
				13.03.2020	9509	TRANSFER	72175	0.01
				20.03.2020	-25894	TRANSFER	46281	0.01
				27.03.2020	8911	TRANSFER	55192	0.01
				<b>31.03.2020</b>	<b>16676</b>	<b>TRANSFER</b>	<b>71868</b>	<b>0.01</b>
<b>10</b>	<b>UDAYANKUMAR N KOTHARI</b>	<b>116389</b>	<b>0.01</b>	01.04.2019			116389	0.01
				05.04.2019	12000	TRANSFER	128389	0.01
				26.04.2019	-2150	TRANSFER	126239	0.01
				18.10.2019	2000	TRANSFER	128239	0.01
				22.11.2019	1000	TRANSFER	129239	0.01

				14.02.2020	-4925	TRANSFER	124314	0.01
				28.02.2020	-2933	TRANSFER	121381	0.01
				27.03.2020	-1000	TRANSFER	120381	0.01
				<b>31.03.2020</b>			<b>120381</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	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

Note : None of the directors and KMPs hold any shares of the Company as on 31.03.2020

**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	95,870.68	30,000.00	Nil	1,25,870.68
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>95,870.68</b>	<b>30,000.00</b>	<b>Nil</b>	<b>1,25,870.68</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition (Interest accrued but not due)	Nil	300.00	Nil	300.00
Addition	7,687.71	Nil	Nil	7,687.71
Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	<b>7,687.71</b>	<b>300.00</b>	<b>Nil</b>	<b>7,987.71</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,03,558.39	30,000.00	Nil	1,33,558.39
ii) Interest due but not paid	Nil	300.00	Nil	300.00
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i + ii + iii)</b>	<b>1,03,558.39</b>	<b>30,300.00</b>	<b>Nil</b>	<b>1,33,858.39</b>

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

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

(In ₹)

SI. No	Particulars of Remuneration	Shri K Alagesan*	Shri Rakesh Mohan Agrawal	Shri Chittaranjan Pradhan**	Shri Shashi Prakash Gupta	Shri D Venkateswarlu***	Total amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,532,915	2,597,628	N.A	2,380,739	592,084.40	71,03,366.40
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	102,096	387,325	N.A	351,606	-	8,41,027
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-	-	-	

Sl. No	Particulars of Remuneration	Shri K Alagesan*	Shri Rakesh Mohan Agrawal	Shri Chittaranjan Pradhan**	Shri Shashi Prakash Gupta	Shri D Venkateswarlu ***	Total amount
2	Stock Option		-	-	-		
3	Sweat Equity		-	-	-		
4	Commission						
	- as % of profit		-	-	-		
	others, specify...						
5	Others, please specify (Company PF)	27,39,936	311,283	N.A	282,291	66,428.00	33,99,938
	<b>Total</b>	<b>43,74,947</b>	<b>3,296,236</b>	<b>N.A</b>	<b>3,014,636</b>	<b>658,512.40</b>	<b>1,13,44,331.40</b>

\* Shri K Alagesan relinquished his post as Director Production / Additional Charge Chairman and Managing Director on 30.09.2019, consequent to his superannuation.

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

\*\*\* Shri D Venkateswarlu was appointed as Director Production w.e.f. 07.11.2019

#### B. Remuneration to other Directors

(In ₹)

Sl No	Particulars of Remuneration	Name of the Director							Total Amount
		Shri Saday Krishna Kanoria	Smt Asha Kumari Jaswal	Shri Mayank Gupta	Shri Akhilesh Dube	Shri K R Shanmugam	Shri Suresh Chandra Panda	Shri Rajen Vidyarthi	
1	Independent Director								
	Fee for attending board / committee meetings	75,000	1,35,000	85,000	70,000	1,00,000	25,000	90,000	5,80,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>75,000</b>	<b>1,35,000</b>	<b>85,000</b>	<b>70,000</b>	<b>1,00,000</b>	<b>25,000</b>	<b>90,000</b>	<b>5,80,000</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>75,000</b>	<b>1,35,000</b>	<b>85,000</b>	<b>70,000</b>	<b>1,00,000</b>	<b>25,000</b>	<b>90,000</b>	<b>5,80,000</b>
	<b>Total Managerial Remuneration</b>	<b>75,000</b>	<b>1,35,000</b>	<b>85,000</b>	<b>70,000</b>	<b>1,00,000</b>	<b>25,000</b>	<b>90,000</b>	<b>5,80,000</b>
	Overall Ceiling as per the Act	Not Applicable							

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SL. NO	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO		CS	
		Smt Malathy M*	Shri Rajeev Srivastava**	Smt S Shanmuga Priya	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,80,177	451,692	8,48,338	25,80,207
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	1,71,894	54,158	1,24,476	3,50,528
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-

SL. NO	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO		CS	
		Smt Malathy M*	Shri Rajeev Srivastava**	Smt S Shanmuga Priya	
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	others, specify...				
5	Others, please specify (Company PF)	1,40,085	54,022	1,00,044	2,94,151
	Total	15,92,156	5,59,872	10,72,858	32,24,886

\* Smt Malathy M was Chief Financial Officer of the Company upto 05.01.2020

\*\* Shri Rajeev Srivastava was appointed as Chief Financial Officer w.e.f. 06.01.2020 and Director Finance w.e.f. 15.10.2020

#### VII. PENALTIES / PUNISHMENTS / 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.

Place: Bengaluru  
Date: 2<sup>nd</sup> November 2020

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

**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) Steps taken or impact on conservation of energy;**

1. Recommendations of Bureau of Energy Efficiency have been implemented from time to time.
2. Optimum usage of Plant utilities.
3. Bringing down the Redundant capacity of Chilling Plant.
4. Monitoring of Power factor at regular intervals.
5. Replacement of old high capacity equipments with multiple optimum size capacity energy efficient ones.
6. Replace conventional electro- magnetic ballast fluorescent fitting with electronic ballast fluorescent triphosphate lamp fitting.
7. Running time of various tube-wells/ compressors has been rationalized.
8. Replacement of old and less energy efficient UPS by portable small capacity UPS.
9. Offloading of Central Air conditioning plant in winter season.
10. Use of timer control devices in street lighting, etc.
11. Diverting the load on single transformer to reduce no-load losses.
12. Training programmes/ competitions among employees to create awareness on energy conservation.
13. Usage of CFL/LED bulbs in factory and township street lighting.
14. Replacement with LED tube lights in place of conventional FTL's in factory area.
15. 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.**

1. In its constant endeavour to conserve energy, ITI has planned to establish 300 KW Solar Power Plant at Naini unit and 1.5 MW Solar Power Plant at Raebareli unit for meeting the captive requirements of the units.
2. It is also planned to establish 100 KW Solar Power Plant at ITI Lucknow MSP office.

**B. TECHNOLOGY ABSORPTION**
**RESEARCH & DEVELOPMENT (R&D) 2019-20**
**(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.10.00 Crore turnover to the Company.
  - 1) AC / DC
  - 2) Encryption products
  - 3) Telephones
- 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) Algorithm development for the Encryption product for defence networks.

**(iii) Imported Technology**

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

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

1. Secure FAX for Para military forces
2. IRNSS receivers
3. High Capacity Radio Relay
4. Integrated Selection system (multi post EVM)
5. Ruggedized MCEU
6. Smart Energy Meter

**(v) R&D Expenditure**

a) Capital	Rs. 1.22 Crore
b) Revenue	Rs. 12.99 Crore
<b>TOTAL</b>	<b>Rs. 14.21 Crore</b>

Total R&D Expenditure as a percentage of total turnover (Excluding Excise Duty and Services Tax) 0.69%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**
**(i) Total Foreign Exchange earnings and outgo**

Earnings : NIL

Outgo : Rs. 33.83 Crore

For and on behalf of the Board or Director

Place: Bengaluru  
Date: 2<sup>nd</sup> November 2020

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



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

### 2. BOARD OF DIRECTORS

#### a) Board Composition:

The Board of Directors has an optimum combination of Executive (Functional) and Non - Executive Directors. As on 31<sup>st</sup> March 2020, the Board of Directors comprised of 4 Functional Directors, 2 Government Nominee Director and 5 Independent Directors.

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

#### b) Board meetings and attendance:

During the year under review 9 Board Meetings were held on 28<sup>th</sup> May 2019, 07<sup>th</sup> August 2019, 19<sup>th</sup> September 2019, 11<sup>th</sup> October 2019, 15<sup>th</sup> November 2019, 06<sup>th</sup> January 2020, 17<sup>th</sup> January 2020, 22<sup>nd</sup> January 2020 and 23<sup>rd</sup> March 2020.

As on 31<sup>st</sup> March 2020, 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 Director & Director Identification Number	Category of Director	Meetings held during respective tenure of Director in this financial year	No. of Board Meetings attended	Attendance at the last AGM	Number of other Directorship in Public Companies	No. of Committees in which Chairperson / Member <sup>11</sup>
Shri K Alagesan <sup>1</sup> DIN: 07439659	Director Production & Addl. Charge of Chairman and Managing Director	3	3	NA	NA	NA
Shri Rakesh Mohan Agarwal <sup>2</sup> DIN: 07333145	Chairman and Managing Director & Addl. Charge of Director Marketing	9	9	Yes	1	1
Shri Chittaranjan Pradhan <sup>3</sup> DIN: 08094340	Director Finance	9	6	No	Nil	Nil
Shri Shashi Prakash Gupta DIN: 08254999	Director HR	9	9	Yes	1	2
Shri D Venkateswarlu <sup>4</sup> DIN: 08605954	Director Production	5	5	Yes	Nil	Nil
Lt Gen Rajeev Sabherwal <sup>5</sup> DIN: 08420761	Government Nominee Director	9	1	No	Nil	Nil
Dr. Rajesh Sharma DIN: 08200125	Government Nominee Director	9	8	Yes	1	1
Shri Saday Krishna Kanoria <sup>6</sup> DIN: 00623266	Independent Director	5	3	NA	NA	NA
Smt Asha Kumari Jaswal <sup>7</sup> DIN: 07786698	Independent Director	9	8	Yes	NA	NA
Shri Suresh Chandra Panda <sup>8</sup> DIN: 05201584	Independent Director	2	2	NA	NA	NA
Shri Rajen Vidyarthi <sup>9</sup> DIN: 08196235	Independent Director	9	7	No	Nil	2
Shri Mayank Gupta DIN: 03501227	Independent Director	9	7	No	Nil	1
Dr. Akhilesh Dube DIN: 08195896	Independent Director	9	6	No	Nil	Nil
Dr K R Shanmugam <sup>10</sup> DIN: 08211253	Independent Director	9	7	No	Nil	1

**Note:**

1. Shri K Alagesan, Director Production entrusted with additional charge of Chairman and Managing Director relinquished his position on 30<sup>th</sup> September 2019 on attaining the age of superannuation.
2. Shri Rakesh Mohan Agarwal, Director Marketing was entrusted the additional charge of Chairman and Managing Director w.e.f. 01<sup>st</sup> October 2019.  
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 dated 15<sup>th</sup> November 2019 entrusted the additional charge of Director Marketing to Shri Rakesh Mohan Agarwal, Chairman and Managing Director w.e.f. 14<sup>th</sup> October 2019
3. Shri Chittaranjan Pradhan held the post of Director Finance (Addl. Charge) till 15.10.2020 (FN)
4. Shri D Venkateswarlu was appointed as Director Production w.e.f. 07<sup>th</sup> November 2019 vide Government of India order dated 05<sup>th</sup> November 2019.
5. Lt General Rajeev Sabherwal, AVSM, VSM was appointed as Government Nominee Director w.e.f. 12<sup>th</sup> April 2019
6. Shri Saday Krishna Kanoria completed term as an Independent Director of the Company on 23<sup>rd</sup> November 2019
7. Smt Asha Kumari Jaswal completed term as an Independent Director of the Company on 05<sup>th</sup> April 2020
8. Shri Suresh Chandra Panda resigned w.e.f. 09<sup>th</sup> September 2019 as an Independent Director of the Company due to personal reasons.
9. Shri Rajen Vidyarthi is the Chairman of Stakeholders Relationship Committee
10. Dr K R Shanmugam is the Chairman of Audit Committee.
11. As per SEBI regulations, Chairmanship / Membership of Audit Committee and the Stakeholders Relationship Committee in listed companies are only reckoned with

**Note:**

- As per the declarations received from the Directors as on 31<sup>st</sup> March 2020 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 2020
- Directors do not have any pecuniary relationships or transactions with the Company (except remuneration including sitting fees, as they are entitled) ;
- Apart from Dr Rajesh Sharma who is a Director in Tata Communications Limited, no other Director is on the Board of any Listed Company
- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he/she is a Director as mentioned under Listing Regulations.
- Video-conferencing facilities are also used to facilitate Directors residing at other locations to participate in the meetings.
- The Board periodically reviews the compliance reports of all laws applicable to the Company.

**(b) Details of Familiarization & Training programmes for Directors**

The new director is apprised about the Company, its operations, various policies and processes of the Company, various divisions of the Company, the governance and internal control processes and other relevant important information concerning the Company along with the details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him under the Companies Act, 2013, Listing Regulations and other applicable regulations.

Pursuant to Government of India's Guidelines on Corporate Governance for Central Public Sector Enterprises and requirement of Listing Regulations with regard to training of Directors, the Company organise for following training to Directors:

- Induction Training/ familiarization program
- External Training

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 [https://www.itild.in/investor\\_information](https://www.itild.in/investor_information)

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

The functional Directors are appointed on the Boards of CPSEs by the concerned Administrative Ministry on the basis of recommendations of Public Enterprises Selection Board (PESB) after obtaining approval of Competent authority and completing due formalities in this regard. The nominees of Ministry of Communications and Ministry of Defence are also part of Board of Directors of the Company, who are generally senior officers of the Government of India and are appointed by the concerned administrative Ministries themselves.

The Independent Directors are notified for appointment by Ministry of Communications and they are selected by the Search Committee constituted by Department of Public Enterprises.

The Independent Directors being appointed on the Board are drawn from various fields and possess vast experience and by virtue of their experience and exposure, provide guidance to Board on all important issues and involve in the decision making process.

In view thereof, each of the Director has requisite organisational, managerial, financial, project planning & budgeting competence & exposure.

- (e) During the year under review, Shri Suresh Chandra Panda resigned from the post of Independent Directorship, due to his personal reasons and has confirmed that there is no other material reasons other than mentioned.
- (f) A certificate from a Company Secretary in Practice 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
- (g) During the financial year 2019-20, the Board has accepted all the recommendation of the Audit Committee.

**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 2020, the Audit Committee consists of three Independent Directors including Chairperson and one Executive Director as members of the Committee, as follows :

Smt. Asha KumariJaswal, Chairperson  
Dr. K R Shanmugam, Independent Director, Member  
Shri Shashi Prakash Gupta, Director HR, Member and  
Shri Rajen Vidyarthi, Independent Director, Member

On the date of the report, consequent to completion of term of Smt. Asha Kumari Jaswal on 05.04.2020, Dr K R Shanmugam was designated as Chairman of the Committee and Shri Mayank Gupta, Independent Director was appointed as Member of the Committee on 26.06.2020. Other members remain the same.

During the year ended 31<sup>st</sup> March 2020, the Audit Committee met 6 times on 27<sup>th</sup> May 2019, 28<sup>th</sup> May 2019, 06<sup>th</sup> August 2019, 11<sup>th</sup> October 2019, 15<sup>th</sup> November 2019 and 06<sup>th</sup> January 2020.

During the year under review, the details of change in membership and their attendance for Audit Committee meeting are as follows:

Name of the Member	Meetings held during respective tenure of Director	No. of Meetings attended
Shri Saday Krishna Kanoria <sup>1</sup>	5	5
Smt Asha Kumari Jaswal <sup>2</sup>	6	6
Shri Rakesh Mohan Agarwal <sup>3</sup>	3	3
Shri Shashi Prakash Gupta <sup>4</sup>	3	3
Shri Rajen Vidyarthi	6	3
Dr K R Shanmugam <sup>5</sup>	6	4
Shri Mayank Gupta <sup>6</sup>	NA	NA

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 23.11.2019

<sup>2</sup> Designated as Chairperson of the Committee w.e.f. 24.11.2019 and ceased to be Member of the Committee w.e.f. 05.04.2020

<sup>3</sup> Ceased to be Member of the Committee w.e.f. 10.10.2019

<sup>4</sup> Inducted as Member of the Committee w.e.f. 10.10.2019

<sup>5</sup> Designated as Chairman of the Committee w.e.f. 26.06.2020

<sup>6</sup> Inducted as Member of the Committee w.e.f. 26.06.2020

Director Finance and CFO are the permanent invitee of the Committee and Company Secretary acts as Secretary of the Committee.

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.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration Committee ("NRC") in compliance with Companies Act, Listing Regulations and DPE guidelines.

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

ITI Limited 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 including CFO and CS 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 in respect of employees, the same is fixed as per the guidelines issued by DPE.

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

#### REMUNERATION OF DIRECTORS

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

The remuneration paid to Whole-time Directors for the financial year 2019-20 are as follows:

(In ₹)

Staff No.	Name of the Director	Designation	Salary	Perquisites	PF contribution	Others	Total
971	Shri K Alagesan <sup>1</sup>	Director Production, Additional Charge of Chairman and Managing Director	15,32,915	1,02,096	82,179	26,57,757	43,74,947
20094	Shri Rakesh Mohan Agarwal <sup>2</sup>	Chairman and Managing Director & Addl Charge Director Marketing	25,97,628	3,87,325	3,11,283	-	32,96,236
	Shri Chittaranjan Pradhan <sup>3</sup>	Director Finance	-	-	-	-	-
20095	Shri Shashi Prakash Gupta	Director HR	23,80,739	3,51,606	2,82,291	-	30,14,636
2099	Shri D Venkateswarlu <sup>4</sup>	Director Production	5,92,084	-	66,428	-	6,58,512

1. Shri K Alagesan, Director Production holding additional charge of Chairman and Managing Director relinquished his post on 30<sup>th</sup> September 2019 on attaining age of superannuation

Pursuant to the Notification No. 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, ITI Limited 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 the Administrative Ministry.

As on 31.03.2020, NRC comprised of :

Smt Asha Kumari Jaswal, Independent Director, Chairperson;  
Dr K R Shanmugam, Independent Director, Member; and  
Shri Mayank Gupta, Independent Director, Member

On the date of the report, consequent to completion of term of Smt. Asha Kumari Jaswal, Dr K R Shanmugam is redesignated as Chairman of the Committee and Dr Rajesh Sharma is appointed as Member of the Committee. Shri Mayank Gupta continues as Member of the Committee.

During the year ended 31<sup>st</sup> March 2020, the NRC met 3 times on 07<sup>th</sup> August 2019, 11<sup>th</sup> October 2019 and 23<sup>rd</sup> March 2020.

The details of change in the tenure of member, if any, number of meetings held during the year and their attendance for the NRC Meetings are as under:

Name of the Member	Meetings held during respective tenure of Director	No. of Meetings attended
Shri Saday Krishna Kanoria <sup>1</sup>	2	2
Smt Asha Kumari Jaswal <sup>2</sup>	3	3
Shri Suresh Chandra Panda <sup>3</sup>	1	1
Shri Mayank Gupta <sup>4</sup>	2	2
Dr K R Shanmugam <sup>5</sup>	1	1
Dr Rajesh Sharma <sup>6</sup>	NA	NA

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 23.11.2019

<sup>2</sup> Ceased to be Member of the Committee w.e.f. 05.04.2020

<sup>3</sup> Ceased to be Member of the Committee w.e.f. 09.09.2019

<sup>4</sup> Inducted as Member of the Committee w.e.f. 19.09.2019

<sup>5</sup> Inducted as Member of the Committee w.e.f. 27.12.2019 and designated as Chairman of the Committee w.e.f. 26.06.2020

<sup>6</sup> Inducted as Member of the Committee w.e.f. 26.06.2020

2. Shri Rakesh Mohan Agarwal, Director Marketing was appointed as Chairman and Managing Director w.e.f. 14<sup>th</sup> October 2019. The Government of India vide order dated 15<sup>th</sup> November 2019 entrusted him additional charge of Director Marketing w.e.f. 14<sup>th</sup> October 2019.
3. Shri Chittaranjan Pradhan, Director Finance (Additional Charge), does not draw any remuneration from the Company. Shri Chittaranjan Pradhan held the post of Director Finance (Addl. Charge) till 15.10.2020 (FN).
4. Shri D Venkateswarlu was appointed as Director Production w.e.f. 07<sup>th</sup> November 2019

**Notes:**

- a. Notice period of 3 months or salary in lieu thereof is required for severance of services of Executive Directors
- b. During the year under review, no Performance related pay has been made to Executive Directors.

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

Government nominee Directors being the representatives of Promoters are neither paid any remuneration nor sitting fees.

**(iii) Independent Directors' compensation**

The Independent Directors are paid sitting fees of Rs 10,000/- for attending the Board Meeting and Rs 5,000/- for Committee Meetings. The details of sitting fees paid to Independent Directors during the year under review are as follows.

(in ₹)

Name of the Director	Board Meetings	Committee Meetings
Shri Saday Krishna Kanoria	30,000	45,000
Smt Asha Kumari Jaswal	80,000	55,000
Shri Suresh Chandra Panda	20,000	05,000
Shri Mayank Gupta	70,000	15,000
Shri Rajen Vidyarthi	70,000	20,000
Dr Akhilesh Dube	60,000	10,000
Dr K R Shanmugam	70,000	30,000

- (iv) During the year under review, the Company has not paid any Commission to the Directors nor any stock options were granted to them.
- (v) The remuneration of senior management just one below the level of Board of Directors, appointment or removal of them including CFO and Company Secretary, as specified in Part A (E) of schedule (II) of Listing Regulations are governed by the DPE guidelines and the same is reported to the Board from time to time.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

Stakeholders Relationship Committee ("SRC") looks into the redressal of Stakeholders/Investors grievance pertaining to transfer, transmission of shares, non-receipt of annual reports, issue of duplicate share certificates and various aspects of Shareholders' interest. 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 2020, the composition of SRC is in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and DPE Guidelines, as follows:

1. Smt Asha KumariJaswal, Chairperson
2. Shri Rakesh Mohan Agarwal, Member and
3. Shri Shashi Prakash Gupta, Member

On the date of the report, consequent to completion of term of Smt. Asha Kumari Jaswal, Shri Rajen Vidyarthi was appointed as Chairman of the Committee. Other members remain the same.

During the year ended 31<sup>st</sup> March 2020, one meeting was held on

23<sup>rd</sup> March 2020 in which all the Committee members were present.

The details of changes in the tenure of members, if any, number of meetings held during the year and their attendance for the SRC Meetings are as under:

Name of the Member	Meetings held during respective tenure of Director	No. of Meetings attended
Shri K Alagesan <sup>1</sup>	NA	NA
Shri Saday Krishna Kanoria <sup>2</sup>	NA	NA
Smt Asha Kumari Jaswal <sup>3</sup>	1	1
Shri Rakesh Mohan Agarwal	1	1
Shri Shashi Prakash Gupta <sup>4</sup>	1	1
Shri Rajen Vidyarthi <sup>5</sup>	1	1

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 30.09.2019

<sup>2</sup> Ceased to be member of the Committee w.e.f. 23.11.2019

<sup>3</sup> Ceased to be Member of the Committee w.e.f. 05.04.2020

<sup>4</sup> Inducted as Member of the Committee w.e.f. 11.10.2019

<sup>5</sup> Inducted as Member and Chairman of the Committee w.e.f. 26.06.2020

Smt S Shanmuga Priya, Company Secretary is the Compliance Officer of the Company.

The Company addresses all complaints, suggestions and grievances of the investors expeditiously. During the financial year 2019-20, 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 2020, there were no pending cases for share transfers. As per information received from Registrar and Share Transfer Agent, 35 share transfer request comprising of 1178 equity shares received during the year and the same were processed and resolved.

During the year under review, the Company had opened its Further Public Offer on 24<sup>th</sup> January 2020 and withdrew the same on 05<sup>th</sup> February 2020. KFin Technologies Private Limited, Registrar to the Issue and ICICI Bank, the Bankers to the Issue and Sponsor Bank had confirmed un-blocking of application money of Investor.

**Investors Relations Cell:**

The information frequently required by investors and analysts are available on the Company's website : [www.itltd.in](http://www.itltd.in) under the 'Investor Information' page. The website provides updates on financial statements, investor related events and presentations, annual reports, and shareholding pattern along with media releases and report on Corporate Governance etc.

**6. CORPORATE SOCIAL RESPONSIBILITY (CSR) 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.

As on 31<sup>st</sup> March 2020, the Committee comprised of Shri Rakesh Mohan Agarwal, Chairman and Managing Director, Chairman of the Committee and Shri Shashi Prakash Gupta, Director HR, Smt Asha Kumari Jaswal, Independent Directors as Members.

