



# ITI LIMITED

**65th ANNUAL REPORT  
2014-15**



Dear Shareholders,

Welcome to the 65th Annual General Meeting of ITI Ltd. The Notice related to this Meeting, Director's 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.

The Gross Turnover of ITI for the year 2014-15 stood at Rs. 619.79 Cr. inclusive of service taxes. We have been able to achieve this level of turnover mainly on the strength orders executed by our manufacturing plants, Regional Offices (ROs), Network System Units (NSU) and also Defense & GSM projects. Our losses have reduced over the years and have come down from a level of Rs. 885 Cr in 2004-05, without grants, to Rs. 297.12 Cr. in 2014-15. Our MoU rating has been improving and the provisional MoU rating for 2014-15 has been the highest during the last 13 years. This is, indeed, a great achievement of us.

Dear Shareholders, the Government of India has approved our Revival Plan with the financial package of Rs. 4156 Cr. This package consists of Rs. 2264 Cr. towards up-gradation of manufacturing infrastructure and implementation of new projects in all the plants of ITI. Already Rs. 192 Cr. Plan Budgetary support for 2014-15 has been released by DoT and the same is being utilized for Infusion of CAPEX which will help ITI to go into manufacturing in a big way. We have prepared the necessary blue-prints for implementation of projects under the Revival Plan with due approval of DoT and the same will be taken forward with the continued support of the Government of India.

As regards the orders, we have received two Purchase Orders for NFS Project worth Rs. 2111 Cr. and we have started execution of the NFS order by completing trenching, ducting and cable laying. Also a purchase order of Rs. 873 Cr. for AMC of the optical fiber network expected to be converted into PO upon the completion of warranty obligations. With having two major NFS orders for two pockets in place, our Order Book is ushering towards a promising future.

ITI Bangalore plant has successfully executed the purchase order worth Rs.47.66 Cr. for NGN products received from BSNL. Another Purchase Order from BSNL to the tune of Rs. 120 Cr. is received and will be executed during the current year. ITI has completed major work of SECC and NPR Projects and additional orders for Data Digitization, Data Merging and Permanent Data Centers worth Rs. 55 Cr. would be executed by Palakkad unit. AMC contract worth Rs. 93 Cr. has been renewed with BSNL and MTNL for MLLN and SSTP Equipments for next 5 years and 3 years respectively.

On the Defense business front, ITI has executed orders for IP Encryptors, NGN(BU), 5C telephone instruments, Telesets, Magneto & Naval telephone equipment, Primary Mux, Data cards, Service & Def. AMC. We have also participated in the Tender for MIL PCM worth Rs. 43 Cr., AWAN II Tender worth Rs. 290 Cr., E3CR, 5C telephone worth Rs. 15 Cr. and Secrecy equipments like STM1, 2Mb/s worth Rs. 10 Cr. and we hope to emerge as L1 in some of these tenders. I am happy to inform you that, our NSU Unit has recently received an order for approximately of Rs. 520 Cr. for the maintenance of ASCON network of Indian Army for next five years.

Also we have addressed encryption tenders of NFS and we have a mammoth task of showcasing our prototypes in September this year. We are gearing up for participating in the ASCON Phase IV RFP. One more tenders for the supply of encryption equipments for the ASCON Phase IV project has also been released. We are hopeful of emerging as winners in these tenders. With greater thrust towards domestic manufacturing of Defense equipments, ITI proposes to take up manufacturing of new products for Defense like, Software Defined Radio (SDR), High Frequency Radio Handsets, TR modules for RADAR, equipments for Army Wide Area Network (AWAN Phase II) etc. The Ministry of Defense had approved in- principle for the establishment of Strategic Business Units (SBUs) at ITI Bangalore and Rae Bareilly plants to take up manufacturing of DRDO designed products.

In the Diversified business space, we are focusing on Solar Panels, Charge Controllers, PLB HDPE (Permanently Lubricated High Density Poly Ethylene) Pipes, 3-D Printing, Li-Ion Batteries for VSSC, CCTV Surveillance opportunities, E-Tendering services, Data Center & IT projects, Tablet PCs, Smart cards based citizen ID cards etc. Our efforts are also concentrated towards PSUs, like HAL and ALIMCO in getting some of their work/orders, including some projects under their CSR activities.

Major initiatives of the Government of India such as 'Make In India', 'Digital India', 'Smart City' projects are expected to unfurl host of opportunities for us in the coming days. Business opportunities galore even from the policies of Government of India like NTP 2012, NPE 2012 and Preferential Market Access etc. ITI plans to explore all possible ways to tap new revenue earning streams. In this direction, ITI has already floated an Expression of Interest inviting interested parties to join with ITI in manufacturing at ITI. As part of Digital India programme, ITI is also steering towards exploiting business opportunities coming from the implementation of the nine pillars of Digital India programme. ITI is also participating in Smart City projects with the help of technology partners. We also are active in the Skill Development activities and we have successfully completed one programme in collaboration with the Telecom Sector Skill Council (TSSC) and propose to take up more such programmes. We are confident in taking up many more such programmes.

Dear shareholders, with the release of funds from DoT, we have started our Revival journey. And, therefore, it is the utmost responsibility of each and every one of us to see that, we utilize the funds in the most appropriate and beneficial way to achieve the goal of complete revival that will further result into making profits. I am sure, with the support of Government, we shall work unstintingly towards successful implementation of the Revival Package.

I am grateful to the Government of India, Ministry of Home Affairs, Ministry for Rural Development, Ministry of Defense, Department of Telecommunications, Telecom Commission, BSNL, MTNL, Defense, 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.

NB: This does not purport to be a record of the proceedings of the 65th Annual General Meeting.

**K K Gupta**  
Chairman & Managing Director

# ANNUAL REPORT 2014-2015

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## BOARD OF DIRECTORS

**Shri K.L. Dhingra**

Chairman and Managing Director  
(upto 03.06.2015)

**Shri K. K. Gupta**

Director-Production  
(Additional Charge Chairman and Managing  
Director from 04.06.2015)

**Dr Janaki Ananthkrishnan**

Government Director  
(from 13.05.2015 up to 12-7-2015)  
Director Finance  
(from 13.07.2015)

**Shri P. K. Gupta**

Director-Marketing

**Shri S. Gopu**

Director-Human Resources

**Shri N.K. Joshi**

Deputy Director General (SU)  
Department of Telecommunications  
(upto 25.7.2014)

**Shri R.K. Mishra**

Deputy Director General (SU)  
Department of Telecommunications  
(from 25.07.2014 upto 13.05.2015)

**Shri Srikanta Panda**

Deputy Director General (LFI)  
Department of Telecommunications  
(from 29.07.2015)

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

Signal Officer-in-Chief

**Shri Dharendra Singh,**

Independent Director

**Dr. M.J. Zarabi**

Independent Director

**Prof. Ramesh Bhat**

Independent Director

**COMPANY SECRETARY**

**Mrs. S. Shanmuga Priya**

(from 19.01.2015)

**LEGAL ADVISERS**

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

Bangalore & others

**AUDITORS**

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

**M/s. Nagendra Gupta & Co., Naini, Allahabad**

**M/s. Habibullah & Co., Mankapur**

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

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

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

**COST AUDITORS**

**M/s. GNV & Associates, Bangalore**

**M/s. Aman Malviya & Associates, Lucknow**

**BANKERS**

State Bank of India

State Bank of Patiala

State Bank of Bikaner & Jaipur

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

Bank of Baroda

Central Bank of India

Punjab National Bank

Development Credit Bank Limited

IndusInd Bank Limited

Axis Bank Limited

Vijaya Bank

Indian Bank

Canara Bank

**MANAGEMENT:****CORPORATE OFFICE****Shri K. L. Dhingra**

Chairman and Managing Director  
(upto 03.06.2015)

**Shri K.K.Gupta**

Director- Production  
Additional Charge Chairman and  
Managing Director  
(from 04.06.2015 onwards)

**Dr. Janaki Ananthkrishnan**

Director- Finance

**Shri P.K.Gupta**

Director-Marketing

**Shri S.Gopu**

Director – Human Resources

**Shri R. Venkataraman, IRS**

Chief Vigilance Officer  
(upto 08.12.14)

**Shri V.K.Sharma**

Chief Finance Manager-IA

**Mrs S Shanmuga Priya**

Company Secretary

**PLANTS / UNITS / PROJECTS**

Bangalore Plant

**Shri J.Premchand,**

Deputy General Manager

Srinagar (J&K Plant)

**Shri I.A.Khan,**

Manager (S)

Naini Plant

**Shri A. K. Agarwal**

Deputy General Manager

Rae Bareli Plant

**Shri K. Alagesan**

Additional General Manager

Palakkad Plant

**Shri V.K.Agarwal**

Additional General Manager

Mankapur Plant

**Shri A.K. Bajoria**

Deputy General Manager

Network Systems Unit

**Shri S.S.Chakrabarti**

Addl. General Manager

Marketing

**Shri B. Sripathi Bhat**

Additional General Manager (MKTG &PP)

## NOTICE

NOTICE is hereby given that the Sixty Fifth (65th) Annual General Meeting of ITI Limited will be held on Wednesday, 23rd September, 2015 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore -560 042 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31.03.2015 and the Reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri P.K.Gupta (DIN: 06896959), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.Gopu (DIN: 06896926), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

“RESOLVED to authorize the Board of Directors of ITI Limited to fix the remuneration, including reimbursement of traveling allowance and out of pocket expenses of Statutory and Branch Auditors of the Company as appointed by Comptroller and Auditor General of India for the financial year 2015-2016”.

### SPECIAL BUSINESS:

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

“RESOLVED that Dr Janaki Ananthakrishnan (Din: 07247256), be and is hereby appointed as Director (Finance) of the Company with effect from 10.06.2015 on the terms and conditions as stipulated by the Government of India.”

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

“RESOLVED that Shri Srikanta Panda (DIN: 06992506), be and is hereby appointed as Government Nominee Director of the Company with effect from 29.07.2015 on the terms and conditions as stipulated by the Government of India.”

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

“Resolved that pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made there under the remuneration of Rs.3.05 lakhs (plus applicable taxes) fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2015-16 be and is hereby ratified”.

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

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

Place: Bangalore  
Date: 11th August 2015

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

**NOTES:**

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 15th September, 2015 to 23rd September, 2015, both days inclusive for the purpose of the AGM.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.  
  
A person can act as a proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.  
  
THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting, together with their specimen signatures.
4. Members are requested to bring their attendance slips duly mentioning details of their DP ID and Client ID/ Folio No and signed.
5. In case of joint holders attending the Meeting, only such joint holder who is first / earlier in the order of names will be entitled to vote at the Meeting.
6. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
8. Members are requested to advise the Share Transfer Agents, M/s. Integrated Enterprise (India) Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 and their respective Depository Participants immediately of any change in their address.
9. Members may visit the website of the Company [www.itiltld-india.com](http://www.itiltld-india.com) for more information on the Company.
10. Members requiring information on the Accounts are requested to write to the Company at least fifteen days before the date of the Meeting so that the required information could be kept ready.
11. Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for appointment /re-appointment vide Item Nos.2, 3, 5, 6 are attached hereto.
12. The relevant Statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the meeting is annexed hereto and forms part of the notice.
13. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014



and clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are appended to this Notice.

14. The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative in Corporate Governance and allowed companies to send documents to shareholders through electronic mode. Therefore, Members are requested to support this initiative by registering /updating their email addresses by sending a written request duly signed by the shareholder to the Share Transfer Agent at the earliest.

15. Members/their Proxies/Representatives are requested to note:-
- To bring their copies of Annual report to AGM
  - That no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
  - That no gifts will be distributed at the venue of the AGM

Regd. & Corporate Office      By Order of the Board  
ITI Bhavan, Doorvaninagar      For **ITI LIMITED**  
Bangalore-560 016

Place: Bangalore      **(S. SHANMUGA PRIYA)**  
Date: 11th August 2015      COMPANY SECRETARY

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

#### **Item No.5**

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Whole-time Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Accordingly, Dr Janaki Ananthkrishnan (Din : 07247256), was appointed as Government Director vide Ministry of Communications & IT order no F.No.5-2/2013-PSA(Pt-I) dated 13.05.2015, in the place of Shri R K Mishra, DDG (SU), Department of Telecommunications.

Subsequently, Dr Janaki Ananthkrishnan, was appointed as Director (Finance) vide Ministry of Communications & IT order no. F.No.14-3/2013-PSA (Pt.I) dated 10th June 2015.

Dr Janaki Ananthkrishnan does not hold any equity shares of the Company. A brief profile of Dr Janaki Ananthkrishnan is provided in Annexure A of this Notice.

Dr Janaki Ananthkrishnan being the appointee concerned is considered to be interested in the resolutions. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

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

#### **Item No.6**

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Government Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Accordingly, Shri Srikanta Panda (DIN: 06992506), was appointed as Government nominee Director vide Ministry of Communications & IT order no F.No.5-2/2013-PSA(Pt-I) dated 29.07.2015, in the place of Dr Janaki Ananthkrishnan, who has since been appointed as Director (Finance).

Shri Srikanta Panda does not hold any equity shares of the Company. A brief profile of Shri Srikanta Panda is provided in Annexure A of this Notice.

Shri Srikanta Panda being the appointee concerned is considered to be interested in the resolutions. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

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

#### Item No.7

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

Accordingly, necessary resolution seeking ratification for fixation of remuneration to the Cost Auditor appointed for the year 2015-16 is placed before the member for their approval.

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

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

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

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

Place: Bangalore  
Date: 11th August 2015

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

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

#### Details of Directors seeking re-appointment (Item No. 2, 3 of the notice) as required u/c 49 of the Listing Agreement:

Name of the Director	Shri.P.K.Gupta	Shri.S.Gopu
Director Identification Number (DIN)	06896959	06896926
Date of Birth	01.01.1957	01.06.1958
Nationality	Indian	Indian
Date of Appointment on Board	27/03/2014	16/04/2014
Qualification	M.E	B.E Post Graduate diploma in Operations Research
Expertise in functional areas	Before being appointed as Director, he was General Manager, Naini, ITI. He has diversified experience in ITI since 1979, viz., in IMM, Sw. Production, Quality Marketing etc. He has rich experience of projects viz., GSM projects at Bhopal, Nagpur and Pune.	Before being appointed as Director, he was Additional General Manager, Unit head of Bangalore plant in ITI. In 32 years of experience, he had executed several projects for UNIDO (United Nations Industrial Development Organisation) and UNDP and also NPR, SECC, etc..
Shareholding in ITI	Nil	Nil
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	India Satcom Ltd	Nil

Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Member-Stakeholders' relationship Committee	Nil
There are no inter-se relationships between the Board Members.		

**Details of Directors seeking appointment (Item No. 5, 6 of the notice) as required u/c 49 of the Listing Agreement**

Name of the Director	Dr Janaki Ananthkrishnan	Shri Srikanta Panda
Director Identification Number (DIN)	07247256	06992506
Date of Birth	08-08-1959	12-5-1964
Nationality	Indian	Indian
Date of Appointment on Board	13.05.2015	29-7-2015
Qualification	M.B.B.S, P.G Diploma in Public Policy and Management	M.Sc., M.Tech., M.B.A., M.Phil
Expertise in functional areas	Dr Janaki Ananthkrishnan belongs to the 1991 batch of the Indian Posts and Telecom Accounts and Finance Service. She has served as Finance Advisor in the Departments of Telecom and Posts at Tamil Nadu, Karnataka and Delhi. In 2002-2003 she completed the PG Diploma in Public Policy and Management from the IIM Bangalore, as one of the participants in the pioneer batch of the programme. Her areas of interest include public finance and accounting standards.	Finance and Administration
Shareholding in ITI	Nil	NIL
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	Nil	NIL
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	Nil	Nil
There are no inter-se relationship between the Board Members.		

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

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

Place: Bangalore  
Date : 11th August 2015

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

## ANNEXURE B – INSTRUCTIONS FOR E-VOTING

The instructions for e-voting electronically are as under:

In case of members receiving e-mail:

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

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

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number printed on the attendance slip in the PAN field.</li> <li>• Eg. If your name is Ramesh Kumar with sequence number 00000125 then enter RA00000125 in the PAN field.</li> </ul>

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

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

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

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

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 19.09.2015 at 10.00 AM and ends on 22.09.2015 at 5.00 PM. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16.09.2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (D) Shri K.Narayanaswamy, Practising Company Secretary, Bangalore, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (E) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (F) The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website [www.itilt-india.com](http://www.itilt-india.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

## TEN YEAR DIGEST

₹ in Crores

OPERATING RESULTS	2014-15	2013-14	2012-13*	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Sales including services	620	770	921	993	2139	4660	1741	1210	1818	1749
Accretion/(Decretion) to Stock	(2)	(2)	(11)	3	(87)	(30)	21	(4)	(21)	(142)
Value of Production	618	768	910	996	2052	4630	1762	1206	1797	1607
Other Income	86	40	33	34	78	376	176	426	173	139
Direct Materials	185	137	235	315	1662	4210	1476	884	1391	1140
Charges on Installation & Maintenance	214	382	409	422	190	47	75	61	78	75
Employees Cost	321	337	393	402	389	558	401	383	365	382
Depreciation	15	17	18	21	22	24	27	29	38	36
Financing Expenses	157	122	85	85	80	119	292	281	223	225
Other Expenses less Charges on Installation & Maintenance	110	159	163	154	148	479	313	290	239	314
Profit	(298)	(346)	(360)	(369)	(361)	(431)	(646)	(296)	(364)	(426)
Prior Period Adjustments	1	2	48	(1)	3	(28)	(22)	(61)	(40)	(2)
Extraordinary Items	0	0	130	-	-	-	-	-	-	-
Profit Before Tax	(297)	(344)	(182)	(370)	(358)	(459)	(668)	(357)	(404)	(428)
Provision for Tax / Deferred Tax/ FRB	-	-	-	-	-	-	-	1	1	1
Add: Provision for tax of earlier years no longer required	-	-	-	-	-	-	-	-	-	-
Profit after Tax	(297)	(344)	(182)	(370)	(358)	(459)	(668)	(358)	(405)	(429)
Dividend	-	-	-	-	-	-	-	-	-	-

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

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

FINANCIAL POSITION	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Equity	288	288	288	288	288	288	288	288	288	288
Preference Shares	300	300	300	300	300	300	300	300	300	300
Preference Shares - Application	0	0	0	0	0	0	0	0	0	0
Money Received Pending Allotment	192	0	0	0	0	0	0	0	0	0
Reserves & Surplus	2735	2718	2709	2700	2701	2527	73	64	64	64
Revaluation Reserves	2360	2374	2390	2406	2424	2448	2473	2499	2527	2654
Miscellaneous expenditure not written off	0	0	0	0	0	0	0	0	0	8
Profit and Loss Account-(Debit)	5166	4869	4527	4345	3975	3622	3219	2551	2192	1787
Net Worth Funds with Revaluation Reserve	713	819	1172	1413	1807	2016	(4)	686	1078	1638
Net Worth without considering DRE not written off and Revaluation Reserve	(1647)	(1555)	(1218)	(993)	(617)	(432)	(2477)	(1813)	(1449)	(1008)
Grant-in-aid	4	8	12	64	69	75	81	86	91	127
Bonds	0	0	2	2	2	7	456	442	416	409
Other borrowings and deferred credit	921	876	606	483	341	271	1688	1789	1326	1572
Gross Block	3690	3696	3695	3691	3684	3681	3679	3657	3644	3631
Depreciation	1267	1243	1210	1175	1137	1089	1040	987	933	768
Net Block	2423	2453	2485	2516	2547	2592	2639	2670	2711	2863
Capital work-in-progress										
Assets, Loans and Advances (Current & Non-Current):	33	21	1	2	7	1	2	1	2	5
Inventory	93	96	105	113	118	284	403	371	425	412
Debtors	2219	2152	4067	4268	4979	4921	2268	1825	1708	1662
Others	572	366	348	333	409	631	350	354	398	522
<b>Total</b>	<b>2884</b>	<b>2614</b>	<b>4520</b>	<b>4714</b>	<b>5506</b>	<b>5836</b>	<b>3021</b>	<b>2550</b>	<b>2531</b>	<b>2596</b>

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

₹ in Crores

FINANCIAL POSITION	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Liabilities and Provisions (Current & Non-Current)	<b>3406</b>	3393	5227	5335	5911	6136	3523	2305	2425	1846
Working Capital	<b>(1311)</b>	(1501)	(1259)	(621)	(405)	(300)	(502)	245	106	750
Capital Employed (Net Fixed Assets+Working Capital)	<b>1112</b>	952	1226	1895	2142	2292	2137	2915	2817	3613
<b>Sources of Funds:</b>										
Shareholders' Fund	<b>713</b>	819	1172	1413	1807	2016	(4)	686	1078	1638
Borrowings	<b>1223</b>	876	608	485	343	278	2144	2231	1742	1981
Net Non-Current Liabilities	<b>131</b>	155	57	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,067</b>	1850	1837	1898	2150	2294	2140	2917	2820	3619
<b>Application of Funds:</b>										
Net Fixed Assets	<b>2423</b>	2453	2485	2516	2547	2592	2639	2670	2711	2863
Working Capital (Other than Cash Credit)	<b>(390)</b>	(625)	(650)	(621)	(405)	(300)	(502)	245	106	750
Capital Work in progress	<b>33</b>	21	1	2	7	1	2	1	2	5
Investments	<b>1</b>	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>2067</b>	1850	1837	1898	2150	2294	2140	2917	2820	3619
<b>FINANCIAL RATIOS</b>										
<b>Working Capital Ratios:</b>										
Current Ratio	<b>0.66:1</b>	0.62:1	0.75:1	0.88:1	0.93:1	0.95:1	0.86:1	1.11:1	1.04:1	1.41:1
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	2.44	0.71	5.60
Inventory in no. of months of value of Production	<b>1.81</b>	1.50	1.38	1.36	0.69	0.74	2.74	3.69	2.84	3.08
Debtors(Net of Advances) in terms of months sales and services	<b>38.76</b>	30.22	30.18	30.89	18.12	8.50	7.21	12.84	7.80	9.79
Working capital to total Assets (%)	<b>N.A</b>	N.A	N.A	N.A	N.A	N.A	N.A	8.40	3.76	20.72
Cost of Direct Material to value of Production incl. Excise Duty (%)	<b>29.94</b>	17.84	25.82	31.63	80.99	90.93	83.77	73.30	77.41	70.94
Cost of Direct Material & Charges on Insttn to value of Production incl. Excise Duty (%)	<b>64.56</b>	67.58	70.77	74.00	90.25	91.94	88.02	78.36	81.75	75.61
<b>Growth Ratios:</b>										
Annual growth in value of Production (%)	<b>(19.53)</b>	(15.60)	(8.63)	(51.46)	(55.68)	162.77	46.10	(32.89)	11.82	17.99
Annual growth in Gross Block excluding Revaluation Reserve (%)	<b>(0.58)</b>	0.10	0.39	0.68	0.29	0.20	2.19	1.31	1.33	4.83

<b>TEN YEAR DIGEST (Contd...)</b>										
										₹ in Crores
<b>OTHER STATISTICS</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
<b>Turnover composition:</b>										
To BSNL/MTNL	<b>239.12</b>	260	181	206	1963	4298	1507	806	1525	1448
Others	<b>380.68</b>	510	740	787	176	362	234	404	293	301
<b>Total</b>	<b>620</b>	770	921	993	2139	4660	1741	1210	1818	1749
Value added	<b>153</b>	164	166	164	328	335	222	242	328	355
No. of Employees as on 31st March	<b>6177</b>	7311	8516	9512	10616	11737	12556	13045	13415	14257
Value Added per Employee (₹)	<b>226868</b>	207241	184158	162957	293473	275800	173431	182918	237063	245743
Value of Production per Employee (₹)	<b>916370</b>	970493	1009541	989666	1835995	3811798	1376509	911565	1298786	1112419

[Figures in brackets indicate negative figures]



## FIGURES AT A GLANCE

₹ in Crores

Balance Sheet	As at 31st March 2015	As at 31st March 2014
<b>(a) What the Company owned</b>		
Fixed Assets	3690	3696
Less: Depreciation	<u>1267</u>	<u>1243</u>
Net Block	2,423	2,453
Capital Work-in-Progress	33	21
Investments	1	1
Current Assets, Loans & Advances	2503	2403
Less: Current Liabilities	<u>3814</u>	<u>3904</u>
	(1,311)	(1,501)
Add: Non - Current Assets	<u>380</u>	<u>210</u>
	1,526	1,184
<b>(b) Less: What the Company owed</b>		
Non - Current Liabilities	<u>813</u>	<u>365</u>
<b>(c) Shareholders' Funds [a]-[b]</b>		
	<u>713</u>	<u>819</u>
Represented by:		
Share Capital	588	588
Reserves & Surplus	2927	2718
Revaluation Reserve	2360	2374
Grant-in-aid	4	8
Less: Profit and Loss Account (Debit)	<u>5166</u>	<u>4869</u>
	125	231
	<u>713</u>	<u>819</u>

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

₹ in Crores

PROFIT AND LOSS ACCOUNT	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>(a) What the Company earned</b>		
Sales including services(including excise duty and service tax)	620	770
Other Income	86	40
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components	(2)	(2)
	<b>704</b>	<b>808</b>
<b>(b) What the Company incurred</b>		
Materials	399	519
Employees Cost	321	337
Depreciation	15	17
Financing Expenses	157	122
Other Expenses(including excise duty and service tax)	110	159
	<b>1002</b>	<b>1154</b>
<b>(c) Profit (a-b)</b>	<b>(298)</b>	<b>(346)</b>
<b>(d) Prior Period Adjustments</b>	<b>1</b>	<b>2</b>
<b>(e) Profit before extraordinary items and tax</b>	<b>(297)</b>	<b>(344)</b>
<b>(f) Extraordinary items</b>	<b>0</b>	<b>0</b>
<b>(g) Profit before tax</b>	<b>(297)</b>	<b>(344)</b>
<b>(h) Less: Provision for Taxation</b>	<b>0</b>	<b>0</b>
<b>(i) Profit after tax</b>	<b>(297)</b>	<b>(344)</b>

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

₹ in Crores

<b>SOURCES AND APPLICATION OF FUNDS</b>	<b>For the year ended 31st March 2015</b>	<b>For the year ended 31st March 2014</b>
<b>SOURCES OF FUNDS</b>		
1. Depreciation	15	17
2. Increase in Borrowings	346	270
3. Reduction in Working Capital	0	0
4. Revenue Grant in aid received	0	0
5. Capital Grant in aid received	18	13
6. Decrease in Non - Current Assets	170	472
	<u>549</u>	<u>772</u>
<b>APPLICATION OF FUNDS</b>		
1. Loss After Tax	297	344
2. Increase in Working Capital	190	29
3. Fixed Assets	13	21
4. Capital Grant-in-aid utilised	4	5
5. Revenue Grant-in-aid utilised	0	0
6. Decrease in Non - Current Liabilities	146	373
	<u>650</u>	<u>772</u>

## DIRECTORS' REPORT

To

### The Members

ITI Limited

Your Directors have pleasure in presenting the 65th Annual Report of the Company together with Audited Accounts thereon for the year ended 31st March 2015.