On the date of report, consequent to completion of term, Smt. Asha Kumari Jaswal ceased to be member of the Committee and Shri D Venkateswarlu, Director Production and Dr. Akhilesh Dube, Independent Director were inducted as members w.e.f 26.06.2020. Other members remain the same.

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

During the FY 2019-20 one CSR Committee Meeting was held on 06<sup>th</sup> August 2019 in which all the Members of the Committee were present.

The details change in the tenure of members, if any, number of meetings held during the year and their attendance for the CSR Meetings are as under:

Name of the Member	Meetings held during respective tenure of Director	No. of Meetings attended
Shri K Alagesan <sup>1</sup>	1	1
Shri Rakesh Mohan Agarwal <sup>2</sup>	1	1
Shri Shashi Prakash Gupta <sup>3</sup>	NA	NA
Shri Saday Krishna Kanoria <sup>4</sup>	1	1
Smt Asha Kumari Jaswal <sup>5</sup>	NA	NA
Dr. Akhilesh Dube <sup>6</sup>	NA	NA
Shri D Venkateswarlu <sup>7</sup>	NA	NA

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 30.09.2019

<sup>2</sup> Designated as Chairman of the Committee w.e.f. 11.10.2019

<sup>3</sup> Inducted as Member of the Committee w.e.f. 11.10.2019

<sup>4</sup> Ceased to be Member of the Committee w.e.f. 23.11.2019

<sup>5</sup> Ceased to be Member of the Committee w.e.f. 05.04.2020

<sup>6</sup> Inducted as Member of the Committee w.e.f. 26.06.2020

<sup>7</sup> Inducted as Member of the Committee w.e.f. 26.06.2020

## 7. RISK MANAGEMENT COMMITTEE

In terms of the provisions of Regulation 21 of Listing Regulations, the Risk Management Committee comprised of Shri Shashi Prakash Gupta, Director HR as Chairman, Shri Chittaranjan Pradhan, Director Finance, Dr. Akhilesh Dube, Independent Director, Shri Sunil Kumar, General Manager-Operations and Shri Sasidharan, General Manager - Projects & Planning as the other Members of the Committee.

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

During the financial year 2019-20 one Risk Management Committee Meeting was held on 23<sup>rd</sup> March 2020 in which all the Members of the Committee were present.

## 8. INDEPENDENT DIRECTORS MEETING

A separate meeting of Independent Directors was held on 23<sup>rd</sup> March 2020. The meeting was attended by all the Independent Directors. In this meeting, Independent Directors reviewed the action taken on the minutes of the previous meeting on 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

As on 31<sup>st</sup> March 2020, based on the certificate of independence submitted by the Independent Directors, your Board is of the opinion the Independent Directors of the Company fulfills the conditions of independence as specified in Section 149 of the Companies Act, 2013 and Regulation 16 of Listing Regulations. All the Independent Directors are independent of the Management.

## 9. CODE OF CONDUCT

In compliance with the Listing Regulations, the Companies Act, 2013 and DPE guidelines, the Company has adopted the Code of Conduct. The Code is applicable to the members of the Board, Key Managerial personnel and Senior Management of the Company. The said code has been placed on the Company's website at [https://www.ititd.in/investor\\_information](https://www.ititd.in/investor_information).

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March 2020.

A declaration to that effect has been signed by the Chairman and Managing Director and enclosed as **Annexure-b** to this report.

## 10. CODE FOR PREVENTION OF INSIDER TRADING

The Company has put in place "ITI code of conduct to Regulate, Monitor and Report Trading by Designated persons and immediate relatives of designated persons and for fair disclosure, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, 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). 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. 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 [https://www.ititd.in/investor\\_information](https://www.ititd.in/investor_information).

## 11. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has vigilance department, headed by Chief Vigilance Officer, with an objective to ensure maintenance of the adequate level of integrity among all employees of the Company. 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. The policy provides that the confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practice. No employee is denied access to Audit Committee.

The Whistle Blower Policy is available on the website of the Company at <https://www.ititd.in/vigilance>

## 12. DIVIDEND DISTRIBUTION POLICY

The Company has adopted the Dividend Distribution Policy, framed broadly in line with the provisions of Companies Act, 2013 and also taking into consideration, guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI and other guidelines, to the extent applicable. The policy shall deem to cover the amendments if any, issued by any of the regulatory authorities and / or Government of India from time to time.

This policy lays down the general framework for considering and deciding the distribution of dividend to the Company's shareholders and / or retaining of earnings for sustained growth.

The said policy is available on the website of the Company at [https://www.ititd.in/investor\\_information](https://www.ititd.in/investor_information)

## 13. COMPLIANCE CERTIFICATE BY CEO/ CFO

In terms of Regulation 17(8) of Listing Regulations, the Compliance certificate issued by the CEO and CFO on the financial statements and internal controls relating to FY 2019-20 is enclosed as **Annexure-c** to this Annual report.

## 14. DISCLOSURES

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 [https://www.itilttd.in/investor\\_information](https://www.itilttd.in/investor_information)

There were no cases of non-compliance by the Company and no penalties / strictures were imposed on the Company by the Stock exchanges or SEBI or any other statutory authority on any matter related to capital markets, in last three years.

## 15. GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue	Special Resolution(s)
2016-17	27 <sup>th</sup> September 2017 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru	No
2017-18	*5 <sup>th</sup> April 2018 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru	Yes
2017-18	26 <sup>th</sup> September 2018 at 11.30 a.m.	ITI Officers Club- New Wing, ITI Township	No
2018-19	27 <sup>th</sup> December 2019 at 11.30 a.m.	ITI Officers Club- New Wing, ITI Township	Yes

During the year under review no resolution was passed through postal ballot. 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

### Quarterly/ Annual Results:

The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after approval of Board. These financial results are normally 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.itilttd.in/investor\\_information](http://www.itilttd.in/investor_information).

### News Release, Presentation etc.:

The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website at [http://www.itilttd.in/investor\\_information](http://www.itilttd.in/investor_information).

### Website:

The Company's website [www.itilttd.in](http://www.itilttd.in) contains separate dedicated section 'Investor Information' where the information for shareholders is available. Full Annual Report, Shareholding Pattern, Corporate Governance Report, all disclosures made to stock exchanges etc. are available on the website.

## 17. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting for Financial Year 2020

Date : 04<sup>th</sup> December 2020

Time : 11.30 a.m.

Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

As required under Regulation 36(3) of the Listing Regulations and Secretarial Standard 2, particulars of Director seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

### b) Financial Calendar:

Tentative calendar for declaration of financial results for 2019-20 is given below:

Adoption of Quarterly Results for the quarter ending on	Tentative date of the meeting of the Board
30.06.2020 (with limited review by Statutory Auditors)	On or before 14.09.2020
30.09.2020 (with limited review by Statutory Auditors)	On or before 14.11.2020
31.12.2020 (with limited review by Statutory Auditors)	On or before 14.02.2021
31.03.2021 (audited)	On or before 30.05.2021

The Compliance Officer specifies the closure of trading window for dealing in securities of the Company to "Insiders" from time to time. Generally the trading window for dealing in securities of the Company remain closed for Insiders from the end of each quarter till 48 hours after the financial results for the quarter are filed with the stock exchanges. All the communications in this regard are sent to the Stock Exchanges, through mail to the Insiders and the notices also uploaded on the website of the Company at [https://www.itilttd.in/investor\\_information](https://www.itilttd.in/investor_information).

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

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

Name & Address	Telephone/Fax/E-mail ID/ Website ID	Trading Symbol
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400 001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: <a href="mailto:bsehelp@bseindia.com">bsehelp@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	523610
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra(E),Mumbai-400051	Telephone: 022-26598100-8114 Fax: 022-26598120 E-mail: <a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a> Website: <a href="http://www.nse-india.com">www.nse-india.com</a>	ITI

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

### d) Custodian Fees

Custodian Fee to NSDL and CDSL for Company's equity, bearing the code INE 248A01017, has been paid for the Financial Year 2019-20.

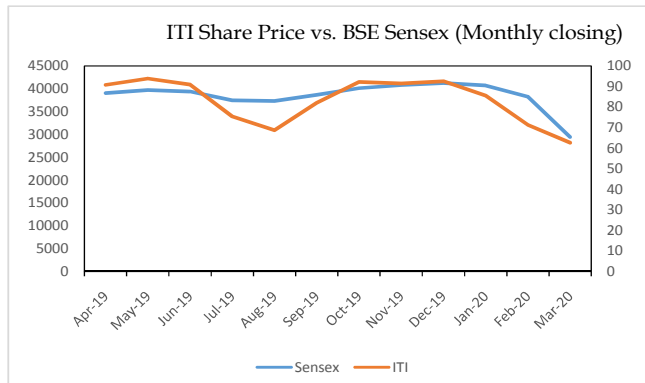
### e) Market Price Data

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 Price	Low Price	Volume	High Price	Low Price	Volume
Apr-19	106.85	89.80	30,67,138	106.90	89.75	2,29,33,390
May-19	104.60	78.35	24,79,399	104.85	78.25	1,65,46,767
Jun-19	98.20	83.15	18,67,209	98.30	83.00	1,13,91,592
Jul-19	98.95	74.40	22,67,494	98.90	74.40	1,36,46,868
Aug-19	83.50	56.15	19,98,187	83.50	56.10	1,29,70,353
Sep-19	87.50	66.80	32,63,065	87.30	66.60	2,23,63,077
Oct-19	100.95	78.85	30,14,374	100.95	78.50	1,36,46,868
Nov-19	96.00	85.20	25,40,593	96.00	85.15	2,12,16,059
Dec-19	97.45	83.25	28,31,029	97.50	83.20	2,27,06,200
Jan-20	107.45	81.80	50,05,523	107.40	81.60	4,93,55,563
Feb-20	94.70	71.00	17,79,213	94.55	71.00	1,41,20,324
Mar-20	81.65	44.90	24,83,003	83.00	44.80	2,12,88,298



**f) Performance of the Company's shares in comparison to broad based indices such as BSE Sensex**



\* Data is based on closing price of ITI as well as SENSEX in respective month.

**g) Date of Book closure**

The Register of Members and Share Transfer Register of the Company would remain closed from 28<sup>th</sup> November 2020 to 04<sup>th</sup> December 2020 (both days inclusive).

**h) Registrar and Share Transfer Agent**

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.

Address : 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560003

Phone No. : 080-23460815-818

Fax : 080-23460819

E-Mail : irg@integratedindia.in

**i) Share Transfer / Transmission System**

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. A summary of transfer/ transmission of securities are noted at subsequent Board Meetings.

Pursuant to the Regulation 40 (10) of Listing Regulation-2015, certificates on half yearly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the stock exchanges.

In addition, a Reconciliation of Share Capital Audit confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is submitted to stock exchanges and is also placed before the Board on a quarterly basis.

**j) Shareholding as on 31<sup>st</sup> March 2020:**

Categories of shareholding as on 31<sup>st</sup> March 2020:

Description	No. of Shareholders	No. of Shares	% to total
Promoter: President of India	1	83,51,07,008	90.27
Promoter Group: Governor of Karnataka	1	3,12,500	0.03
Mutual Funds	3	4,612	0.00
Bank	8	1,27,776	0.01

Financial Institutions	9	18,700	0.00
FII's	4	1,39,897	0.02
Insurance Companies	1	800	0.00
Central Government: Special National Investment Fund (SNIF)	1	6,94,80,690	7.51
Bodies Corporate	446	11,61,268	0.13
Resident Individuals	59,533	1,77,62,009	1.98
Clearing Members	274	5,32,840	0.06
Non Resident India	383	4,71,158	0.05
Others	1	250	0.00
<b>Total</b>	<b>60,665</b>	<b>92,51,19,508</b>	<b>100.00</b>

**ii. Distribution of Shareholding as on 31.03.2020**

Sl No	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	54517	89.87	6770341	0.73
2	501-1000	3551	5.85	2923265	0.32
3	1001-2000	1460	2.41	2255149	0.24
4	2001-3000	402	0.66	1042370	0.11
5	3001-4000	200	0.33	728837	0.08
6	4001-5000	181	0.30	865016	0.09
7	5001-10000	204	0.34	1503563	0.16
8	10001 & above	150	0.25	909030967	98.26
	<b>TOTAL</b>	<b>60665</b>	<b>100.00</b>	<b>925119508</b>	<b>100.00</b>

**iii. Dematerialization of Shares and liquidity**

The Company's shares are admitted in to both the depositories i.e. National Securities Depository Limited ('NSDL') 91,70,37,082 shares and Central Depository Services (India) Limited ('CDSL') 74,38,952 shares are dematerialized.

The Company has a shareholders base of 60,665.

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)-INE 248A01017

**k) 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.

**l) 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 the Union Territory of Jammu and Kashmir.

**m) Address for correspondence with the Company**

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

- n) **Details 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+ [CE] Short-term rating: BWR A2 [CE] Outlook: Stable	31.12.2019
2.	ICRA Limited	Long-term rating: [ICRA] BBB- Short-term rating: [ICRA] A3 Outlook: Positive	20.01.2020
3.	Acuite Ratings & Research Limited	Long-term rating: ACUITE BBB+ [CE] Short-term rating: ACUITE A2 [CE] Outlook: Stable	13.03.2020

- o) The total amount paid to the Statutory Auditors for all services rendered by them to the Company during 2019-20 was Rs. 51.5 lakhs (including taxes).

- p) **Disclosures with respect to demat suspense account/unclaimed suspense account :**

As on 31<sup>st</sup> March, 2020, there were no unclaimed shares of the Company pending for transfer in the demat suspense account/unclaimed suspense account

- q) **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, 2020, no amount is required to be transferred to IEPF.

- r) The disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given in the Directors' Report.

- s) 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.105 Crores and in FY 2018-19 capital grant of Rs 55 crores was received. The Company has issued 2,81,19,508 equity shares to the President of India at Rs 58.90 per share on preferential allotment basis. Detailed fortnight report on CAPEX utilization is being sent to Ministry of Communications, Administrative Ministry

- t) **Non Compliance**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The Company had appointed adequate number of Independent Directors as per the Companies Act, 2013. However, the Company is yet to appoint adequate number of Independent Directors as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Being Government Company, all the directors are appointed by Government of India and all vacancies were notified to Government for filling up. The administrative Ministry is in the process of appointing requisite number of independent directors.

- u) **Compliance with Non-Mandatory 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 appointed Shri Rakesh Mohan Agarwal as the Chairman and Managing Director and hence there are 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 & standalone financial statements are disclosed with modified audit opinion.
- iv) The Chief of Internal Audit reports directly to Chairman and Managing Director and Audit Committee and is a invitee to the meeting of Audit Committee.

## 18. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

No Presidential Directives have been issued during the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March, 2020.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are personal in nature have been incurred for the Board of Directors and top management.

The General Administrative expenses were 2% of total expenses during 2019-20 as against 8% during the previous year.

## 19. 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 2020 was issued by Shri D Venkateswarlu, Practicing Company Secretary 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-d** to this report.

Further Shri D Venkateswarlu has also issued a certificate as required under listing regulations, confirming that none of the directors on the Board has been debarred or disqualified from being appointed or continuing as Director of the company.

## 20. GREEN INITIATIVE

As a part of Green initiative the Company sends the copy of the Annual Report along with the notice convening the Annual General Meeting through email to those shareholders who have registered their email id with the DP's / R&T agents and have not opted for physical copy of the Annual report.

## 21. 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.

## 22. 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 2019-20.

For and on behalf of the Board

Place: Bengaluru

**(Rakesh Mohan Agarwal)**

Date: 2<sup>nd</sup> November 2020

Chairman and Managing Director

## Highlights of the Year and Accolades

### ITI Limited Observes National Fire Service Week



ITI Limited observed National Fire Service Week across its Plants/Units from April 14 to 20, 2019. To create awareness of fire, its hazards and prevention of fire in office/factory, a fire fighting training programme was organized for employees.

### ITI Limited Observes 5<sup>th</sup> International Day of Yoga

ITI Limited celebrated 5<sup>th</sup> International Day of Yoga on June 21, 2019 at ITI Bangalore Plant.



### ITI Limited Observes Swachhta Pakhwada from August 16-31, 2019



ITI Limited organized Swachhta Pakhwada to create awareness of cleanliness and hygiene for the employees at corporate office and across its plants/units as per the guidelines of Department of Public Enterprises (DPE) from August 16 to 31, 2019. As part of Swachh Bharat Abhiyan, a cleanliness drive 'Shramadaan' was organized at ITI Township, B area on August 31, 2019.



**ITI Limited Launches Cloud Services for Customers**


ITI Limited launched its cloud services and solutions platform for central and state government entities, banks, public sector undertakings, small and medium enterprises and start-ups in India on September 26, 2019.

**ITI Limited Observes Swachhta Hi Seva**

ITI Limited observed Swachhta Hi Seva across its plants/units in commemoration of Mahatma Gandhi's 150<sup>th</sup> birth anniversary on October 2, 2019. Shri Agarwal, CMD, ITI Limited spearheaded the cleanliness drive by picking plastic waste along with senior officers, employees and school children to keep the surroundings clean in ITI Township.


**ITI Limited Signs MoU with India Electronics & Semiconductor Association (IESA)**


To strengthen the electronics system design and manufacturing ecosystem in the country at-large, ITI Limited signed an MoU with India Electronics & Semiconductor Association (IESA), on October 10, 2019 at ITI Bangalore Plant. Shri R M Agarwal, CMD, ITI Limited exchanged MoU with Shri Anil Kumar Muniswamy, Board Member & Advisor, IESA in the presence of Shri S P Gupta, Director (HR) & Shri YGSC Kishore Babu, DDG, DoT.



### ITI Limited Participates in India Mobile Congress

ITI Limited participated in India Mobile Congress, New Delhi from October 14-16, 2019. Shri Anshu Prakash, Chairman, DCC and Secretary (Telecom) visited ITI Stall and witnessed revolutionary electronics and telecom products displayed at ITI stall.



### ITI Limited Observes Vigilance Awareness Week 2019



ITI Limited observed Vigilance Awareness Week from 28<sup>th</sup> Oct- 2<sup>nd</sup> November 2019 under the theme "Integrity- A Way of Life". Shri R M Agarwal, CMD, ITI Limited graced the valedictory function and distributed prizes to the school children, faculty members and employees. In order to reach out to the public, an awareness rally against corruption "WALKATHON" was taken out by over 200 students of ITI Central and Vidyamandir School.

### Shri Sanjay Dhotre, Hon'ble MoS in the Ministry of Human Resource Development, Communications & Electronics & Information Technology, GOI, Visits ITI Limited

Shri Sanjay Dhotre, Hon'ble MoS in the Ministry of Human Resource Development, Communications and Electronics & IT, GoI visited ITI Limited on November 12, 2019. Senior officers of ITI Limited briefed Shri Dhotre about functioning of ITI Data Centre, Start-up Hub, Telecom Testing Lab, Wi-Fi Production Line, Crypto Lab, 3D Printing and R & D. Shri Sanjay Dhotre addressed the gathering in the presence of Shri R M Agarwal, Chairman & Managing Director, Shri S P Gupta, Director-HR and Shri D Venkateswarlu, Director-Production.





**ITI Limited Celebrates Nation's 71<sup>st</sup> Republic Day 2020**



ITI Limited celebrated nation's 71<sup>st</sup> Republic Day with great fervor and enthusiasm at its corporate office in Bengaluru on January 26, 2020. Shri R M Agarwal, CMD, ITI Limited hoisted the national flag in the presence of Shri Shashi Prakash Gupta, Director (HR), Shri D. Venkateswarlu, Director (Production), senior officers, employees, representatives of employees' union and officers' association. On the occasion, Shri R M Agarwal also distributed corporate performance awards to the employees for their outstanding contribution towards the company.

**ITI Limited Observes International Women's Day 2020**

ITI Limited celebrated International Women's Day on the theme "I am Generation Equality: Realizing Women's Rights" on March 9, 2020 at ITI Bangalore Plant, Bengaluru. Shri R M Agarwal, CMD, ITI Limited, Shri Shashi Prakash Gupta, Director (HR), Shri D. Venkateswarlu, Director (Production), Shri A K Bajoria, GM-BG & R&D, Unit Head, Bangalore Plant, Smt. Swapna Agarwal, President, ITI Ladies Club and Chief Guest Dr. S N Susheela, Chairperson & Professor of Music, Bangalore University inaugurated the event by lighting the lamp.





### ITI Limited Organizes Media & Analysts Meet

In connection with Follow-on Public Offer (FPO), ITI Limited organised Media and Analysts Meet on January 11, 2020 at Bengaluru. The one-day familiarization trip with media and analyst was organised to get acquainted with ITI's offering in various domains and to gain maximum visibility of brand ITI during the ongoing FPO process of the company. The visit started with a presentation on ITI Bangalore Plant followed by facility visit to Telecom Testing Lab, Data Centre, Start-up Hub, 3D-Printing, PCB Manufacturing, Defence Security Products, IoT Solutions and interaction with unit management.



### ITI Limited Wins Company of the Year- PSU Award



ITI Limited bagged the prestigious "COMPANY OF THE YEAR – PSU" award at the second edition of CNBC-AWAAZ CEO AWARDS 2019. Shri R M Agarwal, Chairman & Managing Director, ITI Limited and Shri Shashi Prakash Gupta, Director-Human Resource received the prestigious award from Shri Bhupesh Baghel, Chief Minister, Chhattisgarh at the grand ceremony held in Raipur on 7<sup>th</sup> February 2020.

### Sustainable HR Leadership Award to Shri Shashi Prakash Gupta, Director (HR), ITI Limited

Sustainable HR Leadership Award was conferred to Shri Shashi Prakash Gupta, Director (HR), ITI Limited by World HRD Congress. The award ceremony was held on February 16, 2020 at Taj Lands End, Mumbai.





## 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: L32202KA1950G0I000640)**  
**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: L32202KA1950G0I000640 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 31st March, 2020 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 Rakesh Mohan Agarwal	07333145	08/06/2016
2	Shri Chittaranjan Pradhan	08094340	23/03/2018
3	Shri Shashi Prakash Gupta	08254999	15/10/2018
4	Shri Duvvari Venkateswarlu	08605954	07/11/2019
5	Dr. Rajesh Sharma	08200125	14/08/2018
6	Lt. Gen. Rajeev Sabherwal	08420761	12/04/2019
7	Smt. Asha Kumari Jaswal	07786698	06/04/2017
8	Dr. Shanmugam Komarapalayam Rangasamy	08211253	30/08/2018
9	Shri Rajen Vidyarthi	08196235	08/08/2018
10	Dr. Akhilesh Charan Dube	08195896	08/08/2018
11	Shri Mayank Gupta	03501227	13/08/2018

Ensuring the eligibility 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: 20<sup>th</sup> August, 2020

**D VENKATESWARLU**  
 Practicing Company Secretary  
 FCS: 8554 : CP: 7773  
**UDIN : F008554B000596856**

**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, 2020.

For and on behalf of the Board of Directors

Place: Bengaluru  
 Date : 26<sup>th</sup> August, 2020

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

## COMPLIANCE CERTIFICATE OR CEO / CFO CERTIFICATION

(Issued in accordance with provision of Regulation 17 (8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015)

To  
The Board of Directors of ITI Ltd.

We have reviewed the financial statements and the cash flow statements and the Directors' report of ITI Limited for the year ended 31<sup>st</sup> March 2020 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 together present a true and fair view of your Company's affairs and are in compliance with existing accounting standards, 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 which 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 such internal controls, if any, of which we are aware 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
  - Significant changes in internal controls over financial reporting during the year.
  - 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.
  - Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in Company's internal control system over financial reporting.

Place: Bengaluru  
Date: 26<sup>th</sup> August 2020

**Rajeev Srivastava**  
Chief Financial Officer

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

Annexure-d

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of ITI Limited

I, D Venkateswarlu, Secretarial Auditor of ITI Limited (L32202KA1950GOI000640) ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended March 31, 2020, 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 specified in stipulated in regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraph C, D and E of the schedule V of the Listing Regulations during the year ended March 31, 2020 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 directors} consequent to the completion of term of Mr Saday Krishna Kanoria as Independent Director of the Company w.e.f. 23<sup>rd</sup> November 2019.**

I further report that during the audit period, the Company has time upto 03<sup>rd</sup> August 2020, for compliance with the requirement of minimum public shareholding of twenty-five (25%) in accordance with Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Securities Contract (Regulations) Rules, 1957 amended vide notification dated 03<sup>rd</sup> August 2018. The time limit is further extended to 3<sup>rd</sup> August 2021 vide notification dated 31<sup>st</sup> July 2020.

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: 20<sup>th</sup> August 2020

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS: 8554 : CP: 7773  
UDIN : F008554B000596823

# 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 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 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.

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

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 Ind AS 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 2020 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 SANKARAN & KRISHNAN**

Chartered Accountants

Firm Registration NO. 03582S

**For & On Behalf of Board of Directors**

**V.V. Krishnamurthy**

Partner

M. No. 027044

**S SHANMUGA PRIYA**

Company Secretary

**RAJEEV SRIVASTAVA**

Chief Financial Officer

**R M AGARWAL**

Chairman & Managing Director

Place: Bengaluru

Date: 26.06.2020

**Standalone Balance Sheet as at 31.03.2020**

₹ in Lakhs

Particulars	Note No.	As at 31.03.2020		As at 31.03.2019	
<b>I. ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Property, Plant & Equipment	1	262529.22		262695.98	
(b) Capital work-in-progress	2	18863.34		16484.62	
(c) Investment Property	3	6747.60		6756.36	
(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)	35935.90		120.55	
(iii) Loans	5	17.02		16.60	
(iv) Others		0.00		0.00	
(i) Deferred Tax Assets (net)		0.00		0.00	
(j) Other non current assets		0.00	324133.63	0.00	286114.66
<b>(2) Current assets</b>					
(a) Inventories	6	17333.53		14875.62	
(b) Financial Assets					
(i) Investments		0.00		0.00	
(ii) Trade receivables	7	276113.88		265740.05	
(iii) Cash and cash equivalents	8	3977.98		2670.13	
(iv) Bank Balances other than (iii) above	8(a)	20528.77		17682.76	
(v) Loans	9	57288.16		47051.33	
(vi) Unbilled Revenue	9(a)	62329.29		55024.88	
(vii) Others		0.00		0.00	
(c) Current Tax Assets (Net)		0.00		0.00	
(d) Other current assets	10	6808.26	444379.87	6738.02	409782.79
<b>TOTAL</b>			<b>768513.50</b>		<b>695897.45</b>
<b>II. Equity and liabilities</b>					
<b>Equity</b>					
(a) Equity Share Capital	11	92511.95		89700.00	
(b) Other Equity	12	140657.41	233169.36	89669.56	179369.56
<b>Liabilities</b>					
<b>(1) Non-Current Liabilities</b>					
(a) Government Grants Unutilised	13	11407.13		11846.46	
(b) Financial Liabilities					
(i) Borrowings	14	18000.00		30000.00	
(ii) Trade Payables		0.00		0.00	
(iii) Others	15	13392.97		7033.41	
(c) Provisions	16	7433.80		8112.85	
(d) Deferred Tax Liabilities (Net)		0.00		0.00	
(e) Other Non-Current Liabilities		0.00		0.00	
			50233.90		56992.72
<b>(2) Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	17	103558.39		95870.68	
(ii) Trade payables	18	218305.26		180486.32	
(iii) Others	19	90232.05		113107.38	
(b) Provisions	20	12703.60		10608.66	
(c) Current Tax Liabilities (Net)		0.00		0.00	
(d) Other current liabilities	21	60310.94	485110.24	59462.13	459535.17
<b>TOTAL</b>			<b>768513.50</b>		<b>695897.45</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

**V.V. Krishnamurthy**  
 Partner. M. No. 027044

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

 Place: Bengaluru  
 Date : 26.06.2020

## Statement of Standalone Changes in Equity

### A. Equity Share Capital

₹ in Lakhs

Particulars	Amount
Balance as at 01.04.2019	89700
Changes during the year	2812
Balance as at 31.03.2020	92512

### 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	274,897.30	29.61	-441,813.21	233,907.98	6,062.43	86,784.10
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
Balance as at 01.04.2019	5,500.00	274,897.30	29.61	-432,108.90	233,457.43	7,894.12	89,669.56
Profit or Loss for the Year	-	-	-	15,085.83	-	-	15,085.83
Prior period items/Adjustments*	-	-	-	-1,744.41	-	-	-1,744.41
Other Comprehensive income for the Year	-	-	-	-	-	391.77	391.77
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-409.16	-	-409.16
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-13,188.05	30,930.00	11,824.66	409.16	-	-	29,975.77
Transfer to Equity Share Capital	-2,811.95	-	-	-	-	-	-2,811.95
Balance as at 31.03.2020	0.00	305,827.30	11,854.27	-418,358.32	233,048.28	8,285.89	140,657.41

Note:

\*The company has incurred an amount of ₹ 1744.41 lakhs towards PL encashment liabilities related to earlier years. In accordance with Ind AS 8 the amount has been considered.

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

V.V. Krishnamurthy  
 Partner. M. No. 027044

S SHANMUGA PRIYA  
 Company Secretary

RAJEEV SRIVASTAVA  
 Chief Financial Officer

R M AGARWAL  
 Chairman & Managing Director

Place: Bengaluru  
 Date : 26.06.2020

**Standalone Statement of Profit and Loss for the year ended 31.03.2020**

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>INCOME</b>			
I. Revenue from operations	22	205886.86	166836.84
II. Other Income	23	18389.34	33647.30
III. Total Revenue (I + II)		224276.20	200484.14
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	8903.67	28371.40
Purchase of Stock-in-Trade	25	41867.91	32164.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(4029.07)	(1128.78)
Installation & Maintenance Charges		111351.20	78393.31
Employee benefit expense	27	23100.74	20422.25
Finance costs	28	14065.90	10647.11
Depreciation and amortization expense	29	4189.20	3709.16
Other expenses	30	9740.82	18651.92
<b>Total Expenses</b>		<b>209190.37</b>	<b>191230.37</b>
V. Profit/(Loss) before exceptional items and tax (III-IV)		15085.83	9253.77
VI. Exceptional Items			
(i) Income		0.00	0.00
(ii) Expenses		0.00	0.00
VII. Profit/(Loss) before tax (V + VI)		15085.83	9253.77
VIII. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
IX. Profit (Loss) for the year (VII-VIII)		15085.83	9253.77
X. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		391.77	1831.69
B. (i) Items that will be reclassified to profit or loss		0.00	0.00
XI. Total Comprehensive Income for the year (IX+X) Comprising Profit (Loss) and Other comprehensive Income for the year )		15477.60	11085.46
XII. Earnings per equity share (for continuing operation):			
Basic & Diluted (Face value of ₹ 10/- each):		1.57	0.74
Weighted average number of shares		897616318	879875000

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

**V.V. Krishnamurthy**  
 Partner. M. No. 027044

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

 Place: Bengaluru  
 Date : 26.06.2020

## Standalone Cash Flow Statement for the year ended 31.03.2020

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>15085.83</b>	<b>9253.77</b>
<b>Adjustment For :</b>		
Depreciation	4189.20	3709.16
Financing Charges	14065.90	10647.11
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1571.14)	(393.67)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(179.31)	0.00
Transfer From Grant-In-Aid	(8979.33)	(62.47)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	391.77	1831.69
Non-Cash Expenditure	1148.67	11708.09
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>24151.59</b>	<b>36693.69</b>
<b>Adjustment For:</b>		
Trade And Other Receivables	(64665.58)	(10628.11)
Inventories	(2804.24)	707.90
Trade Payables	23567.90	(24618.97)
Direct Taxes Paid	62.13	20.23
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(19688.20)</b>	<b>2174.73</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(19688.20)</b>	<b>2174.73</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(6392.38)	(12781.72)
Sale Of Fixed Assets	179.31	0.00
Investments	0.00	0.00
Interest Received	1571.14	393.67
Dividend Received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(4641.93)</b>	<b>(12388.05)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	(4312.29)	3238.45
Share Application Money	10500.00	5500.00
Adjustment with surplus	(3107.80)	0.00
Grant-In-Aid Received	39470.00	0.00
Financing Expenses	(14065.90)	(10647.11)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>28484.01</b>	<b>(1908.66)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A + B + C]</b>	<b>4153.87</b>	<b>(12121.97)</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>20352.88</b>	<b>32474.85</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>24506.75</b>	<b>20352.88</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

**V.V. Krishnamurthy**  
 Partner. M. No. 027044

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

For & On Behalf of Board of Directors

**R M AGARWAL**  
 Chairman & Managing Director

Place: Bengaluru  
 Date : 26.06.2020

# Notes to the Standalone Financial Statements

Note No.1

Property, Plant & Equipment

FY 2019-20  
₹ in Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2020	
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION		ADJUSTMENTS
<b>LAND:</b>										
-FREE HOLD*	221,829.19	-	658.67	-	221,170.52	-	-	-	-	-
-LEASE HOLD****	118.46	658.67	-	-	777.13	0.81	0.27	-	-	1.08
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
BUILDING**	11,217.80	1,863.57	-	-	13,081.37	2,270.68	862.17	-	-	3,132.85
PLANT& MACHINERY****	34,000.33	2,059.56	-	-	36,059.90	4,889.65	2,914.54	-	-	7,804.19
OTHER EQUIPMENT	3,034.60	49.04	-	-	3,083.64	583.36	326.00	-	-	909.36
OFFICE M/C & EQPT	257.99	23.18	-	-	281.17	135.60	54.34	-	-	189.93
FURNITURE FIXTURE& FITTINGS	52.17	18.32	-	-	70.49	31.23	5.59	-	-	36.83
VEHICLES	138.62	-	-	-	138.62	41.85	17.51	-	-	59.37
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>270,649.16</b>	<b>4,672.34</b>	<b>658.67</b>	<b>-</b>	<b>274,662.83</b>	<b>7,953.18</b>	<b>4,180.40</b>	<b>-</b>	<b>-</b>	<b>12,133.60</b>

## 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*	224,683.19	-	2,854.00	-	221,829.19	-	-	-	-	-
-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>262,685.51</b>	<b>11,207.79</b>	<b>3,224.22</b>	<b>19.92</b>	<b>270,649.16</b>	<b>4,277.16</b>	<b>3,692.25</b>	<b>16.23</b>	<b>-</b>	<b>7,953.18</b>

## Notes to the Standalone 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.

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 2</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>		
Capital Work-in-Progress at Cost	6603.03	6138.39
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>6603.03</b>	<b>6138.39</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	331.63	342.65
Awaiting Acceptance / Installation	11935.21	10010.11
	12266.84	10352.76
Less: Provision	6.53	6.53
<b>TOTAL</b>	<b>12260.31</b>	<b>10346.23</b>
<b>GRAND TOTAL</b>	<b>18863.34</b>	<b>16484.62</b>



**Notes to the Standalone Financial Statements (Contd...)**
**Note No. 3**
**Investment Property:**
**FY 2019-20**  
 ₹ in Lakhs

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2020
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	
LAND	6,395.87	-	-	-	6,395.87	-	-	-	-	-	6,395.87
BUILDING	372.86	-	-	-	372.86	12.38	8.76	-	-	21.14	351.73
<b>TOTAL</b>	<b>6,768.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,768.73</b>	<b>12.38</b>	<b>8.76</b>	<b>-</b>	<b>-</b>	<b>21.14</b>	<b>6,747.60</b>

**Investment Property:**
**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	
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>

**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) 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 31.03.2020	As at 31.03.2019
<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%)		
Change in Fair value during the year	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.

### **NOTE NO. 4 (a)**

#### **STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES**

##### **Secured**

Considered Good	0.00	120.55
Considered Doubtful	0.00	0.00
	0.00	120.55
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>120.55</b>

##### **Un Secured**

Considered Good		
-Gujnet	0.00	0.00
-Other than Gujnet	35935.90	0.00
Considered Doubtful	0.00	0.00
	35935.90	0.00
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>35935.90</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>35935.90</b>	<b>120.55</b>

### **NOTE NO. 5**

#### **NON CURRENT FINANCIAL ASSETS - LOANS**

##### **Secured and considered good :**

Capital Advances	0.00	0.00
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00

##### **Considered Doubtful :**

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

**TOTAL SECURED LOANS & ADVANCES** **0.52** **0.52**

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Unsecured and considered good :</b>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	16.50	16.08
<b>Considered Doubtful:</b>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>Total</b>	<b>16.50</b>	<b>16.08</b>
<b>less: provision</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>16.50</b>	<b>16.08</b>
<b>GRAND TOTAL</b>	<b>17.02</b>	<b>16.60</b>
<b>NOTE NO. 6</b>		
<b>INVENTORIES</b>		
a) Raw material and Production stores	8377.69	8800.66
Less: Provision for Obsolescence	1755.35	1790.84
	<b>6622.34</b>	<b>7009.82</b>
b) Material issued against Fabrication Contracts	96.91	96.91
Less: Provision	95.47	95.47
	<b>1.44</b>	<b>1.44</b>
c) Non-Production Stores	847.26	850.52
Less: Provision for Obsolescence	237.41	237.41
	<b>609.85</b>	<b>613.11</b>
d) Work-in-Process Production	7882.95	4021.81
Less: Provision	606.76	305.09
	<b>7276.19</b>	<b>3716.72</b>
e) Work-in-Process Installation	0.00	0.00
Less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
f) Manufactured Components	1151.63	984.87
Less: Provision	40.13	40.13
	<b>1111.50</b>	<b>944.74</b>
g) Finished Goods		
Stock-in-Trade	2131.12	2288.89
Excise Duty thereon	0.44	0.44
	<b>2131.56</b>	<b>2289.33</b>
Less: Provision	1019.56	1045.71
	<b>1112.00</b>	<b>1243.62</b>
h) Stock Reconciliation Account	10.33	10.33
Less: Provision	10.33	10.33
	<b>0.00</b>	<b>0.00</b>
i) Goods Pending Inspection / Acceptance	<b>0.00</b>	<b>0.00</b>
j) Material-in-Transit Advances		
Considered Good	600.22	1346.17
Considered Doubtful	238.76	82.23

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
	838.98	1428.40
Less: Provision	<u>238.76</u>	<u>82.23</u>
	600.22	1346.17
k) Material received and In-Transit Advances	0.00	0.00
l) Tools and Gauges	<u>0.00</u>	<u>0.00</u>
<b>GRAND TOTAL</b>	<b><u>17333.53</u></b>	<b><u>14875.62</u></b>

### NOTE NO. 7

#### CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

##### Secured

Outstanding for a period exceeding 6 months from the date they become due for payment

Considered Good	0.00	0.00
Considered Doubtful	<u>0.00</u>	<u>0.00</u>
	0.00	0.00
Other for a period of not exceeding 6 months: Considered Good	<u>0.00</u>	<u>0.00</u>
	0.00	0.00
Less: Provision	<u>0.00</u>	<u>0.00</u>
<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		
-Gujnet*	54952.45	0.00
-Other than Gujnet	206878.77	239007.47
Considered Doubtful	<u>4651.61</u>	<u>4651.61</u>
	266482.83	243659.07
Other for a period of not exceeding 6 months: Considered Good		
-Gujnet*	0.00	0.00
-Other than Gujnet	<u>14282.66</u>	<u>26732.58</u>
	280765.48	270391.65
Less: Provision	<u>4651.61</u>	<u>4651.61</u>
<b>TOTAL</b>	<b><u>276113.88</u></b>	<b><u>265740.05</u></b>
<b>GRAND TOTAL</b>	<b><u>276113.88</u></b>	<b><u>265740.05</u></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 an 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.

\* SBI IFB has sanctioned working capital facilities of Rs. 300 Cr. for GujNet Project and having exclusive 1st charge on current assets pertaining to GujNet Project.

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 8</b>		
<b>CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS</b>		
a) Cash-on-Transit	618.00	0.00
b) Cash on hand	59.29	27.43
c) Cheques & Stamps on Hand	0.00	0.13
d) Balance with Banks :		
- On Current Account	3300.69	2642.56
<b>TOTAL</b>	<b>3977.98</b>	<b>2670.13</b>
<b>NOTE NO. 8 (a)</b>		
<b>CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE</b>		
<b>Balance with Banks :</b>		
- On Escrow Account	1690.53	3066.90
- On Current Account (Apprentices)	138.71	0.00
Unpaid Dividend	0.00	0.00
Security deposits/others	0.28	0.51
LC Margin money	0.00	0.00
On Savings Account (Apprentices Security Deposits)	0.00	0.00
On short term deposit (margin money)	157.82	61.07
On current Account (Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	18541.43	14554.29
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>20528.77</b>	<b>17682.76</b>
<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	1046.02	1048.07
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1046.02</b>	<b>1048.07</b>
Un secured Advances recoverable in cash for value to be received		
Considered Good	26774.28	25708.79
Considered Doubtful	896.61	896.61
	<b>27670.89</b>	<b>26605.40</b>
Less: Provision	896.61	896.61
	<b>26774.28</b>	<b>25708.79</b>
Claims and Expenses Recoverable - Inland		
Considered Good	25681.22	17435.72
Considered Doubtful	992.29	696.73
	<b>26673.51</b>	<b>18132.45</b>
Less: Provision	992.29	696.73
	<b>25681.22</b>	<b>17435.72</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Claims and expenses recoverable - Foreign		
Considered Good	9.60	9.60
Considered doubtful	1204.32	1204.32
	<u>1213.92</u>	<u>1213.92</u>
Less: Provision	<u>1204.32</u>	<u>1204.32</u>
	9.60	9.60
Vehicle advance	0.00	0.00
Other Deposits	4015.30	3088.20
Less: Provision	<u>256.00</u>	<u>256.00</u>
	3759.30	2832.20
Interest accrued but not due on short term deposits	17.74	16.94
<b>TOTAL</b>	<b><u>56242.14</u></b>	<b><u>46003.25</u></b>
<b>GRAND TOTAL</b>	<b><u>57288.16</u></b>	<b><u>47051.33</u></b>

- a) Claims and expenses recoverable - inland- includes ₹ 1690.2Lakhs 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 is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and in our opinion, the same is realisable.
- 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 ₹ 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.

### NOTE NO. 9 (a)

#### Unbilled Revenue

Government		
- Gujnet*	12111.71	1348.89
- Other than Gujnet	50217.58	53675.99
Non Government	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>62329.29</b>	<b>55024.88</b>

\* SBI IFB has sanctioned working capital facilities of Rs. 300 Cr. for GujNet Project and having exclusive 1st charge on current assets pertaining to GujNet Project.

### NOTE NO. 10

#### OTHER CURRENT ASSETS

Taxes & Duties input	6114.52	6149.89
Deposits with Customs Department	268.00	99.74
Payment of Advance tax (Net of refunds)	6.44	68.57
Deposits with Excise Authorities	419.29	419.81
WCT Recoverable	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>6808.26</b>	<b>6738.02</b>

### NOTE NO. 11

#### I. EQUITY SHARE CAPITAL

##### a) Authorised

2,80,00,00,000 equity shares of ₹ 10 each	280000.00	280000.00
b) Issued		
92,51,19,508 equity shares of ₹ 10 each	92511.95	89700.00

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
c) Subscribed and Fully Paid-up		
92,51,19,508 equity shares of ₹ 10 each	<b>92511.95</b>	89700.00
d) Subscribed & not fully paid up	<b>0.00</b>	0.00
e) Par value per share	<b>0.00</b>	0.00
f) Calls unpaid	<b>0.00</b>	0.00
g) Forfeited shares	<b>0.00</b>	0.00
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
	<b><u>No. of shares</u></b>	<b><u>No. of shares</u></b>
Number of shares outstanding O.B	<b>897000000</b>	760000000
Add: Issues during the year*	<b>28119508</b>	137000000
Less: Buy back / forfeiture during the year	<b>0.00</b>	0.00
Number of shares outstanding C.B	<b><u>925119508</u></b>	<u>897000000</u>
i) The rights and preferences and restrictions attaching to the above class of shares		
*The Company has allotted 2,81,19,508 equity shares issued at Rs.56.90 to the President of India on 23.3.2020, against capital grant of Rs.160 crores received from Government of India.		
- Each holder of Equity share is entitled to one vote per share.		
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
j) List of share holders holding more than 5% shares		
	<b><u>Name</u></b>	<b><u>No. of shares held</u></b>
<b>1. President of India</b>	<b>832295057</b>	867887500
k) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	<b>Nil</b>	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	<b>Nil</b>	Nil
iii) Aggregate number and class of shares bought back	<b>Nil</b>	Nil
<b>II. PREFERENCE SHARE CAPITAL:</b>		
<b>a) Authorised</b>		
70000000 Preference Shares of ₹ 100 each	<b>70000.00</b>	70000.00
<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	<b>25.30</b>	25.30
Additions	<b>0.00</b>	0.00
Total	<b><u>25.30</u></b>	<u>25.30</u>
Deductions	<b>0.00</b>	0.00
Closing balance	<b>25.30</b>	25.30
ii) Capital Grant in aid		
As per last Balance Sheet	<b>274872.00</b>	274872.00
Transfer from Grant in aid (capital)	<b><u>30930.00</u></b>	<u>0.00</u>



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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Closing Balance	<b>305802.00</b>	274872.00
<b>TOTAL CAPITAL RESERVES</b>	<b>305827.30</b>	274897.30
<b>2) Securities premium reserve</b>		
O.B as per last B/S	29.61	29.61
Additions	<b>13188.05</b>	0.00
Total	<b>13217.66</b>	29.61
Less: FPO Issue Expenses *	<b>1363.39</b>	0.00
Closing balance	<b>11854.27</b>	29.61
* The Company had filed the Red herring prospectus for FPO ( Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹ 1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account in accordance with the Section 52 of the Companies Act 2013.		
<b>3) Revaluation Reserve</b>		
<b>i) Revaluation reserves- Land</b>		
Opening balance as per last B/S	<b>227238.45</b>	227238.45
Less-Reversal on sale of land	<b>0.00</b>	0.00
Closing Balance	<b>227238.45</b>	227238.45
<b>ii) Revaluation reserves-Buildings</b>		
Opening balance as per last B/S	<b>6218.97</b>	6669.52
Less-Transfer to General Reserve	<b>409.16</b>	450.54
Closing Balance	<b>5809.82</b>	6218.97
<b>TOTAL-REVALUATION RESERVE</b>	<b>233048.27</b>	233457.43
<b>4) Retained Earnings</b>		
<b>i) General reserve:</b>		
Opening balance as per last B/S	<b>1859.21</b>	1408.66
Prior Period Adjustments	<b>0.00</b>	0.00
Add: Transfer from Revaluation Reserve (Dep)	<b>409.16</b>	450.54
Less-Transfer to P&L	<b>0.00</b>	0.00
Less-Transfer to Surplus	<b>0.00</b>	0.00
Closing Balance	<b>2268.36</b>	1859.21
<b>ii) Profit on Sale of Fixed Assets</b>		
Opening balance as per last B/S	<b>0.00</b>	0.00
Less-Transfer to Surplus	<b>0.00</b>	0.00
Closing Balance	<b>0.00</b>	0.00
<b>iii) Sale of Technical know-how</b>		
As per last Balance Sheet	<b>3.50</b>	3.50
Less-Transfer to P&L	<b>0.00</b>	0.00
Closing Balance	<b>3.50</b>	3.50
<b>iv) Industrial Housing Subsidy</b>		
As per last Balance Sheet	<b>6.79</b>	6.79
Less-Transfer to P&L	<b>0.00</b>	0.00
Closing Balance	<b>6.79</b>	6.79
<b>v) Investment allowance reserve</b>		
As per last Balance Sheet	<b>0.00</b>	0.00
LESS: Transfer to General reserve	<b>0.00</b>	0.00
Closing Balance	<b>0.00</b>	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
vi) Surplus		
As per last Balance sheet	(433978.39)	(443232.16)
Add: Profit / (Loss) for the year	15085.83	9253.77
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>(418892.56)</b>	<b>(433978.39)</b>
Less- Appropriations	1744.41	0.00
Less-Transfer from P&L A/C - (Loss for the year)	0.00	0.00
Closing Balance	<u>(420636.97)</u>	<u>(433978.39)</u>
<b>TOTAL-RETAINED EARNINGS</b>	<b>(418358.32)</b>	<b>(432108.90)</b>
<b>5) Share application money pending allotment</b>	<b>0.00</b>	<b>5500.00</b>
<b>6) Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans (Actuarial Gain)		
Opening Balance	7894.12	6062.43
Changes during the Year	391.77	1831.69
Closing balance	<u>8285.89</u>	<u>7894.12</u>
<b>GRAND TOTAL - OTHER EQUITY</b>	<b><u>140657.41</u></b>	<b><u>89669.56</u></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	0.00	62.47
Less-Transfer to P&L	0.00	62.47
Closing Balance	<u>0.00</u>	<u>0.00</u>
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	<u>4.64</u>	<u>4.64</u>
iii) Grant-in-aid (Revenue)		
As per last Balance Sheet	11841.82	11841.82
Add : Receipts during the year*	8540.00	0.00
<b>Total</b>	<b>20381.82</b>	<b>11841.82</b>
Less: Transfer to Profit & Loss Account	8979.33	0.00
Closing Balance	<u>11402.49</u>	<u>11841.82</u>
<b>GRAND TOTAL</b>	<b><u>11407.13</u></b>	<b><u>11846.46</u></b>

\* The Dept of Telecommunications (DoT), GOI has allocated Grant of ₹ 8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/ VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹ 85.40 Crore in the current financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with Ind AS 20 the amount has been recognised the Grant of ₹ 8540 lacs as Income.