### PERFORMANCE

The Company has achieved Sales and Production of Rs. 619.81 Crore and Rs. 617.81 Crore respectively during the year 2014-15 against Rs. 769.90 Crore and 767.91 Crore respectively during the previous year 2013-14. The Company could achieve this turnover in spite of the fact that our major customers BSNL and MTNL have not placed any major orders like earlier years. The net loss of the Company for the year 2014-15 is Rs. 297.12 Crore against the figure of Rs. 344.26 Crore for the year 2013-14.

The net loss for the year 2014-15 is the lowest ever loss in the last 13 financial years (if the financial assistance by way of grant from the Government is not taken into account).

The contribution (net of material cost) for the year is Rs 172.25 crore, which is comparable for that of previous year at Rs. 184.99 crore.

### IMPLEMENTATION OF REVIVAL PACKAGE

The CCEA approval with a financial package of Rs. 4156.79 Crores for the revival of ITI was accorded on 12th February 2014. This consists of Rs. 2264 Crores towards capex for implementation of various projects in 18 technology domains in all the plants of ITI and Rs. 1892.79 Crores as grant-in-aid to meet part of ITI's liabilities.

Against the capex grant of Rs. 2264 Crores, Government has released Rs. 192 Crores to ITI in February 2015. Sixteen projects have been identified for the investment of this amount. Advance action for implementation of these projects has been initiated in the plants as early as mid 2014, after the approval of the projects by ITI Board followed by DoT and the Apex Committee. Immediately on transfer of capex by the Government in February 2015, ITI plants

have taken action to place purchase orders for the equipments required as part of infrastructure up-gradation for the implementation of the projects. Multi-pronged approach has been adopted, involving Corporate Management, Unit Management, Trade Unions etc., for successful implementation of the projects. Projects teams have been formed in all the units for project management and also monitoring of implementation of the projects. Regular monitoring of the implementation is also done at ITI Corporate. Periodic review meetings have been held by DoT at the level of Member (Services) and further review meetings by the Apex Committee.

The Government of India Budget BE 2015-16 includes an additional allocation of Rs. 50 Crores for ITI under plan head. Projects for utilization of this amount have been already identified. This money would be required during the third or fourth quarter of 2015-16.

Against the CCEA approval of Rs. 1892.79 Crores to ITI as grant-in-aid under the revival plan, Rs. 165 Crores was released in November 2014 towards payment of 1997 wage arrears. The 39 month wage arrears corresponding to the period from January 1997 to March 2000 have been paid to almost all the employees including retirees and only a few cases having some dispute or unclaimed cases are pending.

### HIGHLIGHTS

The turnover for the year 2014-15 is mainly constituted from National Population Register (NPR), NGN, AMC for GSM-SZ, GSM-WZ, OCB, MLLN & ASCON, Defence and IT Solutions.

The company is executing turnkey project of Registrar General of India (RGI) for creation of Multi Purpose National Identification card under National Population Register Project for the country.

The Company has received the Purchase Order for NFS Project from BSNL for Rs. 2984 Crore which involves procurement, Supply trenching, laying, Installation, testing and maintenance of Optical Fiber Cable, PLB Duct and accessories for construction of exclusive Optical NLD backbone and Optical access routes on turnkey basis in the Eastern and North-eastern region of the country.

## PRODUCTION

(₹ in Crore)

Sl. No.	Product/Project	2014-15 (including ED & Service Tax)	2013-14 (including ED & Service Tax)
1	C-DOT Products	0.34	0.16
2	Diversified Products/ Cont.Mfg.	68.40	16.63
3	Solar Panel	0.15	18.85
4	PCM MUX	1.73	1.33
5	MLLN	38.42	105.45
6	GSM – WZ (Incl. BTS, RTT, Shelter & AMC )	19.72	84.04
7	GSM – MTNL	5.43	0
8	GSM – SZ	48.30	0.96
9	Misc. Services	29.03	26.12
10	Defence / ASCON	81.72	69.02
11	OCB AMC Business	36.86	37.82
12	SIM / USIM / SMART Cards	0.89	0.35
13	NPR/SECC Projects (Data)	51.10	234.25
14	SMPS	5.75	1.27
15	G-PoN	14.83	8.77
16	ROs / CCO / IT	158.09	150.27
17	Data Centre	11.56	14.61
18	NGN	47.49	0.00
<b>TOTAL (Incl. ED &amp; Ser. Tax)</b>		<b>619.81</b>	<b>769.90</b>

### Projects executed during the year 2014-15:

- **Next Generation Network (NGN)**

ITI Bangalore plant successfully executed the purchase order worth Rs.47.20 Cr. for NGN products received from BSNL. Further, Advance Purchase Order (APO) from BSNL to the tune of Rs 120 Cr is available for execution of this project during 2015-16.

- **National Population Registration (NPR) and Socio Economic & Caste Census (SECC) projects**

ITI is one among the consortium of three PSUs (other two PSUs being M/s BEL & M/s ECIL) for the execution of prestigious National Population Register (NPR) Project under Ministry of Home

Affairs (MHA). The job involves collection of citizen data including biometrics which is under execution. The above consortium is also executing SECC project for the Ministry of Rural Development (MoRD).

- **GSM**

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

- **Defence projects**

ITI is the leader in supplying encryption equipments for the secured communication in the Defence networks. In the year 2014-15, ITI had executed orders from Defence sector for IP encryptors, NGN (BU), 5C telephone instruments etc.

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

In the tender floated by BSNL for laying optical fiber cables under NFS project, ITI was L1 for 2 zones (out of seven) and has received Purchase Orders from BSNL worth Rs 2111 Crore (excluding AMC) for laying of optical fiber cable in the east and north eastern part of the country. The project is currently under execution with support from technology partners.

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

ITI Raebareli plant is manufacturing SMPS systems and executing the orders from BSNL / MTNL.

- **Data center & IT Projects**

ITI has already established Tier 3+ state-of-art Data center at Bangalore on PPP model. Presently this Data Center is fully booked for co-location services. ITI is also playing a major role in implementing IT projects. The Government is pursuing E-Governance projects for taking the benefit of IT to the Village Panchayats and a substantial budget provision has been made by

the Government for the same. ITI is aggressively pursuing this market segment. ITI has executed SWAN (State Wide Area Network) projects of Maharashtra, Odisha and Mizoram. ITI is also executing Accelerated Power Development and Reform Programme (APDRP) of Tamil Nadu state.

#### • Maintenance Contracts

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

### FINANCE

The performance of the Company for the year 2014-2015 as compared to the previous year is as follows:

(₹. in Crore)

Sl. No.	Particulars	2014-2015	2013-2014
i.	Sales including services	620	770
ii.	Value of Production	618	768
iii.	Loss before tax	297	344
iv.	Loss after tax	297	344
v.	Financing Expenses	157	122
vi.	Depreciation	15	17
vii.	Capital Employed (Net Fixed Assts + Net Current Assets)	1112	952
viii.	R&D Expenditure	13	17

### SHARE CAPITAL

The shareholders at the Extra Ordinary General Meeting held on 9th January 2015 has approved the increase in authorized share capital from Rs. 700 crores to Rs. 1200 crores in total. Accordingly, the Equity share capital has been increased from Rs. 300,00,00,000 (Rupees Three Hundred crores) divided into 30,00,00,000 (Thirty Crores) equity shares of Rs. 10 each to Rs.800,00,00,000 (Rupees Eight Hundred crores) divided into 80,00,00,000 (Eighty Crores) equity shares of Rs.10 each. The existing Preference Share Capital of 4,00,00,000 Redeemable Cumulative preference shares of Rs.100/- each remains the same.

The paid up Equity Share Capital as on 31st March 2015 was Rs.288,00,00,000.

During the year under review, the Company has received Rs.192 crores from Ministry of Communications and IT for meeting the expenditure towards CAPEX implementation of various projects in its various plants, during February 2015. The Process of allotment of shares to Government of India and ensuring minimum public shareholding, is being done as per directions of Ministry of Communications and IT.

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

As on 31st March 2015, none of the Directors of the Company hold any shares of the Company.

### DIVIDEND

As your Company has incurred a loss, the Directors are not in a position to recommend any dividend for the year 2014-2015.

### HIGHLIGHTS OF THE PRODUCTION PLANTS AND SERVICE UNITS

#### • BANGALORE PLANT

Bangalore plant achieved a turnover of Rs. 157.04 Crores (with ED) & the Net turnover of Rs. 145.02 Crores.

The Supply consisted of Defence equipment worth Rs. 19.32 Crores, Telesets, Magneto & Naval telephone equipment worth of Rs. 1.64 Crores, Primary Mux, Data cards worth Rs. 3.13 Crores, Service & Def. AMC worth Rs. 10.52 Crores,

Contract manufacturing worth Rs. 1.04 Crores and Data Centre turnover worth of Rs.13.9 Crores. NGN supplies worth Rs. 47.66 Crores, GSM AMC (South Zone) worth Rs. 42.71 Crores, CDMA WLL AMC worth Rs. 7.2 Crores, IFWT equipments worth Rs. 1.63 Crores, GSM South Zone Projects worth Rs. 5.66 Crores, Tablet PC supplies worth of Rs. 1.06 Crores and ISAT Phone (CRPF) usage charges of Rs. 1.57 Crores.

During the year, the plants also addressed tenders for MIL PCM 1000 nos. AWAN II project E3CR, 5C telephones and other Secrecy equipments like STM1 and 2Mb/s. The total value of the tenders is approximately Rs.350 Crores.

During the year, the plant signed a MoU with M/s HAL "to work together for manufacturing of contract products and services".

Reliability Labs have been opened up for external agencies to utilize the facilities, thus making it an independent revenue generating centre.

Energy Consumption for the year is 21,92,638 Units compared to 25,12,700 Units during the same period last year, a saving of 12.74%.

The turnover of the plant is 3 times more that of last year and the Operating Profit is Rs.3 Crores.

#### ● MANKAPUR PLANT

Prestigious NFS project for package F in six states for construction of exclusive optical NLD backbone and optical access route on turnkey basis for Defense network has been allocated to ITI Mankapur. It is worth approx. Rs. 1150 Crs. including AMC. The project is currently under execution

Mankapur Plant achieved a turnover of Rs. 1.84 Crs. (including ED) during 2014-15. Under NPR-40 project in Bihar and Chhattisgarh, Biometric Enrolment worth Rs. 0.046 Cr. has been done. The plant supplied C-DOT equipments worth Rs. 0.40 Cr., Bank Mechanization products of approx. Rs. 1.17 Cr, LED based products worth Rs. 0.029 Cr. and BTS worth Rs. 0.19 Cr.

ITI Mankapur undertakes repair of the cards for ongoing AMC work through NSU and GSM project groups. During the year ITI Mankapur generated SSU revenue worth Rs. 6.11 Crs, out of which Rs 2.95 Crs. is from SSU cards repair and Rs. 3.03 Crs. is from BTS card repair.

ITI Mankapur has established "Finishing Schools" for the engineering under graduates pursuing higher studies or skill development. Under Finishing School project towards the knowledge based activities, ITI Mankapur earned revenue of approx. Rs 0.16 Cr. while imparting training on technical innovation and skill up gradation to the engineering students from various reputed Engineering. Colleges of the country, which helps them in getting better career opportunities.

During the Financial year 2014-15, the plant has bagged 2 National Safety Awards for Performance Year 2012 - WINNER for Lowest Average Accident Frequency rate and WINNER for Accident Free year accumulating to 26 such awards in past 14 years.

Austerity measures undertaken at ITI Mankapur have resulted in reduction of expenses on different accounts especially in the area of energy conservation. The major steps undertaken for energy conservation during the year 2014-15 are optimization in usage & running of central air conditioning plant, power factor management to get electricity billing benefits etc. As a result, the physical units consumed in the year 2014-15 in the factory has reduced by about 10 lakh units i.e. more than 25% saving as compared to year 2013-14.

#### ● RAE BARELI PLANT

##### **NFS cable laying project**

Rae Bereli plant is Executing purchase order for laying of optical fiber for the G package for the prestigious NFS project. This order is Valued at approximately Rs.1800 Crores (including AMC).

##### **Solar Charge Controller Unit (CCU)**

CDAC(T), and ITI Ltd submitted a joint proposal for the "Development of Solar Charge Controller Unit for Telecom Application" as a technology development project under NaMPETPh-II. The National Steering Committee of NaMPETPh-II has approved this proposal for funding, by DeitY. The major objectives of the proposal involve the "design, development, testing, and fabrication of prototypes and for this purpose.

Memorandum of Agreement is entered into with Centre for Development of Advanced Computing, Vellayambalam, Thiruvananthapuram (CDAC-T).

These equipments are required for supplying power to BTS of cellular network. A huge market is expected from BSNL/MTNL and other cellular operators.

### SMPS Project

With a CAPEX of Rs 3.4 Crores SMPS Power Plant business has been expanded with high capacity power plant which includes all ranges of power plants required by BSNL/MTNL as given below:

- 25A , Ultimate Capacity 200A Indoor
- 25A , Ultimate Capacity 200A Outdoor
- 50A , Ultimate Capacity 450A Indoor
- 50A , Ultimate Capacity 450A Outdoor
- 100A , Ultimate Capacity 3000A Indoor

### Contract Manufacturing

With a CAPEX of Rs. 1.54 Crores following contract manufacturing business has been taken up

- ❖ Signed rate contract with BHEL Jagdishpur for repair of tools/ contract manufacturing of items. Already executed small value of order.
- ❖ Registered with Rail Coach Factory as approved vendor and tenders are being addressed.
- ❖ Discussion with CDAC Noida is in process for Rate contract of PCB assembly.
- ❖ Manufactured 500 nos. of VTS card of M/s Sway using SMT line as a job work and based on the performance report rate contract to be signed for future orders.

### PLB HDPE PIPE

With a CAPEX of Rs. 3.0 Crores a production line of PLB HDPE (Permanently lubricated High Density Poly Ethylene) Pipe, used for laying of optical fiber cable (OFC) is being set up. Orders for all the machinery have been placed. Installation & commissioning of 350 kg/hr capacity HDPE production line has been completed. The probable customers are BSNL/MTNL/Defence and other Telecom Service Providers.

### 3D Printer

RB unit is entering into a new era of manufacturing with 3D Printing Technology. 3D printing is evolving rapidly, for fast prototype development requirements in numerous industries including defense, aerospace,

automotive and healthcare. 3D printing products are far superior (lighter, stronger, customized, already assembled) and cheaper than those designed with traditional manufacturing processes. That is because 3D printing can control exactly how material is deposited (built up), making it possible to create structures that cannot be produced using conventional means. The planned CAPEX for this project is Rs. 4.40 Crores.

### VTS Project

ITI-RB has signed MoU with M/s Sway Techno Solutions Pvt Ltd, Noida, for Vehicle Tracking System(VTS), Personnel Tracking and Object/ Asset Tracking. ITI RB unit will be manufacturing the hardware and Application software portion will be taken care by MoU partner.

The plant has already addressed a few tenders for these products and following potential customers are being identified.

- Defence & Para-military forces ITBP Delhi
- Coal mines/Oil Marketing Companies
- Banks

Proof of Concept (POC) for the safety of ATM of State Bank of Patiala at Jalandhar and other five locations have been successfully completed. Estimated CAPEX for this project is Rs. 3.0 Crores.

### Skill Development

The plant has initiated many programmes for skill development in partnership with Telecom Sector Skill Council (TSSC).

- ITI RB is the first unit in ITI to conduct Training for trainers programme for BSS support course.
- About 50 Engineering students of 3rd year, E&C branch are expected to register for training on BSS support QP.
- Training is planned during the month of March & May, 2015.
- Such training programme will generate good revenue for ITI.



### ● NAINI PLANT

ITI Naini is gearing up for addressing Solar Projects-particularly production of SPV modules of both low and high capacity/wattage. For supply of Solar panels, IEC certification is mandatory in most of the cases. In this direction, ITI Naini has already got IEC certification for low wattage (up to 50W) modules.

Highlights for the year 2014-15

Reduction of sundry debtors from Rs. 15.18 Crores to Rs. 8.88 Crores by focusing on realization against opening balance (net of provisio) as on 01.04.14.

1. High Wattage production line with manual Tabbing and Stringing has been stabilized.
2. The plant is ready for bulk production of SPV up to modules 300W.
3. The card repair and other service activity performed to the tune of approx. Rs. 14.75 Lakhs.
4. Skill development training program on "Solar module Technician" conducted for ITI students = 02 Programs (for 62 students).
5. In-house fifteen (15 no.) training programs conducted for ITI employees.
6. Surveillance audit of ISO 9001 and ISO 1401 are conducted.

### ● PALAKKAD PLANT

The Unit has achieved a turnover of Rs. 146 Crs. for the year 2014-15 registering profit. The work of SECC and NPR Project in the allotted States has been completed and additional orders for Data Digitization, Data Merging and Permanent Data Centers worth Rs. 55 Crs under these Projects would be executed by the plant.

As a part of diversification of products, plant has made inroads in the Defense Manufacturing area and Space Electronics by supplying Cables, Bare PCBs and Assembled PCBs to NPOL, HVF Avadi, VSSC etc. Separate manufacturing area for Space Electronics fabrication has been set up to meet the requirements of stringent quality norms of Space Related products.

AMC contract worth Rs 93 Crs has been renewed with BSNL and MTNL for MLLN and SSTP Equipments for further 5 years and 3 years respectively. Orders worth Rs 11.83 Crs for MLLN RNP Cards and Modems, Data Base License for SSTP, NMS Sever up gradation orders from BSNL / MTNL have been received during 2014-15.

Palakkad plant has successfully completed re-certification audit for Quality Management System and surveillance audit for Environment Management System. In the Industrial Safety front, Palakkad has been the winner for the Outstanding Safety performance in the large size Engineering Industries Group from National Safety Council Kerala Chapter.

### ● SRINAGAR PLANT

The sales performance of Srinagar Unit for FY 2014-15 is Rs.0.01 Crore against Services. ITI Srinagar Plant has been facing various difficulties for retaining or posting talented manpower in Srinagar. With a view to motivate and develop the skills of the employees posted at Srinagar area, the company has envisaged training plans during November 2014. Priority will be given for training of employees working in J&K region, so that they can be employed on jobs requiring various skill sets by deputing them to other units, wherein training will be imparted in the specific skill set/ project etc. In accordance with the training plan, ten employees of Srinagar Plant initially have been trained in two batches on "Assembly and Testing of SPV Modules" at ITI Naini Plant, UP State.

Srinagar Plant is also exploring the possibilities of initiating skill development training programmes of telecom sector skills for the students of Srinagar State. To begin with the Skill Development training in Base Station Support Engineer (BSS) of TSSC Qualification Pack is contemplated.

### ● NETWORK SYSTEMS UNIT

Network Systems Unit achieved a performance of Rs 93.58 Crores. The performance mainly comprises of annual maintenance contract for fixed line OCB exchanges worth Rs 36.50Crs. for BSNL& MTNL and AMC for ASCON upto November 14 worth Rs 56.93 Crs.

From Dec-14, the renewal of AMC for ASCON for another five years with average annual value of around Rs. 88 Cr has been finalised with MoD. Also another AMC proposal for 12+1 upgradation project for Indian Army with average annual value of around Rs. 11 Cr/annum has also been finalized.

## HIGHLIGHTS OF REGIONAL OFFICES

### Performance:

- Performance of ROs for the FY 2014-15 is Rs. 155.67 Crs.
- Sundry Debtor realization during 2014-15 is Rs. 99.18 Crs.
- Order bagged in 2014-15 is Rs. 77.97 Crs.
- Rs. 179.88 Crs orders on hand as on 01.04.2015.
- RO Kolkata completed first phase of NPR in West Bengal, enabling Palakkad Unit to bill Rs. 17 Crs.

### New Projects taken up in 2014-15

- E-Tendering services for DDA, Delhi. Estimated business Rs. 100 Crs. in 5 years - RO Delhi
- Supply, I&C of EPABX Systems of value Rs. 6.18 Crs. for Cabinet Secretariat- RO Lucknow
- Establishment of LAN / WAN for East Delhi Municipal Corp. of value Rs. 3.1 Crs. - RO Delhi
- Implementation of Online Admission & Exam for University, value Rs. 1.8 Crs. - RO Lucknow

### Major orders successfully completed in 2014-15

- E-Tendering business of value Rs. 38.24 Crs. - RO Delhi, Bangalore, Kolkata & Lucknow
- Establishment of Police Control Room of value Rs. 6.82 Crs. for UP Police – RO Lucknow
- Supply, I&C of EPABX Systems of value Rs. 6.18 Crs. for Cabinet Secretariat- RO Lucknow

### GSM Projects:

The Company carried out AMC services for GSM Network worth Rs.83.43 Crore against BSNL orders in West Zone.

### RATING IN MEMORANDUM OF UNDERSTANDING

The company's rating for the year 2013-14 is "GOOD" with a composite score of 2.86. This composite score is BEST during twelve years, i.e. 2002-03 to 2013-14. The company has signed Memorandum of Understanding with the Administrative Ministry for a Sales Turnover of Rs.1800 Crores for the year 2014-15.

## FUTURE OUTLOOK

In the Union budget 2014-15, Government had approved Rs 192 Crore as first phase disbursement to the Company towards capital expenditure under revival plan. This amount has already been received by ITI and several projects under Defence business, SCADA, MLLN, Smart cards, HDPE Pipe manufacturing, SMPS, Component screening, Vehicle Tracking System (VTS), 3D printing, Contract manufacturing, Business with PSUs etc., have been identified. The infrastructure up gradation for implementation of these projects is in progress in Bangalore, Rae bareli and Palakkad plants. The Company is looking at the following business opportunities in the future.

### Defence projects

Being one of the leading suppliers of encryption equipments for the secured communication in the Defence networks, ITI is looking at Defence market as a great opportunity for its business. With greater thrust towards domestic manufacturing of Defence equipments, ITI proposes taking up manufacturing of new products for Defence like, Software Defined Radio (SDR), High Frequency Radio Handsets, TR modules for RADAR, equipments for Army Wide Area Network (AWAN Phase II) etc.

The Ministry of Defence had approved in principle for the establishment of Strategic Business Units (SBUs) at ITI at Bangalore and Raebareli plants to take up manufacture of DRDO designed products at ITI. The formation of SBUs is aimed at establishing facilities at ITI for the production of strategically important network and communication components, modules, systems designed and developed by DRDO. Necessary action is under progress to achieve the above objective.

Another major project which has been launched by Indian Army is ASCON Phase IV. Earlier three phases of ASCON project have been executed by ITI successfully. ITI is hopeful of winning the order for ASCON phase IV for which a tender has been released by Indian Army.

- **Solar Project:**

There has been special emphasis by the Government of India to implement the renewable energy sources including solar to overcome the environmental hazards and meeting the growing energy needs. ITI, having requisite expertise and experience for implementing Solar solutions, is planning to augment the solar panel manufacturing infrastructure in its Naini plant and is also planning to install one more manufacturing facility at its Srinagar plant. Naini plant has earlier executed Solar project for U.P Police and BSNL. More orders are expected in this market.

- **Core Telecom Products:**

ITI is pursuing on addressing the core telecom market like GSM, Next Generation Networks (NGN), Long Term Evolution (LTE), Managed Leased Line Network (MLLN), SSTP etc.

- **LED Lighting:**

LED lighting is an environmental friendly option due to non-use of mercury. Market potential for this product is very good. ITI is planning to address this market. Potential areas of business opportunities are from National Highway Authority, State Governments and Municipal Corporations, CPWDs/ PWDs, Railways, Hotels and Hospital Industry etc.