- 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 31.03.2020	As at 31.03.2019
<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	18000.00	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>18000.00</b>	<b>30000.00</b>
<b>GRAND TOTAL</b>	<b>18000.00</b>	<b>30000.00</b>
<b>NOTE NO. 15</b>		
<b>NON-CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Security deposit received	13392.97	7033.41
Interest accrued and but not due on Loan from GOI*	0.00	0.00
<b>GRAND TOTAL</b>	<b>13392.97</b>	<b>7033.41</b>
<b>NOTE NO. 16</b>		
<b>NON CURRENT PROVISIONS</b>		
<b>For privilege Leave</b>		
As per Last Balance Sheet	7985.89	6601.67
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(607.00)	1384.21
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>7378.90</b>	<b>7985.88</b>
<b>For sick Leave</b>		
As per Last Balance Sheet	62.52	87.87
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(7.62)	(25.36)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>54.90</b>	<b>62.52</b>
ii) Others	0.00	64.46
<b>GRAND TOTAL</b>	<b>7433.80</b>	<b>8112.85</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<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.	<b>103558.39</b>	95870.68
-Unsecured Loans		
Loans and advances from related parties	<b>0.00</b>	0.00
Deposits	<b>0.00</b>	0.00
Other loans and advances	<b>0.00</b>	0.00
<b>TOTAL</b>	<b>103558.39</b>	95870.68

**NOTE NO. 18**
**CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**

For goods supplied		
- Micro small and medium enterprises	<b>1299.77</b>	1109.49
- Others		
- Gujnet	<b>37219.17</b>	0.00
- Other than Gujnet	<b>167793.10</b>	144937.24
<b>TOTAL</b>	<b>206312.04</b>	146046.73
For Expenses and Services		
- Gujnet	<b>852.65</b>	476.82
- Other than Gujnet	<b>4536.97</b>	7815.05
For Other Liabilities	<b>6603.59</b>	26147.72
<b>TOTAL</b>	<b>218305.26</b>	180486.32

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2020.

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 31.03.2020.	<b>1210.47</b>	1108.19
(b) Interest due thereon remaining unpaid on 31.03.2020.	<b>89.30</b>	1.30
(c) The amount of interest paid and principal paid beyond the appointed day during the year	<b>0.00</b>	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.	<b>0.00</b>	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2020.	<b>0.00</b>	0.00
(f) Amount of further Interest remaining due and payable even in succeeding years (until such interest dues are paid to small enterprises).	<b>0.00</b>	0.00

## MSME OUTSTANDING PAYMENT AS ON 31.03.2020

₹ in Lakhs

Sl.No	Name of the Supplier	Amount due as on 31.03.2020
1	Ms. LS Control, Bangalore	12.96
2	M/s. Avyaya Tech	47.03
3	M/s. Telemart India Pvt Ltd	5.02
4	M/s. Merakki Tech Solution	12.90
5	M/s. Shruthi Enterprises	0.64
6	M/s. Viprof Electronics	5.54
7	M/s. CIPL	46.81
8	M/s. APSK	112.26
9	M/s. Kelvin	80.47
10	M/s. A D N	59.34
11	M/s. Shivam Electricals	51.03
12	M/s. Mahalasa	105.80
13	M/s. Connoisseur Electronics	15.66
14	M/s. Skill Boostain Technologies	5.85
15	M/s. Sumukha Wayzhunt Pvt. Ltd.,	7.49
16	M/s. Traingle Software	5.97
17	M/s. Tool Mec	3.85
18	M/s. Messung Global Connect	3.58
19	M/s. Scientific Mes	9.11
20	M/s. Q-Max	1.00
21	M/s. Derive Tech	18.23
22	M/s. Fischer Measurement	10.18
23	M/s. Brite Platers	12.86
24	M/s. Kamtress Automation Systems	20.40
25	M/S Vijay Kumar	6.53
26	M/S Ferro Buildhards (I) Pvt Ltd	59.61
27	M/S Unique Construction	19.04
28	M/s Surya Mktg Corpn. Pune	40.34
29	M/s Summits Hygronics	2.81
30	M/s Relic System	7.58
31	DROPOUT	18.17
32	M/s Sun Rays Industries, Bangalore	2.29
33	ENGINEERS BAZAAR	7.10
34	HICOTRONICS	0.01
35	BHANSALI UDYOG	1.17
36	BAKSHSHISH	0.70
37	Modi Hitech	0.56
38	M/s. Logic Fruit Technologies Pvt. Ltd	181.25
39	M/s. Dexcel Electronics	59.88
40	M/s. P.C.Process Pvt. Ltd	1.66
41	M/s. Edgewood Networks Pvt. Ltd.	31.95
42	M/s. Global Electronics	0.45
43	Lekha Wireless Solutions	8.79
44	M/s. FTD Infocom Pvt. Ltd	9.65
45	ALLIED MACHINE & TOOLINGS	32.42
46	CAMBRIDGE ENERGY RESOURCES PVT.	0.85
47	DAKSH ENERGY SYSTEMS	2.74
48	K.V. ELECTRONICS	8.06
49	TEJAS COMMUNICATION PTE LTD	108.61
50	ALLIED GLASSES PVT LTD	9.34
51	J M INDUSTRIES	23.83
52	S KUMAR MULTI PRODUCTION	0.40
<b>GRAND TOTAL</b>		<b>1,299.77</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<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	300.00	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	2916.03	3581.91
For Other Liabilities	55951.89	26617.17
Other payables	644.18	26829.50
Salary Payable	2470.67	869.34
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1056.60	1076.68
Preference Shares*	2500.00	30000.00
Deposits from Contractors	4352.61	4576.64
Misc. Liabilities	19827.26	19343.33
<b>TOTAL</b>	<b>90232.05</b>	<b>113107.38</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.

**The Company has received ₹ 300 crores as Grant from GOI towards redemption of:**

- 10000000, 8.75% Cumulative redeemable preference shares, Face value of ₹ 100/ each, of ₹ 100 crores issued on 14.02.2003 to MTNL, and the same was redeemed on 05.09.2019.
- 20000000, 7% Cumulative redeemable preference shares, Face value of ₹ 100/ each, of ₹ 200 crores issued on 04.06.2003 to BSNL, and the same was redeemed on 06.09.2019 at board meeting held on 04.09.2019, out of which ₹ 175 crore was paid and balance ₹ 25 crores is outstanding as on 31.03.2020.
- The arrears of dividend in respect of the above cumulative preference shares redeemed on 04.09.2019 (a & b) to MTNL and BSNL will be dealt with according to the prevalent rules and acts as applicable.

**Preference Shares:**
**a) Authorised**

70000000 Preference Shares of ₹ 100 each 70000.00 70000.00

**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 0.00 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 0.00 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: Redeemed during the year	10000000	0.00
Number of shares outstanding C.B	0.00	10000000

h) The rights and preferences and restrictions attaching to the above class of shares

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
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- 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

Name	No. of shares held	No. of shares held
1. Mahanagar Telephone Nigam Ltd.	0	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	15251.37	14875.00
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(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	0.00	10000.00
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**7% Cumulative Redeemable Preference Shares:**

a) Issued

20000000, 7.00% Cumulative Redeemable Preference shares of ₹ 100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	0.00	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	0.00	20000.00
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c) Subscribed & not fully paid up

d) Par value per share (₹ 100)	0.00	0.00
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e) Calls un-paid	0.00	0.00
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f) Forfeited shares	0.00	0.00
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g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	No. of shares held	No. of shares held
Number of shares outstanding O.B	20000000	20000000
Add issues during the year	0.00	0.00
Less: Redeemed during the year	20000000	0.00
Number of shares outstanding C.B	0.00	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

Name	No. of shares held	No. of shares held
1. Bharat Sanchar Nigam Ltd.	0	20000000.00



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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
j) During last 5 years:		
i) 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 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 7.00% Cumulative Preference Shares from 2003-04 (The figures indicated are excluding Dividend Distribution Tax)	23006.03	22400.00
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	0.00	20000.00
<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	9678.61	8539.70
Add: Provision for the year	1077.45	1138.91
Less: Transfer to gratuity trust	0.00	0.00
Add: Transfer from gratuity trust	343.76	1708.67
Add: Transfer from Corporate	0.00	0.00
Less: Payments	343.76	1708.67
<b>Total</b>	<b>10756.06</b>	<b>9678.61</b>
<b>For Privilege Leave</b>		
As per Last Balance Sheet	633.29	3288.35
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1769.24	(1735.83)
Less: Payments	725.86	919.23
<b>Total</b>	<b>1676.67</b>	<b>633.29</b>
<b>For Sick Leave</b>		
As per Last Balance Sheet	2.05	2.41
Add: Provision for the year	1.71	(0.36)
Less: Payments	0.00	0.00
<b>Total</b>	<b>3.75</b>	<b>2.05</b>
<b>For L L T C provision</b>		
As per Last Balance Sheet	294.72	175.33
Add: Provision for the year	(25.27)	136.25
Less: Payments	2.33	16.86
<b>Total</b>	<b>267.11</b>	<b>294.72</b>
<b>GRAND TOTAL</b>	<b>12703.60</b>	<b>10608.66</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 21</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Income received in advance	0.00	0.00
Duties & Taxes	3744.96	4548.09
Advances from Customers	56565.98	54914.04
<b>TOTAL</b>	<b>60310.94</b>	<b>59462.13</b>

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 22</b>		
<b>REVENUE FROM OPERATIONS</b>		
i) Sale of Products (net of GST)		
Sale of Finished Goods	5400.77	41861.31
Sale of Traded Goods	12698.37	23645.16
<b>TOTAL</b>	<b>18099.14</b>	<b>65506.47</b>
ii) Sale of services	187787.72	101310.67
iii) Other Operating Revenues:		
a) Sale of Scrap	0.00	19.70
b) Income from DLRC Project	0.00	0.00
c) Non competing fee	0.00	0.00
d) Grant In Aid-Revenue	0.00	19.70
<b>TOTAL</b>	<b>205886.86</b>	<b>166836.84</b>

Effective 1st April 2018 the company has adopted Ind AS 115 "Revenue from Contracts with Customers"

### Sales under broad heads :

1. NPR	0.00	753.75
2. Electronic Switching Equipments	458.43	1102.07
3. MLLN	0.19	1629.57
4. SIM Card	0.00	0.00
5. Transmission Equipment	0.00	16441.97
6. Telephone	4.09	4971.24
7. G-PoN	16.67	4314.07
8. DWDM	0.00	0.00
9. Solar Panel	217.88	0.00
10. SWAN	0.00	0.00
11. APDRP	0.00	0.00
12. IT PRODUCTS	7316.96	9375.02
13. NGN	0.00	591.10
14. NFS	637.38	3049.79
15. ASCON	0.00	885.56
16. DEFENCE	323.81	0.00
17. Smart Energy meters	1014.89	4703.52
18. BBWT	0.00	0.00
19. HDPE Pipe	2199.20	0.00
20. OFC	0.00	538.22
21. MAHANET	0.00	0.00
22. WIFI-HOTSPOT	23.65	27.90
23. GUJNET	0.00	0.00
24. BNG	0.00	7044.10

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
25. DDOS	0.00	0.00
26. Min PC Mfg/ Tab PC	1087.32	0.00
27. CCMS	0.00	0.00
28. MOBILE SHOWROOM	223.71	321.27
29. STATE GOVT.	4231.54	6512.58
30. Others	343.42	3244.73
<b>TOTAL</b>	<b>18099.14</b>	<b>65506.47</b>

**Service Income under broad heads :**

1. AMC	5237.23	12099.19
2. SSTP	18.33	874.32
3. NPR	0.00	71.50
4. SECC	0.00	0.00
5. Data Center	1491.23	1633.64
6. IT	594.98	2131.85
7. SWAN	0.00	0.00
8. GSM	3429.43	2761.13
9. NFS	18938.79	21299.94
10. G-PoN	89.84	0.00
11. ASCON	7202.16	0.00
12. DEFENCE	267.51	8524.45
13. NGN	515.38	0.00
14. BBWT	0.00	0.00
15. MAHANET	52304.26	39809.58
16. WIFI-HOTSPOT	223.94	0.00
17. GUJNET	90701.83	1299.10
18. BNG	178.98	650.69
19. DDOS	0.00	0.00
20. MLLN	87.17	552.73
21. CCMS	653.56	315.84
22. E-TENDERING	3806.98	2008.50
23. SMPS, SKIL DEVELOPMENT	0.00	910.96
24. FIBER NETWORK	(1701.41)	500.45
25. RAILWAY	388.14	1341.68
26. NMS	(755.86)	448.27
27. Others	4115.25	4076.84
<b>TOTAL</b>	<b>187787.72</b>	<b>101310.67</b>

**Earnings in Foreign Currency**

Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
<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 31.03.2020	For the year ended 31.03.2019
<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	1571.14	393.67
<b>Total</b>	<b>1571.14</b>	<b>393.67</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	50.64	0.00
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	<b>50.64</b>	<b>0.00</b>
ii) Commission	0.00	0.00
iii) Rent	2105.31	1857.75
iv) Lease Rent	309.15	40.48
v) Transport Charges	0.00	0.10
vi) Sale of Scrap	558.68	541.82
vii) Water Charges/Electricity Charges	5.87	5.30
viii) Forfeited Bank Guarantee	0.00	450.00
ix) Excess Provision Withdrawn	0.00	0.00
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	4407.04	29851.75
xii) Waiver of Liquidated Damages	62.55	2.24
xiii) Compensation for Srinagar Loss	0.00	0.00
xiv) Waiver of Interest Charges	0.00	0.00
xv) Transfer from Revenue Grant-in-Aid	0.00	0.00
xvi) Revenue Grant-in-Aid - VRS	439.33	0.00
xvii) Revenue Grant-in-Aid*	8540.00	62.49
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compensation for Acquisition of Land by NHAI	128.67	0.00
xx) Misc. Income	210.96	441.70
<b>TOTAL (i to xx)</b>	<b>16818.20</b>	<b>33253.63</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>18389.34</b>	<b>33647.30</b>

\*The Dept of Telecommunications (DoT), GOI has allocated Grant of ₹ 8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/ VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹ 85.40 Crore in the current financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with Ind AS 20 the amount has been recognised the same lacs as Income.

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 24</b>		
<b>CONSUMPTION OF RAW MATERIALS &amp; PRODUCTION STORES</b>		
Opening Stock	8880.93	7198.38
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	8279.81	30005.92
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	<b>17160.74</b>	<b>37204.30</b>
Less:		
Closing Stock	7970.89	8880.93
Issue to Revenue and Others	282.56	165.21
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>8253.45</b>	<b>9046.14</b>
Add: Stores Indirect expenses relating to RM & Prod. Stores	(3.61)	213.24
<b>CONSUMPTION</b>	<b>8903.67</b>	<b>28371.40</b>

**Rawmaterials consumed under broad heads**

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
1. Electronic Goods & Components	9113.06	28450.46
2. MNIC	31.76	139.72
<b>TOTAL</b>	<b>9144.80</b>	<b>28590.18</b>
Value of Imports on CIF basis		
Raw Materials and Production Stores	3183.51	7161.75
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	1214.87	3163.57
<b>TOTAL</b>	<b>4398.38</b>	<b>10325.32</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	₹ Lakhs	%	₹ Lakhs	%
Imported	3242.28	35.45	2220.55	7.77
Indigenous	5902.52	64.55	26369.63	92.23
<b>Total</b>	<b>9144.80</b>	<b>100.00</b>	<b>28590.18</b>	<b>100.00</b>

**NOTE NO. 25**

<b>PURCHASE OF STOCK-IN-TRADE</b>	<b>41867.91</b>	<b>32164.00</b>
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**Goods purchased under broad heads**

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	848.60	1551.28
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	61.45	102.51
8. ASCON	0.00	425.40
9. GSM	0.00	0.00
10. IT	6660.68	9527.66

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
11. APDRP	0.00	0.00
12. NGN	0.00	0.00
13. Smart Energy Meters	0.00	1932.00
14. Solar Panel	0.00	0.00
15. MAHANET	0.00	0.00
16. WIFI-HOTSPOT	20.10	0.00
17. GUJNET	27536.41	422.82
18. BNG	0.00	5599.46
19. DDOS	0.00	0.00
20. Min PC Mfg / Tab PC	0.00	0.00
21. CCMS	0.00	0.00
22. MOBILE SHOWROOM	223.04	319.85
23. MLLN	0.00	980.46
24. SEM(NET)	0.00	137.59
25. MINI PC	0.00	241.90
26. OFC	0.00	603.82
27. ONT/OLT	122.65	1157.85
28. STATE GOVT.	4232.89	5994.32
29. Others	2162.09	3167.08
<b>TOTAL</b>	<b>41867.91</b>	<b>32164.00</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	7851.61	3718.23
Less: Opening Balance	3718.24	3070.03
<b>TOTAL</b>	<b>4133.37</b>	<b>648.20</b>
Add: Write Off during the Year	0.00	31.34
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>4133.37</b>	<b>679.54</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	1137.55	970.79
Less: Opening Balance	970.79	887.74
<b>TOTAL</b>	<b>166.76</b>	<b>83.05</b>
Add: Write Off during the Year	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>166.76</b>	<b>83.05</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	1830.98	2172.71
Less: Opening Balance	2172.71	1806.52
<b>TOTAL</b>	<b>(341.73)</b>	<b>366.19</b>
Add: Write Off during the Year	70.67	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>(271.06)</b>	<b>366.19</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>4029.07</b>	<b>1128.78</b>

**NOTE NO. 27**
**EMPLOYEE BENEFIT EXPENSES**

## i) SALARIES &amp; WAGES

Salaries & Wages	16798.71	14961.16
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>16798.71</b>	<b>14961.16</b>
Bonus	1.87	4.78
Wage revision arrear payments	0.00	0.27
Incentive	48.55	145.30
<b>TOTAL</b>	<b>16849.13</b>	<b>15111.51</b>

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

Provident Fund & Pension Fund	2074.80	1748.41
Employees State Insurance	7.99	7.28
Gratuity Trust Fund	1077.44	1138.91
Leave Salary- PL	1162.24	(454.84)
Sick Leave	(5.91)	(25.72)
Deposit Linked Insurance/Group Insurance	9.12	17.28
<b>TOTAL</b>	<b>4325.68</b>	<b>2431.31</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
iii) WORKMEN AND STAFF WELFARE EXPENSES		
Welfare Expenses - Canteen	343.37	267.46
Welfare Expenses - Education	38.81	36.00
Medical Expenses	576.59	435.98
LTC/LLTC	(24.91)	138.34
Uniforms	0.36	0.24
Others	156.45	169.73
<b>TOTAL</b>	<b>1090.66</b>	<b>1047.74</b>
iv) VOLUNTARY RETIREMENT SCHEME		
VRS Payments	443.49	0.00
v) Actuarial Gain/(Loss)	391.77	1831.69
<b>GRAND TOTAL</b>	<b>23100.74</b>	<b>20422.25</b>

### RELATED PARTY TRANSACTIONS

#### KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES

Name	2019-20	2018-19
Shri R M Agarwal - CMD	32.96	28.77
Shri Shashi Prakash Gupta - Director (HR)	30.15	12.72
Shri Rajeev Srivastava - CFO (w.e.f. 06.01.2020)	5.60	0.00
Shri Venkateswarlu -Director (Production)	6.59	0.00
Smt . Shanmuga Priya - Company Secretary	10.73	9.50
Shri Alagesan K - Ex. CMD	43.75	16.35
Shri Gopu - Ex. CMD & Director (HR)	-	38.51
Smt. Malathy Ex. CFO (upto 05.01.2020)	15.92	13.22

## 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	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Present value of obligation	21,655	20,525	9,056	8,619	59	65
b)	Fair value of plan assets	10,899	10,847	--	--	--	--
c)	Net assets / (liability) recognized in balance sheet as provision	-10,756	-9,679	-9,056	-8,619	-59	-65

#### II Actuarial & Demographic Assumptions

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Discounting Rate	6.31	7.31	6.31	7.32	6.31	7.32
b)	Future salary Increase	2.00	5.10	2.00	5.10	2.00	5.10
c)	Attrition at Ages	0.50	4.84	0.81	4.84	0.50	4.84

#### III Plan Liability

S.N	Date Ending	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Present value of obligation as at the end of the period	21,655	20,525	9,056	8,619	56	65

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

₹ in Lakhs

**IV Service Cost**

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Current Service Cost	673	677	316	297	2	2
b)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	673	677	316	297	2	2

**V Net Interest Cost**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Interest Cost on Defined Benefit Obligation	1,502	1,500	631	723	5	7
b)	Interest Income on Plan Assets	774	876	--	--	--	--
c)	Net Interest Cost (Income)	728	624	631	723	5	7

**VI Change in Benefit Obligation**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Present value of obligation as at the beginning of the period	20,525	20,521	8,619	9,890	65	90
b)	Acquisition adjustment	--	--	--	--	--	--
c)	Interest Cost	1,502	1,500	631	723	5	7
d)	Service Cost	673	677	316	297	2	2
e)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	--	--
f)	Benefits Paid	-344	-1,709	-721	-925	--	--
g)	Total Actuarial (Gain)/Loss on Obligation	-702	-464	211	-1,366	-13	-35
h)	Present value of obligation as at the End of the period	21,655	20,525	9,056	8,619	59	65

**VII Bifurcation of Actuarial Gain/Loss on Obligation**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-215	-858	-84	-378	-1	-3
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-1,265	-4	-640	-271	-4	-2
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	778	398	935	-716	-8	-30

**VIII Actuarial Gain/Loss on Plan Asset**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Expected Interest Income	774	876	--	--	--	--
b)	Actual Income on Plan Asset	663	843	--	--	--	--
c)	Actuarial gain /(loss) for the year on Asset	-112	-32	--	--	--	--

**IX Balance Sheet and related analysis**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Present Value of the obligation at end	21,655	20,525	9,056	8,619	59	65
b)	Fair value of plan assets	10,899	10,847	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-10,756	-9,679	-9,056	-8,619	-59	-65

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

₹ in Lakhs

### X The amounts recognized in the Income Statement

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Total Service Cost	673	677	316	297	2	2
b)	Net Interest Cost	728	624	631	723	5	7
c)	Net actuarial (gain) / loss recognized in the period	0	0	211	-1,366	-13	-35
d)	Expense recognized in the Income Statement	1,401	1,301	1,158	-346	-6	-26

### XI Other Comprehensive Income (OCI)

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	702	464	--	--
c)	Actuarial gain /(loss) for the year on Asset	-112	-32	--	--
d)	Unrecognized actuarial gain/(loss) for the year	590	431	--	--

### XII Change in plan assets

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Fair value of plan assets at the beginning of the period	10,847	11,981	--	--	--	--
b)	Difference in Opening	-266	-269	--	--	--	--
c)	Actual return on plan assets	663	843	--	--	--	--
d)	Employer contribution	--	--	--	--	--	--
e)	Benefits paid	-344	-1,709	--	--	--	--
f)	Fair value of plan assets at the end of the period	10,899	10,847	--	--	--	--

### XIII Major categories of plan assets (as percentage of total plan assets)

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
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	--	--	--	--	--	--
	Total	100%	100%	--	--	--	--

### XIV Change in Net Defined Benefit Obligation

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Net defined benefit liability at the start of the period	9,679	8,540	8,619	9,890	65	90
b)	Acquisition adjustment	--	--	--	--	--	2
c)	Total Service Cost	673	677	316	297	2	3
d)	Net Interest cost (Income)	728	624	631	723	5	7
e)	Re-measurements	-590	-431	211	-1,366	-13	-35
	Difference in Opening	266	269	--	--	--	--
f)	Contribution paid to the Fund	--	--	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-721	-925	--	--
h)	Net defined benefit liability at the end of the period	10,756	9,679	9,056	8,619	59	65

**Notes to the Standalone Financial Statements (Contd...)**
**XV Bifurcation of PBO at the end of year in current and non current.**

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Current liability (Amount due within one year)	4,010	1,306	1,677	633	4	2
b)	Non-Current liability (Amount due over one year)	17,645	19,219	7,379	7,986	55	63
	Total PBO at the end of year	21,655	20,525	9,056	8,619	59	65

**XVI Expected contribution for the next Annual reporting period**

S.N	Particulars	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
a)	Service Cost	637	734	284	314	6	7
b)	Net Interest Cost	679	708	571	631	4	5
c)	Expected Expense for the next annual reporting period	1,316	1,442	855	945	10	12

**XVII Sensitivity Analysis of the defined benefit obligation.**
**a) Impact of the change in salary increase**

S.N	Particulars	31-03-2020	31-03-2020	31-03-2020
	Present Value of Obligation at the end of the period	21,655	9,056	59
a)	Impact due to increase of 0.50%	-327	-146	-1
b)	Impact due to decrease of 0.50 %	338	151	1

**b) Impact of the change in salary increase**

S.N	Particulars	31-03-2020	31-03-2020	31-03-2020
	Present Value of Obligation at the end of the period	21,655	9,056	59
a)	Impact due to increase of 0.50%	340	157	1
b)	Impact due to decrease of 0.50 %	-335	-153	-1

**XVIII Maturity Profile of Defined Benefit Obligation**

S.N	Year	31-03-2020 Amount	31-03-2020 Amount	31-03-2020 Amount
a)	0 to 1 Year			4
b)	1 to 2 Year			5
c)	2 to 3 Year			9
d)	3 to 4 Year			8
e)	4 to 5 Year			8
f)	5 to 6 Year			8
g)	6 Year onwards			16

**XIX Summary of results**
**Leave Travel Concession**

S.N	Assets / Liability	31-03-2020	31-03-2019
a)	Present value of obligation	267	295
b)	Fair value of plan assets	--	--
c)	Net assets / (liability) recognized in balance sheet as provision	-267	-295

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

₹ in Lakhs

### XX Actuarial & Demographic Assumptions

#### Leave Travel Concession

S.N	Particulars	31-03-2020	31-03-2019
a)	Discounting Rate	6.31	7.32
b)	Future salary Increase	2.00	5.1
c)	Attrition at Ages	0.50	4.84

### XXI Actuarial Value

Present value of obligation as at the end of period (31/03/2019)	267	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	31-03-2020	31-03-2019
a)	Current liability (Amount due within one year)	47	29
b)	Non-Current liability (Amount due over one year)	221	266
c)	<b>Total PBO at the end of year</b>	<b>267</b>	<b>295</b>

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 28</b>		
<b>FINANCE COSTS</b>		
i) Interest Expense:		
Cash Credit	10655.11	10670.80
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	1984.02	-835.02
ii) Bank charges	1356.02	743.55
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	70.74	67.79
<b>TOTAL</b>	<b>14065.89</b>	<b>10647.11</b>

Interest expenses others includes Interest on Delayed Payment of PF to Trust.