- **Wi-Fi for NOFN network:**

Huge orders are anticipated for Wi-Fi equipments for deployment in NOFN (National Optic Fibre cable Network) project of Government of India. ITI is in the process of empanelling the back end partners for the execution of anticipated orders.

- **Manufacture of Citizen ID Cards:**

As an extension of NPR project which is under execution by ITI as a consortium partner with BEL and ECIL, ITI is also looking at the huge opportunity of manufacturing SMART card based citizen identity cards for all the citizens in the Country. ITI is already having SMART card manufacturing facility at its Palakkad plant. This will be further augmented to take manufacture of citizen ID cards.

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

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

## CONTRIBUTION TO EXCHEQUER

During the year, your company has contributed Rs. 97.37 Crore to the exchequer towards duties and taxes.

## PUBLIC DEPOSITS

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

## REVIEW OF ACCOUNTS BY INDIAN AUDIT AND ACCOUNTS DEPARTMENT

The comments on the accounts for the year 2014-15 by the Comptroller and Auditor General of India is appended.

## JOINT VENTURES

### INDIA SATCOM LIMITED

India Satcom Ltd., (ISL) is a Public Limited Company incorporated in the year 1987 by ITI, Unit Trust of India (UTI) and Equatorial Pacific International Company (EPIC). Both UTI and EPIC sold their respective stakes in ISL to M/s Chris Tech Systems Pvt Ltd (CTSPL) during 2006. ITI also took steps to sell its entire 49% stake but the Government of India, Ministry of Communications & IT did not approve the proposed sale of ITI shares in ISL. Presently the shareholders in the Joint Venture are ITI (49%) and CTSPL (51%). ISL planned to revive the operations of the company through a JV proposal of National Building Construction Corporation Ltd, a Govt. of India Enterprises (NBCC), on a land purchased by ISL from Karnataka Industrial Area Development Board (KIADB). ISL will take steps to obtain the required approvals for ISL-NBCC JV proposal as directed by ITI and BIFR, once the Forest case on this ISL land purchased from KIADB is resolved in the Hon'ble High Court of Karnataka.

## QUALITY

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

The five manufacturing plants at Bangalore, Palakkad, Mankapur, Rae Bareli and Naini have been accredited with ISO 9001:2008. NSU Bangalore is also accredited with ISO 9001-2008. The periodical Surveillance Audit & Recertification Audits have been conducted successfully. Keeping in tune with the Global concern for Environmental Management, all the plants have gone in for ISO 14001:2004 EMS certifications. The guidance and support to all the units for training, implementation surveillance audits & recertification audits of ISO 9001-2008 and EMS 14001: 2014 are provided by Corporate Quality Assurance.

BSNL has granted AIS (Approved Inspection Scheme) status by BSNL QA for SIM Cards. Localization activities continued during the year to procure items such as cables, connectors and PCBs for GSM-BTS Project with Alcatel approval and after approval from VDA, VRC, Standards Components Testing and Reliability Labs provide Qualification Approval Standardizations of electronic components Vendor Development and Vendor Rating after stringent evaluation in Testing in Reliability and Environmental laboratory.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

- ❖ Shri P K Gupta appointed as Director Marketing w.e.f 27.03.2014
- ❖ Shri S Gopu was appointed as Director-HR w.e.f 16.04.2014
- ❖ Shri R K Mishra was appointed as Government Director in the place of Shri N K Joshi, w.e.f 25.07.2014
- ❖ Dr Janaki Ananthakrishnan, has been appointed as Government Director in the place of Shri R K Mishra, w.e.f 13.05.2015. Subsequently, Government of India has appointed her as Director Finance w.e.f 10th June 2015.
- ❖ Shri K K Gupta, Director Production was granted extension of tenure w.e.f 01.06.2015. Shri K K Gupta, Director Production was also entrusted with additional charge as Chairman and Managing Director in the place of Shri K L Dhingra, who was holding post as Chairman and Managing Director from 07.04.2010 Shri K L Dhingra was relieved from services w.e.f 03.06.2015
- ❖ Shri Srikanta Panda, has been appointed as Government Director in the place of Dr Janaki Ananthakrishnan, w.e.f 29.07.2015, since she has been appointed as Director Finance.

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

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

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

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

## NUMBER OF MEETINGS OF BOARD

During the year, 6 meetings of the Board were held on 07.04.2014, 30.05.2014, 13.08.2014, 13.11.2014, 09.01.2015 and 13.02.2015.

## 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, 2014.

## CORPORATE GOVERNANCE

The new Companies Act, 2013 and amended Listing Agreement have strengthened the governance regime in the country. Accordingly, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report. A Certificate of the CEO and CFO of the Company in terms of Clause 49 of Equity Listing Agreement, inter alia, confirming the correctness of the financial statements and cash flow statements and adequacy of the internal control measures, is also annexed.

During the year, Secretarial Audit was carried out by Shri D Venkateswarlu, Company Secretary in practice, and the Secretarial Auditor of the Company for the financial year 2014-15. There were observations given by Secretarial Auditor of the Company. The detailed report on Secretarial Audit and reply of the Board of Directors to the observation made in the said report are appended as an Annexure to this Report

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

## Related Party Transactions

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

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

## AUDITORS

### ➤ STATUTORY AUDITORS

M/s. Sundar Sridhar & Sridhar, Chartered Accountants, Bangalore, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2014-15.

### ➤ BRANCH AUDITORS

The following firms of chartered Accountants were appointed as Branch Auditors for different plants of the Company for the year 2014-15

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

### ➤ COST AUDITORS

Your Company has appointed M/s GNV Associates, Cost Accountants, Bangalore, as Cost Auditors for the year 2014-15 for the cost audit of south-based units located at Bangalore, Palakkad and also consolidation for the Company and M/s. Aman Malviya & Associates, Lucknow as Branch auditors for the Cost Audit of North based units located at Naini, Rae Bareli, Mankapur and Srinagar with the approval of the Board and Ministry of Corporate affairs.

## ► SECRETARIAL AUDITORS

The Company has appointed Shri D Venkateswarlu, Company Secretary in practice, to undertake the Secretarial Audit of the Company.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

- (a) In the preparation of the annual financial statements for the year ended 31st March 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March 2015 and of the loss of the company at that date;
- (c) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis; and
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15

No. of complaints received and disposed off: Nil

## MANPOWER

Employee strength at the end of the year 31st March, 2015 was 6177 out which 542 were female employees.

As on 31.03.2015, there were 992 employees belonging to Scheduled Castes and 58 belonging to Scheduled Tribes.

41 Contract Engineers / Contract Technicians and 8 Tenure Officers were recruited during the year 2014-2015.

Employees belonging to Physically Challenged Persons numbering 88 and Ex-servicemen category numbering 30 were on the rolls of the company as at the end of the financial year.

## HUMAN RESOURCE DEVELOPMENT

Keeping in view the Company MoU target on HRM – Training for the FY 2014-15, the HRD initiatives were more oriented towards imparting Training to Executives / Non-Executives for skill / knowledge development in Telecom and IT. Training Programmes

and Workshops were organized in Broadband, OFC, Mobile, NGN, Cyber Security and Communication Technologies. Towards improving computer literacy in the company, need based Microsoft Office training programmes were imparted at Plant levels. Executives were nominated to external training programmes in advanced / specialized technologies like Encryption etc.

Training programmes were also organized in-house on Soft Skills, Stress Management, Safety, besides organizing awareness programmes on Health, Environment, Energy Management; Government of India's initiative "Make in India – Zero Defect - Zero Effect" etc., were organized

In a nutshell, as against the MoU target in respect of HRM performance indicators, 56 training programmes have been organized as against the target of 40 training programmes. The company trained 1117 Executives and 438 Non-Executives achieving 1195 and 608 training mandays respectively.

The MoU target on HRM Training has been fully met and achieved 'Excellent' MoU Rating for the year 2014-15.

## **INDUSTRIAL RELATIONS**

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

## **OFFICIAL LANGUAGE**

All Units / Offices have established Check-points in their concerned offices to make more efforts for effective Implementation of the Official Language Policy, monitored by the Official Language Implementation Committees constituted in every Unit / Office.

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

In order to enhance the working knowledge of Official Language amongst our employees, officials have been sent to Training Programme organized by the government for imparting training in Hindi, Hindi typing and Hindi Stenography as per our requirement. The Official Language Cell of the different Units / Offices have also conducted internal training programmes. Besides, employees were encouraged to take part in Hindi Prabodh, Praveen & Pragya examinations and have been sanctioned financial incentives.

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

For Bangalore based Units/Offices, a short term workshop for Hindi Unicode training programme was organized in the HRD department of Corporate Office, with the help of Deputy Manager-OL&HR, BHEL, Bangalore. More than 30 officers/non-officers participated and they were trained how to use the Hindi Unicode Fonts in day-to-day typing work.

After reviewing our quarterly report, an appreciation letter was also received from Deputy Director-OL, Official Language Department DoT, New Delhi as well as Deputy Director (Implementation), Regional Implementation Office, Bangalore.

A Joint Hindi Fortnight Programme for Bangalore based PSUs / Organisations between 30.07.2014 & 27.08.2014 was organized by TOLIC (Town Official Language Implementation Committee), Bangalore and various types of competitions were arranged during this occasion. On this occasion many officers/ Non-officers of ITI Limited, Bangalore based Units / Offices participated in these competitions and more than 14 Officers / Non-Officers have got the prizes. Hindi Workshops were organised for encouraging progressive use of Hindi during 2014-15. Company's website has been made bilingual (i.e. English and Hindi).

## VIGILANCE

During the year, Vigilance Department functioned effectively. The prime focus of the vigilance activities was on Preventive Vigilance and Reduction in pendency of complaints by expediting Investigations.

Vigilance Department has suggested several System Improvement Measures to various departments to improve the transparency and efficiency of the procedures. Constant and continuous efforts have been made in this direction as a part of Preventive Vigilance. Keeping in view the emphasis laid by Company-Vigilance, Project Management Manual for Telecom Infrastructure Projects has been brought out by the Company.

The Company observed Vigilance awareness week from 27th October 2014 to 1st November 2014 at Manufacturing Units, Business Establishments, as well as Corporate Office.

The Vigilance department is endeavoring to lay far more emphasis on preventive vigilance, scrutinizing the APR documents and conducting periodic / surprise checks in sensitive departments.

## RIGHT TO INFORMATION

During the year 2014-15, out of 221 RTI requests, information was provided against 175 requests, 21 requests rejected and 2 requests were transferred to another Public Authority. The RTI returns on quarterly basis is being submitted to the Ministry for forwarding the same to Central information Commission and the same is published on our Company website.

## ENTERTAINMENT EXPENDITURE AND FOREIGN TRAVEL

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

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

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

## ITI signs MoU with Department of Telecommunications

ITI Limited signed the Memorandum of Understanding (MoU) for the year 2015-16 with the Department of Telecommunications, Ministry of Communications & IT, Government of India. Shri Rakesh Garg, Secretary, Department of Telecommunications and Shri K.L. Dhingra, former Chairman and Managing Director, ITI Limited signed the MoU on March 30, 2015.

The MoU focuses on ITI's role in the field of Telecommunications in the current market scenario and pursue opportunities arising out of Government's "Make in India" campaign for indigenous electronic equipment manufacturing for diversified areas like Railways, Defence, etc. in addition to telecommunications also to play a vital role in Government of India funded Projects like Network for Spectrum (NFS).



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



ITI Ltd. has bagged the prestigious 'National Safety Awards' from the Ministry of Labour & Employment for the performance year 2012. Shri K. L. Dhingra, Former CMD, ITI Limited, received the awards from Shri Narendra Singh Tomar, Hon'ble Minister for Labour & Employment in the presence of Shri Vishnu Kumar Sai, Hon'ble Minister of State for Labour & Employment at Vigyan Bhawan, New Delhi on September 17, 2014.

ITI's Mankapur Plant, Gonda Dist. Uttar Pradesh, has once again bagged the prestigious National Safety Awards for the performance Year 2012 and has been adjudged winner in two categories of Lowest Average Frequency Rate and Accident Free Year.

### ITI Limited Conferred Award for Loss Reduction



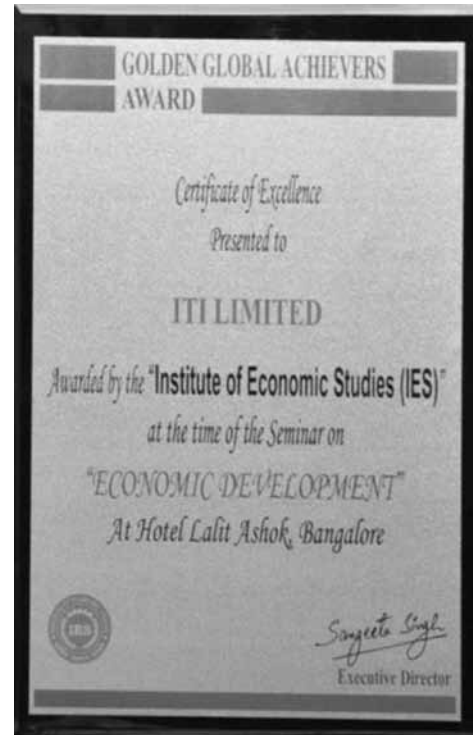
ITI Limited, Bangalore, has been conferred an Award for "Loss Reduction Through Cost Cutting" during PSU Summit 2014 Award function organized on August 22, 2014 by Elets Techno media Private Limited at New Delhi. Elets is publishing different magazines like e-Governance, Banking Finance, Digital Learning, e-Health and the ICE Connect. Shri K.K.Gupta, Director Production, ITI Ltd. is seen receiving the Award on behalf of ITI Limited from Shri Tapang Taloh, Hon'ble Minister for Education, Libraries, Textiles, Handloom & Handicrafts, Govt. of Arunachal Pradesh

### ITI Limited Conferred SKOCH Renaissance Award 2014

ITI Limited has been conferred the SKOCH Renaissance Award by the Prestigious SKOCH Group in its 38th SKOCH Summit held on 20th - 21st November, 2014. The award was received by Shri K L Dhingra, Former Chairman and Managing Director, ITI Limited, from Hon'ble Union Minister, Shri M Venkaiah Naidu, in an impressive award ceremony organized by the SKOCH Group, in India Habitat Centre, New Delhi on 21st November, 2014.

The SKOCH Renaissance Award is conferred upon corporate which demonstrates outstanding business leadership while simultaneously contributing to India's socio-economic growth. It recognizes top performing State-owned, Private, Public and Multinational Corporations, in India, which create a significant regional, national or international impact with their business practices.

ITI Limited has been conferred with “Certificate of Excellence” award by the Institute of Economic Studies, Delhi (IES) at the time of the Seminar on “Economic Development” on 13th of August 2014 at hotel Lalit Ashok, Bangalore.



## ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks for the assistance and support extended by the Ministry of Communications & IT and various other Ministries of Central and State Governments viz., Karnataka, Uttar Pradesh, Kerala and Jammu & Kashmir and look forward for their continued support and co-operation in future.

Your Directors also wish to express their gratitude for the co-operation and assistance extended by BSNL and MTNL, Banks, Suppliers, Shareholders, Bondholders, Depositors, Agents, Customers and Foreign Collaborators, Committee on Public Undertakings (COPU), Standing Committee on Public Enterprises (SCOPE) and Standing Committee on Information Technology.

Your Board also expresses its sincere thanks to the Comptroller and Auditor General of India, Chairman and Members of the Audit Board and Statutory and Branch Auditors.

Your Directors take this opportunity to place on record their appreciation for the valuable contribution made and excellent co-operation rendered by the employees at all levels for the progress and prosperity of the Company.

For and on behalf of the  
Board of Directors

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

Place: Bangalore  
Date : 11th August 2015

## ADDENDUM TO THE DIRECTORS REPORT

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

Point No.	Statutory Auditor's Observations	Company's Remarks
a) Qualifications not quantifiable	Our comments on the adequacy of provision on non-moving and slow moving inventories and on trade receivables in paras 4(ii) & (iii) in the Annexure to this report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies(Auditor's Report) Order, 2015;	Provision for inventory is made after a review by a technical committee for their usefulness in each unit and then approved by the Board of Directors. The inventory available has been reviewed and the existing provision is found to be adequate. As per our Accounting policy, provision for doubtful debts is being made after review on case to case basis. The existing provision is found to be adequate.  Efforts are being made to adjust the outstanding advances against the debtors
b)	Investment of Rs 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company being continued to be shown at cost, considering networth the JV is totally eroded and Statutory Auditors of the JV have expressed their inability to comment on the going concern concept adopted by the said JV and no impairment loss has been ascertained and provided for(Refer Significant Accounting Policies 5.00 and Note No.17);	The investments of Rs.40.55 lakhs is in M/s ISL, a joint venture company. The asset (Land), which has been revalued by the SBI Panel Valuer carries a value very much more than the cost of the investment. Hence the investment of Rs.40.55 lakhs has been show at cost.
c)	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 is already in possession of the BMTC), has not been recognised as income. Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits(Refer Note 40.17);	The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalised.
d)	Non provision for the interest payable on royalty due to C-DoT(Refer Note No. 35) in view of rental dues from the same agency for the premises taken on rent from the Company being more than the royalty amount (Refer Note No. 40.23);	Interest on royalty payable to C-DoT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time from C-DoT on account of rent payable for the Company's premises leased out to them.

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

e)	Interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues as also non deduction of TDS as per the provisions of Income Tax Act, 1961;	Where sales are accounted based on provisional prices, differential sales are accounted in the year in which prices are firm up and the differential statutory dues are paid/claimed.  All known liabilities have been accounted for. There are no cases of non-deduction of TDS to the best of our knowledge.
f)	No lease agreement has been entered with Karnataka Power Transmission Corporation Limited (KPTCL) for the land occupied by KPTCL to an extent of 5 Acres (Refer Note No. 40.19);	Efforts are being made by the company regarding the settlement of KPTCL land issues at the earliest.
a) Qualifications quantifiable	Non provision of Rs 6897.31 lakhs towards claims doubtful of recovery comprising of (i) rent receivable of Rs 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011, rent from 1.4.2011 for the same premises being deferred for recognition on accrual basis due to uncertainty of realization (Refer Note No.40.23); (ii) liquidated damages of Rs 1049.41 lakhs on a supplier, rejected by the Arbitral Tribunal. Had the said amounts been provided in the accounts, loss for the year would have been higher by Rs 6897.31 lakhs and consequently reserves & surplus and current assets would be lower by similar amount,	The Company has been vigorously following up with the Ministry / DoT for resolving the pending issue of rent due from C-DoT. Subsequently DoT has informed ITI to present the subject to ITI Board for perusal and for further course of action.  Company is of the view that provision for Rs. 5847.90 Lakhas at this Juncture is not required till the issue is finally settled.  As regards LD of RS 1049.41 lakhs, the matter is in the Court. After the Court's verdict, suitable action will be taken .Till then, it is felt that no provision is required to be made.
c)	Amount spent for the creation and maintenance of data enrolment centre for MORD for NPR project totalling to Rs. 1171 lakhs is treated as revenue expenditure and no depreciation is provided as expenditure is not capitalised resulting in overstatement of loss to that extent (Net)	Amount spent for Creation and maintenance of Data Enrollment Center for MORD for NPR project to an extent of Rs.11.71 crore is treated as revenue expenditure by the Palakkad unit. The Management has clarified that no recurring revenue on the investment made in the said Asset will arise in future and hence it is treated as revenue expenditure.
1.a) Annexure To The Independent Auditors' Report:	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information except for the assets located at Bangalore Plant, Bangalore NS Unit, Bangalore RO and Corporate Office where the records are to be updated in relation to situation and adjustment for revaluation.	Noted for compliance.

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

b)	According to the information and explanations given to us, fixed assets have been physically verified by the management except for the assets located at the Bangalore Plant, Bangalore NS Unit, Bangalore RO and Corporate Office and no material discrepancies were noticed on such verification. Pending physical verification of fixed assets in the above units, discrepancies, if any, could not be ascertained and accounted for;	Noted for compliance.
2.a)	According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support assessment of the reasonableness of the intervals of verification.	Noted for compliance.
b)	In our opinion and according to information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business other than at Bangalore Plant wherein documentation does not support comparison of the extent of physical verification to the total inventory as also examination of the adequacy of the system of verification followed.	Noted for compliance.
c)	In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the inventory other than at Bangalore Plant wherein documentation does not support comparison of physical balance with book balance resulting in inability to comment on the materiality of discrepancies, if any and whether the same has been dealt with appropriately in the books.	Noted for compliance.
4.i)	Inadequacies in relation to maintenance of fixed asset records, systems of physical verification of fixed assets & inventory, ascertaining discrepancies as also their materiality and proper treatment of the discrepancies as observed in paras 1 & 2 above;	Noted

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

ii.	<p>Aggregate inventories as at 31.3.2015 were Rs 12,676.66 lakhs against which provision of Rs 3,342.38 lakhs is held towards non-moving and obsolescence (net inventory Rs 9,334.28 lakhs). In view of Company's production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production &amp; servicing activities, period over which they could be used as also whether the inventory items are capable of being sold/ disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements.</p>	<p>Inventories are classified as Active, Slow moving, Dormant 1 (not moving for one year and Dormant 2 (not moving for more than 2 years) depending on their movement/ usage. Provision for inventory is made after a review by a technical committee for their usefulness in each unit and then approved by the Board of Directors. The inventory available has been reviewed and the existing provision is found to be adequate.</p>
iii.	<p>In relation to sale of goods &amp; services, scope for improvement in the accounting for contract revenues as also monitoring and recovery of the high level of trade receivables of Rs 2,28,661.03 lakhs as at 31.3.2015 in relation to gross sales turnover (including taxes) of Rs 62,095.21 lakhs in 2014-15), including timely adjustment of the advances received from the customers, in the absence of which correct position of trade receivables is not arrived at. Against aggregate receivables of Rs 2,28,661.03 lakhs (of which Rs 41,129.81 lakhs are long term), provision held towards doubtful receivables is Rs 6,789.57 lakhs (of which Rs 3,339.06 lakhs is for long term receivables) and Company follows the practice of making provision for doubtful receivables on a case to case basis (Refer Significant Accounting Policies 18.00). There is a need for systematic age wise segregation, analysis, adjustment of advances received from the customers and reconciliation of the trade receivable accounts. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards doubtful debts and the eventual realizable amount in respect of the trade receivables, as also the possible effect on the financial statements.</p>	<p>As per our Accounting policy, provision for doubtful debts is being made after review on case to case basis. The existing provision is found to be adequate.</p> <p>Efforts are being made to adjust the outstanding advances against the debtors.</p>

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

7.a)	The Company has generally been regular in depositing undisputed statutory dues including Provident Fund other than Rs 1,599.54 lakhs and 9,450.93 lakhs and Rs.2,486.20 lakhs and Rs. 713.59 Lakhs pertaining to Naini and Rae Bareli, Mankapur and Bangalore Plant units respectively, Employees State Insurance other than Rs. 0.65 lakhs pertaining to Bangalore NS Unit , Sales Tax & Service Tax other than on sales set up on provisional basis in respect of which tax incidence is not recognised & accounted, Customs Duty, Excise Duty, Cess and other statutory dues.	Revival package submitted through Operating Agency SBI, has been approved in principle by the Cabinet Committee on Economic Affairs on 12th February 2014. The dues will be cleared once the financial assistance is received from the Ministry.  As regards, sales tax and service tax on sales accounted on provisional basis, there are no comments to offer.
	According to the information and explanations given to us, other than to the extent indicated above, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.3.2015 for a period of more than six months from the date they became payable.	
8.	The accumulated loss of the Company as at 31.03.2015 has exceeded fifty percent of its net worth. The Company has incurred cash loss in the financial year under audit and also in the immediately preceding financial year.	Noted

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

Secretarial Auditors Observation	Company's reply
The Company has not dispatched notice of 64th Annual General Meeting and audited financial statements for the F.Y 2013-14 within twenty one clear days before the meeting which is not in accordance with the provisions of Section 101 and 136 of the Companies Act , 2013 respectively.	The non dispatch of Notice of 64th Annual General Meeting and audited financial statements for the year 2013-14 in time was due to delay in finalisation of Audited Accounts. Efforts are being made for compliance this year.
The Company has not appointed Woman director on the Board in accordance with the provisions of Section 149 (1) during the period under review.	The Company has however appointed a Woman Director w.ef. 13.05.2015, on the Board in compliance with the Companies Act 2013.
Non maintenance of proper fixed assets register	Noted for compliance

## ANNEXURE TO THE DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY:

(a) Energy conservation measure taken:

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

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

**b. Steps taken by Company for utilizing alternate sources of energy and**

**c. Capital investment on energy conservation equipments**

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

### TECHNOLOGY ABSORPTION:

#### RESEARCH & DEVELOPMENT

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

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

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

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

- a) The following R&D Products were productionised, which contributed more than Rs. 25 Crs (Rupees Twenty Five Crores) to the turnover of the Company.
  - 1) PRIMARY MUX & Spares
  - 2) E3 Secrecy



- 3) 10/100 Mbps IP ENCRYPTOR
  - 4) FIELD TELEPHONES (Teleset 5 C)
  - 5) Executive Telephone System ( ETS -04) & NUTAN Telephone
- b) Successfully completed Integration for TESD in DCN Test bed.
- c) Terminal End Secrecy Device. (TESD) - Working on production model of TESD with additional features

**(iii) Imported technology (imported during last three years reckoned from the beginning of the financial year)**

Nil.