### NOTE NO. 29

#### DEPRECIATION AND AMORTIZATION EXPENSES

Fixed Assets	4189.16	3703.09
Tools and Gauges	0.04	6.07
<b>TOTAL</b>	<b>4189.20</b>	<b>3709.16</b>
Less: Transfer from Revaluation Reserve	0.00	0.00
<b>NET DEPRECIATION</b>	<b>4189.20</b>	<b>3709.16</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 30</b>		
<b><u>OTHER EXPENDITURE</u></b>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<b><u>MANUFACTURING EXPENSES:</u></b>		
Cosumption of Stores and Spares	241.14	218.77
Power and Light	1447.55	1370.67
Water Charges	220.57	161.41
Excise Duty	0.00	0.00
<b><u>REPAIRS AND MAINTENANCE:</u></b>		
i) Plant Machinery and Equipment	221.83	131.84
ii) Vehicles	40.74	60.03
iii) Buildings	678.66	648.95
iv) Other Equipments	80.08	65.95
Cost and Expenses on Tools	0.00	0.10
Experimental Work and Training Expenses	35.50	52.89
Expenses on Minor Equipment & Work	2.53	7.93
Royalty	0.00	0.00
Scrap and Salvages	0.11	0.00
Factory Expenses	456.22	43.94
<b><u>TOT CHARGES:</u></b>		
i) Technical Assistance	0.00	4.65
ii) Technical Knowhow fee	0.00	0.00
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00
v) Others	(31.70)	0.00
Liquidated Damages	1554.98	938.04
Demurage Charges	10.85	1.25
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	0.00
<b><u>TOTAL MANUFACTURING EXPENSES</u></b>	<b>4959.04</b>	<b>3706.40</b>
<b><u>ADMINISTRATION EXPENSES:</u></b>		
Rent	246.97	175.70
Rates and Taxes	120.46	72.09
Insurance	45.40	22.89
<b><u>TRAVELLING EXPENSES</u></b>		
Inland	385.75	421.49
Foreign	0.10	7.29
Legal fees	214.30	117.88
Postage, Telegram, Telex Expenses	29.11	31.46
Telephone and Trunk Call Charges	72.13	71.70
Remuneration to Auditors		
Audit Fees	23.35	17.64
For Taxation Matters	0.76	0.81
For Company Law Matters	0.00	0.00
For Management Services	2.80	2.80



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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
For Reimbursement of Expenses	0.27	0.58
For Other Services	1.49	5.60
CISF/ Private Security Expenses	1009.12	942.50
Printing, Stationary and Duplicating Charges	70.93	88.14
Transport Expenses	480.44	393.25
News Papers, Magazines & Periodicals	21.42	21.01
Mechanised Accounting Expenses	0.16	2.97
Lease Charges	0.00	0.00
Licence fee/Segment Charges	2.86	1.70
CSR Expenditure	64.00	0.00
Office Expenses	607.79	528.36
Provision for Obsolescence of RM Stores	305.74	0.00
Obsolete RM & Production Stores Write off	40.44	0.00
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	559.78	0.00
Bad Debts Write off	242.60	11669.82
Claims and Expenses Charge off	0.00	38.27
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>4548.16</b>	<b>14633.95</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	6.16	7.78
Advertisement Expenses	24.69	20.72
Exhibition and Publicity Expenses	5.20	29.72
Packing Expenses	1.74	15.20
Forwarding Expenses	154.04	154.65
Discount Allowed	0.00	0.00
Warrenty Expenses	1.02	8.24
Sales Promotion Expenses	38.29	72.38
Entertainment Expenses	0.87	0.36
Cost of Tender Forms	1.60	2.50
<b>TOTAL SELLING EXPENSES</b>	<b>233.61</b>	<b>311.57</b>
<b>TOTAL OTHER EXPENSES</b>	<b>9740.81</b>	<b>18651.92</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.		
<b>Expenditure in Foreign Currency :</b>		
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>

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

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
<b>NOTE NO. 31</b>		
<b>Corporate information:</b>		
1	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 ₹15443.40 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1056.60 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).	
	<b>2019-20</b>	<b>2018-19</b>
	Purchase of goods\Services	0.00
	Sale of goods\Services	0.00
	Amount Outstanding:	0.00
	- Due from the related party	
	- Due to the related party	0.00
	Provision for doubtful debts against dues from related party.	0.00
	Written Off during the Year	0.00
	b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]	
	Shri R M Agarwal - CMD	32.96
	Shri Shashi Prakash Gupta - Director (HR)	30.15
	Shri Rajeev Srivastava - CFO (w.e.f. 06.01.2020)	5.60
	Shri Venkateswarlu - Director (Production)	6.59
	Smt Shanmuga Priya - Company Secretary	10.73
	Shri Alagesan K - Ex. CMD	43.75
	Shri Gopu-Ex. CMD	0.00
	Smt. Malathy Ex. CFO (upto 05.01.2020)	15.92
7	<b>Earnings Per Share (for continuing operation):</b>	
	Profit after tax	15085.83
	(-) Preference Dividend	982.40
	Dividend tax	0.00
	Profit available to equity shareholders	14103.44
	No. of Shares at beginning of the year	897000000
	No. of Shares at the end of the year	925119508
	Weighted average number of shares during the period	897616318
	Earning per equity share (for continuing operation): Basic & Diluted( in ₹)	1.57
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	<b>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%
	Place of incorporation of JV-India	49%



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

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
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	3183.51	7894.78
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	1214.87	3163.57
<b>TOTAL</b>	<b>4398.38</b>	<b>11058.35</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 ₹ 9079.92 lakhs for the financial years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19 & 2019-20 on accrual basis is deferred, which is in conformity with Ind AS-18.		
23 Write off of Trade receivables of earlier years amounting to ₹ 2.43 crore pertains to Naini Unit.		
24 Performance Indicators - Ratios		
- Sales to Total Assets	0.31	0.27
Sales incl. Taxes/ Total Assets (Net Fixed Assets + Investments + Gross Current Assets)	Times	
- Operating Profit to Capital employed	12.50%	9.51%
Profit before tax / (Share holders' funds + Loan funds)	[%]	
- Profit to Sales	6.28%	6.84%
(Profit before tax to sales incl. GST)	[%]	
25 Disclosure related to the impact of Global health pandemic COVID-19 on Financial Statements. The company has estimated from internal sources that there is a decrease of around 10%-15% in turnover due to COVID-19. Further, due to the nationwide lockdown from 23rd March 2020 the operations of the company were resumed in limited manner from the second week of May 2020 onwards. Further, as the major customers are Government departments therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course. However temporary delay in payment realisations was observed during the first quarter of FY 2020-21 which is likely to continue during second quarter as well. The future impact of Global health pandemic is uncertain and may be different from that estimated as at the date of approval of these Financial Statements. The Company will closely monitor any material changes in future economic conditions.		
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

**V.V. Krishnamurthy**  
 Partner, M. No. 027044

**S Shanmuga Priya**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

 Place: Bengaluru  
 Date : 26.06.2020

**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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	
INDIA SATCOM LIMITED	India	49.00%	49.00%	51.00%	51.00%	VSAT Manufacturing & Servicing

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

₹ in Lakhs

b. Key Management Personnel's Details:

Name of Directors / Key Management Personnel's	2019-20	2018-19
<b>Shri Gopu-Designate CMD &amp; Director (HR) -Salary &amp; perquisites</b>	-	38.51
<b>Shri Alagesan K -CMD &amp; Director(Production)</b>	<b>43.75</b>	16.35
<b>Shri R M Agarwal-Govt Nominee Director (Marketing)</b>	<b>32.96</b>	28.77
<b>Shri Shashi Prakash Gupta - Director HR</b>	<b>30.15</b>	12.72
<b>Shri Venkateswarlu -Director (Production)</b>	<b>6.59</b>	-
<b>Shri Saday Krishna Kanoria - Independent Director</b>	<b>0.75</b>	0.58
<b>Smt Asha Kumari Jaswal - Independent Director</b>	<b>1.35</b>	0.58
<b>Shri Rajen Vidyarthi - Independent Director</b>	<b>0.90</b>	0.48
<b>Shri Suresh Chandra Panda - Independent Director</b>	<b>0.25</b>	0.31
<b>Shri Mayank Gupta - Independent Director</b>	<b>0.85</b>	0.23
<b>Dr. Akhilesh Dube - Independent Director</b>	<b>0.70</b>	0.28
<b>Dr. K R Shanmugam- Independent Director</b>	<b>1.00</b>	0.25
<b>Shri. Rajeev Srivastava - CFO-Salary and Perquisites (w.e.f. 06.01.2020)*</b>	<b>5.60</b>	-
<b>Shri. Malathy CFO - Salary and Perquisites (upto 05.01.2020)*</b>	<b>15.92</b>	13.22
<b>Smt Shanmuga Priya - Co Secretary</b>	<b>10.73</b>	9.50

\*\* 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	
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	Nil
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2020	
Trade Payables Outstanding as on 31.03.2020	
Trade Receivables Outstanding as on 31.03.2020	
Investment in Equity as on 31.03.2020	₹40.55 lakhs
Advances for Purchase Outstanding as on 31.03.2020	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.

f. Loans to Related Parties.

Nil

g. Management Contracts including deputation of Employees:-

Nil

h. "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 98.36% of the Company's Turnover, around 97.06% of Trade Receivables and around 100% of Customer's Advance is with respect to government and government related entities."

## CAPITAL EXPENDITURE ON AMENITIES 2019-20

₹ in Crore

PARTICULARS	GROSS BLOCK AT COST					DEPRECIATION					NET BLOCK	
	AS AT 31-03-2019	ADDITIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	AS AT 31-03-2020	UPTO 31-03-2019	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	UPTO 31-03-2020	AS AT 31-03-2020	AS AT 31-03-2019
	1	2	3	4	5= 1+2-3-4	6	7	8	9	10= 6+7-8-9	11= 5-10	12
TOWNSHIP	1103.67	0.11	0.00	0.00	1103.78	107.69	1.23	0.00	0.00	108.92	994.86	995.98
TRANSPORT	7.00	0.00	0.00	0.00	7.00	6.08	0.15	0.00	0.00	6.23	0.77	0.92
MEDICAL	7.77	0.00	0.00	0.00	7.77	3.54	0.03	0.00	0.00	3.57	4.20	4.23
CANTEEN	6.45	0.00	0.00	0.00	6.45	3.38	0.04	0.00	0.00	3.42	3.03	3.07
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.42	0.00	0.00	0.00	13.42	5.95	0.08	0.00	0.00	6.03	7.39	7.47
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05	0.03	0.00	0.00	0.00	0.03	0.02	0.02
<b>TOTAL</b>	<b>1138.36</b>	<b>0.11</b>	<b>0.00</b>	<b>0.00</b>	<b>1138.47</b>	<b>126.67</b>	<b>1.53</b>	<b>0.00</b>	<b>0.00</b>	<b>128.20</b>	<b>1010.27</b>	<b>1011.69</b>

## REVENUE EXPENDITURE ON AMENITIES 2019-20

₹ in Crore

PARTICULARS	TOWNSHIP	TRANSPORT	MEDICAL	CANTEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETABLES FARMS, PARKS ETC.	2019-20	2018-19
Pay and Allowances	3.75	1.24	2.59	1.22	0.09	0.15	9.04	11.24
Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00	0.41	0.00	0.41	0.52
Supplies and Other Services	0.02	1.15	5.10	3.29	0.17	0.11	9.84	8.94
Power, light & water	3.05	0.12	0.09	0.18	0.05	0.03	3.52	3.84
Transport Charges	0.10	0.76	0.00	0.00	0.00	0.00	0.86	0.81
Rent, Rates, Taxes and Insurance	0.57	0.02	0.00	0.01	0.00	0.00	0.60	1.05
Maintenance and repairs	1.01	0.33	0.18	0.09	0.12	0.32	2.05	1.65
Depreciation - Buildings	0.25	0.01	0.03	0.09	0.08	0.00	0.46	0.77
Depreciation - Plant, Machinery, Equipment & Vehicles	0.63	0.05	0.00	0.00	0.00	0.00	0.68	0.69
General Overheads	0.01	0.03	0.02	0.03	0.00	0.00	0.09	0.07
	<b>9.39</b>	<b>3.71</b>	<b>8.01</b>	<b>4.91</b>	<b>0.92</b>	<b>0.61</b>	<b>27.55</b>	<b>29.58</b>
<b>LESS :</b>								
Recoveries/adjustments								
Rent	17.51	0.00	0.00	0.00	0.00	0.00	17.51	18.52
Power, Light & Water	1.43	0.00	0.00	0.00	0.00	0.00	1.43	1.22
Transport Charges	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.08
Capitation & other Recoveries	0.00	0.00	0.15	0.00	0.00	0.00	0.15	0.15
Sales proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Indirect expenses	0.00	0.00	0.00	0.28	0.00	0.00	0.28	0.28
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>18.94</b>	<b>0.10</b>	<b>0.15</b>	<b>0.28</b>	<b>0.00</b>	<b>0.00</b>	<b>19.47</b>	<b>20.45</b>
Net Expenditure	-9.55	3.61	7.86	4.63	0.92	0.61	8.08	9.13
Interest on Capital outlay notional	0.32	0.36	0.19	0.18	0.07	0.00	1.12	1.11
<b>TOTAL EXPENDITURE</b>	<b>-9.23</b>	<b>3.97</b>	<b>8.05</b>	<b>4.81</b>	<b>0.99</b>	<b>0.61</b>	<b>9.20</b>	<b>10.24</b>
<b>Previous year</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>10.24</b>



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ITI LIMITED

### Report on the Audit of the Standalone Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Basis of Qualified Opinion

##### Qualifications not quantifiable

- i. Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation (BMTC) to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres, has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 31.16.)
- ii. Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No.31.18)

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

##### Qualification quantifiable

- i. Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT up-to the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No. 31.22)

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

##### Emphasis of matter

- i. We draw the attention to the following to Note 31.25 to the financial statements in which the company describes the impact arising from the Covid 19 pandemic.
- ii. We draw the attention to the following matters in the Notes to the financial statements:
  - a. Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments - Refer Note No 1
  - b. 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);
  - c. 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)
  - d. Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
  - e. 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 judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matters	Auditor's Response
1.	<p>The company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, the appropriateness of the basis used to measure the revenue recognized over a period. The Company adopted Ind AS 115 and applied the available exemption provided therein, not to restate the comparative periods</p> <p>Refer Notes 22 to the Standalone Financial Statements</p>	<p><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. Verified the approval by the Managing Committee vide Minutes dated 24.06.2020 placed and discussed at the Audit Committee and meeting held on 25.6.2020</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 BharNet- 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>
2.	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments The Company has Trade receivable (Note Nos. 4a &amp; 7.) of Rs. 312049.78 lakhs and Loan &amp; Advances balances (Note Nos 5 &amp; 9.) of Rs.57305.18 lakhs and Deposit with Government departments, taxes and duties of Rs 6808.26 lakhs. (Note No 10). Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the 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>
3.	<p>Disputes and potential litigations: Refer to Note 31.11 in the standalone financial statements: -</p> <p>The Company is involved in legal proceedings on disputed tax demands. The company/s management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/ legal practitioners parties involved in the disputes.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of

adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

#### Other Matters

- i. We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 485722.71 Lakhs as at March 31, 2020, total revenues of Rs.33921.41 Lakhs and Profit/ (Loss) after tax of (Rs 15621.74 Lakhs) for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors.
- ii. The Company is having 8 Regional Offices located at Bangalore, Chennai, Hyderabad, New Delhi, Lucknow, Kolkata, Mumbai and Bhubaneswar. We have audited the financial statements of all 8 Regional Offices whose financial statements reflect total assets of Rs 67288.08 Lakhs as at March 31, 2020, total revenues of Rs 18672.55 Lakhs and Profit after tax of Rs 308.55Lakhs for the year ended on that date. The audit of Regional Offices has been carried out remotely/electronically as permitted by the Principal Director of P&T Audit, Delhi vide letter dated 11th May 2020, in view of the current nationwide lockdown situation.
- iii. We draw attention to Note No 31.5 regarding disclosure of segment information as required under Ind AS 108.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Note No 31.11 of standalone financial statements)
    - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
    - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
  3. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company – Reference Annexure C attached

#### For SANKARAN & KRISHNAN

Chartered Accountants  
Firm Registration No. 003582S

#### V.V. KRISHNAMURTHY

Partner  
Membership No.: 027044  
UDIN 20027044AAAABM7670

Place: Bengaluru

Date : 26 June 2020

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **ITI LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and

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

### Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For **SANKARAN & KRISHNAN**

Chartered Accountants  
Firm Registration No. 003582S

### **V V Krishnamurthy**

Partner  
Membership No.: 027044

Place : Bengaluru

Date : 26 June 2020

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

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

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

- i. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information.

According to the information and explanations given to us and on the basis of the Report of the Other Auditors, fixed assets at all other locations have been physically verified by the management periodically in a phased manner and no material discrepancies were noticed on such verification.

- ii. According to the information and explanations given to us, inventories have been physically verified by the management every year. According to the information and explanations given to us and based on the Report of the Other Auditors, no material discrepancies were noticed on physical verification of the inventories at the locations where Management had carried out physical verification.

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

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

investments made or loans provided to the parties covered under Section 186.

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

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

- vii. According to the information and explanations given to us and the records of the company examined by us and on the basis of Report of the Other Auditors, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, TDS, sales-tax, service tax, duty of customs duty, excise duty, GST, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of Rs 22841.20 lakhs pending as arrears pertaining to Provident Fund in the books of the company. Further a sum of Rs 267.21 lacs being arrears towards TDS, Trade tax, Works contract Tax, Sales Taxes and excise duty which are not disputed and are outstanding for a period of more than six months from the date they became payable.

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

Sl. No.	Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period to which the dispute relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs. 200.00 lakhs)	637.00	2003-2005	Custom Excise & Service Tax Appellate Tribunal
2	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail. Stay extended (net of pre deposit Rs. 30.00 lakhs)	299.00	2006-07	Custom Excise & Service Tax Appellate Tribunal
3	Central Excise Act 1944	Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs.14.00)	497.28	2001-2002 2002-2003	Custom Excise & Service Tax Appellate Tribunal
4	Central Excise Act 1944	CENVAT Credit	376.00	2007-2008	Custom Excise & Service Tax Appellate Tribunal
5	UP VAT	Sales Tax	264.89	1986-1989	UP Government
6	UP VAT	Sales Tax	15.32	1989-1996	UP Government
7	Income Tax Act, 1961	Penalty/Additional fees For TDS	4.91	2008-2011	CPC (TDS)
8	Finance Act, 1994	Service Tax	8435.14	2009-10 to 2013-14	Tribunal Allahabad
9	Finance Act, 1994	Service Tax	1992.19	2009-10 to 2013-14	Tribunal c
10	Central Sales Tax. 1956	Dem109109 and of Additional Tax against Form C	1013.98	2005-2006	Addl Commissioner, Appeals Commercial Tax, Allahabad
11	Central Sales Tax, 1956	Demand of Additional Tax against Form C	2.64	2007-08	Dy. Commissioner sector 14, Commercial Tax, Allahabad
12	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-09	Addl Commissioner, Appeals Commercial Tax, Allahabad
13	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	2.12	2009-10	Joint Commissioner, Commercial Tax, Allahabad

Sl. No.	Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period to which the dispute relates	Forum where the dispute is pending
14	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	60.57	2010-11	Dy. Commissioner sector 14, Commercial Tax, Allahabad
15	Central Sales Tax, 1956	Remand Order against appeal granted	10.96	2011-12	Addl Commissioner, Appeals Commercial Tax, Allahabad
16	Central Sales Tax, 1956	Remand Order against appeal granted	96.17	2012-13	Dy. Commissioner sector 14, Commercial Tax, Allahabad
17	Central Sales Tax, 1956 UP – VAT	Demand of Tax	86.75	2013-14	Addl Commissioner (Appeals), Commercial Tax, Allahabad
18	CST	Sales Tax	28.04	2001-02	High Court, Ernakulam
19	CST	Sales Tax	24.61	2005-06	High Court, Ernakulam
20	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
21	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad
22	CST	Sales Tax	504.13	2003-04	KVAT – Appeal
23	CST	Sales Tax	111.20	2013-14	DC- Appeal
24	CST	Sales Tax	13.25	2014-15	DC- Appeal
25	CST	Sales Tax	13.56	2015-16	DC- Appeal
26	CST	Sales Tax	250.00	2016-17	DC- Appeal
27	CST	Sales Tax	26.27	2017.-18	DC Appeal
28	VAT	Sales Tax	84.09	2012-13	DC Appeal
29	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
30	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
31	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut
32	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
33	Sales Tax Act	Sales Tax	287.18	2005-2006 2007-2008 2008-2009 2010-2011	Trade Tax Tribunal, Lucknow
34	Sales Tax & Entry Tax Act	Sales Tax	263.43	2006-2007 2009-2010 2011-2012	Additional Commissioner (TradeTax) Lucknow
35	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	827.55	2008-09 to 2017-18	High Court of Karnataka
36	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-14	Commercial Tax Officer, Thirpunnithura
37	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-15	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
38	Service Tax	Non payment of Service Tax on Royalty payments received	44.78	2012-13 to 2014-15	Commissioner of Central Excise
39	KVAT	Turnover suppression	65.87	2012-13	Dy Commr (Appeals) -Commercial Tax, Ernakulam
40	Sales Tax	Sales Tax	733.36	1987-88 to 1989-90, 1996-97,1999-00, 2002-03	High Court, J & K
		<b>Total</b>	<b>17671.96</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 had filed the Red herring prospectus for FPO (Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions.
- x. According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No. G S R 463(E) dated June 05, 2015.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of

Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.

- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For SANKARAN & KRISHNAN**

Chartered Accountants  
Firm Registration No.003582S

**V.V. KRISHNAMURTHY**

Partner  
Membership No 027044

Place: Bengaluru  
Date : June 26, 2020



## Annexure -C

**Directions under Section 143(5) of the New Companies Act, 2013 issued by the Comptroller and Auditor General of India to the Statutory Auditors of ITI Limited, for conducting audit of accounts for the year 2019-2020.**

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

**For Sankaran & Krishnan**

Chartered Accountants  
Firm Registration No: 003582S

**V.V. KRISHNAMURTHY**

Partner  
Membership No: 027044

Place: Bengaluru  
Date: June 26, 2020

### Compliance Certificate

We M/s Sankaran & Krishnan, Chartered Accountants, Bangalore, Statutory Auditory of ITI Limited have conducted the audit of Standalone accounts of ITI Limited, Bangalore for the year ended 31<sup>st</sup> March 2020 in accordance with the directions issued by the C & AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

**For Sankaran & Krishnan**

Chartered Accountants  
FRN 003582S

**V.V. Krishnamurthy**

M.No 027044

Place : Bangalore  
Date : 26<sup>th</sup> June 2020

# 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, if 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 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.

- b. In respect of assets sold, discarded, damaged or destroyed on or before 15th day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15th of the month depreciation is reckoned in full for the month of deletion.
- 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 Ind AS 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 2020 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 ₹ 40.55 lakhs.

According to Ind AS 28, the consolidation of interest in joint ventures can be done by using "Equity Method", wherein the share of investor in the net worth of investee can be directly taken as value of investment in the books of investor and the difference between old value and new value will be credited/debited to Other Comprehensive income as the investment in equity shares has been classified as "Equity Instruments through Other Comprehensive Income".