**(iv) PLAN OF ACTION:**

- a) The following products are under development
- i. Giga Bit Ethernet Encryptor - Prototype development completed
  - ii. 10 Gig Ethernet Encryptor - Under Progress ( as part of MCEU)
  - iii. Multi channel Encryption Unit - Project under progress for 1Gig Encryptor & 10 Gig Encryptor ( MCEU) and development in progress for E1/E3 & STM-1/4/16 to address the tenders NFS Encryption and ASCON Phase IV Encryption
- b) Up gradation of R&D infrastructure as part of ITI's Revival Plan ( Test Instruments, software tools etc.) in progress

**Future Projects to be considered for Development**

- a) Handset Encryption
- b) Encryption for Software Defined Radio (SDR)
- c) Redesign of SCADA equipment to latest Spec of Railways

**(v) R&D Expenditure**

a) Capital	Rs. 0.05	Crores
b) Revenue	Rs. 12.94	Crores
TOTAL	Rs. 12.99	Crores

Total R&D Expenditure as a percentage of total turnover (Excluding Excise Duty) : 2.08 %

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

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

For and on behalf of the  
Board of Directors

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

Place: Bangalore  
Date : 11th August 2015

## ANNEXURE TO THE DIRECTOR'S REPORT

### REPORT ON CORPORATE GOVERNANCE

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

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen believes in adhering to the highest standards of Corporate Governance. Your Company is in compliance with the requirements of the Corporate Governance as stipulated under Clause 49 of the Listing Agreement and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines on Corporate Governance).

#### 2. BOARD OF DIRECTORS

As on 31st March 2015, Board of Directors comprises of 4 functional directors including Chairman & Managing Director, 2 Part time Government Directors (1 Part-time Director from Ministry of Communications & IT, 1 Part-time Director from Ministry of Defence, Government of India) and 3 Non-Official (Independent) Directors.

During the year, 6 Board Meetings were held on 07.04.2014, 30.05.2014, 13.08.2014, 13.11.2014, 09.01.2015 and 13.02.2015.

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

Name of the Directors	Category Of Director-Ship	Meeting held during respective tenure of Director	No. of Board Meeting attended	Attendance at last AGM/EGM	Number of Other Directorship	No. of Committees in which Chairman / Member
Shri .K. L. Dhingra* (DIN:00388194)	Chairman and Managing Director	6	6	Yes	1	--
Shri K.K Gupta** (DIN: 03092622)	Director-Production	6	6	Yes	1	1
Shri P.K.Gupta (DIN: 06896959)	Director-Marketing	6	5	Yes	1	1
Shri S. Gopu*** (DIN: 06896926)	Director-Human Resources	5	5	Yes	--	--
Shri N.K.Joshi**** (DIN: 03250326)	Govt. Nominee	2	2	No	2	--
Shri R.K.Mishra***** (DIN: 05184575)	Govt. Nominee	4	4	Yes	2	--
Lt.Gen.Nitin Kohli (DIN: 06785394)	Govt. Nominee	6	No	No	2	--
Shri Dharendra Singh (DIN: 00852815)	Independent Director	6	4	No	3	1
Dr.M.J.Zarabi (DIN: 00648928)	Independent Director	6	6	AGM-No EGM-Yes	--	1
Prof. Ramesh Bhat (DIN: 01958539)	Independent Director	6	2	Yes	3	1

\* Shri K L Dhingra is relieved from the service as Chairman and Managing Director w.e.f 03.06.2015

\*\* Shri K K Gupta, Director Production, is entrusted with additional charge as Chairman and Managing Director and assumed charge w.e.f 04.06.2015

\*\*\* Shri N.K.Joshi relinquished w.e.f 25.07.2014

\*\*\*\* Shri R.K.Mishra inducted w.e.f 25.07.2014 and relinquished w.e.f 13.05.2015

### 3. AUDIT COMMITTEE

The Company's Audit Committee consists of Shri Ramesh Bhat, Independent Director as its Chairman and Shri Dharendra Singh, Dr.M.J.Zarabi and Shri K.K.Gupta as its members. The Company Secretary is the Secretary to the Audit Committee. Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 26.09.2014.

The terms of reference of the Audit Committee are in compliance with the Section 177 of the Companies Act, 2013, Clause-49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines on Corporate Governance

During the year-ended 31.03.2015 the Audit Committee met 4 times on 30.05.2014, 13.08.2014, 13.11.2014, and 13.02.2015.

The details of attendance of members for the Audit Committee meetings held during the year 2014-15 are as under:

Name	Meeting held during respective tenure of Director	No. of meetings attended
Shri Dharendra Singh	4	4
Dr.M.J.Zarabi	4	4
Prof. Ramesh Bhat	4	1
Shri K.K.Gupta	4	4

### 4. NOMINATION AND REMUNERATION COMMITTEE

ITI, being a Central PSU,

- (i) the recruitment of functional directors including Chairman and Managing Director is by Public Enterprises Selection Board [P.E.S.B] and their appointments as duly approved by the Appointments Committee of the Cabinet (ACC), and also the monitoring of their performance is by the Department of Telecommunications, administrative department / Ministry of Communications & IT;
- (ii) the selection process of Independent Directors and also all the appointments of them being made as duly approved by the ACC; and
- (iii) the nomination of ex-officio directors is by the administrative department/ ministry concerned;
- (iv) the appointment of Key Managerial Personnel viz., Company Secretary and Chief Financial Officer were by the Board of Directors of the Company and that their remuneration are in line with the grade, in which they are selected.

ITI being a sick company does not have any performance related pay and hence, the need for constitution of nomination & Remuneration committee does not arise.

### REMUNERATION OF DIRECTORS

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

The remuneration paid to Whole-time Directors for the financial year 2014-15 are as follows:

(Remuneration in ₹)

Staff No	Name of the Director	Salary	P.F. Contribution	Total	Perquisites
01	K.L. Dhingra	1817124	217620	2034744	269484
19968	K.K.Gupta	1213582	163285	1376867	166013
20030	S.Gopu	1006589	146807	1153396	149188
20036	P.K. Gupta	1085868	159123	1244991	158967

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

Part-time Government Directors are not paid any remuneration including sitting fee for attending Board/Committee meetings. Further, none of the Part-time Government Directors had any pecuniary relationship or transactions with the Company during the year.

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

The Independent Directors are paid sitting fees of Rs. 3000/- for attending Board/Committee Meetings. An amount of Rs. 72,000/- has been paid as sitting fee to the Independent Directors during the year for attending the Board, Committee and Exclusive Independent Directors Meetings.

The service contract/ notice period/ severance fee etc., for all the Directors are as per the terms of appointment made by the Government of India. There was neither payment of commission to Directors nor any stock option scheme offered to them during the year.

**5. SHARES AND BONDS TRANSFER COMMITTEE**

The Shares and Bonds Transfer Committee comprises of Shri K.L.Dhingra as Chairman and Shri K.K.Gupta, Director-Production as member. The Shares and Bonds Transfer Committee approves transfer/ transmission of shares / bonds, de-mat, re-mat, issue of duplicate share certificate, split/consolidation proposals and other related work. Company Secretary is the Compliance Officer.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

In terms of the provisions of the Companies Act, 2013, the Company constituted Stakeholders Relationship Committee with Shri M J Zarabi as its Chairman and Shri P K Gupta as its Member to look into the redressal of Stakeholders/Investors grievance and review the action taken by the Company. Company Secretary is the Compliance Officer.

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. During the year no complaints were received during the year under the review.

**7. CODE OF CONDUCT**

The Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management of the Company as per Clause 49 of the Listing Agreement with Stock Exchange. The Code of Conduct has been posted on your Company's website [www.ititd-india.com](http://www.ititd-india.com) All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

**8. ITI CODE FOR PREVENTION OF INSIDER TRADING**

ITI has adopted a Code of Conduct for Prevention of Insider Trading in the shares of the Company. The ITI Insider Trading Rules, inter alia, prohibits purchase/sale of shares of the Company by employees who are in possession of unpublished price sensitive information in relation to the Company.

**9. WHISTLE BLOWER POLICY**

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

**10. GENERAL BODY MEETINGS**

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

YEAR	DATE	TIME	VENUE
2011-2012	28.09.2012	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE
2012-2013	27.09.2013	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE
2013-2014	26.09.2014	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE
2013-2014	09.01.2015	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE

All the resolutions, set out in the respective notices of last three Annual General Meetings / Extra ordinary General Meeting were passed by the shareholders. No resolution was put through postal ballot during year under review.

## 11. DISCLOSURES

- (i) There were no transactions of material nature with the directors or the management or their relatives during the year.
- (ii) The Company has Adopted policy on Related Party Transaction. The policy is available in [www.itiltd-india.com](http://www.itiltd-india.com)
- (iii) There were no cases of non-compliance by the Company and no penalties/strictures were imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.
- (iv) The Company has an independent Vigilance Branch, headed by a Chief Vigilance Officer. 'Drop Boxes' have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants. The Company has adopted Whistle Blower policy, as part of vigil mechanism.

## 12. MEANS OF COMMUNICATION

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

## 13. GENERAL SHAREHOLDERS INFORMATION

The 65th Annual General Meeting of the members of the company is scheduled to be held on Wednesday, the 23rd September 2015 at 11.30 A.M. at Bangalore Tamil Sangam, Bangalore - 560 042.

### Financial Calendar for the year 2015-16

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

Company's equity shares are listed on the following stock exchanges:

Bombay Stock Exchange Limited (BSE)

National Stock Exchange of India Limited (NSE)

The Company has paid listing fee up to the year 2015-16 to BSE and NSE.

### Stock code

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

### Stock Market Data

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

Month	BSE (Rs Per Share)	
	High	Low
April 2014	17.55	15.90
May 2014	32.05	15.20
June 2014	30.45	23.75
July 2014	43.30	27.85
August 2014	32.55	28.35
September 2014	32.70	24.40
October 2014	30.60	24.25
November 2014	30.70	25.50
December 2014	34.15	25.70
January 2015	37.75	28.25
February 2015	34.80	28.25
March 2015	29.75	18.95

### Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 15.09.2015 to 23.09.2015 (both days inclusive)

### Registrar and Share Transfer Agent

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

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

30, Ramana Residency,  
4th Cross, Sampige Road,  
Malleswaram, Bangalore 560 003.  
Phone No.080- 23460815-818  
Fax: 080 23460819 E-Mail: irg@integratedindia.in

### Share Transfer System

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

### Shareholding Pattern ( Equity)

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

### Dematerialization of shares and liquidity

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). 28,69,67,574 shares are dematerialized. The shares held by President of India (25,88,87,500 shares representing 89.89%) and Governor of Karnataka (3,12,500 shares representing 0.11%) are in physical form. The Company has a shareholders base of 38,416.

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

### Details of Shares held by Non-executive Directors

As per the declarations received, none of the Non-executive Directors are holding any equity shares in the Company.

### 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.

### Distribution Of Shareholding As On 31.03.2015

Sl. No	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	32884	85.60	5386668	1.87
2	501-1000	3059	7.96	2624876	0.91
3	1001-2000	1298	3.38	2058277	0.71
4	2001-3000	409	1.06	1064665	0.37
5	3001-4000	171	0.45	626093	0.22
6	4001-5000	189	0.49	913698	0.32
7	5001-10000	219	0.57	1666639	0.58
8	10001& above	187	0.49	273659084	95.02
	<b>TOTAL</b>	<b>38416</b>	<b>100.00</b>	<b>288000000</b>	<b>100.00</b>

### Plant Locations

ITI Limited's Units/Plants are located at Bangalore, Palakkad, Rae Bareli, Naini, Mankapur and Srinagar

### Address for correspondence with the Company

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

### Green Initiative

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

In accordance with MCA Circular No.17 /2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/ DP. This would enable the Company to send notices and documents to the shareholders through email. There are about 17262 shareholders consented to receive the notice, annual reports, etc., in e-mode.

## 14. COMPLIANCE

- (i) Your Company submits quarterly corporate governance compliance reports as per prescribed format to the Ministry of Telecommunications & IT and Stock Exchanges within 15 days from the close of quarter.
- (ii) Further, your Company submits a grading report on the compliance with the Corporate Governance with MOC & IT on quarterly and annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 89% for the year 2014-15.

**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2015**

**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	Company Limited by Shares / Union Government Company
5.	Address of the Registered office & contact details	ITI Bhavan, Doorvani Nagar, Bangalore -560 016 Phone : 080-2561 7486, FAX : 080-25618286 Email : cosecy_crp@itild.co.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Intergrated Enterprises (India) Ltd, 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bangalore – 560 003. Ph: 080-23460815. Fax-080-23460819 Email: irg@integratedindia.in

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

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

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

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

However the ISL does not contribute to the total turnover of the company.



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% 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	258887500	312500	259200000	90.00	258887500	312500	259200000	90.00	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (1)</b>	258887500	312500	259200000	90.00	258887500	312500	259200000	90.00	-
<b>(2) Foreign</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding Promoter &amp; Promoter Group (A)=(A) (1)+(A)(2)</b>	258887500	312500	259200000	90.00	258887500	312500	259200000	90.00	-
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	9995	21700	31695	0.01	82175	22500	104675	0.04	0.03
c) Central Govt	8580690	-	8580690	2.98	8580690	-	8580690	2.98	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-

e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies-	1142157	800	1142957	0.40	1142157	-	1142157	0.40	-
g) FIs	24600	-	24600	0.01	224600	-	224600	0.08	0.07
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>9757442</b>	<b>22500</b>	<b>9779942</b>	<b>3.40</b>	<b>10029622</b>	<b>22500</b>	<b>10052122</b>	<b>3.49</b>	<b>0.09</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1959345	29300	1988645	0.69	2258225	29300	2287525	0.79	0.10
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	12805836	664256	13470092	4.68	12458422	653926	13112348	4.55	0.13
ii) Individual Shareholders holding nominal share capital in excess of Rs 1 lakh	2750132	-	2750132	0.95	2619098	-	2619098	0.91	0.04
c) Others (specify)									
Non Resident Indians	219528	14200	233728	0.08	173946	14200	188146	0.07	0.01
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	513761	-	513761	0.18	467061	-	467061	0.16	0.02
Trusts	63700	-	63700	0.02	73700	-	73700	0.03	0.01
Foreign Bodies -D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2):-</b>	<b>18312302</b>	<b>707756</b>	<b>19020058</b>	<b>6.60</b>	<b>18050452</b>	<b>697426</b>	<b>18747878</b>	<b>6.51</b>	<b>0.09</b>

<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>28069744</b>	<b>730256</b>	<b>28800000</b>	<b>100.00</b>	<b>28080074</b>	<b>719926</b>	<b>28800000</b>	<b>100.0</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>286957244</b>	<b>1042756</b>	<b>288000000</b>	<b>100.00</b>	<b>286967574</b>	<b>1032426</b>	<b>288000000</b>	<b>100.0</b>	<b>-</b>

## B) Shareholding of Promoter

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

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

There are no changes in the Promoter's shareholding during the Financial Year 2014-15.

## D) Shareholding Pattern of top ten Shareholders:

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

SI. No.		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
	For Each of the Top 10 Shareholders				
1.	IN30133021332827 Special National Investment Fund	8580690	2.98	8580690	2.98
2.	IN30081210000012 Life Insurance Corporation Of India	1142157	0.40	1142157	0.40
3.	IN30236510000130 Shri Parasram Holdings Pvt Ltd	244777	0.08	39319	0.01
4.	IN30015910352937 Ramchand K Popley	232000	0.08	-	-

5.	1206490000002097 Amit Harivadan Parikh	205000	0.07	-	-
6.	IN30267931498607 Aurang Zeb	133040	0.05	133040	0.05
7.	1207110000000014 Ideal Stock Broking Pvt Ltd	124115	0.04	600	0.00
8.	IN30039412691085 Karvy Stock Broking Ltd	90946	0.03	114475	0.04
9.	IN30015910026383 Udayankumar N Kothari	80738	0.03	80738	0.03
10.	1204490000027586 Harpal Singh	80000	0.03	49000	0.02
11.	IN30016710104404 Leman Diversified Fund	-	-	100000	0.04
12.	IN30047640145588 RBC Financial Services Pvt Ltd	-	-	100000	0.04
13.	IN30134820044214 Bridge India Fund	-	-	100000	0.04
14.	IN30231610001125 Vinay Mittal	-	-	100000	0.04
15.	IN30009510001138 Manog Securities Pvt Ltd	-	-	85000	0.03

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

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

**Note :** None of the directors and KMPs hold any shares of the Company as on 31.03.2015

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

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	0.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	300	-	300
* Reduction	-	-	-	0.00
<b>Net Change</b>		300	-	300
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	300	-	300
ii) Interest due but not paid	-	1.56	-	1.56
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>		301.56		301.56

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

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in Rs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Shri K L Dhingra	Shri KK Gupta	Shri P K Gupta	Shri S Gopu	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,34,744	13,76,867	12,44,991	11,53,396	58,09,998
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,69,484	1,66,013	1,58,967	1,49,188	7,43,652
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	---	---	---	---	---
2	Stock Option	---	---	---	---	---
3	Sweat Equity	---	---	---	---	---
4	Commission - as % of profit - others, specify...	---	---	---	---	---
5	Others, please specify	---	---	---	---	---
	<b>Total (A)</b>	<b>23,04,228</b>	<b>15,42,880</b>	<b>14,03,958</b>	<b>13,02,584</b>	<b>65,53,650</b>
	Ceiling as per the Act					

**B. Remuneration to other directors**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri Ramesh Bhat	Shri Dhirendra Singh	Dr.M.J. Zarabi	Shri R K Mishra	Lt.Gen Nitin Kohli	
1	Independent Directors	✓	✓	✓	---	---	
	Fee for attending board /committee meetings	12000	27000	33000			72000
	Commission	---	---	---	---	---	
	Others, please specify	---	---	---	---	---	
	Total (1)	12000	27000	33000			72000
2	Other Non-Executive Directors	---	---	---	✓	✓	
	Fee for attending board committee meetings	---	---	---	---	---	
	Commission	---	---	---	---	---	
	Others, please specify	---	---	---	---	---	
	Total (2)	---	---	---	---	---	
	Total (B)=(1+2)	12000	27000	33000			72000
	Total Managerial						
	Remuneration	N.A	N.A	N.A	N.A	N.A	N.A
	Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					
		CEO	CS			CFO	Total
1	Gross salary		Ms Sunitha	Mr C S Sachdeva	Ms S Shanmuga Priya		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	---	4,12,243	1,87,828	1,44,050		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	1,71,198			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	16,630		---	
2	Stock Option	---	---	0		---	
3	Sweat Equity	---	---	0		---	
4	Commission	---	---	0		---	
	- as % of profit	---	---	0		---	
	others, specify...	---	---	0		---	
5	Others, please specify	---	---	0		---	
	Total	---	4,12,243	1,87,828	1,44,050	---	

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Industry Structure

The Indian telecommunications industry is one of the fastest growing in the world. The industry has witnessed consistent growth during the last year on account of several factors, like, increased use of wireless network for broadband connectivity, launch of 4G networks by operators, growth of e-commerce etc. The market is also abuzz with high speed broadband connectivity to villages on pan India basis to provide e-governance solutions to rural masses. Customers now have the choice of various operators and the various kinds of services they can choose from. Wireless networks, broadband penetration at all corners, affordable smart phones and single click applications for variety of services, like e-commerce, e-governance, e-education, e-health etc. drive the Indian communication industry to create a “Digital India” in the coming years.

According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 996.49 million, with a tele-density of 79.38% at the end of March 31, 2015. The booming domestic telecom market has been attracting huge investment which is likely to accelerate further with the entry of new players and launch of new services. Government’s initiatives to boost indigenous manufacturing through several new policies and “Make in India” will drive electronics manufacturing in the country.

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

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

#### **Opportunities and Threats:**

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

The Government has approved a revival plan for ITI with a funding support of Rs. 4156.79 Cr. This package consists of Rs. 2264 Crore as equity towards up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects. During the year 2014-15, Government had released Rs 192 Crore as first phase disbursement to the Company towards capital expenditure under revival plan. Infrastructure up-gradation for implementation of various projects is in progress at different plants of ITI. This support from the Government will help ITI to go into manufacturing of products in different market domains in a big way.

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

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

### **Future Outlook:**

In the Union budget 2014-15, Government approved Rs 192 Crore as first phase disbursement to the Company towards capital expenditure under revival plan. This amount has already been received by ITI and several projects under Defence business, SCADA, MLLN, Smart cards, HDPE Pipe manufacturing, SMPS, Component screening, Vehicle Tracking System (VTS), 3D printing, Contract manufacturing, Business with PSUs etc., have been identified. The infrastructure upgradation for implementation of these projects is in progress in Bangalore, Raebareli and Palakkad plants.

- **Defence projects:**

Being one of the leading suppliers of encryption equipments for the secured communication in the Defence networks, ITI is looking at Defence market as a great opportunity for its business. With greater thrust towards domestic manufacturing of Defence equipments, ITI proposes taking up manufacturing of new products for Defence like, Software Defined Radio (SDR), High Frequency Radio Handsets, TR modules for RADAR, equipments for Army Wide Area Network (AWAN Phase II) etc.

The Ministry of Defence had approved in principle for the establishment of Strategic Business Units (SBUs) at ITI at Bangalore and Raebareli plants to take up manufacture of DRDO designed products at ITI. The formation of SBUs is aimed at establishing facilities at ITI for the production of strategically important network and communication components, modules, systems designed and developed by DRDO. Necessary action is under progress to achieve the above objective.

Another major project which has been launched by Indian Army is ASCON Phase IV. Earlier three phases of ASCON project have been executed by ITI successfully. ITI is hopeful of winning the order for ASCON phase IV for which a tender has been released by Indian Army.

- **Solar Project:**

There has been special emphasis by the Government of India to implement the renewable energy sources including solar to overcome the environmental hazards and meeting the growing energy needs. ITI, having requisite expertise and experience for implementing Solar solutions, is planning to augment the solar panel manufacturing infrastructure in its Naini plant and is also planning to install one more manufacturing facility at its Srinagar plant. Naini plant has earlier executed Solar project for U.P Police and BSNL. More orders are expected in this market.

- **Core Telecom Products:**

ITI is pursuing on addressing the core telecom market like GSM, Next Generation Networks (NGN), Long Term Evolution (LTE), and Managed Leased Line Network (MLLN) etc.



- **LED Lighting:**

LED lighting is an environmental friendly option due to non-use of mercury. Market potential for this product is very good. ITI is planning to address this market. Potential areas of business opportunities are from National Highway Authority, State Governments and Municipal Corporations, CPWDs/ PWDs, Railways, Hotels and Hospital Industry etc.

- **Wi-Fi for NOFN network:**

Huge orders are anticipated for Wi-Fi equipments for deployment in NOFN (National Optic Fibre cable Network) project of Government of India. ITI is in the process of empanelling the back end partners for the execution of anticipated orders.

- **Manufacture of Citizen ID Cards:**

As an extension of NPR project which is under execution by ITI as a consortium partner with BEL and ECIL, ITI is also looking at the huge opportunity of manufacturing SMART card based citizen identity cards for all the citizens in the Country. ITI is already having SMART card manufacturing facility at its Palakkad plant. This will be further augmented to take manufacture of citizen ID cards.

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

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

## II. Risk Management

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

The Company has adopted a Risk Management framework, which covers risk management techniques while conceiving a project or while execution of a project etc. The Company is constantly monitoring and assessing the internal as well as external risk factors associated with its day to day business operations and financial management and thereby effectively mitigating possible risks associated therewith. As an added measure towards effective management of projects, during 2014-15, 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. The manual covers the steps to be taken to address the financial risks associated with a project

## III. HUMAN RESOURCES

As at 31st March, 2015, your Company had a total strength of 6177 as compared to 7311 at the end of the previous year.

## IV. INTERNAL CONTROL MEASURES

The Company has an adequate system of Internal Control Measures with a view to provide reasonable assurance regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has an Internal Audit Department, which continuously reviews compliance with the Company's procedures, policies, applicable laws and regulations. The department coordinates with the Units/Divisions of the Company for ensuring coverage of all areas of operations in order to bring a transparency in the whole spectrum of the Company. The Internal Control Systems are reviewed by the Audit Committee. The CEO/CFO certification provided elsewhere in the report discusses about the adequacy of our internal control systems and procedures.

## V. FINANCIAL PERFORMANCE

Your Company has achieved a sales turnover of Rs 620 Crs. for the year ended 31st March, 2015, as compared to Rs 770 Crs. in the previous year.

## VI. CAUTIONARY STATEMENT

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

## DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31st March, 2015.

For and on behalf of the  
Board of Directors

Place : Bangalore  
Date : 11th August 2015

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

## CFO /CEO CERTIFICATION

To The Board of Directors of ITI Ltd.