As per our report of even date

**For SANKARAN & KRISHNAN**

Chartered Accountants

Firm Registration No. 03582S

For & On Behalf of Board of Directors

**V.V. Krishnamurthy**

Partner

M. No. 027044

**S SHANMUGA PRIYA**

Company Secretary

**RAJEEV SRIVASTAVA**

Chief Financial Officer

**R M AGARWAL**

Chairman & Managing Director

Place: Bengaluru

Date: 26.06.2020



# Consolidated Balance Sheet as at 31.03.2020

₹ in Lakhs

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant & Equipment	1	262529.22	262695.98
(b) Capital work-in-progress	2	18863.34	16484.62
(c) Investment Property	3	6747.60	6756.36
(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	3799.03	3976.12
(ii) Trade receivables	4(a)	35935.90	120.55
(iii) Loans	5	17.02	16.60
(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>327892.11</b>	<b>290050.23</b>
<b>(2) Current assets</b>			
(a) Inventories	6	17333.53	14875.62
(b) Financial Assets			
(i) Investments		0.00	0.00
(ii) Trade receivables	7	276113.88	265740.05
(iii) Cash and cash equivalents	8	3977.98	2670.13
(iv) Bank Balances other than (iii) above	8(a)	20528.77	17682.76
(v) Loans	9	57288.16	47051.33
(vi) Unbilled Revenue	9(a)	62329.29	55024.88
(vii) Others		0.00	0.00
(c) Current Tax Assets (Net)		0.00	0.00
(d) Other current assets	10	6808.26	6738.02
		<b>444379.87</b>	<b>409782.79</b>
<b>TOTAL</b>		<b>772271.98</b>	<b>699833.02</b>
<b>II. Equity And Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	92511.95	89700.00
(b) Other Equity	12	144415.89	93605.13
		<b>236927.84</b>	<b>183305.13</b>
<b>Liabilities</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Government Grants Unutilised	13	11407.13	11846.46
(b) Financial Liabilities			
(i) Borrowings	14	18000.00	30000.00
(ii) Trade Payables		0.00	0.00
(iii) Others	15	13392.97	7033.41
(c) Provisions	16	7433.80	8112.85
(d) Deferred Tax Liabilities (Net)		0.00	0.00
(e) Other Non-Current Liabilities		0.00	0.00
		<b>50233.90</b>	<b>56992.72</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	103558.39	95870.68
(ii) Trade payables	18	218305.26	180486.32
(iii) Others	19	90232.05	113107.38
(b) Provisions	20	12703.60	10608.66
(c) Current Tax Liabilities (Net)		0.00	0.00
(d) Other current liabilities	21	60310.94	59462.13
		<b>485110.24</b>	<b>459535.17</b>
<b>TOTAL</b>		<b>772271.98</b>	<b>699833.02</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

**V.V. Krishnamurthy**  
 Partner.  
 M. No. 027044

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

**For & On Behalf of Board of Directors**

**R M AGARWAL**  
 Chairman & Managing Director

Place: Bengaluru  
 Date : 26.06.2020

## Statement of Consolidated Changes in Equity

₹ in Lakhs

**A. Equity Share Capital**

Particulars	Amount
Balance as at 01.04.2019	89700
Changes during the year	2812
Balance as at 31.03.2020	92512

**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	274,897.30	29.61	-441,813.21	233,907.98	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
<b>Balance as at 01.04.2019</b>	<b>5,500.00</b>	<b>274,897.30</b>	<b>29.61</b>	<b>-432,108.90</b>	<b>233,457.43</b>	<b>11,829.69</b>	<b>93,605.13</b>
Profit or Loss for the Year	-	-	-	15,085.83	-	-	15,085.83
Prior period items/Adjustments*	-	-	-	-1,744.41	-	-	-1,744.41
Other Comprehensive income for the Year	-	-	-	-	-	214.68	214.68
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-409.16	-	-409.16
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-13,188.05	30,930.00	11,824.66	409.16	-	-	29,975.77
Transfer to Equity Share Capital	-2,811.95	-	-	-	-	-	-2,811.95
<b>Balance as at 31.03.2020</b>	<b>0.00</b>	<b>305,827.30</b>	<b>11,854.27</b>	<b>-418,358.32</b>	<b>233,048.28</b>	<b>12,044.37</b>	<b>144,415.89</b>

**Note:**

\*The company has incurred an amount of ₹ 1744.41 lakhs towards PL encashment liabilities related to earlier years. In accordance with Ind AS 8 the amount has been considered.

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**

V.V. Krishnamurthy  
 Partner.  
 M. No. 027044

S SHANMUGA PRIYA  
 Company Secretary

RAJEEV SRIVASTAVA  
 Chief Financial Officer

R M AGARWAL  
 Chairman & Managing Director

Place: Bengaluru  
 Date : 26.06.2020

## Consolidated Statement of Profit and Loss for the year ended 31.03.2020

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>INCOME</b>			
I. Revenue from operations	22	205886.86	166836.84
II. Other Income	23	18389.34	33647.30
III. Total Revenue (I + II)		224276.20	200484.14
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	8903.67	28371.40
Purchase of Stock-in-Trade	25	41867.91	32164.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(4029.07)	(1128.78)
Installation & Maintenance Charges		111351.20	78393.31
Employee benefit expense	27	23100.74	20422.25
Finance costs	28	14065.90	10647.11
Depreciation and amortization expense	29	4189.20	3709.16
Other expenses	30	9740.82	18651.92
<b>Total Expenses</b>		209190.37	191230.37
V. Profit/(Loss) before exceptional items and tax (III-IV)		15085.83	9253.77
VI. Exceptional Items			
(i) Income		0.00	0.00
(ii) Expenses		0.00	0.00
VII. Profit/(Loss) before tax (V + VI)		15085.83	9253.77
VIII. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
IX. Profit (Loss) for the year (VII-VIII)		15085.83	9253.77
X. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		391.77	1831.69
Change in Fair value of Equity instruments (Investment) through other comprehensive income		(177.09)	208.76
B. (ii) Items that will be reclassified to profit or loss		0.00	0.00
XI. Total Comprehensive Income for the year (IX+X) Comprising Profit (Loss) and Other comprehensive Income for the year )		15300.51	11294.23
XII. Earnings per equity share (for continuing operation):			
Basic & Diluted (Face value of ₹ 10/- each):		1.57	0.74
Weighted average number of shares		897616318	879875000

**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**

**V.V. Krishnamurthy**  
Partner.  
M. No. 027044

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Chief Financial Officer

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 26.06.2020

**Consolidated Cash Flow Statement for the year ended 31.03.2020**

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>15085.83</b>	<b>9253.77</b>
<b>Adjustment For :</b>		
Depreciation	4189.20	3709.16
Financing Charges	14065.90	10647.11
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1571.14)	(393.67)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(179.31)	0.00
Transfer From Grant-In-Aid	(8979.33)	(62.47)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	214.68	2040.45
Non-Cash Expenditure	1148.67	8888.67
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>23974.50</b>	<b>36902.44</b>
<b>Adjustment For:</b>		
Trade And Other Receivables	(64665.58)	(10628.11)
Inventories	(2804.24)	707.90
Trade Payables	23567.90	(24618.97)
Direct Taxes Paid	62.13	20.23
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(19865.30)</b>	<b>2383.49</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(19865.30)</b>	<b>2383.49</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(6392.38)	(12781.72)
Sale Of Fixed Assets	179.31	0.00
Investments	177.09	(208.76)
Interest Received	1571.14	393.67
Dividend Received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(4464.84)</b>	<b>(12596.81)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	(4312.29)	3238.45
Share Application Money	10500.00	5500.00
Adjustment with surplus	(3107.80)	0.00
Grant-In-Aid Received	39470.00	0.00
Financing Expenses	(14065.90)	(10647.11)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>28484.01</b>	<b>(1908.66)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A + B + C]</b>	<b>4153.87</b>	<b>(12121.97)</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>20352.88</b>	<b>32474.85</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>24506.75</b>	<b>20352.88</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

**V.V. Krishnamurthy**  
 Partner.  
 M. No. 027044

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Chief Financial Officer

**For & On Behalf of Board of Directors**
**R M AGARWAL**  
 Chairman & Managing Director

 Place: Bengaluru  
 Date : 26.06.2020

# Notes to the Consolidated Financial Statements

## Note No.1

### Property, Plant & Equipment

FY 2019-20  
₹ in Lakhs

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2020
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	
<b>LAND:</b>											
- FREE HOLD*	221,829.19	-	658.67	-	221,170.52	-	-	-	-	-	221,170.52
- LEASE HOLD****	118.46	658.67	-	-	777.13	0.81	0.27	-	-	1.08	776.05
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-
BUILDING**	11,217.80	1,863.57	-	-	13,081.37	2,270.68	862.17	-	-	3,132.85	9,948.52
PLANT& MACHINERY***	34,000.33	2,059.56	-	-	36,059.90	4,889.65	2,914.54	-	-	7,804.19	28,255.70
OTHER EQUIPMENT	3,034.60	49.04	-	-	3,083.64	583.36	326.00	-	-	909.36	2,174.28
OFFICE M/C & EQPT	257.99	23.18	-	-	281.17	135.60	54.34	-	-	189.93	91.23
FURNITURE FIXTURE& FITTINGS	52.17	18.32	-	-	70.49	31.23	5.59	-	-	36.83	33.66
VEHICLES	138.62	-	-	-	138.62	41.85	17.51	-	-	59.37	79.25
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>270,649.16</b>	<b>4,672.34</b>	<b>658.67</b>	<b>-</b>	<b>274,662.83</b>	<b>7,953.18</b>	<b>4,180.40</b>	<b>-</b>	<b>-</b>	<b>12,133.60</b>	<b>262,529.22</b>

### 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	TOTAL 31.03.2019	
<b>LAND:</b>											
- FREE HOLD*	224,683.19	-	2,854.00	-	221,829.19	-	-	-	-	-	221,829.19
- 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>262,685.51</b>	<b>11,207.79</b>	<b>3,224.22</b>	<b>19.92</b>	<b>270,649.16</b>	<b>4,277.16</b>	<b>3,692.25</b>	<b>16.23</b>	<b>-</b>	<b>7,953.18</b>	<b>262,695.98</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.

<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.

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>NOTE NO. 2</b>		
<b><u>CAPITAL WORK-IN-PROGRESS</u></b>		
Capital Work-in-Progress at Cost	<b>6603.03</b>	6138.39
Less: Provision	<b>0.00</b>	0.00
<b>TOTAL</b>	<b>6603.03</b>	6138.39
Materials with Contractors	<b>28.93</b>	28.93
Less : Provision	<b>28.93</b>	28.93
<b>TOTAL</b>	<b>0.00</b>	0.00
<b><u>Machinery at Cost</u></b>		
In-Transit	<b>331.63</b>	342.65
Awaiting Acceptance / Installation	<b>11935.21</b>	10010.11
	<b>12266.84</b>	10352.76
Less: Provision	<b>6.53</b>	6.53
<b>TOTAL</b>	<b>12260.31</b>	10346.23
<b>GRAND TOTAL</b>	<b>18863.34</b>	16484.62

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

### NOTE NO. 3

FY 2019-20  
₹ in Lakhs

#### Investment Property :

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2020
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	
LAND	6,395.87	-	-	-	6,395.87	-	-	-	-	-	6,395.87
BUILDING	372.86	-	-	-	372.86	12.38	8.76	-	-	21.14	351.73
<b>TOTAL</b>	<b>6,768.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,768.73</b>	<b>12.38</b>	<b>8.76</b>	<b>-</b>	<b>-</b>	<b>21.14</b>	<b>6,747.60</b>

FY 2018-19  
₹ in Lakhs

#### Investment Property:

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. 01.04.2019	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>

#### 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) 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.

Particulars	As at 31.03.2020	As at 31.03.2019
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### NOTE NO. 4

#### NON- CURRENT FINANCIAL ASSETS-INVESTMENTS

##### Investment in Equity instruments

Opening Balance	3,976.12	3,767.37
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	(177.09)	208.76
<b>TOTAL</b>	<b>3799.03</b>	<b>3976.12</b>

##### Calculation of Change in fair value of equity instruments in Indian Satcom Limited(49%)

Total Assets of Indian Satcom Limited	12171.75	12,187.17
<b>Less: Total Outside Liabilities of Indian Satcom Limited</b>	<b>(4,418.62)</b>	<b>(4,072.63)</b>
NetWorth(100%)	7,753.13	8,114.54
Share of ITI(49%)/Closing Balance	3,799.03	3,976.12
<b>Less: Opening Balance</b>	<b>(3,976.12)</b>	<b>(3,767.37)</b>
Change in Fair value during the year	(177.09)	208.76



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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 4(a)</b>		
<b>STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
<b>Secured</b>		
Considered Good	0.00	120.55
Considered Doubtful	0.00	0.00
	0.00	120.55
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>120.55</b>
<b>Un Secured</b>		
Considered Good		
- Gujnet	0.00	0.00
- Other than Gujnet	35935.90	0.00
Considered Doubtful	0.00	0.00
	35935.90	0.00
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>35935.90</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>35935.90</b>	<b>120.55</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	0.00
Loans and advances	16.50	16.08
<b>Considered Doubtful:</b>	<b>0.00</b>	<b>0.00</b>
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>Total</b>	<b>16.50</b>	<b>16.08</b>
less: provision	0.00	0.00
<b>Loans and advances due from related parties :</b>		
ISL	0.00	0.00
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>16.50</b>	<b>16.08</b>
<b>GRAND TOTAL</b>	<b>17.02</b>	<b>16.60</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 6</b>		
<b>INVENTORIES</b>		
a) Raw material and Production stores	8377.69	8800.66
Less: Provision for Obsolescence	1755.35	1790.84
	<b>6622.34</b>	<b>7009.82</b>
b) Material issued against Fabrication Contracts	96.91	96.91
Less: Provision	95.47	95.47
	<b>1.44</b>	<b>1.44</b>
c) Non-Production Stores	847.26	850.52
Less: Provision for Obsolescence	237.41	237.41
	<b>609.85</b>	<b>613.11</b>
d) Work-in-Process Production	7882.95	4021.81
Less: Provision	606.76	305.09
	<b>7276.19</b>	<b>3716.72</b>
e) Work-in-Process Installation	0.00	0.00
Less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
f) Manufactured Components	1151.63	984.87
Less: Provision	40.13	40.13
	<b>1111.50</b>	<b>944.74</b>
g) Finished Goods		
Stock-in-Trade	2131.12	2288.89
Excise Duty thereon	0.44	0.44
	<b>2131.56</b>	<b>2289.33</b>
Less: Provision	1019.56	1045.71
	<b>1112.00</b>	<b>1243.62</b>
h) Stock Reconciliation Account	10.33	10.33
Less: Provision	10.33	10.33
	<b>0.00</b>	<b>0.00</b>
i) Goods Pending Inspection / Acceptance		
	<b>0.00</b>	<b>0.00</b>
j) Material-in-Transit Advances		
Considered Good	600.22	1346.17
Considered Doubtful	238.76	82.23
	<b>838.98</b>	<b>1428.40</b>
Less: Provision	238.76	82.23
	<b>600.22</b>	<b>1346.17</b>
k) Material received and In-Transit Advances		
	<b>0.00</b>	<b>0.00</b>
l) Tools and Gauges		
	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>17333.53</b>	<b>14875.62</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<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
	<b>0.00</b>	<b>0.00</b>
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
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		
-Gujnet*	54952.45	0.00
-Other than Gujnet	206878.77	239007.47
Considered Doubtful	4651.61	4651.61
	<b>266482.83</b>	<b>243659.07</b>
Other for a period of not exceeding 6 months: Considered Good		
- Gujnet*	0.00	0.00
- Other than Gujnet	14282.66	26732.58
	<b>280765.48</b>	<b>270391.65</b>
Less: Provision	4651.61	4651.61
<b>TOTAL</b>	<b>276113.88</b>	<b>265740.05</b>
<b>GRAND TOTAL</b>	<b>276113.88</b>	<b>265740.05</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 an 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.

\* SBI IFB has sanctioned working capital facilities of Rs. 300 Cr. for GujNet Project and having exclusive 1st charge on current assets pertaining to GujNet Project.

**NOTE NO. 8**
**CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

a) Cash-on-Transit	618.00	0.00
b) Cash on hand	59.29	27.43
c) Cheques & Stamps on Hand	0.00	0.13
d) Balance with Banks :		
- On Current Account	3300.69	2642.56
<b>TOTAL</b>	<b>3977.98</b>	<b>2670.13</b>

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>NOTE NO. 8 (a)</b>		
<b>CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE</b>		
<b>Balance with Banks :</b>		
- On Escrow Account	1690.53	3066.90
- On Current Account (Apprentices)	138.71	0.00
Unpaid Dividend	0.00	0.00
Security deposits/others	0.28	0.51
LC Margin money	0.00	0.00
On Savings Account (Apprentices Security Deposits)	0.00	0.00
On short term deposit (margin money)	157.82	61.07
On current Account (Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	18541.43	14554.29
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>20528.77</b>	<b>17682.76</b>
<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	1046.02	1048.07
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1046.02</b>	<b>1048.07</b>
Un secured Advances recoverable in cash for value to be received		
Considered Good	26774.28	25708.79
Considered Doubtful	896.61	896.61
	<b>27670.89</b>	<b>26605.40</b>
Less: Provision	896.61	896.61
	<b>26774.28</b>	<b>25708.79</b>
Claims and Expenses Recoverable - Inland		
Considered Good	25681.22	17435.72
Considered Doubtful	992.29	696.73
	<b>26673.51</b>	<b>18132.45</b>
Less: Provision	992.29	696.73
	<b>25681.22</b>	<b>17435.72</b>
Claims and expenses recoverable - Foreign		
Considered Good	9.60	9.60
Considered doubtful	1204.32	1204.32
	<b>1213.92</b>	<b>1213.92</b>
Less: Provision	1204.32	1204.32
	<b>9.60</b>	<b>9.60</b>
Vehicle advance	0.00	0.00
Other Deposits	4015.30	3088.20
Less: Provision	256.00	256.00

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
	<b>3759.30</b>	2832.20
Interest accrued but not due on short term deposits	<b>17.74</b>	16.94
<b>TOTAL</b>	<b>56242.14</b>	46003.25
<b>GRAND TOTAL</b>	<b>57288.16</b>	47051.33
a) Claims and expenses recoverable - inland- includes ₹ 1690.2Lakhs 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 is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and in our opinion, the same is realisable.		
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 ₹ 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.		

**NOTE NO. 9 (a)**
**Unbilled Revenue**

## Government

-Gujnet

12111.71

1348.89

-Other than Gujnet

50217.58

53675.99

## Non Government

0.00

0.00

**TOTAL**
**62329.29**

55024.88

\* SBI IFB has sanctioned working capital facilities of Rs. 300 Cr. for GujNet Project and having exclusive 1st charge on current assets pertaining to GujNet Project.

**NOTE NO. 10**
**OTHER CURRENT ASSETS**

Taxes & Duties input	<b>6114.52</b>	6149.89
Deposits with Customs Department	<b>268.00</b>	99.74
Payment of Advance tax (Net of refunds)	<b>6.44</b>	68.57
Deposits with Excise Authorities	<b>419.29</b>	419.81
WCT Recoverable	<b>0.00</b>	0.00
<b>TOTAL</b>	<b>6808.26</b>	6738.02

**NOTE NO. 11**
**I. EQUITY SHARE CAPITAL**
**a) Authorised**

 2,80,00,00,000 equity shares of ₹ 10 each 280000.00 280000.00
**b) Issued**

 92,51,19,508 equity shares of ₹ 10 each 92511.95 89700.00
**c) Subscribed and Fully Paid-up**

 92,51,19,508 equity shares of ₹ 10 each 92511.95 89700.00
**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**

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
	<u>No. of shares</u>	<u>No. of shares</u>
Number of shares outstanding O.B	897000000	760000000
Add: Issues during the year	28119508	137000000
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	<u>925119508</u>	<u>897000000</u>

i) The rights and preferences and restrictions attaching to the above class of shares

- \* The Company has allotted 2,81,19,508 equity shares issued at Rs 56.90 to the President of India on 23.3.2020, against capital grant of Rs 160 crores received from Government of India.
- Each holder of Equity share is entitled to one vote per share.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

j) List of share holders holding more than 5% shares

Name	No. of shares held	No. of shares held
1. President of India	832295057	867887500
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

70000000 Preference Shares of ₹ 100 each	70000.00	70000.00
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#### NOTE NO. 12

#### OTHER EQUITY

##### 1) Capital Reserves

###### i) Free Land Gifted

O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
Total	<u>25.30</u>	<u>25.30</u>
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)	30930.00	0.00
Closing Balance	<u>305802.00</u>	<u>274872.00</u>
<b>TOTAL CAPITAL RESERVES</b>	<b>305827.30</b>	<b>274897.30</b>

##### 2) Securities premium reserve

O.B as per last B/S	29.61	29.61
Additions	13188.05	0.00
Total	<u>13217.66</u>	<u>29.61</u>
Less: FPO Issue Expenses *	1363.39	0.00
Closing balance	11854.27	29.61

- \* The Company had filed the Red herring prospectus for FPO ( Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹ 1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account in accordance with the Section 52 of the Companies Act 2013.

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>3) Revaluation Reserve</b>		
i) Revaluation reserves- Land		
Opening balance as per last B/S	227238.45	227238.45
Less-Reversal on sale of land	0.00	0.00
Closing Balance	227238.45	227238.45
ii) Revaluation reserves-Buildings		
Opening balance as per last B/S	6218.97	6669.52
Less-Transfer to General Reserve	409.16	450.54
Closing Balance	5809.82	6218.97
<b>TOTAL-REVALUATION RESERVE</b>	<b>233048.27</b>	<b>233457.43</b>
<b>4) Retained Earnings</b>		
i) General reserve:		
Opening balance as per last B/S	1859.21	1408.66
Prior Period Adjustments	0.00	0.00
Add: Transfer from Revaluation Reserve (Dep)	409.16	450.54
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	0.00	0.00
Closing Balance	2268.36	1859.21
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
vi) Surplus		
As per last Balance sheet	(433978.39)	(443232.16)
Add: Profit/(Loss) for the year	15085.83	9253.77
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>(418892.56)</b>	<b>(433978.39)</b>
Less- Appropriations	1744.41	0.00
Less-Transfer from P&L A/C-(Loss for the year)	0.00	0.00
Closing Balance	(420636.97)	(433978.39)
<b>TOTAL-RETAINED EARNINGS</b>	<b>(418358.32)</b>	<b>(432108.90)</b>





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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
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	18000.00	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>18000.00</b>	<b>30000.00</b>
<b>GRAND TOTAL</b>	<b>18000.00</b>	<b>30000.00</b>
<b>NOTE NO. 15</b>		
<b>NON-CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Security deposit received	13392.97	7033.41
Interest accrued and but not due on Loan from GOI*	0.00	0.00
<b>GRAND TOTAL</b>	<b>13392.97</b>	<b>7033.41</b>
<b>NOTE NO. 16</b>		
<b>NON CURRENT PROVISIONS</b>		
<b>For privilege Leave</b>		
As per Last Balance Sheet	7985.89	6601.67
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(607.00)	1384.21
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>7378.90</b>	<b>7985.88</b>
<b>For sick Leave</b>		
As per Last Balance Sheet	62.52	87.87
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(7.62)	(25.36)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>54.90</b>	<b>62.52</b>
<b>ii) Others</b>	<b>0.00</b>	<b>64.46</b>
<b>GRAND TOTAL</b>	<b>7433.80</b>	<b>8112.85</b>
<b>NOTE NO. 17</b>		
<b>CURRENT LIABILITIES</b>		
<b>i) Current Financial Liabilities - Loans</b>		
Loans repayable on demand		
-Secured Loans		

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
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.	103558.39	95870.68
- 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>103558.39</b>	<b>95870.68</b>

### NOTE NO. 18

#### CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

For goods supplied		
- Micro small and medium enterprises	1299.77	1109.49
- Others		
- Gujnet	37219.17	0.00
- Other than Gujnet	167793.10	144937.24
<b>TOTAL</b>	<b>206312.04</b>	<b>146046.73</b>
For Expenses and Services		
- Gujnet	852.65	476.82
- Other than Gujnet	4536.97	7815.05
For Other Liabilities	6603.59	26147.72
<b>TOTAL</b>	<b>218305.26</b>	<b>180486.32</b>

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2020.