### SUB: CFO / CEO CERTIFICATION

(Issued in accordance with provision of Clause 49 of the Listing Agreement)

We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report of ITI Limited for the year ended March 31, 2015 and that to the best of our knowledge and belief, we state that:

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

Place: Bangalore

Date : 11th August 2015

**Dr Janaki Ananthkrishnan**

CFO / Director Finance

**K.K.Gupta**

Director Production/  
Addl Charge Chairman and  
Managing Director

## CERTIFICATE OF CORPORATE GOVERNANCE

To

**The Members of ITI Limited**

We have examined the compliance of conditions of Corporate Governance by ITI Ltd., for the year ended on 31st March, 2015 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The Compliance of conditions of corporate governance is the responsibility of Company's Management. Our examination was limited to review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financials of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

- 1. Company does not have the required strength of Independent Directors as stipulated in the Listing Agreement*

we certify that the Company has complied with all other conditions of corporate governance as stipulated in the aforementioned listing agreement.

We further state that such compliance is neither an assurance on the future viability nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sundar Sridni & Sridhar**

Chartered Accountants

Firm Registration No: 004201S

**S. Sridhar**

Partner

Membership No: 025504

Place: Bangalore

Date: 11th August 2015

# Financial Statements

## SIGNIFICANT ACCOUNTING POLICIES

### 1.00 Basis of Preparation of Financial Statements

- 1.01 The Financial Statements have been prepared as a going concern, in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention modified by accounting for fixed assets acquired free of cost or by gift, at the market value at the time of such acquisition and revaluation of certain fixed assets, on accrual basis of accounting. GAAP Comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting Policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.
- 1.02 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

### 2.00 Fixed Assets

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

- 2.02 Fixed Assets acquired free of cost or gifted to ITI are stated at Market Value which is credited to the Capital Reserve, at the time of acquisition less accumulated depreciation and impairment losses.
- 2.03 Any Capital Grant-in-Aid given for a specific project by any agency is initially credited to Grant-in-Aid (Capital) and this amount is adjusted to the statement of Profit and Loss over the useful life of the assets.
- 2.04 Expenditure on development of leasehold land is capitalised as Land Development Expenditure and is amortized over a period of 5 years, commencing from the year in which such expenditure is incurred.
- 2.05 Capital work in progress is stated at the amount expended up to the date of Balance Sheet.
- 2.06 In the event of revaluation of entire class of fixed assets, if the revalued amount is greater than the carrying amount of the fixed asset, such difference is taken to the revaluation reserve. If the revalued amount is lower than the carrying amount of the fixed asset and if the class of the asset has already been revalued, difference is set off against the amount available under the revaluation reserve for the same class of asset and excess thereof is charged to the statement of Profit and Loss.

### 3.00 Inventories

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

- 3.02 Raw materials and production stores with ancillaries and fabricators are valued at lower of cost at the time of such issue and net realizable value, after providing for obsolescence, if any.
- 3.03 Manufactured items in Stock and Stock-in-Trade are valued at lower of cost excluding interest charges, administration overheads and sales overheads and at the net realisable value, after providing for obsolescence, if any.
- 3.04 Work-in-process
- (i) Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration overheads and sales overheads or at the net realisable value, after providing for obsolescence, if any.
- (ii) Work-in-process (Installation) is valued at lower of cost as recorded in the Work Orders and net realizable value, after providing for obsolescence, if any.
- 3.05 Precious metals scrap is valued at net realizable value and brought to books at the year end.

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

- 4.01 Expenditure on special purpose tools and fixtures is initially capitalized at cost and then amortized over production on a systematic basis, based on technical assessment.
- 4.02 Loose tools are charged to revenue at the time of issue.

#### **5.00 Investments**

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

#### **6.00 Intangible Assets**

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

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

#### **7.00 Depreciation**

- 7.01 Depreciation is charged on Straight Line Method over the useful lives of the assets as estimated by the Management and the estimated useful lives are disclosed in Note No 13. Company believes that the useful lives as disclosed in Note No 13 best represent the useful lives of those assets based on internal assessment. However, independent technical evaluation by the external valuers is in progress. Hence the useful lives for those assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.
- 7.02 Depreciation on additions and deletions to fixed assets during a year is provided on pro rata basis as follows:
- (a) Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.
- (b) In respect of assets sold, discarded, damaged or destroyed on or before 15th day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15th of the month depreciation is reckoned in full for the month of deletion.
- 7.03 Intangible assets are amortized and charged to revenue based on the economic benefits drawn by the company over the useful life not exceeding ten years based on techno commercial assessment.
- 7.04 In the case of depreciable assets which have been revalued, depreciation is calculated on

straight line method on the revalued amount. Difference between depreciation on the asset based on revaluation and that on original cost, is transferred from revaluation reserve to the Statement of Profit and Loss.

### 8.00 Prior period items

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

### 9.00 Foreign currency transactions

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

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

### 10.00 Revenue Recognition

- a) Sales include Excise Duty & Service Tax and excludes Sales Tax.
- b) Revenue from sale of goods is recognized based on valid sales contract.
- c) Revenue from customer accepted sale of goods/other sale of goods is recognized on the date of dispatch of goods from the company's premises to the customer. In the case of FoR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period, revenue is recognised. Goods ready for dispatch but held in the

Company's premises at the customers specific request is also recognised as sale of goods.

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

### Revenue Recognition on Construction / Turnkey Contracts

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

### 11.00 Other Income

- a) Insurance and Customs Duty claims are accounted as and when claims are accepted by the respective authorities. Rental income is accounted on the basis of lease agreements entered with the parties to whom premises of the company are given under lease. Interest income is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.
- b) Dividend is accounted when the right to receive dividend is established by the Balance Sheet Date.



## **12.00 Warranty Liability**

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

## **13.00 Government Grants**

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

## **14. Employee Benefits**

- a) Short-term employee benefits are recognised as an expense at the un discounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- b) Post employment benefit viz. gratuity and other long term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit & Loss of the year in which the employee has rendered services. Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.
- c) Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.

## **15.00 Borrowing Cost**

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

## **16.00 Impairment of Assets**

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

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

- a) Tax expense comprises of current income and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- b) Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.
- c) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## **18.00 Trade Receivables**

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

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

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

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

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

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

### **21.00 Segment Reporting:**

The Company has primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments.

As per our report of even date

**For M/s Sundar Srini & Sridhar**

Chartered Accountants

Firm Reg. No.: 004201S

sd/-

**S. SRIDHAR**

Partner

M. No. 025504

sd/-

**S. SHANMUGA PRIYA**

Company Secretary

sd/-

**DR. JANAKI ANANTHAKRISHNAN**

Director-Finance/Chief  
Financial Officer

sd/-

**K. K. GUPTA**

Director-Production  
Addl. Charge CMD

Place: Bangalore

Date : 11th August 2015

## Balance Sheet as at 31st March, 2015

₹ in Lakhs

Particulars	Note No.	As at 31.03.2015		As at 31.03.2014	
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
(a) Share Capital	1	58800.00		58800.00	
(b) Reserves and Surplus	2	(6744.87)		23079.09	
(c) Money received against share warrants	3	0.00	52055.13	0.00	81879.09
<b>(2) Share application money pending allotment</b>	4		19200.00		0.00
<b>(3) Non-Current Liabilities</b>					
(a) Long-term borrowings	5	30156.20		0.00	
(b) Trade Payables	6	41832.26		25596.47	
(c) Other Long term liabilities	7	473.87		500.73	
(d) Long term provisions	8	8874.46	81336.79	10437.53	36534.73
<b>(4) Current Liabilities</b>					
(a) Short-term borrowings	9	92083.08		87592.68	
(b) Trade payables	10	186469.51		203442.63	
(c) Other current liabilities	11	67666.57		66023.46	
(d) Short-term provisions	12	35252.66		33285.50	
<b>Total</b>			<b>381471.82</b>		<b>390344.27</b>
<b>Grand Total</b>			<b>534063.74</b>		<b>508758.09</b>
<b>II. ASSETS</b>					
<b>(1) Non-current assets</b>					
<b>(a) Fixed assets</b>					
(i) Tangible assets	13	242343.72		245129.27	
(ii) Intangible assets	14	0.00		156.78	
(iii) Capital work-in-progress	15	3301.94		2114.55	
(iv) Intangible assets under development	16	0.00		0.00	
(b) Non-current investments	17	40.55		40.55	
(c) Deferred tax assets (net)	18	0.00		0.00	
(d) Long term loans and advances	19	251.60		194.83	
(e) Trade receivables	20	37790.75	283728.56	20811.67	268447.65
<b>(2) Current assets</b>					
(a) Current investments	21	0.00		0.00	
(b) Inventories	22	9334.28		9620.56	
(c) Trade receivables	23	184080.71		194352.38	
(d) Cash and cash equivalents	24	27122.47		3233.97	
(e) Short-term loans and advances	25	29774.70		33069.00	
(f) Other current assets	26	23.02		34.53	
<b>Total</b>			<b>250335.18</b>		<b>240310.44</b>
<b>Grand Total</b>			<b>534063.74</b>		<b>508758.09</b>

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

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

sd/-  
**S. SRIDHAR**  
Partner  
M. No. 025504

sd/-  
**S. SHANMUGA PRIYA**  
Company Secretary

sd/-  
**DR. JANAKI ANANTHAKRISHNAN**  
Director-Finance/Chief  
Financial Officer

sd/-  
**K. K. GUPTA**  
Director-Production  
Addl. Charge CMD

Place: Bangalore  
Date : 11th August 2015

## Profit and Loss Statement for the year ended 31st March, 2015

₹ in Lakhs

Particulars	Note No.	For the year ended on 31.03.2015	For the year ended on 31.03.2014
<b>Income</b>			
I. Revenue from operations	27	57433.14	70872.17
II. Other Income	28	8491.68	3706.76
III. Total Revenue (I + II)		65924.82	74578.93
<b>IV. EXPENSES:</b>			
Cost of materials consumed	29	4302.67	7923.97
Purchase of Stock-in-Trade	30	14205.92	5771.26
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	31	205.60	198.49
Installation & Maintenance Charges		21387.59	38153.18
Employee benefit expense	32	32118.75	33731.63
Finance costs	33	15725.35	12231.40
Depreciation and amortization expense	34	1532.38	1721.86
Other expenses	35	6246.02	9477.69
Total Expenses*		95724.28	109209.48
Less: Transfer to Capital Account	36	0.00	0.00
IV(A) Prior period adjustments(Net)	37	86.76	204.74
V. Profit/(Loss) before exceptional and extraordinary items and tax(III-IV-IV(A))		(29712.70)	(34425.81)
VI. Exceptional Items	38	0.00	0.00
i) Income		16500.00	0.00
ii) Expenses		16500.00	0.00
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(29712.70)	(34425.81)
VIII. Extraordinary Items	39	0.00	0.00
IX. Profit/(Loss) before tax (VII + VIII)		(29712.70)	(34425.81)
X. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
XI. Profit(Loss) for the period from continuing operations (IX-X)		(29712.70)	(34425.81)
XII. Profit/(Loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discontinuing operations		0.00	0.00
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		0.00	0.00
XV. Profit/(Loss) for the period (XI + XIV)		(29712.70)	(34425.81)
XVI. Earning per equity share before Exceptional & Prior Period Items			
Basic & Diluted( in ₹ )		(11.29)	(12.95)
Earning per equity share after Exceptional & Prior Period Items			
Basic & Diluted( in ₹ )		(11.26)	(12.88)

\*Includes expenditure on R&D ₹ 1294.06 (Previous Year ₹ 1690.45lacs) under various heads.

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

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

sd/-  
**S. SRIDHAR**  
Partner  
M. No. 025504

sd/-  
**S. SHANMUGA PRIYA**  
Company Secretary

sd/-  
**DR. JANAKI ANANTHAKRISHNAN**  
Director-Finance/Chief  
Financial Officer

sd/-  
**K. K. GUPTA**  
Director-Production  
Addl. Charge CMD

Place: Bangalore

Date : 11th August 2015

## CASH FLOW STATEMENT FOR THE YEAR 2014-15

₹ in Lakhs

	FOR THE YEAR ENDED 31st MARCH 2015	FOR THE YEAR ENDED 31st MARCH 2014
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT / (LOSS) BEFORE TAX	(29712.70)	(34425.81)
ADJUSTMENT FOR:		
DEPRECIATION	1532.38	1721.86
FINANCING CHARGES	15725.35	12231.40
PROFIT ON SALE OF INVESTMENTS	0.00	0.00
INTEREST/DIVIDEND RECEIVED	(258.36)	(99.13)
LOSS ON SALE OF ASSET	0.00	0.00
PROFIT ON SALE OF ASSET	(3.12)	(103.90)
TRANSFER FROM GRANT-IN-AID	(402.92)	(468.75)
TRANSFER FROM GRANT-IN-AID(Prior period adj.)	0.00	(166.79)
NON-CASH EXPENDITURE	9.09	28.56
<b>OPERATING CASH PROFIT / (LOSS)</b>	<b>(13110.28)</b>	<b>(21282.56)</b>
<b>BEFORE WORKING CAPITAL CHANGES</b>		
ADJUSTMENT FOR:		
TRADE AND OTHER RECEIVABLES	(3421.33)	43461.33
INVENTORIES	280.26	862.69
TRADE PAYABLES	1283.01	(35571.22)
DIRECT TAXES PAID	(44.08)	(181.35)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(15012.42)</b>	<b>(12711.11)</b>
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(15012.42)</b>	<b>(12711.11)</b>
EXTRAORDINARY ITEMS	0.00	0.00
<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>	<b>(15012.42)</b>	<b>(12711.11)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
PURCHASE OF FIXED ASSETS INCLUDING		
CAPITAL WORK-IN-PROGRESS	(1267.94)	(2094.49)
SALE OF FIXED ASSETS	3.12	103.90
INVESTMENTS	0.00	0.00
INTEREST RECEIVED	258.36	99.13
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(1006.46)</b>	<b>(1891.46)</b>

₹ in Lakhs

	FOR THE YEAR ENDED 31st MARCH 2015	FOR THE YEAR ENDED 31st MARCH 2014
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM LONG TERM BORROWINGS	34646.60	27010.51
SHARE APPLICATION MONEY	19200.00	0.00
GRANT-IN-AID RECEIVED	1786.13	1370.00
FINANCING EXPENSES	(15725.35)	(12231.40)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>39907.38</b>	<b>16149.11</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>23888.50</b>	<b>1546.54</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01-04-2014</b>	<b>3233.97</b>	<b>1687.43</b>
<b>[OPENING BALANCE]</b>		
<b>CASH AND CASH EQUIVALENTS AS AT 31-03-2015</b>	<b>27122.47</b>	<b>3233.97</b>
<b>[CLOSING BALANCE]</b>		

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

sd/-  
**S. SHANMUGA PRIYA**  
Company Secretary

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

sd/-  
**K. K. Gupta**  
Director- Production  
Addl. Charge CMD

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

Sd/-  
**S. SRIDHAR**  
Partner  
M. No. 025504

Place: Bangalore  
Date: 11th August 2015

## Notes to the Financial Statements

₹ in Lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.1</b>		
a) SHARE CAPITAL		
i) Equity		
a) Authorised		
80,00,00,000 (30,00,00,000) equity shares of ₹ 10 each*	80000.00	30000.00
b) Issued		
28,80,00,000 equity shares of ₹10 each	28800.00	28800.00
c) Subscribed and Fully Paid-up *		
28,80,00,000 equity shares of ₹10 each	28800.00	28800.00
d) Subscribed & not fully paid up	-	-
e) Par value per share	-	-
f) Calls un paid	-	-
g) Forfeited shares	-	-
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
	<b>No. of shares</b>	<b>No. of shares</b>
* Approval Pending DOT for the increase in Authorised capital		
Number of shares outstanding O.B	288000000	288000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	288000000	288000000
i) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of Equity share is entitled to one vote per share.		
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
j) List of share holders holding more than 5% shares		
<u>Name</u>	<u>No. of shares held</u>	<u>No. of shares held</u>
1. President of India		
* Government of India has disinvested 10% of the Equity shares to Financial Institutions, Banks, Mutual Funds and Employees.	258887500	258887500
k) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	Nil	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil	Nil
iii) Aggregate number and class of shares bought back	Nil	Nil
l) Preference Shares		
<u>Authorised</u>		
40000000 Preference Shares of ₹100 each		
-8.75% Cumulative Redeemable Preference Shares	40000.00	40000.00
a) Issued		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00
b) Subscribed and Fully Paid-up		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00
c) Subscribed & not fully paid up	-	-
d) Par value per share (₹100)	-	-
e) Calls un paid	-	-
f) Forfeited shares	-	-
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<b>As at 31.03.2015</b>	<b>As at 31.03.2014</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Number of shares outstanding O.B	10000000	10000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	10000000	10000000
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.		

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
<u>Name</u>	<u>No.of shares held</u>	<u>No.of shares held</u>
Mahanagar Telephone Nigam Ltd.	10000000	10000000
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	-	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	-	-
iii) Aggregate number and class of shares brought back	-	-
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
	<u>No.of shares held</u>	<u>No.of shares held</u>
a) On 8.75% Cumulative Preference Shares from 2002-03	10500.00	10500.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹ 10000 Lakhs	10000.00	10000.00
<u>-7% Cumulative Redeemable Preference Shares</u>		
<u>a) Issued</u>		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹ 100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
<u>b) Subscribed and Fully Paid-up</u>		
20000000, 7.00% Cumulative Redeemable Preference shares of ₹ 100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00
c) Subscribed & not fully paid up	-	-
d) Par value per share(₹ 100)	-	-
e) Calls un paid	-	-
f) Forfeited shares	-	-
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
	<u>No.of shares held</u>	<u>No.of shares held</u>
Number of shares outstanding O.B	20000000	20000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	20000000	20000000
h) The rights and preferences and restrictions attaching to the above class of shares		



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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
<u>Name</u>	<u>No. of shares held</u>	<u>No. of shares held</u>
Bharat Sanchar Nigam Ltd.	20000000	20000000
j) During last 5 years:		
i) Aggregate number of shares allotted with out being received in cash	-	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	nil	nil
iii) Aggregate number and class of shares brought back	nil	nil
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears:		
	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
On 7.00% Cumulative Preference Shares from 2003-04	15400.00	15400.00
(The figures indicated are excluding Dividend Distribution Tax)		
	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
	<u>No. of Shares</u>	<u>No. of Shares</u>
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31 st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹ 20000 Lakhs	20000.00	20000.00
Cumulative Redeemable Preference shares amounting to ₹ 30000 Lakhs overdue for redemption are continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company.		
<b>Note No. 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a) Capital Reserves</b>		
<b>i) Free Land Gifted</b>		
O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
Total	25.30	25.30
Deductions	0.00	0.00
Closing balance	25.30	25.30
<b>ii) Free Equipment gifted</b>		
Opening balance as per last B/S	437.43	531.17
Less-Transfer to P&L	93.74	93.74
Closing Balance	343.69	437.43

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<u>iii) Capital Grant in aid</u>		
As per last Balance Sheet	271270.00	269900.00
Transfer from Grant in aid (capital)	1787.00	1370.00
Closing Balance	<b>273057.00</b>	271270.00
<u>b)Capital Redemption Reserve</u>		
O.B as per last B/S	0.00	0.00
Additions	0.00	0.00
Total	0.00	0.00
Deductions	0.00	0.00
Closing balance	<b>0.00</b>	0.00
<u>c) Securities premium reserve</u>		
O.B as per last B/S	29.61	29.61
Additions	0.00	0.00
Total	29.61	29.61
Deductions	0.00	0.00
Closing balance	<b>29.61</b>	29.61
<u>d) Debenture Redemption reserve</u>		
Opening balance as per last B/S	0.00	210.00
Less-Transfer to General Reserve	0.00	210.00
Closing Balance	<b>0.00</b>	0.00
<u>e) Revaluation Reserve</u>		
<u>i) Revaluation reserves- Land</u>		
Opening balance as per last B/S	227611.21	227611.21
Less-Reversal on sale of land	0.00	0.00
Closing Balance	<b>227611.21</b>	227611.21
<u>ii)Revaluation reserves-Buildings</u>		
Opening balance as per last B/S	9830.13	11407.06
Less-Transfer to P&L	1400.79	1576.93
Closing Balance	<b>8429.34</b>	9830.13
<u>f)Other Reserves</u>		
<u>i) General reserve:</u>		
Opening balance as per last B/S	0.00	0.00
Add: Transfer from Bonds Redemption Reserve	0.00	210.00
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	0.00	210.00
Closing Balance	<b>0.00</b>	0.00
<u>ii)Profit on Sale of Fixed Assets</u>		
Opening balance as per last B/S	0.00	166.79
Less-Transfer to Surplus	0.00	166.79
Closing Balance	<b>0.00</b>	0.00

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<u>iii) Sale of Technical know-how</u>		
As per last Balance Sheet	3.50	3.50
Less-Transfer to P&L	0.00	0.00
Closing Balance	3.50	3.50
<u>iv) Industrial Housing Subsidy</u>		
As per last Balance Sheet	6.78	6.78
Less-Transfer to P&L	0.00	0.00
Closing Balance	6.78	6.78
<u>v) Investment allowance reserve</u>		
As per last Balance Sheet	0.00	0.00
LESS: Transfer to General reserve	0.00	0.00
Closing Balance	0.00	0.00
<u>g) Surplus</u>		
As per last Balance sheet	(486920.60)	(452704.79)
Add:Profit/(Loss) for the year	(29712.70)	(34425.81)
Add: Transfer from General Reserve	0.00	210.00
Add: Transfer from Profit on Loss of sale of fixed assets	0.00	0.00
Total	(516633.30)	(486920.60)
Less- Appropriations	0.00	0.00
Less-Transfer from P&L A/C-(Loss for the year)	0.00	0.00
Closing Balance	(516633.30)	(486920.60)
<u>h) Grant-in-Aid</u>		
<u>i)Grant-in-aid (Capital) :</u>		
As per last Balance Sheet	785.73	1254.48
Add:Receipts during the year	1786.19	1370.00
Total	2571.92	2624.48
Less:Transfer to revenue GIA/Capital reserves	1787.00	1370.00
Less:Transfer to Profit & Loss Account	402.92	468.75
Closing Balance	382.00	785.73
<u>ii)Grant-in-aid (Revenue)</u>		
As per last Balance Sheet	0.00	0.00
Add : Receipts during the year	16500.00	0.00
Total	16500.00	0.00
Less:Transfer to Profit & Loss Account	16500.00	0.00
Closing Balance	0.00	0.00
Total Grant-in-Aid	382.00	785.73
<b>TOTAL RESERVES AND SURPLUS</b>	<b>(6744.87)</b>	<b>23079.09</b>

**Note No.3**

Money received against share warrants

0.00

0.00

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.4</b>		
Share application money pending allotment	19200.00	0.00
During the FY 2014-15, the company has received a sum of Rs. 19200 lakhs from Ministry of Communications & IT, Department of Telecommunications towards Equity Share Application Money as a part of the approved CCEA Note submitted by the said Department for providing "Financial Assistance" to the Company, based on the recommendation of BRPSE. The said Ministry has extended the time limit upto 30th june 2015 for allotting 19,20,00,000 Equity Share of Rs. 10 each to president of India.		
<b>Note No.5</b>		
<u>NON-CURRENT LIABILITIES</u>		
<u>LONG TERM BORROWINGS</u>		
i) <u>SECURED LOANS</u>		
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Others	0.00	0.00
TOTAL	0.00	0.00
II) <u>UNSECURED LOANS</u>		
Loan from Government of India	30000.00	0.00
Interest accrued and due on the above	156.20	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
TOTAL	30156.20	0.00
G.TOTAL	30156.20	0.00
<b>Note No.6</b>		
<u>Trade Payables-Non current</u>		
For goods supplied		
- Micro small and medium enterprises	0.00	0.00
- Others	41658.67	25139.93
TOTAL	41658.67	25139.93
For Expenses and Services	143.18	138.48
For other Liabilities	30.41	318.06
TOTAL	41832.26	25596.47
<b>Note No.7</b>		
<u>Other Long Term Liabilities</u>		
Security deposit received	473.87	500.73
Others	0.00	0.00
G.TOTAL	473.87	500.73

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.8</b>		
<u>For privilege Leave</u>		
As per Last Balance Sheet	10170.39	12343.74
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(1534.62)	(1970.32)
Less: Payments	0.00	203.03
TOTAL	8635.77	10170.39
<u>For sick Leave</u>		
As per Last Balance Sheet	267.14	308.89
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(28.45)	(41.75)
Less: Payments	0.00	0.00
TOTAL	238.69	267.14
ii) Others	0.00	0.00
G. TOTAL	8874.46	10437.53

**Note No.9**CURRENT LIABILITIESi) Short term borrowingsLoans 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 & rawmaterials, debts & advances and second charge on all Fixed Assets both movable and immovable. ( Limit ₹111865 lakhs, P.Y. ₹ 96760 lakhs)

-Unsecured loans

Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & rawmaterials, debts & advances and second charge on all Fixed Assets both movable and immovable. ( Limit ₹111865 lakhs, P.Y. ₹ 96760 lakhs)	92083.08	87592.68
Loans and advances from related parties	0.00	0.00
Deposits	0.00	0.00
Other loans and advances	0.00	0.00
TOTAL	92083.08	87592.68

**Note No.10**Trade PayablesFor goods supplied

- Micro, small and medium enterprises	5.38	10.37
- Others	101830.99	124972.99
TOTAL	101836.37	124983.36
For Expenses and Services	57096.79	50984.36
For Other Liabilities(Including Excise duty on Stock-in-Trade	27536.35	27474.91
₹0.00 Lakhs P.Y. ₹0.00 Lakhs)		
For goods received and in transit adv as per contra in Note No. 22	0.00	0.00
TOTAL	186469.51	203442.63
Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2015	23.79	28.04

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

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<u>AS PER ENCLOSURE</u>		
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 31.03.2015.	0.00	0.00
(b) Interest due thereon remaining unpaid on 31.03.2015.	0.00	0.00
(c) The amount of interest paid and principal paid beyond the appointed day during the financial year 2014-15.	0.00	0.00
(d) Amount of interest due and payable for delay in payments(which have been paid beyond the appointed day during the F.Y.2014-15) but without adding interest under the MSMED Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2015.	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
<b>Note No.11</b>		
<u>Other current liabilities</u>		
<u>current maturities of long term debts</u>		
<u>"I" series Bonds of ₹.1000000/- each:</u>		
-6.40% Issues in March 2004 redeemable at par in March 2009(with put/call option after 3 years from the date of allotment)*	0.00	0.00
Period of continuing default in the repayment of loans: 36 Months		
Interest Accrued and due on Bonds	0.00	0.00
Period of continuing default in the repayment of interest: 36 Months		
Secured by first charge on all fixed assets of the company both movable and immovable present and future and ranking pari passu in favour of bond holders. Charges are created in favour of Canara Bank as agents and trustees of Bond holders.		
<u>Current maturities of finance lease obligations</u>	0.00	0.00
Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	0.00	0.00
<u>Income received in advance</u>	0.00	0.00
<u>Unpaid matured deposits and interest accrued thereon</u>	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	4945.46	3703.15
For Other Liabilities (including Excise Duty on Stock in Trade ₹ Nil, Previous year ₹ 0.44 lakhs)	1904.14	1917.36
Other payables	37985.32	42834.07
Duties & Taxes	658.88	147.79
Advances from Customers	13626.66	13526.79
Unclaimed Dividend	0.00	0.00
Interest accrued but not due on Loans	0.00	0.00
Wage revision Arrears	4759.48	0.00
Deposits from Contractors	3786.63	3894.30
<b>TOTAL</b>	<b>67666.57</b>	<b>66023.46</b>

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.12</b>		
SHORT TERM PROVISIONS		
<u>For Taxation</u>		
As per last Balance Sheet	53.75	53.75
Add: Provisions during the year	0.00	0.00
Less: Adjustments of provisions relating to earlier years	0.00	0.00
Total	53.75	53.75
<u>For gratuity</u>		
As per Last Balance Sheet	27930.44	27834.58
Add: Provision for the year	2270.70	95.93
Less: Transfer to gratuity trust	0.00	0.00
Add: Transfer from gratuity trust	6476.43	6287.14
Add: Transfer from Corporate	0.00	0.00
Less: Payments	6476.43	6287.21
Total	30201.14	27930.44
<u>For privilege Leave</u>		
As per Last Balance Sheet	5092.32	4623.48
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1373.65	2853.93
Less: Payments	1742.14	2385.09
Total	4723.83	5092.32
<u>For sick Leave</u>		
As per Last Balance Sheet	103.36	100.54
Add: Provision for the year	8.68	2.82
Less: Payments	0.00	0.00
Total	112.04	103.36
<u>For L L T C provision</u>		
As per Last Balance Sheet	105.63	260.67
Add: Provision for the year	74.19	(67.43)
Less: Payments	17.92	87.61
TOTAL	161.90	105.63
G.TOTAL	35252.66	33285.50

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

**Note No.13****Fixed Assets****Tangible assets**

PARTICULARS	GROSS BLOCK AT COST						AS AT 31.03.2015
	AS AT 31.03.2014	ADDITIONS DURING THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	
		Acquisitions through business combination	Others				
TANGIBLE ASSETS	1	2	3	4=1+2+3	5	6	7=4-5-6
LAND							
-FREE HOLD	228601.50	0.00	0.00	228601.50	0.00	0.00	228601.50 *
-LEASE HOLD	142.82	0.00	0.00	142.82	0.00	0.00	142.82 ****
ASSETS GIVEN ON LEASE	7.53	0.00	0.00	7.53	0.00	0.00	7.53
LAND DEVELOPMENT	21.37	0.00	0.00	21.37	0.00	0.00	21.37
BUILDING	52997.19	0.00	14.01	53011.20	0.00	0.00	53011.20 **
PLANT& MACHINERY	57974.40	0.00	32.74	58007.14	688.40	0.00	57318.74 ***
OTHER EQUIPMENT	21578.94	0.00	14.28	21593.22	0.00	0.00	21593.22
OFFICE M/C & EQPT	2481.79	0.00	17.55	2499.34	0.00	0.00	2499.34
FURNITURE FIXTURE& FITTINGS	1982.23	0.00	0.53	1982.76	0.00	0.00	1982.76
VEHICLES	925.30	0.00	1.50	926.80	10.86	0.00	915.94
ELECTRICAL INSTALLATION	14.04	0.00	0.00	14.04	0.00	0.00	14.04
<b>TOTAL</b>	<b>366727.11</b>	<b>0.00</b>	<b>80.61</b>	<b>366807.72</b>	<b>699.26</b>	<b>0.00</b>	<b>366108.46</b>
<b>PREVIOUS YEAR</b>	<b>366622.33</b>	<b>0.00</b>	<b>119.31</b>	<b>366741.64</b>	<b>8.00</b>	<b>6.53</b>	<b>366727.11</b>

- Company has not adopted the enhanced estimated useful life of the asset, suggested by registered valuer as this would have resulted in not complying with the requirement of charging minimum depreciation. Consequently company charged off ₹1494.53 Lakhs (Previous year ₹1670.67 Lakhs) as depreciation on revalued asset for the year. However this has no effect on the losses of the year, as this amount is transferred from the revaluation reserve.
- There is a charge of ₹ 7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
- Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
- With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

Fixed Assets	(Years)
A.(a)Building (other than factory buildings)	50
(b) Factory building	28
(c) Purely temporary erection	Year of construction
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	13
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	10
(b) Special Rate : - Data Processing Machines including Computers	6
D. Roads and compound Walls	10
E. Office Machinery and Equipment	7
F. Vehicles	7
G. Assets costing less than ₹ 5,000/- are depreciated @ 100%	



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

₹ in Lakhs

DEPRECIATION									
UPTO 31.03.14	FOR THE YEAR		SUB TOTAL	ASSETS" SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	Impairment loss/ Reversal of Impairment Loss	UPTO 31.03.2015	Net Carrying Value as at 31.03.2015	Net Carrying Value as at 31.03.2014
	Acquisitions through business combination	Others							
8	9	10	11=8+9+10	12	13	14	15=11-12-13-14	16=7-15	17
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	228601.50	228601.50
23.82	0.00	0.27	24.09	0.00	0.00	0.00	24.09	118.73	119.00
7.53	0.00	0.00	7.53	0.00	0.00	0.00	7.53	0.00	0.00
21.37	0.00	0.00	21.37	0.00	0.00	0.00	21.37	0.00	0.00
40892.70	0.00	1588.96	42481.66	0.00	0.00	0.00	42481.66	10529.54	12104.49
54188.78	0.00	1158.74	55347.52	688.40	0.00	0.00	54659.12	2659.62	3785.62
21194.26	0.00	90.75	21285.01	0.00	0.00	0.00	21285.01	308.21	384.68
2445.97	0.00	6.02	2451.99	0.00	0.00	0.00	2451.99	47.35	35.82
1938.21	0.00	10.04	1948.25	0.00	0.00	0.00	1948.25	34.51	44.02
871.16	0.00	11.38	882.54	10.86	0.00	0.00	871.68	44.26	54.14
14.04	0.00	0.00	14.04	0.00	0.00	0.00	14.04	0.00	0.00
<b>121597.84</b>	<b>0.00</b>	<b>2866.16</b>	<b>124464.00</b>	<b>699.26</b>	<b>0.00</b>	<b>0.00</b>	<b>123764.74</b>	<b>242343.72</b>	<b>245129.27</b>
<b>118371.36</b>	<b>0.00</b>	<b>3233.96</b>	<b>121605.32</b>	<b>7.53</b>	<b>-0.06</b>	<b>0.00</b>	<b>121597.84</b>	<b>245129.27</b>	<b>248250.97</b>

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

\* i) Includes ₹25 Lakhs value of land (Before revaluation) gifted by UP Govt. credited to Capital Reserve.

ii)(a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.

(b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bangalore & Mankapur) are yet to be executed by the respective State Governments.

(c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.

(d) Registered valuers have revalued Land of the company on 31.3.2006. Land with original cost of ₹ 1000 Lakhs and written down value of ₹ 1000 Lakhs have been revalued at ₹228637 Lakhs, resulting in an increase in value by ₹ 227637 Lakhs.

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

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

\*\*\* i) Includes ₹85 Lakhs of plant & machinery given free of cost by UNIDO.

ii) Includes ₹60 Lakhs of plant & machinery cost of which is borne by Ministry of Information Technology.

iii) Includes cost of fixed assets worth ₹5000 Lakhs procured out of Grant received from Government of India during 2004-05.

iv) Includes ₹937 Lakhs of plant, machinery and Equipments received free of cost by Rae Bareli unit.

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

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

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

PARTICULARS	GROSS BLOCK AT COST						AS AT 31.03.2015
	AS AT 31.03.2014	ADDITIONS DURING THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	
		Acquisitions through business combination	Others				
INTANGIBLE ASSETS	1	2	3	4=1+2+3	5	6	7=4-5-6
<b>INTERNALLY GENERATED ASSETS</b>							
PROJECT DEVELOPMENT EXS	1347.26	0.00	0.00	1347.26	0.00	0.00	1347.26
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EXTERNALLY GENERATED ASSETS</b>							
TECHNICAL KNOWHOW	1567.77	0.00	0.00	1567.77	0.00	0.00	1567.77
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>2915.03</b>	<b>0.00</b>	<b>0.00</b>	<b>2915.03</b>	<b>0.00</b>	<b>0.00</b>	<b>2915.03</b>
PREVIOUS YEAR	2915.03	0.00	0.00	2915.03	0.00	0.00	2915.03

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

₹ in Lakhs

DEPRECIATION									
UPTO 31.03.14	FOR THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	Impairment loss/ Reversal of Impairment Loss	UPTO 31.03.2015	Net Carrying Value as at 31.03.2015	Net Carrying Value as at 31.03.2014
	Acquisitions through business combination	others							
8	9	10	11=8+9+10	12	13	14	15=11-12-13-14	16=7-15	17
1347.26	0.00	0.00	1347.26	0.00	0.00	0.00	1347.26	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1410.99	0.00	156.78	1567.77	0.00	0.00	0.00	1567.77	0.00	156.78
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>2758.25</b>	<b>0.00</b>	<b>156.78</b>	<b>2915.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2915.03</b>	<b>0.00</b>	<b>156.78</b>
<b>2444.70</b>	<b>0.00</b>	<b>156.77</b>	<b>2601.47</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2601.47</b>	<b>313.56</b>	<b>470.33</b>

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.15</b>		
<u>CAPITAL WORK-IN-PROGRESS</u>		
Capital Work-in-Progress at Cost	3223.82	2036.43
Less: Provision	0.44	0.44
Total	3223.38	2035.99
Materials with Contractors	28.93	28.93
Less : Provision	28.93	28.93
Total	0.00	0.00
<u>Machinery at Cost</u>		
In-Transit	6.58	6.58
Awaiting Acceptance / Installation	78.07	78.07
Total	84.65	84.65
Less:Provision	6.09	6.09
TOTAL	78.56	78.56
G.TOTAL	3301.94	2114.55
<b>Note No.16</b>		
Intangible assets under development	0.00	0.00
<b>Note No.17</b>		
<u>NON- CURRENT INVESTMENTS</u>		
<u>Investment in Equity instruments</u>		
Fully Paid at Cost (unquoted)	40.55	40.55
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares (extent of investment 49%)	0.00	0.00
TOTAL	40.55	40.55
<b>Note No.18</b>		
Deferred tax assets(net)	0.00	0.00
TOTAL	0.00	0.00
<b>Note No.19</b>		
<u>Long term loans and advances</u>		
<u>Secured and considered good:</u>		
Capital Advances	6.89	1.07
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<u>Considered Doubtful:</u>		
Capital Advances	28.40	28.40
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
Total	35.29	29.47
less: provision	28.40	28.40
TOTAL SECURED LOANS & ADVANCES	6.89	1.07

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<u>Un Secured and considered good:</u>		
Capital Advances	1.62	1.62
Security Deposits	0.59	0.59
Loans and advances	18.32	18.76
<u>Considered Doubtful:</u>		
Capital Advances	0.00	0.00
Security Deposits	225.28	173.89
Loans and advances	0.00	0.00
Total	245.81	194.86
less: provision	1.10	1.10
Loans and advances due from related parties:		
ISL	0.00	0.00
<b>TOTAL UNSECURED LOANS&amp; ADVANCES</b>	<b>244.71</b>	<b>193.76</b>
<b>TOTAL LOANS AND ADVANCES</b>	<b>251.60</b>	<b>194.83</b>
<b>Note No.20</b>		
<u>Long Term trade Receivables</u>		
<u>Secured</u>		
- Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
- Others not exceeding 6 months	0.00	0.00
Total	0.00	0.00
less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
<u>Un Secured</u>		
- Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good	37790.75	20811.67
Considered Doubtful	3339.06	3339.06
- Others not exceeding 6 months	0.00	0.00
Total	41129.81	24150.73
less: Provision	3339.06	3339.06
	<b>37790.75</b>	<b>20811.67</b>
<b>G.Total</b>	<b>37790.75</b>	<b>20811.67</b>

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.21</b>		
CURRENT ASSETS		
Current investments	0.00	0.00
<b>Note No.22</b>		
INVENTORIES		
a) Raw material and Production stores	5622.02	5604.23
Less: Provision for Obsolescence	1551.01	1549.89
	4071.01	4054.34
b) Material issued against Fabrication Contracts	100.23	100.21
Less: Provision	95.47	95.47
	4.76	4.74
c) Non-Production Stores	802.98	769.32
Less: Provision for Obsolescence	251.55	251.55
	551.43	517.77
d) Work-in-Process Production	2682.27	2487.10
Less: Provision	273.76	273.76
	2408.51	2213.34
e) Work-in-Process Installation	0.00	0.00
Less: Provision	0.00	0.00
	0.00	0.00
f) Manufactured Components	1053.51	1228.41
Less: Provision	33.86	33.86
	1019.65	1194.55
g) Finished Goods		
Stock-in-Trade	1554.06	1540.13
Excise Duty thereon	56.51	52.99
	1610.57	1593.12
Less: Provision	1044.61	1044.61
	565.96	548.51
h) Stock Reconciliation Account	9.89	8.58
Less: Provision	9.89	8.58
	0.00	0.00
i) Goods Pending Inspection / Acceptance	53.69	265.28
j) Material-in-Transit Advances		
Considered Good	616.14	777.06
Considered Doubtful	82.23	82.23
	698.37	859.29
Less: Provision	82.23	82.23
	616.14	777.06
k) Material received and In-Transit Advances Payables	41.59	44.17
l) Tools and Gauges	1.54	0.80
<b>TOTAL</b>	<b>9334.28</b>	<b>9620.56</b>

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.23</b>		
<u>Trade Receivables (Current)</u>		
<u>Secured</u>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	0.00	0.00
Less:Provision	0.00	0.00
	0.00	0.00
<u>Un Secured</u>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	164414.62	183478.26
Considered Doubtful	3450.51	3444.25
	167865.13	186922.51
Other for a period of not exceeding 6 months: Considered Good	19666.09	10874.12
	187531.22	197796.63
Less:Provision	3450.51	3444.25
	184080.71	194352.38
	184080.71	194352.38
<b>TOTAL TRADE RECEIVABLES</b>		
(During the year 2014-15 an amount of ₹148081 Lakhs (PY ₹148081 Lakhs) lying under advance from customers (BSNL) has been netted off against Debtors.)		
<b>Note No. 24</b>		
<u>Cash and cash equivalents</u>		
a)Cash-on-Transit	78.30	0.00
b)Cash on hand	41.02	26.37
c) Cheques & Stamps on Hand	0.86	0.95
<u>d) Balance with Banks :</u>		
- On Current Account	26674.55	3106.10
- On Current Account (Apprentices)	5.79	0.00
Unpaid Dividend	0.00	0.00
Security deposits/others	0.00	0.00
LC Margin money	250.00	0.00
On Savings Account(Apprentices Security Deposits)	6.22	11.68
On short term deposit (margin money)	65.73	83.06
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	0.00	5.81
On Fixed Deposit Account- Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>27122.47</b>	<b>3233.97</b>

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No. 25</b>		
Short-term loans and advances		
<u>Secured Advances recoverable in cash or in kind or for value to be received</u>		
Vehicles	0.03	0.03
House building	0.00	0.11
Deposits with Customs Department	8.51	7.57
Deposits with Excise Authorities	2458.76	3092.65
Other Deposits (includes ₹ 0.00 lakhs of National saving Certificates. Previous year ₹ 0.00 lakhs)	2179.57	2693.05
Less: Provision	250.65	250.65
<b>TOTAL</b>	<b>4396.22</b>	<b>5542.76</b>
<u>Un secured Advances recoverable in cash or in kind or for value to be received</u>		
Considered Good	7849.66	12459.27
Considered Doubtful	1612.49	792.73
	9462.15	13252.00
Less: Provision	1612.49	1612.49
	7849.66	11639.51
Claims and Expenses Recoverable - Inland		
Considered Good	15985.77	14358.95
Considered Doubtful	678.67	678.67
	16664.44	15037.62
Less: Provision	678.67	678.67
	15985.77	14358.95
Claims and expenses recoverable - Foreign		
Considered good	69.71	46.08
Considered doubtful	1204.32	1204.32
	1274.03	1250.40
Less: Provision	1204.32	1204.32
	69.71	46.08
Advance for Civil Works/ Capital Goods		
Considered good	0.00	0.00
Considered doubtful	0.00	0.00
	0.00	0.00
Less: Provision	0.00	0.00
	0.00	0.00
Payment of Advance tax (Net of refunds)	389.92	345.84
Vehicle advance	0.00	0.00
Other Deposits	972.03	1069.95
Less: Provision	5.35	5.35
	966.68	1064.60
Interest accrued but not due on short term deposits	116.74	71.26
<b>TOTAL</b>	<b>25378.48</b>	<b>27526.24</b>
<b>TOTAL SHORT TERM LOANS AND ADVANCES</b>	<b>29774.70</b>	<b>33069.00</b>



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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
a) Claims and expenses recoverable - inland- includes ₹1690.20Lakhs(previous year ₹1690.20 Lakhs) recoverable from M/s HCL Infosystem Ltd . as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.		
b) Claims and expenses recoverable - inland- ₹140.27 Lacs (₹ 140.27 Lacs) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2015-2016		

**Note No. 26**Other current assets

Taxes & Duties in put	7.46	18.97
WCT Recoverable	15.56	15.56
TOTAL	23.02	34.53

**Note No. 27**REVENUE FROM OPERATIONS

i) Sale of Products (Incl. Excise duty and net of Sales tax )	20480.49	14633.88
-Sale of Finished Goods ₹ 8333.84 Lacs ( P.Y. ₹ 7376.84 Lacs)		
-Sale of Traded Goods ₹ 12146.65 Lacs ( P.Y ₹ 7257.04 Lacs)		
ii) Sale of services (Incl. Service Tax)	41499.35	62355.81
iii) Other Operating Revenues:		
a) Sale of Scrap	0.75	224.01
b) Income from DLRC Project	114.62	101.97
c) Non competing fee	0.00	0.00
TOTAL	62095.21	77315.67
less: Excise Duty	478.01	723.70
Less: Service Tax	4184.06	5719.80
Total Revenue from operations-Net	57433.14	70872.17

Sales accounted on provisional basis/prices for supply of 'various equipments. Variation, if any, will be accounted on the determination of final prices. Impact on profit is not ascertainable. Where firm rates for sales are not established accounting for refund/adjustment of Excise Duty/Sales Tax is on provisional basis. The aggregate provisional sales during the Year is ₹ Nil as against ₹ Nil lakhs of the previous year. The reversal of the provisional sales relating to previous years during the Year is ₹ Nil.

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<u>Sales under broad heads</u>		
1. NPR	802.16	958.66
2. Electronic Switching Equipments	430.20	298.57
3. MLLN	739.80	0.00
4. SIM Card	87.43	0.00
5. Transmission Equipment	1813.74	982.60
6. Telephone	206.20	479.90
7. STM	0.00	0.00
8. DWDM	0.00	0.00
9. SOLAR PANEL	0.00	1686.44
10. SWAN	538.91	0.00
11. APDRP	6019.69	0.00
12. IT PRODUCTS	664.80	0.00
13. NGN	4275.98	0.00
13. Others	4901.58	10227.71
TOTAL	<b>20480.49</b>	14633.88
<u>Service Income under broad heads</u>		
1. AMC	2569.60	11347.00
2. SSTP	634.16	0.00
3. NPR & SECC	4052.55	23425.00
4. Data Center	1472.92	1461.00
5. IT	1729.15	3258.00
6. GSM	7613.33	0.00
7. Others	17477.49	22864.81
TOTAL	<b>41499.35</b>	62355.81
<u>Earnings in Foreign Currency</u>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
Total	<b>0.00</b>	0.00
<b>Note No.28</b>		
<u>OTHER INCOME</u>		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	258.36	99.13
Total	<b>258.36</b>	99.13

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
d) <u>Other Non-operating income (Net of expenses directly attributable to such income)</u>		
i) Profit on Sale of Assets	3.12	103.90
Less: Transfer to Capital Reserves	0.00	0.00
TOTAL	3.12	103.90
ii) Commission	0.00	0.00
iii) Rent	1826.48	1534.72
iv) Lease Rent	0.00	0.00
v) Transport Charges	3.01	3.98
vi) Sale of Scrap	16.36	61.56
vii) Water Charges/Electricity Charges	200.73	126.30
viii) Forfeited Bank Guarantee	0.00	50.98
ix) Excess Provision Withdrawn	150.81	105.41
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	3872.98	33.62
xii) Waiver of Liquidated Damages	553.32	11.24
xiii) Compensation for Srinagar Loss	864.99	893.83
xiv) Waiver of Interest Charges	0.00	0.00
xiii) Misc. Income	200.69	213.34
xiv) Transfer from Revenue Grant-in-Aid	0.00	0.00
xv) Revenue Grant-in-Aid - VRS	0.00	0.00
xvi) Revenue Grant-in-Aid - Others	0.00	0.00
xvii) Transfer from Capital Grant-in-Aid	402.92	468.75
TOTAL(i to xvii)	8095.41	3607.63
e) Adjustment to the carrying value of investments(write back)	0.00	0.00
f) <u>Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)</u>	137.91	0.00
G.TOTAL	8491.68	3706.76

**Note No.29**

Consumption of Raw Materials &amp; Production Stores

Opening Stock	5704.45	6333.08
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	4910.98	7489.02
Material for Installation & Maintenance	0.00	0.00
TOTAL	10615.43	13822.10
Less: Closing Stock	5870.92	5704.44

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
Issue to Revenue and Others	505.56	278.21
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>6376.48</b>	<b>5982.65</b>
Add: Stores Indirect expenses relating to RM & Prodn. Stores	63.72	84.52
<b>CONSUMPTION</b>	<b>4302.67</b>	<b>7923.97</b>

Rawmaterials consumed under broad heads

<u>particulars</u>	<u>Amount</u>	<u>Amount</u>
1. Electronic Goods & Components	4302.67	7923.97
<b>Total</b>	<b>4302.67</b>	<b>7923.97</b>
Value of Imports on CIF basis		<b>31.03.2015</b> <b>31.03.2014</b>
		<b>TOTAL</b> <b>TOTAL</b>
Raw Materials and Production Stores		770.90    8173.43
Components and Spare Parts		7.28    12.20
Material in transit		262.39    767.99
Capital Goods		9.30    117.20
<b>TOTAL</b>		<b>1049.87</b> <b>9070.82</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.