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 31.03.2020.	1210.47	1108.19
(b) Interest due thereon remaining unpaid on 31.03.2020.	89.30	1.30
(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 31.03.2020.	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 31.03.2020

Sl.No	Name of the Supplier	Amount due as on 31.03.2020
1	Ms. LS Control, Bangalore	12.96
2	M/s. Avyaya Tech	47.03
3	M/s. Telemart India Pvt Ltd	5.02
4	M/s. Merakki Tech Solution	12.90
5	M/s. Shruthi Enterprises	0.64
6	M/s. Vipprof Electronics	5.54
7	M/s. CIPL	46.81
8	M/s. APSK	112.26
9	M/s. Kelvin	80.47
10	M/s. A D N	59.34

₹ in Lakhs

Particulars		As at 31.03.2020	As at 31.03.2019
Sl.No	Name of the Supplier	Amount due as on 31.03.2020	
11	M/s. Shivam Electricals		51.03
12	M/s. Mahalasa		105.80
13	M/s. Connoisseur Electronics		15.66
14	M/s. Skill Boostain Technologies		5.85
15	M/s. Sumukha Wayzhunt Pvt. Ltd.,		7.49
16	M/s. Traingle Software		5.97
17	M/s. Tool Mec		3.85
18	M/s. Messung Global Connect		3.58
19	M/s. Scientific Mes		9.11
20	M/s. Q-Max		1.00
21	M/s. Derive Tech		18.23
22	M/s. Fischer Measurement		10.18
23	M/s. Brite Platers		12.86
24	M/s. Kamtress Automation Systems		20.40
25	M/s. Vijay Kumar		6.53
26	M/s. Ferro Buildhards (I) Pvt Ltd		59.61
27	M/s. Unique Construction		19.04
28	M/s. Surya Mktg Corpn. Pune		40.34
29	M/s. Summits Hygronics		2.81
30	M/s. Relic System		7.58
31	DROPOUT		18.17
32	M/s Sun Rays Industries, Bangalore		2.29
33	ENGINEERS BAZAAR		7.10
34	HICOTRONICS		0.01
35	BHANSALI UDYOG		1.17
36	BAKHSHISH		0.70
37	Modi Hitech		0.56
38	M/s. Logic Fruit Technologies Pvt. Ltd		181.25
39	M/s. Dexcel Electronics		59.88
40	M/s. P.C. Process Pvt. Ltd		1.66
41	M/s. Edgewood Networks Pvt. Ltd.		31.95
42	M/s. Global Electronics		0.45
43	Lekha Wireless Solutions		8.79
44	M/s. FTD Infocom Pvt. Ltd		9.65
45	ALLIED MACHINE & TOOLINGS		32.42
46	CAMBRIDGE ENERGY RESOURCES PVT.		0.85
47	DAKSH ENERGY SYSTEMS		2.74
48	K.V. ELECTRONICS		8.06
49	TEJAS COMMUNICATION PTE LTD		108.61
50	ALLIED GLASSES PVT LTD		9.34
51	J M INDUSTRIES		23.83
52	S KUMAR MULTI PRODUCTION		0.40
<b>GRAND TOTAL</b>			<b>1,299.77</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	300.00	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	2916.03	3581.91
For Other Liabilities	55951.89	26617.17
Other payables	644.18	26829.50

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Salary Payable	2470.67	869.34
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1056.60	1076.68
Preference Shares*	2500.00	30000.00
Deposits from Contractors	4352.61	4576.64
Misc. Liabilities	19827.26	19343.33
<b>TOTAL</b>	<b>90232.05</b>	<b>113107.38</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.

The Company has received ₹ 300 crores as Grant from GOI towards redemption of:

- 10000000, 8.75% Cumulative redeemable preference shares, Face value of ₹ 100/ each, of ₹ 100 crores issued on 14.02.2003 to MTNL, and the same was redeemed on 05.09.2019.
- 20000000, 7% Cumulative redeemable preference shares, Face value of ₹ 100/ each, of ₹ 200 crores issued on 04.06.2003 to BSNL, and the same was redeemed on 06.09.2019 at board meeting held on 04.09.2019, out of which ₹ 175 crore was paid and balance ₹ 25 crores is outstanding as on 31.03.2020.
- The arrears of dividend in respect of the above cumulative preference shares redeemed on 04.09.2019 (a & b) to MTNL and BSNL will be dealt with according to the prevalent rules and acts as applicable.

### Preference Shares:

#### a) Authorised

70000000 Preference Shares of ₹ 100 each 70000.00 70000.00

#### 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 0.00 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 0.00 10000.00

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

	<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: Redeemed during the year	10000000	0.00
Number of shares outstanding C.B	<u>0.00</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

Name	<u>No. of shares held</u>	<u>No. of shares held</u>
1. Mahanagar Telephone Nigam Ltd.	0	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

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
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	15251.37	14875.00
(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	0.00	10000.00
<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	0.00	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	0.00	20000.00
c) Subscribed & not fully paid up		
d) Par value per share (₹ 100)	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	20000000	20000000
Add issues during the year	0.00	0.00
Less: Redeemed during the year	20000000	0.00
Number of shares outstanding C.B	0.00	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>Name</b>	<b><u>No.of shares held</u></b>	<b><u>No.of shares held</u></b>
1. Bharat Sanchar Nigam Ltd.	0	20000000.00
j) During last 5 years:		
i) Aggregate number of shares allotted with out being received in cash	0.00	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	-
iii) Aggregate number and class of shares brought back	0.00	-
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 7.00% Cumulative Preference Shares from 2003-04	23006.03	22400.00
(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	0.00	20000.00

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

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<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	9678.61	8539.70
Add: Provision for the year	1077.45	1138.91
Less: Transfer to gratuity trust	0.00	0.00
Add: Transfer from gratuity trust	343.76	1708.67
Add: Transfer from Corporate	0.00	0.00
Less: Payments	343.76	1708.67
<b>Total</b>	<b>10756.06</b>	<b>9678.61</b>
<b>For Privilege Leave</b>		
As per Last Balance Sheet	633.29	3288.35
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1769.24	(1735.83)
Less: Payments	725.86	919.23
<b>Total</b>	<b>1676.67</b>	<b>633.29</b>
<b>For Sick Leave</b>		
As per Last Balance Sheet	2.05	2.41
Add: Provision for the year	1.71	(0.36)
Less: Payments	0.00	0.00
<b>Total</b>	<b>3.75</b>	<b>2.05</b>
<b>For L L T C provision</b>		
As per Last Balance Sheet	294.72	175.33
Add: Provision for the year	(25.27)	136.25
Less: Payments	2.33	16.86
<b>Total</b>	<b>267.11</b>	<b>294.72</b>
<b>GRAND TOTAL</b>	<b>12703.60</b>	<b>10608.66</b>
<b>NOTE NO. 21</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Income received in advance	0.00	0.00
Duties & Taxes	3744.96	4548.09
Advances from Customers	56565.98	54914.04
<b>TOTAL</b>	<b>60310.94</b>	<b>59462.13</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 22</b>		
<b>REVENUE FROM OPERATIONS</b>		
i) Sale of Products (net of GST)		
Sale of Finished Goods	5400.77	41861.31
Sale of Traded Goods	12698.37	23645.16
<b>TOTAL</b>	<b>18099.14</b>	<b>65506.47</b>
ii) Sale of services		
	<b>187787.72</b>	<b>101310.67</b>
iii) Other Operating Revenues:		
a) Sale of Scrap	0.00	19.70
b) Income from DLRC Project	0.00	0.00
c) Non competing fee	0.00	0.00
d) Grant In Aid-Revenue	0.00	19.70
<b>TOTAL</b>	<b>205886.86</b>	<b>166836.84</b>
Effective 1st April 2018 the company has adopted Ind AS 115 "Revenue from Contracts with Customers"		
<b>Sales under broad heads :</b>		
1. NPR	0.00	753.75
2. Electronic Switching Equipments	458.43	1102.07
3. MLLN	0.19	1629.57
4. SIM Card	0.00	0.00
5. Transmission Equipment	0.00	16441.97
6. Telephone	4.09	4971.24
7. G-PoN	16.67	4314.07
8. DWDM	0.00	0.00
9. Solar Panel	217.88	0.00
10. SWAN	0.00	0.00
11. APDRP	0.00	0.00
12. IT PRODUCTS	7316.96	9375.02
13. NGN	0.00	591.10
14. NFS	637.38	3049.79
15. ASCON	0.00	885.56
16. DEFENCE	323.81	0.00
17. Smart Energy meters	1014.89	4703.52
18. BBWT	0.00	0.00
19. HDPE Pipe	2199.20	0.00
20. OFC	0.00	538.22
21. MAHANET	0.00	0.00
22. WIFI-HOTSPOT	23.65	27.90
23. GUJNET	0.00	0.00
24. BNG	0.00	7044.10
25. DDOS	0.00	0.00
26. Min PC Mfg / Tab PC	1087.32	0.00
27. CCMS	0.00	0.00
28. MOBILE SHOWROOM	223.71	321.27
29. STATE GOVT.	4231.54	6512.58
30. Others	343.42	3244.73
<b>TOTAL</b>	<b>18099.14</b>	<b>65506.47</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Service Income under broad heads :</b>		
1. AMC	5237.23	12099.19
2. SSTP	18.33	874.32
3. NPR	0.00	71.50
4. SECC	0.00	0.00
5. Data Center	1491.23	1633.64
6. IT	594.98	2131.85
7. SWAN	0.00	0.00
8. GSM	3429.43	2761.13
9. NFS	18938.79	21299.94
10. G-PoN	89.84	0.00
11. ASCON	7202.16	0.00
12. DEFENCE	267.51	8524.45
13. NGN	515.38	0.00
14. BBWT	0.00	0.00
15. MAHANET	52304.26	39809.58
16. WIFI-HOTSPOT	223.94	0.00
17. GUJNET	90701.83	1299.10
18. BNG	178.98	650.69
19. DDOS	0.00	0.00
20. MLLN	87.17	552.73
21. CCMS	653.56	315.84
22. E-TENDERING	3806.98	2008.50
23. SMPS, SKIL DEVELOPMENT	0.00	910.96
24. FIBER NETWORK	(1701.41)	500.45
25. RAILWAY	388.14	1341.68
26. NMS	(755.86)	448.27
27. Others	4115.25	4076.84
<b>TOTAL</b>	<b>187787.72</b>	<b>101310.67</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	1571.14	393.67
<b>Total</b>	<b>1571.14</b>	<b>393.67</b>
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
d) Other Non-operating income (Net of expenses directly attributable to such income)		
i) Profit on Sale of Assets	50.64	0.00
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	50.64	0.00
ii) Commission	0.00	0.00
iii) Rent	2105.31	1857.75
iv) Lease Rent	309.15	40.48
v) Transport Charges	0.00	0.10
vi) Sale of Scrap	558.68	541.82
vii) Water Charges/Electricity Charges	5.87	5.30
viii) Forfeited Bank Guarantee	0.00	450.00
ix) Excess Provision Withdrawn	0.00	0.00
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	4407.04	29851.75
xii) Waiver of Liquidated Damages	62.55	2.24
xiii) Compensation for Srinagar Loss	0.00	0.00
xiv) Waiver of Interest Charges	0.00	0.00
xv) Transfer from Revenue Grant-in-Aid	0.00	0.00
xvi) Revenue Grant-in-Aid - VRS	439.33	0.00
xvii) Revenue Grant-in-Aid*	8540.00	62.49
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compansation for Acquisition of Land by NHAI	128.67	0.00
xx) Misc. Income	210.96	441.70
<b>TOTAL (i to xx)</b>	16818.20	33253.63
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>	18389.34	33647.30

\*The Dept of Telecommunications (DoT), GOI has allocated Grant of ₹ 8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/ VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹ 85.40 Crore in the current financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with Ind AS 20 the amount has been recognised the same lacs as Income.

**NOTE NO. 24**
**CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES**

<b>Opening Stock</b>	8880.93	7198.38
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	8279.81	30005.92
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	17160.74	37204.30
Less:		
Closing Stock	7970.89	8880.93
Issue to Revenue and Others	282.56	165.21
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	8253.45	9046.14

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Add: Stores Indirect expenses relating to RM & Prod. Stores	(3.61)	213.24
<b>CONSUMPTION</b>	<b>8903.67</b>	<b>28371.40</b>
<b><u>Rawmaterials consumed under broad heads</u></b>		
<b>Particulars</b>		
1. Electronic Goods & Components	9113.06	28450.46
2. MNIC	31.76	139.72
<b>TOTAL</b>	<b>9144.80</b>	<b>28590.18</b>
Value of Imports on CIF basis		
Raw Materials and Production Stores	3183.51	7161.75
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	1214.87	3163.57
<b>TOTAL</b>	<b>4398.38</b>	<b>10325.32</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	₹ in Lakhs	%	₹ in Lakhs	%
Imported	3242.28	35.45	2220.55	7.77
Indigenous	5902.52	64.55	26369.63	92.23
<b>TOTAL</b>	<b>9144.80</b>	<b>100.00</b>	<b>28590.18</b>	<b>100.00</b>

### NOTE NO. 25

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>PURCHASE OF STOCK-IN-TRADE</b>	<b>41867.91</b>	<b>32164.00</b>
<b>Goods purchased under broad heads</b>		
<b>Particulars</b>		
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	848.60	1551.28
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	61.45	102.51
8. ASCON	0.00	425.40
9. GSM	0.00	0.00
10. IT	6660.68	9527.66
11. APDRP	0.00	0.00
12. NGN	0.00	0.00
13. Smart Energy Meters	0.00	1932.00
14. Solar Panel	0.00	0.00
15. MAHANET	0.00	0.00
16. WIFI-HOTSPOT	20.10	0.00
17. GUJNET	27536.41	422.82
18. BNG	0.00	5599.46
19. DDOS	0.00	0.00
20. Min PC Mfg / Tab PC	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
21. CCMS	0.00	0.00
22. MOBILE SHOWROOM	223.04	319.85
23. MLLN	0.00	980.46
24. SEM(NET)	0.00	137.59
25. MINI PC	0.00	241.90
26. OFC	0.00	603.82
27. ONT/OLT	122.65	1157.85
28. STATE GOVT.	4232.89	5994.32
29. Others	2162.09	3167.08
<b>TOTAL</b>	<b>41867.91</b>	<b>32164.00</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	7851.61	3718.23
Less: Opening Balance	3718.24	3070.03
<b>TOTAL</b>	<b>4133.37</b>	<b>648.20</b>
Add: Write Off during the Year	0.00	31.34
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>4133.37</b>	<b>679.54</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	1137.55	970.79
Less: Opening Balance	970.79	887.74
<b>TOTAL</b>	<b>166.76</b>	<b>83.05</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>166.76</b>	<b>83.05</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 Consolidated Financial Statements (Contd...)

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>Accretion/(Decretion) to Stock-in-Trade</b>		
<b>Stock-in-Trade :</b>		
Closing Balance	1830.98	2172.71
Less: Opening Balance	2172.71	1806.52
<b>Total</b>	<b>(341.73)</b>	<b>366.19</b>
Add: Write Off during the Year	70.67	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>(271.06)</b>	<b>366.19</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>4029.07</b>	<b>1128.78</b>
<b>NOTE NO. 27</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
i) SALARIES & WAGES		
Salaries & Wages	16798.71	14961.16
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>16798.71</b>	<b>14961.16</b>
Bonus	1.87	4.78
Wage revision arrear payments	0.00	0.27
Incentive	48.55	145.30
<b>TOTAL</b>	<b>16849.13</b>	<b>15111.51</b>
ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:		
Provident Fund & Pension Fund	2074.80	1748.41
Employees State Insurance	7.99	7.28
Gratuity Trust Fund	1077.44	1138.91
Leave Salary- PL	1162.24	(454.84)
Sick Leave	(5.91)	(25.72)
Deposit Linked Insurance/Group Insurance	9.12	17.28
<b>TOTAL</b>	<b>4325.68</b>	<b>2431.31</b>
iii) WORKMEN AND STAFF WELFARE EXPENSES		
Welfare Expenses - Canteen	343.37	267.46
Welfare Expenses - Education	38.81	36.00
Medical Expenses	576.59	435.98
LTC/LLTC	(24.91)	138.34
Uniforms	0.36	0.24
Others	156.45	169.73
<b>TOTAL</b>	<b>1090.66</b>	<b>1047.74</b>
iv) VOLUNTARY RETIREMENT SCHEME		
VRS Payments	443.49	0.00
v) Actuarial Gain/(Loss)	391.77	1831.69
<b>GRAND TOTAL</b>	<b>23100.74</b>	<b>20422.25</b>

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

₹ in Lakhs

**RELATED PARTY TRANSACTIONS**
**KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES**

<u>Name</u>	<u>2019-20</u>	<u>2018-19</u>
Shri R M Agarwal - CMD	32.96	28.77
Shri Shashi Prakash Gupta - Director (HR)	30.15	12.72
Shri Rajeev Srivastava - CFO (w.e.f. 06.01.2020)	5.60	0.00
Shri Venkateswarlu - Director (Production)	6.59	0.00
Smt Shanmuga Priya - Company Secretary	10.73	9.50
Shri Alagesan K - Ex. CMD	43.75	16.35
Shri Gopu - Ex. CMD & Director (HR)	--	38.51
Smt Malathy Ex. CFO (upto 05.01.2020)	15.92	13.22

## 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	
		31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Present value of obligation	21,655	20,525	9,056	8,619	59	65
b)	Fair value of plan assets	10,899	10,847	--	--	--	--
c)	Net assets / (liability) recognized in balance sheet as provision	-10,756	-9,679	-9,056	-8,619	-59	-65

**II Actuarial & Demographic Assumptions**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Discounting Rate	6.31	7.31	6.31	7.32	6.31	7.32
b)	Future salary Increase	2.00	5.10	2.00	5.10	2.00	5.10
c)	Attrition at Ages	0.50	4.84	0.81	4.84	0.50	4.84

**III Plan Liability**

S.N	Date Ending	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Present value of obligation as at the end of the period	21,655	20,525	9,056	8,619	56	65

**IV Service Cost**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Current Service Cost	673	677	316	297	2	2
b)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	673	677	316	297	2	2

**V Net Interest Cost**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Interest Cost on Defined Benefit Obligation	1,502	1,500	631	723	5	7
b)	Interest Income on Plan Assets	774	876	--	--	--	--
c)	Net Interest Cost (Income)	728	624	631	723	5	7



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

₹ in Lakhs

### VI Change in Benefit Obligation

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Present value of obligation as at the beginning of the period	20,525	20,521	8,619	9,890	65	90
b)	Acquisition adjustment	--	--	--	0	0	0
c)	Interest Cost	1,502	1,500	631	723	5	7
d)	Service Cost	673	677	316	297	2	2
e)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	--	--
f)	Benefits Paid	-344	-1,709	-721	-925	--	--
g)	Total Actuarial (Gain)/Loss on Obligation	-702	-464	211	-1,366	-13	-35
h)	Present value of obligation as at the End of the period	21,655	20,525	9,056	8,619	59	65

### VII Bifurcation of Actuarial Gain/Loss on Obligation

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-215	-858	-84	-378	-1	-3
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-1,265	-4	-640	-271	-4	-2
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	778	398	935	-716	-8	-30

### VIII Actuarial Gain/Loss on Plan Asset

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Expected Interest Income	774	876	--	--	--	--
b)	Actual Income on Plan Asset	663	843	--	--	--	--
c)	Actuarial gain/(loss) for the year on Asset	-112	-32	--	--	--	--

### IX Balance Sheet and related analysis

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Present Value of the obligation at end	21,655	20,525	9,056	8,619	59	65
b)	Fair value of plan assets	10,899	10,847	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-10,756	-9,679	-9,056	-8,619	-59	-65

### X The amounts recognized in the income statement.

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Total Service Cost	673	677	316	297	2	2
b)	Net Interest Cost	728	624	631	723	5	7
c)	Net actuarial (gain) / loss recognized in the period	0	0	211	-1,366	-13	-35
d)	Expense recognized in the Income Statement	1,401	1,301	1,158	-346	-6	-26

### XI Other Comprehensive Income (OCI)

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	702	464	--	--
c)	Actuarial gain/(loss) for the year on Asset	-112	-32	--	--
d)	Unrecognized actuarial gain/(loss) for the year	590	431	--	--

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

₹ in Lakhs

**XII Change in plan assets**

S.N	Particulars	Gratuity		Privilege Leave		Sick Leave	
		31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Fair value of plan assets at the beginning of the period	10,847	11,981	--	--	--	--
b)	Difference in Opening	-266	-269	--	--	--	--
c)	Actual return on plan assets	663	843	--	--	--	--
d)	Employer contribution	--	--	--	--	--	--
e)	Benefits paid	-344	-1,709	--	--	--	--
f)	Fair value of plan assets at the end of the period	10,899	10,847	--	--	--	--

**XIII Major categories of plan assets (as percentage of total plan assets)**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
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	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Net defined benefit liability at the start of the period	9,679	8,540	8,619	9,890	65	90
b)	Acquisition adjustment	--	--	--	--	--	2
c)	Total Service Cost	673	677	316	297	2	3
d)	Net Interest cost (Income)	728	624	631	723	5	7
e)	Re-measurements	-590	-431	211	-1,366	-13	-35
	Difference in Opening	266	269	--	--	--	--
f)	Contribution paid to the Fund	--	--	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-721	-925	--	--
h)	Net defined benefit liability at the end of the period	10,756	9,679	9,056	8,619	59	65

**XV Bifurcation of PBO at the end of year in current and non current.**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Current liability (Amount due within one year)	4,010	1,306	1,677	633	4	2
b)	Non-Current liability (Amount due over one year)	17,645	19,219	7,379	7,986	55	63
	Total PBO at the end of year	21,655	20,525	9,056	8,619	59	65

**XVI Expected contribution for the next Annual reporting period**

S.N	Particulars	31-3-2020	31-3-2019	31-3-2020	31-3-2019	31-3-2020	31-3-2019
a)	Service Cost	637	734	284	314	6	7
b)	Net Interest Cost	679	708	571	631	4	5
c)	Expected Expense for the next annual reporting period	1,316	1,442	855	945	10	12

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

₹ in Lakhs

### XVII Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		31-3-2020	31-3-2020	31-3-2020
S.N	Present Value of Obligation at the end of the period	21,655	9,056	59
a)	Impact due to increase of 0.50%	-327	-146	-1
b)	Impact due to decrease of 0.50 %	338	151	1

b) Impact of the change in salary increase		31-3-2020	31-3-2020	31-3-2020
S.N	Present Value of Obligation at the end of the period	21,655	9,056	59
a)	Impact due to increase of 0.50%	340	157	1
b)	Impact due to decrease of 0.50 %	-335	-153	-1

### XVIII Maturity Profile of Defined Benefit Obligation

S.N	Year	Amount	Amount	Amount
a)	0 to 1 Year			4
b)	1 to 2 Year			5
c)	2 to 3 Year			9
d)	3 to 4 Year			8
e)	4 to 5 Year			8
f)	5 to 6 Year			8
g)	6 Year onwards			16

### XIX Summary of results

#### Leave Travel Concession

S.N	Assets / Liability	31-3-2020	31-3-2019
a)	Present value of obligation	267	295
b)	Fair value of plan assets	-	-
c)	Net assets / (liability) recognized in balance sheet as provision	-267	-295

### XX Actuarial & Demographic Assumptions

S.N	Particulars	31-3-2020	31-3-2019
a)	Discounting Rate	6.31	7.32
b)	Future salary Increase	2.00	5.1
c)	Attrition at Ages	0.50	4.84

### XXI Actuarial Value

Present value of obligation as at the end of period	267	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	31-3-2020	31-3-2019
a)	Current liability (Amount due within one year)	47	29
b)	Non-Current liability (Amount due over one year)	221	266
c)	<b>Total PBO at the end of year</b>	<b>267</b>	<b>295</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b>NOTE NO. 28</b>		
<b>FINANCE COSTS</b>		
i) Interest Expense:		
Cash Credit	10655.11	10670.80
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	1984.02	-835.02
ii) Bank charges	1356.02	743.55
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	70.74	67.79
<b>TOTAL</b>	<b>14065.89</b>	<b>10647.11</b>
Interest expenses others includes Interest on Delayed Payment of PF to Trust.		
<b>NOTE NO. 29</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Fixed Assets	4189.16	3703.09
Tools and Gauges	0.04	6.07
<b>TOTAL</b>	<b>4189.20</b>	<b>3709.16</b>
Less: Transfer from Revaluation Reserve	0.00	0.00
<b>NET DEPRECIATION</b>	<b>4189.20</b>	<b>3709.16</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	241.14	218.77
Power and Light	1447.55	1370.67
Water Charges	220.57	161.41
Excise Duty	0.00	0.00
<b>REPAIRS AND MAINTENANCE:</b>		
i) Plant Machinery and Equipment	221.83	131.84
ii) Vehicles	40.74	60.03
iii) Buildings	678.66	648.95
iv) Other Equipments	80.08	65.95
Cost and Expenses on Tools	-	0.10
Experimental Work and Training Expenses	35.50	52.89
Expenses on Minor Equipment & Work	2.53	7.93
Royalty	-	0.00
Scrap and Salvages	0.11	0.00
Factory Expenses	456.22	43.94

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
<b><u>TOT CHARGES:</u></b>		
i) Technical Assistance	0.00	4.65
ii) Technical Knowhow fee	0.00	0.00
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00
v) Others	(31.70)	0.00
Liquidated Damages	1554.98	938.04
Demurage Charges	10.85	1.25
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	0.00
<b><u>TOTAL MANUFACTURING EXPENSES</u></b>	<b>4959.04</b>	<b>3706.40</b>
<b><u>ADMINISTRATION EXPENSES:</u></b>		
Rent	246.97	175.70
Rates and Taxes	120.46	72.09
Insurance	45.40	22.89
<b><u>TRAVELLING EXPENSES</u></b>		
Inland	385.75	421.49
Foreign	0.10	7.29
Legal fees	214.30	117.88
Postage, Telegram, Telex Expenses	29.11	31.46
Telephone and Trunk Call Charges	72.13	71.70
Remuneration to Auditors		
Audit Fees	23.35	17.64
For Taxation Matters	0.76	0.81
For Company Law Matters	0.00	0.00
For Management Services	2.80	2.80
For Reimbursement of Expenses	0.27	0.58
For Other Services	1.49	5.60
CISF/ Private Security Expenses	1009.12	942.50
Printing, Stationary and Duplicating Charges	70.93	88.14
Transport Expenses	480.44	393.25
News Papers, Magazines & Periodicals	21.42	21.01
Mechanised Accounting Expenses	0.16	2.97
Lease Charges	0.00	0.00
Licence fee/Segment Charges	2.86	1.70
CSR Expenditure	64.00	0.00
Office Expenses	607.79	528.36
Provision for Obsolescence of RM Stores	305.74	0.00
Obsolete RM & Production Stores Write off	40.44	0.00
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	559.78	0.00
Bad Debts Write off	242.60	11669.82
Claims and Expenses Charge off	0.00	38.27
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

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

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>4548.16</b>	<b>14633.95</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	6.16	7.78
Advertisement Expenses	24.69	20.72
Exhibition and Publicity Expenses	5.20	29.72
Packing Expenses	1.74	15.20
Forwarding Expenses	154.04	154.65
Discount Allowed	0.00	0.00
Warranty Expenses	1.02	8.24
Sales Promotion Expenses	38.29	72.38
Entertainment Expenses	0.87	0.36
Cost of Tender Forms	1.60	2.50
<b>TOTAL SELLING EXPENSES</b>	<b>233.61</b>	<b>311.57</b>
<b>TOTAL OTHER EXPENSES</b>	<b>9740.81</b>	<b>18651.92</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
Know how	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 ₹ 15443.40 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹ 1056.60 lacs 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).

	2019-20	2018-19
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party		

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

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
- 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 R M Agarwal-CMD	32.96	28.77
Shri Shashi Prakash Gupta-Director (HR)	30.15	12.72
Shri Rajeev Srivastava-CFO (w.e.f. 06.01.2020)	5.60	0.00
Shri Venkateswarlu -Director (Production)	6.59	0.00
Smt Shanmuga Priya-Company Secretary	10.73	9.50
Shri Alagesan K -Ex. CMD	43.75	16.35
Shri Gopu-Ex. CMD	0.00	38.51
Smt Malathy Ex. CFO (upto 05.01.2020)	15.92	13.22
<b>7 Earnings Per Share (for continuing operation):</b>		
Profit after tax	15085.83	9253.77
(-) Preference Dividend	982.40	2275.00
Dividend tax	0.00	463.14
Profit available to equity shareholders	14103.44	6515.63
No. of Shares at beginning of the year	897000000	760000000
No. of Shares at the end of the year	925119508	897000000
Weighted average number of shares during the period	897616318	879875000
Earning per equity share (for continuing operation): Basic & Diluted( in ₹ )	1.57	0.74
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		
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	<b>31-03-2020</b>	<b>31-03-2019</b>
- Outstanding letters of credit & guarantees	69168.64	109276.47
- Sales Tax demand /Service Tax/Income Tax	14618.63	15002.89
- Non receipt of C/D forms	22150.80	28118.39
- Excise Duty Demand/CENVAT Disallowance	2225.78	2334.06
- ESI demand	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04
- Claims against the Company not acknowledged as debts	6395.02	5027.31
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.		



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

₹ in Lakhs

Particulars	2019-20	2018-19
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(iii) Disputed statutory liabilities of ₹ 17671.96 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 ₹ 44 Crores comprises Palakkad unit ₹ 8 crores, Naini unit ₹ 4 crores, NS unit ₹ 2 crores, Mankapur unit ₹ 20 crores, Bangalore plant unit ₹ 1 crores and ROs ₹ 9 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	2019-20	%	2018-19	%
Imported	3242.28	35.45	2220.55	7.77
Indigenous	5902.52	64.55	26369.62	92.23
Total	9144.80	100.00	28590.17	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 during 2018-19 which was lying in share application money for pending allotment.

During the FY 2019-20 the company has received capital grant of Rs.10500 lakhs. For the total Capex amount of Rs 160 Crores (Rs 50 Crores + Rs 5 Crores + Rs 35 Crores+ Rs 70 Crores) received by ITI, the company allotted 2,81,19,508 equity shares @ Rs. 56.90 per share (Each Rs.10 fully paid up at premium of Rs 46.90 per share) to The President of India. The allotment was made in accordance with the Ministry of Communications vide order no. 20-36/2012-FAC.II(Pt) dated 06.09.2019 & dated 14.01.2020 at prevailing market price or average share price for three months prior to the date of allotment whichever is lower.

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 and during FY 2019-20 the company has paid VRS expenditure of Rs.439.33 lakhs, 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 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.

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	3183.51	7894.78
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	1214.87	3163.57
<b>TOTAL</b>	<b>4398.38</b>	<b>11058.35</b>

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

₹ in Lakhs

Particulars		2019-20	2018-19	
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 ₹ 9079.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17, 2017-18,2018-19 & 2019-20 on accrual basis is deferred, which is in conformity with Ind AS-18.			
23	Write off of Trade receivables of earlier years amounting to ₹ 2.43 crore pertains to Naini Unit.			
24	Performance Indicators - Ratios			
	- Sales to Total Assets	Times	0.31	0.27
	Sales incl. Taxes/ Total Assets (Net Fixed Assets + Investments + Gross Current Assets)			
	- Operating Profit to Capital employed	[%]	12.50%	9.51%
	Profit before tax / (Share holders' funds + Loan funds)			
	- Profit to Sales	[%]	6.28%	6.84%
	(Profit before tax to sales incl. GST)			
25	Disclosure related to the impact of Global health pandemic COVID-19 on Financial Statements. The company has estimated from internal sources that there is a decrease of around 10%-15% in turnover due to COVID-19. Further, due to the nationwide lockdown from 23rd March 2020 the operations of the company were resumed in limited manner from the second week of May 2020 onwards. Further, as the major customers are Government departments therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course. However temporary delay in payment realisations was observed during the first quarter of FY 2020-21 which is likely to continue during second quarter as well. The future impact of Global health pandemic is uncertain and may be different from that estimated as at the date of approval of these Financial Statements. The Company will closely monitor any material changes in future economic conditions.			
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

**V.V. Krishnamurthy**  
Partner.  
M. No. 027044

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Chief Financial Officer

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 26.06.2020

**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, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	
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 Key Management Personnel's	2019-20	2018-19
Shri Gopu-Designate CMD & Director (HR) - alary & perquisites	-	38.51
Shri Alagesan K - CMD & Director (Production)	43.75	16.35
Shri R M Agarwal - Govt Nominee Director (Marketing)	32.96	28.77
Shri Shashi Prakash Gupta - Director HR	30.15	12.72
Shri Venkateswarlu -Director (Production)	6.59	-
Shri Saday Krishna Kanoria - Independent Director	0.75	0.58
Smt Asha Kumari Jaswal - Independent Director	1.35	0.58
Shri Rajen Vidyarthi - Independent Director	0.90	0.48
Shri Suresh Chandra Panda - Independent Director	0.25	0.31
Shri Mayank Gupta - Independent Director	0.85	0.23
Dr. Akhilesh Dube-Independent Director	0.70	0.28
Dr. K R Shanmugam - Independent Director	1.00	0.25
Shri. Rajeev Srivastava - CFO-Salary and Perquisites (w.e.f. 06.01.2020) *	5.60	-
Shri. Malathy CFO - Salary and Perquisites (upto 05.01.2020)*	15.92	13.22
Smt Shanmuga Priya - Co Secretary	10.73	9.50

\*\* 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	
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	Nil
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2020	
Trade Payables Outstanding as on 31.03.2020	
Trade Receivables Outstanding as on 31.03.2020	
Investment in Equity as on 31.03.2020	40.55 lakhs
Advances for Purchase Outstanding as on 31.03.2020	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.

f. Loans to Related Parties.

Nil

g. Management Contracts including deputation of Employees:-

Nil

h. 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 98.36% of the Company's Turnover, around 97.06% of Trade Receivables and around 100% of Customer's Advance is with respect to government and government related entities.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ITI LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Basis of Qualified Opinion

##### Qualifications not quantifiable

- i) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation (BMTC) to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres, has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 31.16);

- ii) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No.31.18.)

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

##### Qualifications quantifiable

- i) Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT up-to the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No. 31.22);

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

##### Emphasis of matter

- i. We draw the attention to the following to Note 31.25 to the financial statements in which the company describes the impact arising from the Covid 19 pandemic.
- ii. We draw the attention to the following matters in the Notes to the financial statements:
  - iii. Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments - Refer Note No 1
  - iv. 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
1.	<p>The company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, the appropriateness of the basis used to measure the revenue recognized over a period. The Company adopted Ind AS 115 and applied the available exemption provided therein, not to restate the comparative periods</p> <p>Refer Notes 22 to the Consolidated Financial Statements</p>	<p><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. Verified the approval by the Managing Committee vide Minutes dated 24.06.2020 placed and discussed at the Audit Committee and meeting held on 25.6.2020</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>
2.	<p>Recoverability and assessment of Trade Receivables, advances, balances with government departments. The Company has Trade receivable (Note Nos. 4a &amp; 7.) of Rs. 312049.78 lakhs and Loan &amp; Advances balances (Note Nos 5 &amp; 9.) of Rs. 57305.18 lakhs and Deposit with Government departments, taxes and duties of Rs 6808.26 lakhs. (Note No 10). Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of products, advance to Vendors and Duties and taxes etc. These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realizable value. 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>
3.	<p>Disputes and potential litigations: Refer to Note 31.11 in the consolidated financial statements: -</p> <p>The Company is involved in legal proceedings on disputed tax demands. The company/s management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

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

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

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

the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income,

consolidated cash flows and consolidated changes in equity of the Company is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid. The respective Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

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

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

**Other Matters**

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

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

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

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

**Other Matters**

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 485722.71 Lakhs as at March 31, 2020, total revenues of Rs.33921.41 Lakhs and Profit/ (Loss) after tax of (Rs 15621.74 Lakhs) for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors.
- b) The Company is having 8 Regional Offices located at Bangalore, Chennai, Hyderabad, New Delhi, Lucknow, Kolkata, Mumbai and Bhubaneswar. We have audited the financial statements of all 8 Regional Offices whose financial statements reflect total assets of Rs 67288.08 Lakhs as at March 31, 2020, total revenues of Rs 18672.55 Lakhs and Profit after tax of Rs 308.55. Lakhs for the year ended on that date, the audit of Regional Offices has been carried out remotely/electronically as permitted by the Principal Director of P&T Audit, Delhi vide letter dated 11th May 2020, in view of the current nationwide lockdown situation.

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

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

**Report on Other Legal and Regulatory Requirements**

- 1. As required by Section 143(3) of the Act, we report to the extent applicable based on our audit that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated
  - d) Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - e) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements. (Refer Note No 31.11 of Consolidated financial statements)
    - ii. The Company did not have any derivative contracts but have provided, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
    - iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company – Reference Annexure B attached

**For SANKARAN & KRISHNAN**  
Chartered Accountants  
Firm Registration No. 003582S

**V.V. KRISHNAMURTHY**  
Partner  
Membership No.:027044  
UDIN 20027044AAAABL9988

Place: Bengaluru  
Date : June 26, 2020

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## For SANKARAN & KRISHNAN

Chartered Accountants  
Firm Registration No. 003582S

## V.V. KRISHNAMURTHY

Partner  
Membership No.: 027044

Place: Bengaluru

Date : June 26, 2020



## Annexure -B

**Directions under Section 143(5) of the New Companies Act, 2013 issued by the Comptroller and Auditor General of India to the Statutory Auditors of ITI Limited, for conducting audit of accounts for the year 2019-2020.**

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

### For Sankaran & Krishnan

Chartered Accountants

Firm Registration No: 003582S

### V.V. KRISHNAMURTHY

Partner

Membership No: 027044

Place: Bengaluru

Date: June 26, 2020

## Compliance Certificate

We M/s Sankaran & Krishnan, Chartered Accountants, Bangalore, Statutory Auditor of ITI Limited have conducted the audit of Consolidated accounts of ITI Limited, Bangalore for the year ended 31<sup>st</sup> March 2020 in accordance with the directions issued by the C & AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

### For Sankaran & Krishnan

Chartered Accountants

FRN 003582S

### V.V. Krishnamurthy

M.No 027044

Place : Bangalore

Date : 26<sup>th</sup> June 2020

**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 31st MARCH 2020**

The preparation of Financial Statements of ITI Limited for the year ended 31<sup>st</sup> March 2020 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 Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26.06.2020.

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 2020 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.

Based on my supplementary audit, 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. Statement of Profit and Loss****Expenses****Other Expenses (Note -30) - ₹9740.82 lakh.**

The company has charged ₹1363.39 lakh being the expenditure incurred towards withdrawn Further Public Offer to Security Premium Account instead of Statement of Profit and Loss Account in contravention of Section 52 of the Companies Act 2013.

This has resulted in understatement of the above head along with overstatement of profit by the same amount.

**2. Balance Sheet****Liabilities- Non-current Liabilities-****Others (Note no.15) ₹13392.97 lakh**

The above head is understated by ₹1,356.20 lakh due to non-inclusion of interest on loan for the period from 17.04.2014 to 31.03.2019 payable to Government of India on loan received for the purpose of salary payment for the period from Feb 2014 to April 2014. This has also resulted in overstatement of profit by same amount. This issue was raised during the accounts audit of 2018-19 also. However, no corrective action has been taken by the company.

**3. Comment on disclosure**

A contingent liability of ₹691.71 lakh payable towards the disputed claim from Income Tax Department has not been disclosed in the notes to the annual accounts for 2019-20. Hence, the accounts are deficient to that extent.

**For and on behalf of  
The Comptroller & Auditor General of India**

**Place:** Delhi**Date:** 19-10-2020

**(Manish Kumar)  
Principal Director of Audit  
(Finance & Communication)**

## 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 2020

The preparation of Consolidated Financial Statements of ITI Ltd. for the year ended 31 March 2020 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 Auditor 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 Audit Report 26.06.2020.

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 2020 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of ITI Ltd., but did not conduct supplementary audit of the financial statements of India Satcom Limited (jointly controlled entities) for the year ended 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 the 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 consolidated financial statements and the related audit report:

### 1. Statement of Profit and Loss

#### Expenses

**Other Expenses (Note -30) ₹9740.82 lakh.**

The company has charged ₹1363.39 lakh being the expenditure incurred towards withdrawn Further Public Offer to Security Premium Account instead of Statement of Profit and Loss Account in contravention of Section 52 of the Companies Act 2013.

This has resulted in understatement of the above head along with overstatement of profit by the same amount.

### 2. Balance Sheet

#### Liabilities- Non-current Liabilities-

**Others (Note no.15) ₹13392.97 lakh**

The above head is understated by ₹1,356.20 lakh due to non-inclusion of interest on loan for the period from 17.04.2014 to 31.03.2019 payable to Government of India on loan received for the purpose of salary payment for the period from Feb 2014 to April 2014. This has also resulted in overstatement of profit by same amount. This issue was raised during the accounts audit of 2018-19 also. However, no corrective action has been taken by the company.

### 3. Comment on disclosure

A contingent liability of ₹691.71 lakh payable towards the disputed claim from Income Tax Department has not been disclosed in the notes to the annual accounts for 2019-20. Hence, the accounts are deficient to that extent.

**For and on behalf of  
The Comptroller and Auditor General of India**

Place: Delhi

Date: 21-10-2020

**(Manish Kumar)  
Principal Director of Audit  
(Finance & Communication)**

**ADDENDUM TO THE DIRECTOR'S REPORT (STANDALONE )**

Comments of C & AG	Company's Reply
<p><b>1. Statement of profit &amp; Loss</b></p> <p><b>Expenses</b></p> <p><b>Other Expenses (Note -30) –</b></p> <p>The company has charged Rs. 1363.39 lakhs being the expenditure incurred towards withdrawn Further Public Offer to security Premium Account instead of statement of Profit and Loss Account in contravention of Section 52 of the Companies Act, 2013.</p> <p>This has resulted in understatement of the above head along with overstatement of Profit by the same amount.</p>	<p>We wish to state that the treatment in the books of accounts meted out by the company by setting off Rs 1363.39 lakhs being the issue expenses of withdrawn FPO against the share premium account is very much in compliance with the provision of Section 52 of the Companies Act 2013.</p> <p>Attention is drawn to the Section 52(2)( c) which states “ in writing off the expenses of, or the commission paid, or discount allowed on, <u>any issue of shares</u> or debentures of the company.</p> <p>This sub section stipulates that the share premium account maintained by the company can be utilised for writing off any expenses relating to any issue of shares of the Company. On examination of this sub clause it is clear that there is no qualification or exception made. A Harmonious construction of the clause can clearly show that when any expenses are spent on <u>any issue of shares the same can be adjusted against the share premium account</u>. There are two facets of this:</p> <ol style="list-style-type: none"> <li>Expenses for any issue</li> <li>The expenses relates to an issue and not to an allotment</li> </ol> <p>Nowhere it mentions that the expenses connected to an allotment of shares will be permitted whereas it mentions that expenses of any issue of shares</p> <p>We therefore confirm that :</p> <ol style="list-style-type: none"> <li>The FPO which could not get the minimum subscription is still an issue as stated in Section 52(2)( C ).</li> <li>Section 52(2)( C ) does not stipulate that the issue must culminate in an allotment since in plain and simple language states that the share premium can be utilised for writing off the expenses of any issue of shares or debentures of the company.</li> </ol> <p>Accordingly, the treatment in the books of accounts meted out by the company setting off the issue expenses of withdrawn FPO against the share premium account is in compliance with the provision of Section 52 of the Companies Act 2013.</p> <p>The company has also obtained a Legal Opinion from a Corporate Lawyer and expert in Corporate Law Matters in support of their stand on the subject matter. Hence, we respectfully disagree with the comments made by the Office of CAG in this regard.</p>
<p><b>2. Balance Sheet</b></p> <p><b>Liabilities-Non-Current Liabilities</b></p> <p><b>Other Note (Note no 15) Rs. 13392.97 Lakh</b></p> <p>The above head is understated by Rs. 1356.20 Lakh due to non-inclusion of interest on loan for the period from 17/04/2014 to 31.03.2019 payable to Government of India on loan received for the purpose of salary payment for the period from Feb 2014 to April 2014. This has also resulted in overstatement of profit by same amount. This issue was raised during the accounts audit of 2018-19 also. However, no corrective action has been taken by the company.</p>	<p>In response to the comment of CAG on the financial statements of ITI Ltd for the year ended 31<sup>st</sup> March 2019 for the non-inclusion of the interest of Rs 1356.20 lacs with respect to the soft loan received from Govt of India of Rs 300 Crore as a part of revival plan in the year 2014 , the company had given a reply in the addendum toe Directors' Report stating that repayment of the loan with interest would be applicable from FY 2019-20</p> <p>Accordingly, the company has made provision of Rs 300 lacs as interest in the profit and loss account for the FY 2019-20. Recently the DoT has also issued a letter dated 17/08/2020 wherein they have stated that the repayments of principal instalments shall start from FY 2020-21 onwards</p> <p>Kind attention is drawn that the soft loan of Rs 300 Crore was sanctioned out of the DoT contingency fund as a part of Revival Plan in 2014 towards payment of salaries to the employees. <b>As per Para 13 (xv) of General Terms and Conditions) of the Revival Plan stipulates that the Loans inducted/ to be inducted by the promoters shall not be subordinated and interest free and shall not be withdrawn during the rehabilitation period.</b> The company was making operating losses till 2016-17 and reported profits from 2017-18 onwards and the Rehabilitation Scheme is still in force.</p> <p>On the basis of the above said BIFR Revival Plan 2014, the company shall represent to the DoT and seek appropriate interest relief . Hence in our opinion that there is no overstatement of profits for the FY 2019-20 and accounting treatment is in order</p>

**3. Comment of disclosure**

A contingent liability of Rs. 691.71 lakhs payable towards the disputed claim from income tax Department has not been disclosed in the notes to the annual account for 2019-20. Hence the accounts are deficient to that extent.

As per the Intimation Order under Section 143(2) of the IT Act 1961 dated 12.11.2019 for Asst Year 2018-19, the Tax liability of Rs 691.71 lacs has arisen due to certain disallowances aggregating to Rs.19.99 crores for which the company has filed rectification memo under Section 154 of IT Act. In addition to the grounds for wrongful disallowances, the company has also brought to the attention of the Assessing Officer that while passing order under Section 143(2) the officer has not set off the Carried Forward Loss against the taxable income The case is pending for hearing.

At the same time, in the previous Assessment Year 2017-18, the Department had disallowed an amount of Rs. 56.60 Crores in the Income Computation and assessment order and determined tax liability of Rs. 23.74 Cr. Later we filed rectification application against the assessment orders stating that the department has not given effect to the Carried Forward Losses while passing the order. After the consideration of our rectification application the department had rectified the order and recomputed the taxable income and reversed that tax liability and granted relief to the company

In the above circumstances, the issue related to the assessment order for Asst Year 2018-19 is similar to the previous year Asst Year 2017-18, wherein the earlier tax demand raised by the department was subsequently reversed after the company filed rectification application . It is a fact that the company is having huge Carried Forward Losses as per Income Tax Act 1961 that is available for set off against the profits of subsequent years. Hence the tax demand of Rs 691.71 lakhs cannot be constituted an amount due that requires disclosure as contingent liability in the annual accounts of the company and the treatment in the accounts on the subject matter is in order.

**ADDENDUM TO THE DIRECTOR'S REPORT (CONSOLIDATED )**

Comments of C & AG	Company's Reply
<p><b>1. Statement of profit &amp; Loss</b></p> <p><b>Expenses</b></p> <p><b>Other Expenses (Note -30) –</b></p> <p>The company has charged Rs. 1363.39 lakhs being the expenditure incurred towards withdrawn Further Public Offer to security Premium Account instead of statement of Profit and Loss Account in contravention of Section 52 of the Companies Act, 2013.</p> <p>This has resulted in understatement of the above head along with overstatement of Profit by the same amount.</p>	<p>We wish to state that the treatment in the books of accounts meted out by the company by setting off Rs 1363.39 lakhs being the issue expenses of withdrawn FPO against the share premium account is very much in compliance with the provision of Section 52 of the Companies Act 2013.</p> <p>Attention is drawn to the Section 52(2)( c) which states “ in writing off the expenses of, or the commission paid, or discount allowed on, <u>any issue of shares</u> or debentures of the company.</p> <p>This sub section stipulates that the share premium account maintained by the company can be utilised for writing off any expenses relating to any issue of shares of the Company. On examination of this sub clause it is clear that there is no qualification or exception made. A Harmonious construction of the clause can clearly show that when any expenses are spent on <u>any issue of shares the same can be adjusted against the share premium account.</u> There are two facets of this:</p> <ol style="list-style-type: none"> <li>Expenses for any issue</li> <li>The expenses relates to an issue and not to an allotment</li> </ol> <p>Nowhere it mentions that the expenses connected to an allotment of shares will be permitted whereas it mentions that expenses of any issue of shares</p> <p>We therefore confirm that :</p> <ol style="list-style-type: none"> <li>The FPO which could not get the minimum subscription is still an issue as stated in Section 52(2)( C ).</li> <li>Section 52(2)( C ) does not stipulate that the issue must culminate in an allotment since in plain and simple language states that the share premium can be utilised for writing off the expenses of any issue of shares or debentures of the company.</li> </ol> <p>Accordingly, the treatment in the books of accounts meted out by the company setting off the issue expenses of withdrawn FPO against the share premium account is in compliance with the provision of Section 52 of the Companies Act 2013.</p> <p>The company has also obtained a Legal Opinion from a Corporate Lawyer and expert in Corporate Law Matters in support of their stand on the subject matter. Hence, we respectfully disagree with the comments made by the Office of CAG in this regard.</p>
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# ITI PRODUCTS & SERVICES



Smart Energy Meter

OFC Manufacturing

Data Center

Smart Card Manufacturing

Mini PC SMAASH

Skill Development Center

HDPE Manufacturing

Solar Panel Manufacturing

Encryption Products

Surface Mount Technology Assembly

Startup Hub VINYAS

Telecom Testing Center

3D Printing



Total Solutions For Global Communications





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