<u>Particulars</u>	<u>Current Year</u>		<u>Previous Year</u>	
	₹ Lakhs	%	₹ Lakhs	%
Imported	1361.25	8.32	3465.09	13.22
Indigenous	14995.92	91.68	22754.68	86.78
<u>Total</u>	<b>16357.17</b>	<b>100.00</b>	<b>26219.77</b>	<b>100.00</b>

**Note No.30**

Purchase of Stock-in-Trade	14205.92	5771.26
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Goods purchased under broad heads

<u>Particulars</u>	<u>Amount</u>	<u>Amount</u>
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	6.91	1666.13
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	243.10	0.00
8. ASCON	644.66	290.57
9. GSM	1410.11	0.00

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
10. IT	0.00	0.00
11. APDRP	6437.10	0.00
12. Others	5464.04	3814.56
TOTAL	14205.92	5771.26

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

Closing Balance	2442.72	2487.25	
Less: Opening Balance	2487.25	2685.01	
TOTAL	(44.53)	(197.76)	
Add: Write Off during the Year	0.00	0.00	
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00	
TOTAL	(44.53)		(197.76)

WIP - Installation:

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

Accretion/(Decretion) to ManufacturingComponents

Closing Balance	1053.31	1228.41	
Less: Opening Balance	1228.40	1224.22	
TOTAL	(175.09)	4.19	
Add: Write Off during the Year	0.00	0.00	
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00	
TOTAL	(175.09)		4.19

WIP - Installation:

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

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
TOTAL	0.00	0.00
<u>Accretion/(Decretion) to Stock-in-Trade</u>		
<u>Stock-in-Trade :</u>		
Closing Balance	1554.06	1540.13
Less: Opening Balance	1540.13	1545.05
Total	13.93	(4.92)
Add: Write Off during the Year	0.09	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
TOTAL	14.02	(4.92)
<u>Stock of Scrap</u>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
TOTAL	0.00	0.00
G.TOTAL	(205.60)	(198.49)

**Note No.32**

## EMPLOYEE BENEFIT EXPENSES:

## i) SALARIES &amp; WAGES :

Salaries & Wages	25566.89	27989.15
Less: Other Revenue Accounts	0.00	0.00
TOTAL	25566.89	27989.15
Bonus	0.00	0.55
Incentive	53.13	88.35
G.TOTAL	25620.02	28078.05

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

Providend Fund & Pension Fund	2839.14	3222.78
Employees State Insurance	4.58	6.17
Gratuity Trust Fund	2270.70	95.93
Leave Salary- PL	(152.19)	883.61
Sick Leave	4.07	(38.93)
Deposit Linked Insurance/Group Insurance	36.45	29.47
TOTAL	5002.75	4199.03

## iii) WORKMEN AND STAFF WELFARE EXPENSES

Welfare Expenses - Canteen	257.23	276.93
Welfare Expenses - Education	289.78	292.57
Medical Expenses	780.60	859.09
LTC/LLTC	80.16	(67.43)

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
Uniforms	10.59	8.37
Others	77.62	85.02
<b>TOTAL</b>	<b>1495.98</b>	1454.55
<b>iv) VOLUNTARY RETIREMENT SCHEME</b>		
VRS Payments	0.00	0.00
<b>G.TOTAL</b>	<b>32118.75</b>	33731.63

Compensation to employees of the company opted for Voluntary Retirement during 2014-15 has been charged off to the Profit & Loss account and the like amount has been withdrawn from Grant in Aid received from GOI and has been credited to Profit and Loss account under Exceptional Items

Remuneration paid to Key Management Personnel[As required under AS-18]

	<b>2014-15</b>	<b>2013-14</b>
	₹ in Lakhs	₹ in Lakhs
Shri. K.L.Dhingra - CMD - Salary and Perquisites	23.04	21.67
Shri Rajni Kumar Agarwal - Director (Marketing) - Salary and Perquisites	-	8.52
Shri. Ravi Khandelwal -Director (Finance) -Salary and Perquisites	-	1.66
Shri K.K.Gupta - Director (Production) - Salary and Perquisites	15.43	13.87
Shri P.K Gupta - Director (Marketing) - Salary and Perquisites	14.04	-
Shri. Gopu -Director (HR) -Salary and Perquisites	13.03	-

DISCLOSURE REPORT UNDER AS15 [REVISED 2005]Defined Benefit Plan

The Employees Gratuity Fund Scheme Managed by a Trust is a defined benefit Plan. The Present value of Obligation is determined based on Actuarial Valuation. The obligation for Leave encashment is recognized based on Actuarial Valuation which is unfunded.

GratuityPrivilege Leave Encashment

<u>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</u>	<u>31/03/2015</u>	<u>31/03/2014</u>	<u>31/03/2015</u>	<u>31/03/2014</u>
<u>[Expressed as weighted averages]</u>				
Discount Rate	7.80%	8.70%	7.80%	8.70%
Salary escalation rate	8.50%	10.00%	8.50%	10.00%
Attrition rate	16.60%	14.17%	16.60%	14.17%
Expected rate of return on Plan Assets	11.00%	10.35%	0.00%	0.00%

In the following tables, all amounts are in Rupees in lacs, unless otherwise stated

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

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014	
	<u>Gratuity</u>		<u>Privilege Leave Encashment</u>	
	<u>31/03/2015</u>	<u>31/03/2014</u>	<u>31/03/2015</u>	<u>31/03/2014</u>
<u>II. CHANGES IN THE PRESENT</u>				
<u>VALUE OF THE OBLIGATION (PVO) -</u>				
<u>RECONCILIATION OF OPENING AND</u>				
<u>CLOSING BALANCES:</u>				
PVO as at the beginning of the period	<b>35560.44</b>	40649.58	<b>15262.68</b>	16967.23
Interest Cost	<b>2811.40</b>	2925.47	<b>1273.17</b>	1221.85
Current service cost	<b>1070.90</b>	1175.14	<b>381.95</b>	452.87
Past service cost - (non vested benefits)	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Past service cost - (vested benefits)	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Benefits paid	<b>(6491.00)</b>	(6287.00)	<b>(1257.01)</b>	(2604.99)
Actuarial loss/(gain) on obligation (balancing figure)	<b>(1009.60)</b>	(2902.75)	<b>(2301.21)</b>	(774.28)
PVO as at the end of the period	<b>31942.14</b>	35560.44	<b>13359.58</b>	15262.68
<u>III. CHANGES IN THE FAIR VALUE OF</u>				
<u>PLAN ASSETS - RECONCILIATION OF</u>				
<u>OPENING AND CLOSING BALANCES:</u>				
Fair value of plan assets as at the beginning of the period	<b>7630.00</b>	12815.00	<b>0.00</b>	0.00
Expected return on plan assets	<b>453.80</b>	1001.00	<b>0.00</b>	0.00
Contributions	<b>0.00</b>	0.00	<b>1257.01</b>	2604.99
Benefits paid	<b>(6491.00)</b>	(6287.00)	<b>(1257.01)</b>	(2604.99)
Actuarial gain/(loss) on plan assets [balancing figure]	<b>148.20</b>	101.00	<b>0.00</b>	0.00
Fair value of plan assets as at the end of the period	<b>1741.00</b>	7630.00	<b>0.00</b>	0.00
<u>IV. ACTUAL RETURN ON PLAN ASSETS</u>				
Expected return on plan assets	<b>453.80</b>	1001.00	<b>0.00</b>	0.00
Actuarial gain (loss) on plan assets	<b>148.20</b>	101.00	<b>0.00</b>	0.00
Actual return on plan assets	<b>602.00</b>	1102.00	<b>0.00</b>	0.00
<u>V. ACTUARIAL GAIN/LOSS RECOGNIZED</u>				
Actuarial gain / (loss) for the period - Obligation	<b>1009.60</b>	2902.76	<b>2301.22</b>	(774.28)
Actuarial gain / (loss) for the period- Plan Assets	<b>148.20</b>	101.00	<b>0.00</b>	0.00
Total (gain) / loss for the period	<b>(1157.81)</b>	(3003.76)	<b>(2301.22)</b>	(774.28)
Actuarial (gain) / loss recognized in the period	<b>(1157.81)</b>	(3003.76)	<b>(2301.22)</b>	(774.28)
Unrecognized actuarial (gain) / loss at the end of the year	<b>0.00</b>	0.00	<b>0.00</b>	0.00



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

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014	
	<u>Gratuity</u>		<u>Privilege Leave Encashment</u>	
	<u>31/03/2015</u>	<u>31/03/2014</u>	<u>31/03/2015</u>	<u>31/03/2014</u>
Present value of the obligation	<b>31942.14</b>	35560.44	<b>13359.58</b>	15262.68
Fair value of plan assets	<b>1741.00</b>	7630.00	<b>0.00</b>	0.00
Difference	<b>30201.14</b>	27930.44	<b>13359.58</b>	15262.68
Unrecognised transitional liability	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Unrecognised past service cost - non vested benefits	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Liability recognized in the balance sheet	<b>30201.14</b>	27930.44	<b>13359.58</b>	15262.68
<b><u>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</u></b>				
Current service cost	<b>1070.90</b>	1175.14	<b>381.95</b>	452.87
Interest Cost	<b>2811.40</b>	2925.47	<b>1273.17</b>	1221.85
Expected return on plan assets	<b>(453.80)</b>	(1001.00)	<b>0.00</b>	0.00
Net actuarial (gain)/loss recognised in the year	<b>1157.81</b>	(3003.76)	<b>(2301.22)</b>	(774.28)
Transitional Liability recognised in the year	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Past service cost - non-vested benefits	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Past service cost - vested benefits	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Expenses recognized in the statement of profit and loss	<b>2270.70</b>	95.86	<b>(646.09)</b>	900.45
<b><u>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</u></b>				
Opening net liability	<b>27930.44</b>	27834.58	<b>15262.68</b>	16967.23
Expense as above	<b>2270.70</b>	95.86	<b>(646.09)</b>	900.45
Contribution paid	<b>0.00</b>	0.00	<b>(1257.01)</b>	(2604.99)
Closing net liability	<b>30201.14</b>	27930.44	<b>13359.58</b>	15262.69
<b><u>IX. AMOUNT FOR THE CURRENT PERIOD</u></b>				
Present Value of obligation	<b>31942.14</b>	35560.44	<b>13359.58</b>	15262.68
Plan Assets	<b>1741.00</b>	(27930.44)	<b>0.00</b>	0.00
Surplus (Deficit)	<b>(30201.14)</b>	(29595.67)	<b>(13359.58)</b>	(15262.68)
Experience adjustments on plan liabilities -(loss)/gain	<b>765.38</b>	(554.52)	<b>2064.69</b>	(1324.95)
Experience adjustments on plan assets -(loss)/gain	<b>148.20</b>	101.00	<b>0.00</b>	0.00
<b><u>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</u></b>				
Government of India Securities	<b>0.00%</b>	0.00%	<b>0.00</b>	0.00%
State Government Securities	<b>0.00%</b>	0.00%	<b>0.00</b>	0.00%
High Quality Corporate Bonds	<b>0.00%</b>	0.00%	<b>0.00</b>	0.00%
Equity shares of listed companies	<b>0.00%</b>	0.00%	<b>0.00</b>	0.00%

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

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014	
	<u>Gratuity</u>		<u>Privilege Leave Encashment</u>	
	<u>31/03/2015</u>	<u>31/03/2014</u>	<u>31/03/2015</u>	<u>31/03/2014</u>
Property	0.00%	0.00%	0.00	0.00%
Special Deposit Scheme	0.00%	0.00%	0.00	0.00%
Funds managed by Insurer	28.00%	41.00%	0.00	0.00%
Others - PSU Bonds	72.00%	59.00%	0.00	0.00%
Total	100.00%	100.00%	0.00	0.00%

XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

<b>31900.00</b>	26600.00	-	-
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The obligation for Compensated absence of Sick Leave is a non contributory defined benefit scheme. The Obligation for Sick Leave is recognized based on Actuarial Valuation which is unfunded.

Sick Leave

I. PRINCIPAL ACTUARIAL ASSUMPTIONS

[Expressed as weighted averages]

	<u>31/03/2015</u>	<u>31/03/2014</u>
Discount Rate	7.80%	8.70%
Salary escalation rate	8.50%	10.00%
Attrition rate	16.60%	14.17%
Expected rate of return on Plan Assets	0.00%	0.00%

II. CHANGES IN THE PRESENT

VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:

PVO as at the beginning of the period	370.51	409.44
Interest Cost	32.23	31.94
Current service cost	33.45	43.71
Past service cost - (non vested benefits)	0.00	0.00
Past service cost - (vested benefits)	0.00	0.00
Benefits paid	0.00	0.00
Actuarial loss/(gain) on obligation (balancing figure)	(85.46)	(114.58)
PVO as at the end of the period	350.73	370.51

III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:

Fair value of plan assets as at the beginning of the period	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions	0.00	0.00
Benefits paid	0.00	0.00
Actuarial gain/(loss) on plan assets [balancing figure]	0.00	0.00
Fair value of plan assets as at the end of the period	0.00	0.00

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

₹ in lakhs

Particulars	As at 31.03.2015		As at 31.03.2014
	<u>Sick Leave</u>		
	<u>31/03/2015</u>	<u>31/03/2014</u>	
<u>IV. ACTUAL RETURN ON PLAN ASSETS</u>			
Expected return on plan assets	0.00	0.00	
Actuarial gain (loss) on plan assets	0.00	0.00	
Actual return on plan assets	0.00	0.00	
<u>V. ACTUARIAL GAIN/LOSS RECOGNIZED</u>			
Actuarial gain / (loss) for the period - Obligation	85.46	114.58	
Actuarial gain / (loss) for the period- Plan Assets	0.00	0.00	
Total (gain) / loss for the period	(85.46)	(114.58)	
Actuarial (gain) / loss recognized in the period	(85.46)	(114.58)	
Unrecognized actuarial (gain) / loss at the end of the year	0.00	0.00	
<u>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</u>			
Present value of the obligation	350.73	370.51	
Fair value of plan assets	0.00	0.00	
Difference	350.73	370.51	
Unrecognised transitional liability	0.00	0.00	
Unrecognised past service cost - non vested benefits	0.00	0.00	
Liability recognized in the balance sheet	350.73	370.51	
<u>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</u>			
Current service cost	33.45	43.71	
Interest Cost	32.23	31.94	
Expected return on plan assets	0.00	0.00	
Net actuarial (gain)/loss recognised in the year	(85.46)	(114.58)	
Transitional Liability recognised in the year	0.00	0.00	
Past service cost - non-vested benefits	0.00	0.00	
Past service cost - vested benefits	0.00	0.00	
Expenses recognized in the statement of profit and loss	(19.78)	(38.93)	
<u>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</u>			
Opening net liability	370.51	409.44	
Expense as above	(19.78)	(38.93)	
Contribution paid	0.00	0.00	
Closing net liability	350.73	370.51	

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014		
	<b><u>Sick Leave</u></b>			
	<b><u>31/03/2015</u></b>	<b><u>31/03/2014</u></b>		
<b><u>IX. AMOUNT FOR THE CURRENT PERIOD</u></b>				
Present Value of obligation	<b>350.73</b>	370.51		
Plan Assets	<b>0.00</b>	0.00		
Surplus (Deficit)	<b>(350.73)</b>	(370.51)		
Experience adjustments on plan liabilities				
-(loss)/gain	<b>81.10</b>	85.86		
Experience adjustments on plan assets				
-(loss)/gain	<b>0.00</b>	0.00		
<b><u>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</u></b>				
Government of India Securities	<b>0.00%</b>	0.00%		
State Government Securities	<b>0.00%</b>	0.00%		
High Quality Corporate Bonds	<b>0.00%</b>	0.00%		
Equity shares of listed companies	<b>0.00%</b>	0.00%		
Property	<b>0.00%</b>	0.00%		
Special Deposit Scheme	<b>0.00%</b>	0.00%		
Funds managed by Insurer	<b>0.00%</b>	0.00%		
Others - PSU Bonds	<b>0.00%</b>	0.00%		
Total	<b>0.00%</b>	0.00%		
<b><u>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</u></b>				
The obligation for Leave Travel Concession is a non contributory defined benefit scheme. The Obligation for LTC Availment & LLTC Encashment is recognized based on Actuarial Valuation which is unfunded.				
	<b><u>LTC Availment</u></b>		<b><u>LTC Encashment</u></b>	
<b><u>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</u></b>	<b><u>31/03/2015</u></b>	<b><u>31/03/2014</u></b>	<b><u>31/03/2015</u></b>	<b><u>31/03/2014</u></b>
<b>[Expressed as weighted averages]</b>				
Discount Rate Year 1	<b>7.80%</b>	8.70%	<b>0.00%</b>	0.00%
Discount Rate Year 2	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%
Attrition rate	<b>16.60%</b>	14.17%	-	-
Present Value Obligation (Rs.)	<b>161.91</b>	105.62	-	-

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Note No.33</b>		
FINANCE COSTS		
Cash Credit	13273.40	10713.78
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	1339.03	1132.26
ii) Bank charges	1112.92	385.36
iii) Government Guarantee Fee	0.00	0.00
iv) Expenses on Issue of Bonds/Loans	0.00	0.00
V) Net Gain/Loss From Foreign Currency Translations & Transactions	0.00	0.00
<b>TOTAL</b>	<b>15725.35</b>	<b>12231.40</b>

In respect of interest charged by Banks in excess of State Bank Advance Rate (SBAR) w.e.f. 01.04.2009, aggregate refund received upto 31.03.2015 is Rs. 1424.03 Lakhs (refund received during 2014-15 is Rs. Nil ) from State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Canara Bank, Bank of Baroda, Central Bank of India, Vijaya Bank, Development Credit Bank Ltd., AXIS Bank Ltd. The Balance Amount of Rs.140.27 Lacs is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2015-2016.

**Note No.34**DEPRECIATION AND AMORTIZATIONEXPENSES:

Fixed Assets	3022.94	3390.74
Tools and Gauges	3.97	1.79
<b>TOTAL</b>	<b>3026.91</b>	<b>3392.53</b>
Less: Transfer from Revaluation Reserve	1494.53	1670.67
<b>Net Depreciation</b>	<b>1532.38</b>	<b>1721.86</b>

**Note No.35**OTHER EXPENDITURE:

DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
<b><u>MANUFACTURING EXPENSES:</u></b>		
Cosumption of Stores and Spares	236.73	230.97
Power and Light	1887.78	2091.46
Water Charges	262.20	242.24
<b><u>REPAIRS AND MAINTENANCE:</u></b>		
i) Plant Machinery and Equipment	100.23	136.53
ii) Vehicles	28.49	35.29
iii) Buildings	481.68	599.78
iv) Other Equipments	188.77	185.39
Cost and Expenses on Tools	0.16	1.03
Experimental Work and Training Expenses	4.24	10.59
Expenses on Minor Equipment & Work	0.06	0.02
Royalty	0.00	0.00
Scrap and Salvages	0.13	5.67
Factory Expenses	241.68	200.59
<b><u>TOT CHARGES:</u></b>		
i) Technical Assistance	0.00	0.00
ii) Technical Knowhow fee	0.00	0.00
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00
v) Others	0.00	0.00
Liquidated Damages	143.15	1783.17
Demurage Charges	0.01	1.04
Net gain/loss on foreign currency translation and transaction (other than considered as finance cost)	0.00	935.29
<b><u>TOTAL MANUFACTURING EXPENSES</u></b>	<b>3575.31</b>	<b>6459.06</b>
<b><u>ADMINISTRATION EXPENSES:</u></b>		
Rent	242.42	254.62
Rates and Taxes	94.65	177.95
Insurance	62.93	70.21
<b><u>TRAVELLING EXPENSES</u></b>		
-Inland	345.18	516.09
-Foreign	0.00	0.86
Legal fees	53.08	75.87
Postage, Telegram, Telex Expenses	53.90	36.16
Telephone and Trunk Call Charges	91.97	99.82
<b><u>REMUNERATION TO AUDITORS:</u></b>		
-Audit Fees	11.84	5.07
-For Taxation Matters	0.41	0.67
-For Company Law Matters	0.00	0.00

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014
-For Management Services	0.00	0.00
-For Reimbursement of Expenses	0.29	0.75
-For Other Services	0.61	13.63
CISF/ Private Security Expenses	604.96	585.33
Printing, Stationary and Duplicating Charges	57.73	68.15
Transport Expenses	556.17	618.28
News Papers, Magazines & Periodicals	22.91	24.95
Mechainised Accounting Expenses	1.28	0.59
Lease Charges	0.00	0.00
Licence fee/Segment Charges	39.26	1.10
Office Expenses	293.90	285.85
Provision for Obsolescence of RM Stores	1.83	0.00
Obsolete RM & Production Stores Write off	0.09	0.00
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	0.00	22.89
Bad Debts Write off	7.04	0.00
Claims and Expenses Charge off	0.00	0.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED	0.00	1.65
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXS</b>	<b>2542.45</b>	<b>2860.49</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	1.43	8.64
Advertisement Expenses	27.11	27.82
Exhibition and Publicity Expenses	0.69	3.28
Packing Expenses	28.93	67.45
Forwarding Expenses	30.63	19.25
Discount Allowed	0.00	0.00
Warrenty Expenses	35.79	26.35
Sales Promotion Expenses	0.72	0.64
Entertainment Expenses	0.99	(0.85)
Cost of Tender Forms	1.97	5.56
<b>TOTAL SELLING EXPENSES</b>	<b>128.26</b>	<b>158.14</b>
<b>TOTAL OTHER EXPENSES</b>	<b>6246.02</b>	<b>9477.69</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.

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

₹ in lakhs

Particulars	As at 31.03.2015	As at 31.03.2014	
In case of back to back arrangements, Liquidated damages is accounted on net basis.			
<u>Expenditure in Foreign Currency :</u>			
Royalty	0.00	0.00	
Knowhow	0.00	0.00	
Professional / Consultation Fees	0.00	0.00	
Interest	0.00	0.00	
Others	0.00	0.69	0.69
	<u>0.00</u>	<u>0.69</u>	
<b>Note No.36</b>			
TRANSFER TO CAPITAL ACCOUNT	0.00	0.00	
CAPITAL WIP:	0.00	0.00	
OTHER ASSETS	0.00	0.00	
TOTAL	<u>0.00</u>	<u>0.00</u>	0.00
<b>Note No.37</b>			
<u>PRIOR PERIOD ADJUSTMENTS( NET)</u>			
<u>INCOME</u>			
Sales & Services	228.76	37.95	
Withdrawal of Liability no Longer Required	0.00	0.00	
Interest	0.00	0.00	
Others	0.00	166.79	
TOTAL	<u>228.76</u>	<u>166.79</u>	204.74
<u>EXPENDITURE</u>			
Consumption of Raw material and Production Stores	51.00	0.00	
Interest	0.00	0.00	
Depreciation	0.00	0.00	
Others	91.00	0.00	
TOTAL	<u>142.00</u>	<u>0.00</u>	0.00
NET PRIOR PERIOD ADJUSTMENTS	<u>86.76</u>	<u>0.00</u>	204.74
<b>Note No.38</b>			
EXCEPTIONAL ITEMS			
Grant in Aid from Government	16500.00		0.00
Wage Arrears	16500.00		0.00
	<u>0.00</u>	<u>0.00</u>	0.00
<b>Note No.39</b>			
Extra Ordinary Items	<u>0.00</u>	<u>0.00</u>	0.00



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

₹ in lakhs

Particulars	Current Year 2014-15	Previous Year 2013-14
-------------	-------------------------	--------------------------

**Additional Disclosures****Note No. 40**

## 1 Corporate information:

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

## 2 Execution and registration of sale deed for assets sold to DRDO for ₹ 2600 lacs during 2003-2004 is under process .

## 3 An amount of Rs.165 Crores has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of Rs.11740.52 lacs has been paid towards payment of wage revision arrears and remaining amount of Rs.4759.48 lacs kept under Other Current Liabilities.

## 4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans &amp; advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are not less than as stated, if realized in the ordinary course of the business.

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

## 6 As per Accounting Standard 18 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL) and ITI Communications Pte. Ltd, Singapore(ITI-C).

	<u>2014-15</u>		<u>2013-14</u>	
	ISL	ITI-C	ISL	ITI-C
Purchase of goods\Services	0.00	0.00	0.00	0.00
Sale of goods\Services	0.00	0.00	0.00	0.00
Amount Outstanding:				
- Due from the related party	0.00	47.90	0.00	47.90
- Due to the related party	0.00	0.00	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	47.90	0.00	47.90
Written Off during the Year	0.00	0.00	0.00	0.00

## 7 a) Earnings Per Share before Exceptional and Prior Period items :

Profit before Exceptional and Prior Period items	(29799.46)	(34630.55)
(-) Preference Dividend	2275.00	2275.00
Dividend tax	439.83	386.64
Profit available to equity shareholders	(32514.29)	(37292.19)
No. of Shares at beginning of the year	288000000	288000000
No. of Shares	288000000	288000000
Earning per equity share before Exceptional and Prior Period items: Basic & Diluted( in ₹)	(11.29)	(12.95)

## b) Earnings Per Share after Extraordinary items :

Profit after tax	(29712.70)	(34425.81)
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## Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Current Year 2014-15	Previous Year 2013-14
(-) Preference Dividend	2275.00	2275.00
Dividend tax	439.83	386.64
Profit available to equity shareholders	(32427.53)	(37087.45)
No. of Shares at beginning of the year	288000000	288000000
No. of Shares	288000000	288000000
Earning per equity share after Exceptional and Prior Period items: Basic & Diluted( in ₹)	(11.26)	(12.88)
8	Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognized on unabsorbed depreciation and carried forward losses of the Company under Accounting Standard (AS)-22 "Accounting for Taxes on Income"	
9	The Company has not provided for ₹ 2685 Lakhs being penalty on non payment of guarantee fee to the Government of India, since the Ministry of Communications & IT has agreed in principle to waive the same as part of the Company revival package.	
10	JOINT VENTURES:	
	The financial reporting of interests in Joint Ventures as per AS-27:	
	(a) India Satcom Limited	
	No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067	
	Company's stake in equity participation	49%      49%
	Place of incorporation of JV-India	
	(b) ITI Communications Pte Limited	
	No.5, Shenton way, #27-01, UIC Building, Singapore-068808	
	Company's stake in equity participation	49%      49%
	Place of incorporation of JV-Singapore	
	Aggregate amount of the assets	13,336.00      13343.84
	Aggregate amount of the liabilities	13,336.00      13343.84
	Aggregate amount of the income	3.84      3.84
	Aggregate amount of the expenses	398.77      414.75

(Above figures are for ISL only and does not include that of ITI-C, Singapore, which is in the process of liquidation)

(Bank account of ISL in SBI-IFB became NPA during September 2009 and referred to Stressed Asset Management Branch of SBI. Under the securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 (SARFAESI), SBI has taken possession of the property of ISL factory at Bangalore in May 2011.

The accounts of ISL for the year 2014-15 is yet to be received and the given figures are provisional).

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

₹ in lakhs

Particulars	Current Year		Previous Year		
	2014-15		2013-14		
11 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		0.00		0.00	
Commitments in respect of other contracts not provided for-		0.00		0.00	
12 Contingent Liability in respect of					
- Outstanding letters of credit & guarantees		23803.07		22094.07	
- Sales Tax demand /Service Tax/Income Tax		3145.58		3392.32	
- Non receipt of C/D forms		26070.30		2884.37	
- Disputed Excise Duty Demand/CENVAT Disallowance		2641.59		2529.81	
- ESI demand		0.00		0.00	
- Demand of interest & penalty by KVAT		0.00		13.66	
- Claims against the Company not acknowledged as debts		3824.75		3725.72	
Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.					
13 Other Income includes compensation relating to Srinagar unit losses for the years 2014-15 awaiting reimbursement from Ministry of Communications & IT. Against the compensation recognized during financial year 2013-14, a sum of Rs.500 lacs has been received during financial year 2014-15.		864.99		893.83	
14 Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption					
		<u>CURRENT YEAR</u>		<u>PREVIOUS YEAR</u>	
		₹	%	₹	%
Imported		1361.25	8.32	3465.09	13.22
<u>Indigenous</u>		<u>14995.92</u>	<u>91.68</u>	<u>22754.68</u>	<u>86.78</u>
<u>Total</u>		<u>16357.17</u>	<u>100.00</u>	<u>26219.77</u>	<u>100.00</u>
15 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening and closing stock-in-trade.					
16 The Company is 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 ₹19200 lakhs has been received by the Company towards equity share application money.					
17 Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹ 285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.					
18 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹ 146 lacs, which is yet to be received pending submission of certain records by the units. Proportionate cost of the acquired land aggregating ₹ 5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting adjustments for booking the profit on sale of land and squiring of the will be carried out.					
19 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.					
20 No lease agreement has been entered with ESIC for the additional land occupied by them to an extent of 229 sqmt. Management has confirmed that additional land will be included as a part of lease terms which is due for renewal during FY 2015-16.					

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

₹ in lakhs

Particulars	Current Year 2014-15	Previous Year 2013-14	
21 Land Measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala.			
22 <u>Value of Imports on CIF basis</u>			
Raw Materials and Production Stores	770.90	8173.43	
Components and Spare Parts	7.28	12.20	
Material in transit	262.39	767.99	
Capital Goods	9.30	117.20	
TOTAL	<u>1049.87</u>	<u>9070.82</u>	
23 Rent from C-DoT, an autonomous body from 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 ₹ 4026.42 lakhs for the financial year 2011-12, 2012-13, 2013-14 & 2014-15 on accrual basis is deferred, which is conformity with AS-9.			
24 Performance Indicators - Ratios			
- Sales to Total Assets	Times	0.11	0.12
Sales incl. ED / Total Assets (Net Fixed Assets + Investments + Gross Current Assets)			
- Operating Profit to Capital employed	[%]	-ve	-ve
Profit before tax / (Share holders' funds + Loan funds)			
- Return on Net Worth	[%]	-ve	-ve
(Profit after tax / Share holders' funds)			
- Profit to Sales	[%]	-ve	-ve
(Profit before tax to sales incl. ED & Service Tax)			
25 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.			
26 Figures in brackets indicated in the Accounts reflect negative balances			
27 The financial statement for the year as approved by the Board of Directors and the report thereon issued by the Statutory Auditors were revised pursuant to C&AG's Audit observations during the course of audit under section 143(6)(a) of the Companies Act, 2013, by amending Note No.40 Sl.No.23 and incorporating Sl.No.19,20 & 21 of Significant Accounting policies. This amendment has no impact on the reported figure in the financial statements.			

As per our report of even date

For **M/S Sundar Srini & Sridhar**

Chartered Accountants

Firm Reg No.: 004201S

Sd/-  
**S. SRIDHAR**  
Partner  
M. No. 025504

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

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

sd/-  
**K. K. Gupta**  
Director-Production  
Addl. Charge CMD

Place: Bangalore

Date: 11th August 2015

## REVENUE EXPENDITURE ON AMENITIES 2014-15

₹ in Crores

PARTICULARS	TOWNSHIP	TRANSPORT	MEDICAL	CANTEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETABLES FARMS, PARKS ETC.	2014-15	2013-14
Pay and Allowances	4.41	3.79	5.74	1.92	0.16	0.40	16.42	15.04
Uniforms	0.00	0.00	0.00	0.00	0.02	0.00	0.02	0.01
Grants	0.00	0.00	0.00	0.00	2.93	0.00	2.93	3.00
Supplies and Other Services	0.02	2.68	7.45	2.60	0.00	0.10	12.85	13.44
Power, light & water	6.49	0.31	0.32	0.22	0.00	0.02	7.36	8.26
Transport Charges	0.01	2.09	0.00	0.00	0.03	0.00	2.13	2.44
Rent, Rates, Taxes and Insurance	1.58	0.19	0.00	0.02	0.00	0.00	1.79	2.12
Maintenance and repairs	1.00	0.20	0.13	0.02	0.01	0.37	1.73	1.99
Depreciation - Buildings	0.17	0.01	0.07	0.09	0.14	0.00	0.48	0.32
Depreciation-Plant, Machinery, Equipment & Vehicles	0.75	0.04	0.01	0.01	0.02	0.00	0.83	0.24
General Overheads	0.01	0.04	0.04	0.03	0.00	0.00	0.12	0.15
	<b>14.44</b>	<b>9.35</b>	<b>13.76</b>	<b>4.91</b>	<b>3.31</b>	<b>0.89</b>	<b>46.66</b>	<b>47.01</b>
<b>LESS :</b>								
Recoveries/adjustments								
Rent	14.07	0.02	0.00	0.26	0.00	0.00	14.35	11.32
Power, Light & Water	1.97	0.00	0.00	0.00	0.00	0.00	1.97	1.23
Transport Charges	0.00	0.14	0.00	0.00	0.00	0.00	0.14	0.22
Capitation & other								
Recoveries	0.00	0.00	0.32	0.00	0.00	0.00	0.32	0.38
Sales proceeds	0.00	0.00	0.00	0.15	0.01	0.00	0.16	0.28
Indirect expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>16.04</b>	<b>0.16</b>	<b>0.32</b>	<b>0.41</b>	<b>0.01</b>	<b>0.00</b>	<b>16.94</b>	<b>13.43</b>
Net Expenditure	-1.60	9.19	13.44	4.50	3.30	0.89	29.72	33.58
Interest on Capital outlay notional	1.29	0.37	0.26	0.22	0.16	0.01	2.31	2.38
<b>TOTAL EXPENDITURE</b>	<b>-0.31</b>	<b>9.56</b>	<b>13.70</b>	<b>4.72</b>	<b>3.46</b>	<b>0.90</b>	<b>32.03</b>	<b>35.96</b>
<b>Previous Year</b>	<b>2.46</b>	<b>10.16</b>	<b>14.06</b>	<b>5.09</b>	<b>3.42</b>	<b>0.77</b>	<b>35.96</b>	<b>36.78</b>

## CAPITAL EXPENDITURE ON AMENITIES 2014-15

GROSS BLOCK AT COST					
PARTICULARS	AS AT 31/03/2014	ADDITIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUSTMENTS	AS AT 31/03/2015
	1	2	3	4	5=1+2-3-4
TOWNSHIP	1097.25	0.00	0.00	0.00	1097.25
TRANSPORT	5.92	0.02	0.00	0.00	5.94
MEDICAL	7.74	0.03	0.00	0.00	7.77
CANTEEN	6.45	0.00	0.00	0.00	6.45
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.41	0.01	0.00	0.00	13.42
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05
<b>TOTAL</b>	<b>1130.82</b>	<b>0.06</b>	<b>0.00</b>	<b>0.00</b>	<b>1130.88</b>

## CAPITAL EXPENDITURE ON AMENITIES 2013-14

₹ in Crores

DEPRECIATIONS						
UPTO 31-03-2014	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUSTMENTS	UPTO 31-03-2015	AS AT 31-03-2015	AS AT 31-03-2014
6	7	8	9	10=6+7-8-9	11=5-10	12
103.55	1.02	0.00	0.00	104.57	992.68	993.70
5.65	0.06	0.00	0.00	5.71	0.23	0.26
3.31	0.08	0.00	0.00	3.39	4.38	4.43
2.75	0.16	0.00	0.00	2.91	3.54	3.70
5.38	0.17	0.00	0.00	5.55	7.87	8.03
0.03	0.00	0.00	0.00	0.03	0.02	0.02
<b>120.67</b>	<b>1.49</b>	<b>0.00</b>	<b>0.00</b>	<b>122.16</b>	<b>1008.72</b>	<b>1010.14</b>

## Secretarial Audit Report for the financial year ended 31st March 2015

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

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

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

### Management's Responsibility for Secretarial Compliances:

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

### Auditor's Responsibility:

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2015 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ITI Limited for the financial year ended on 31st March 2015 according to the provisions of:

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



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

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

- a. Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India
- b. Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to me, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, except the following:

- ***The Company has not despatched the Notice of 64th Annual General Meeting and audited financial statements for the F.Y. 2013-14 to its members within the period specified in Sections 101 and 136 of the Companies Act, 2013 respectively;***
- ***The Company has not appointed woman director on the Board in accordance with the provisions of Section 149 (1) during the period under review.***
- ***Non-Maintenance of proper fixed assets register.***

Also, we draw attention that:

- The Company has not appointed Chief Financial Officer (CFO) in accordance with the provisions of Section 203 of the Companies Act, 2013 during the period under review. However, they have appointed Mr Sistla Venkata Ramana Murthy as CFO w.e.f. 29th May 2015.
- Cumulative Redeemable Preference shares amounting to Rs. 30,000.00 Lakhs, overdue for redemption, shown under share capital since the redemption is part of the BIFR package envisaged for the Company.

I further report that:

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

**D VENKATESWARLU**

Company Secretary

ACS No. 15683 : C P No. 7773

Place : Bangalore

Date : 11th August 2015

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

## “Annexure A”

To

The Members

**M/s. ITI Limited**

(CIN: L32202KA1950GOI000640)

ITI Bhavan, Doorvani Nagar,

Bangalore - 560 016

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

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

**D VENKATESWARLU**

Company Secretary

ACS No. 15683 : C P No. 7773

Place : Bangalore

Date : 11th August 2015

## Independent Auditor's Report

### To the members of ITI limited

#### Report on the financial statements

We have audited the accompanying financial statements of ITI Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

The Board of directors amended the accounts approved by them on May 29th, 2015 based on the Comptroller & Auditor General's audit observations during the course of audit under Section 143(6)(a) of the Companies Act, 2013 by amending Note No.40 serial number 23 and incorporating serial no.19, 20 & 21 in Significant Accounting Policies. This amendment has no impact on the reported figure in the financial statements. The amended accounts have been approved by the Directors in their Board Meeting held on August 11th, 2015.

#### Management's responsibility for the financial statements

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

to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of these financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Qualifications not quantifiable

- (a) Our comments on the adequacy of provision on non-moving and slow moving inventories and on trade receivables in paras 4(ii) & (iii) in the Annexure to this report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies(Auditor's Report) Order, 2015;
- (b) Investment of Rs 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company being continued to be shown at cost, considering networth the JV is totally eroded and Statutory Auditors of the JV have expressed their inability to comment on the going concern concept adopted by the said JV and no impairment loss has been ascertained and provided for(Refer Significant Accounting Policies 5.00 and Note No.17);
- (c) 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 is already in possession of the BMTC), has not been recognised as income. Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits(Refer Note 40.17);
- (d) Non provision for the interest payable on royalty due to C-DoT(Refer Note No. 35) in view of rental dues from the same agency for the premises taken on rent from the Company being more than the royalty amount (Refer Note No. 40.23);
- (e) Interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues as also non deduction of TDS as per the provisions of Income Tax Act, 1961;
- (f) No lease agreement has been entered with Karnataka Power Transmission Corporation Limited (KPTCL) for the land occupied by KPTCL to an extent of 5 Acres (Refer Note No. 40.19);

- (g) Our comments on the non-maintenance of proper fixed assets register and no physical verification of fixed assets has been carried out by the company in a few units as stated in para 1(a) in the Annexure to this report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies(Auditor's Report) Order, 2015;

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

### Qualifications quantifiable

- (a) Non provision of Rs 6897.31 lakhs towards claims doubtful of recovery comprising of (i) rent receivable of Rs 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011, rent from 1.4.2011 for the same premises being deferred for recognition on accrual basis due to uncertainty of realization (Refer Note No.40.23); (ii) liquidated damages of Rs 1049.41 lakhs on a supplier, rejected by the Arbitral Tribunal. Had the said amounts been provided in the accounts, loss for the year would have been higher by Rs 6897.31 lakhs and consequently reserves & surplus and current assets would be lower by similar amount,
- (b) Provision of Rs.315.97 Lakhs for work in progress Inventories in respect of the items pertaining to phased out projects and also not usable, has not been made which has resulted in the understatement of the Loss by Rs.315.97 lacs and overstatement of current assets to a same extent,
- (c) Amount spent for the creation and maintenance of data enrolment centre for MORD for NPR project totalling to Rs. 1171 lakhs is treated as revenue expenditure and no depreciation is provided as expenditure is not capitalised resulting in overstatement of loss to that extent (Net)

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

## Opinion

Subject to the above qualifications, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31 March 2015;
- b) In the case of Statement of Profit and Loss, of the loss for the year ended on that date;
- c) In the case of Cash flow Statement, of its cash flows for the year ended on that date.

## Emphasis of matters

### We draw attention to the following matters in the Notes to the financial statements:

- (a) Cumulative Redeemable Preference Shares amounting to Rs 30,000.00 lakhs overdue for redemption continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company (Refer Note No. 1);
- (b) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments (Refer Note No. 13);
- (c) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable (Refer Note No. 40.18);
- (d) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances,

materials with fabricators, sub contractors/ others, material in transit, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, TDS etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation. (Refer Note 40.4);

- (e) Penalty of Rs 2,685 Lakhs for non payment of guarantee fee to the Government of India, having not been provided for, since the Ministry of Communications and IT has agreed in principle to waive the same as part of Company revival package (Refer Note No. 40.9);
- (f) Validity of Claims recoverable from MTNL Delhi & MTNL Mumbai Against LD Damages for Rs. 183.23 lakhs and Rs.82.90 lakhs respectively;
- (g) The Company is Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of Rs. 4,156.79 Crores in February, 2014, for Revival of ITI under Rehabilitation Scheme (Refer Note No. 40.16)
- (h) No lease agreement has been entered with ESIC for the additional land occupied by the Corporation to an extent of 229 sqmt. (Refer Note 40.20)
- (i) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the Balance Sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 40.21)

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

## Other Matters

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 3,75,636 Lakhs as at March 31, 2015, total revenues of Rs. 19,679 Lakhs and Loss after tax of Rs. 28,348 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 is based solely on the reports of the other auditors.

- b) We have relied on the unaudited financial statements of certain Regional Offices whose financial statements reflect total assets of Rs. 28,548 Lakhs as at March 31, 2015, total revenues of Rs. 14,379 Lakhs and Loss after tax of Rs. 483 Lakhs for the year ended on that date. These unaudited financial statements of ROs have been certified by the Management and furnished to us and our report is based solely on such unaudited financial statements.

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting

Standards 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 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act and
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40.12 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For Sundar Srini & Sridhar**

Chartered Accountants

Firm Registration No: 004201S

**S. Sridhar**

Partner

Membership No: 025504

Place : Bangalore

Date : 11th August 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT:

The Annexure referred to in our Independent Auditor's Report to the members of ITI Limited ('the Company') on the financial statements for the year ended 31st March, 2015.

### We report that:

1.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information except for the assets located at Bangalore Plant, Bangalore NS Unit, Bangalore RO and Corporate Office where the records are to be updated in relation to situation and adjustment for revaluation.
  - (b) According to the information and explanations given to us, fixed assets have been physically verified by the management except for the assets located at the Bangalore Plant, Bangalore NS Unit, Bangalore RO and Corporate Office and no material discrepancies were noticed on such verification. Pending physical verification of fixed assets in the above units, discrepancies, if any, could not be ascertained and accounted for;
2.
  - (a) According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support assessment of the reasonableness of the intervals of verification.
  - (b) In our opinion and according to information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business other than at Bangalore Plant wherein documentation does not support comparison of the extent of physical verification to the total inventory as also examination of the adequacy of the system of verification followed.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the inventory other than at Bangalore Plant wherein documentation does not support comparison of physical balance with book balance resulting in inability to comment on the materiality of discrepancies, if any and whether the same has been dealt with appropriately in the books.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods & services except for the following areas, wherein internal control systems need to be considerably strengthened, to address weaknesses, continuing or otherwise, therein:
  - (i) Inadequacies in relation to maintenance of fixed asset records, systems of physical verification of fixed assets & inventory, ascertaining discrepancies as also their materiality and proper treatment of the discrepancies as observed in paras 1 & 2 above;
  - (ii) Aggregate inventories as at 31.3.2015 were Rs 12,676.66 lakhs against which provision of Rs 3,342.38 lakhs is held towards non-moving and obsolescence (net inventory Rs 9,334.28 lakhs). In view of Company's production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/ usability in the production & servicing



- activities, period over which they could be used as also whether the inventory items are capable of being sold/disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements
- (iii) In relation to sale of goods & services, scope for improvement in the accounting for contract revenues as also monitoring and recovery of the high level of trade receivables of Rs 2,28,661.03 lakhs as at 31.3.2015 in relation to gross sales turnover (including taxes) of Rs 62,095.21 lakhs in 2014-15), including timely adjustment of the advances received from the customers, in the absence of which correct position of trade receivables is not arrived at. Against aggregate receivables of Rs 2,28,661.03 lakhs (of which Rs 41,129.81 lakhs are long term), provision held towards doubtful receivables is Rs 6,789.57 lakhs (of which Rs 3,339.06 lakhs is for long term receivables) and Company follows the practice of making provision for doubtful receivables on a case to case basis (Refer Significant Accounting Policies 18.00). There is a need for systematic age wise segregation, analysis, adjustment of advances received from the customers and reconciliation of the trade receivable accounts. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards doubtful debts and the eventual realizable amount in respect of the trade receivables, as also the possible effect on the financial statements.
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 or any other relevant provisions of the Companies Act, 2013 and Rules framed there under. In respect of deposits accepted in the past while the deposit scheme was in, repayment of matured deposits aggregating Rs 23.79 lakhs to the depositors is pending on account of orders/directions of the Judicial Authority for non refund and consequently money is not deposited in the Investors Education & Protection Fund.
6. Maintenance of cost records by the Company has been prescribed by the Central Government under Section 148 of the Companies Act, 2013 and on a broad review of the books/records, we are of the opinion that prima facie, the prescribed cost records have been maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.
- 7.
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund other than Rs 1,599.54 lakhs and 9,450.93 lakhs and Rs.2,486.20 lakhs and Rs. 713.59 Lakhs pertaining to Naini and Rae Bareli, Mankapur and Bangalore Plant units respectively, Employees State Insurance other than Rs. 0.65 lakhs pertaining to Bangalore NS Unit , Sales Tax & Service Tax other than on sales set up on provisional basis in respect of which tax incidence is not recognised & accounted, Customs Duty, Excise Duty, Cess and other statutory dues. According to the information and explanations given to us, other than to the extent indicated above, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.3.2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, disputed statutory dues aggregating Rs 7,079.16 lakhs have not been deposited on account of disputed matters pending before the appropriate authorities as under:

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	ED demanded on insurance, freight and amount of credit notes.	71.55	2007	Custom Excise & Service Tax Appellate Tribunal
2	Central Excise Act, 1944	CENVAT credit availed on scrap and write off cases disallowed	16.75	2005	
3	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs. Rs.200.00)	637.00	2003-05	
4	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail is correct or not Stay extension ( net of pre deposit Rs.30.00)	299.00	2006-07	
5	Central Excise Act, 1944	Duty Short paid	0.99	1998-99	
6	Central Excise Act, 1944	Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs. Rs.14.00)	496.76	2001 -2002 2002-2003	
7	Central Excise Act, 1944	CENVAT Credit availed	376	2007-08	
8	Central Excise Act, 1944	Demand 110/115 % Transfer of purchase item Sister unit	108.28	2007-08	
9	UP VAT	Sales Tax – Mankapur Unit	264.89	1986-89	UP Government
10	UP VAT	Sales Tax	15.32	1989-95	UP Government
11	UP VAT	Sales Tax	158.12	1987-89 1991-93 2000-02	Lucknow Bench of Allahabad High Court
12	UP VAT	Sales Tax	452.89	1987-88 1988-89 1994-95 2003-04 2006-07	Member Tribunal
13	UP VAT	Service Tax	3.52	2012-13	Commissioner (Appeals ) Allahabad

14	Central Sales Tax, 1956	Demand of Additional Tax against Form C – Naini	1013.98	2005-06	Addl Commissioner, Appeals Commercial Tax, Allahabad
15	Central Sales Tax, 1956	Demand of Additional Tax against Form C	50.26	2007-08	
16	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-09	
17	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	36.61	2009-10	
18	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	46.83	2010-11	
19	Central Sales Tax, 1956	Demand of Additional Tax against Form C/F	10.96	2011-12	
20	Central Sales Tax, 1956	Sales Tax –Palakkad	97.7	2006-07	DC (Appeals) Ernakulam
21	Central Excise, 1944	Excise duty	91.65	2004-05	Central Excise & Service Tax Appellate Tribunal
22	Central Excise, 1944	Excise duty	68.07	2001-02	Commissioner (Appeals), Kochi
23	Central Excise, 1944	Excise duty	5.15	2002-03	
24	Central Excise, 1944	Service Tax	109.44	2010-11	Show cause notice by CCE, Calicut
25	Central Excise, 1944	Provision for obsolescence	52.28	2011-12	Show cause notice by CCE, Calicut
26	Central Excise, 1944	Service Tax	140.34	2011-12	Show cause notice by CCE, Calicut
27	Central Excise, 1944	Interest on ED	1.61	2003-04	Commissioner (appeals) Kochi
28	Service Tax	Denial of service Tax Credit on Input Services	161.27	2011-12	Commissioner Calicut
29	Service Tax	CENVAT Credit on Manpower supply	2.76	2012-13	Commissioner Calicut
30	Service Tax	CENVAT Credit on Manpower supply	2.69	2012-13	Commissioner (appeals) Kochi
31	Sales Tax	Sales Tax –Raebareli	291.62	2000-01 2001-02 2003-04 2005-06	Trade Tax Tribunal Lucknow

32	Sales Tax & Entry Tax	Sales Tax	234.05	1998-99 2000-01 2001-02 2002-03 2003-04 2004-05 2006-07 2007-08 2008-09	Additional Commissioner (Trade Tax ) Lucknow
33	Sales Tax	Sales Tax	0.93	2000-01	Dy. Commissioner (Trade Tax) RBL
34	Sales Tax	Sales Tax	123.08	2009-10	Dy. Commissioner (Trade Tax) RBL
35	Sales Tax	Sales Tax	427.68	2010-11	Addl. Commissioner Trade Tax, Lucknow
36	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	1199.90	2008-09 to 2014-15	High Court of Karnataka
		<b>Total</b>	<b>7079.16</b>		

- (c) According to the information and explanations given to us there were no amounts of unclaimed dividend which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The accumulated loss of the Company as at 31.03.2015 has exceeded fifty percent of its net worth. The Company has incurred cash loss in the financial year under audit and also in the immediately preceding financial year.
9. According to the information and explanation given to us, the company has not defaulted in repayment of dues to Banks.
10. According to the information and explanation given to us, the Company has not guaranteed for loans taken by others from bank or financial institutions.
11. According to information and explanations given to us, the Company has not availed any term loan from banks or financial institutions during the year.
12. According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year under audit.

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

**S. Sridhar**  
Partner  
Membership No: 025504

Place : Bangalore  
Date : 11th August 2015

## Annexure – I

**Direction indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of ITI Limited for the year 2014-15 issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013**

Sl. No.	Area	Auditor Comment
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	Not Applicable
2	Please report whether there are any cases of waiver/write off debts/loans/ interest etc., if yes, the reasons there for and the amount involved.	Nil
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.	Yes
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases ( foreign and local) may be given.	Already reported in 7(b) of Annexure to Audit report.

**For Sundar Srini & Sridhar**

Chartered Accountants

Firm Registration No.004201S

**S. Sridhar**

Partner

Membership No.:025504

Place : Bangalore

Date : 11th August 2015

## Annexure – II

### Compliance Certificate

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2015 in accordance with the directions/sub-directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

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

**S. Sridhar**  
Partner  
Membership No.:025504

Place : Bangalore  
Date : August 11, 2015

## **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 LTD FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of ITI Ltd. for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is / are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11th August 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of ITI Ltd. for the year ended 31 March 2015. 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 financial statements of the Company have been revised by the management to give effect to some of my audit observations highlighted during supplementary audit as indicated in the Note No.40 of the financial statements. In addition, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

### **A. Balance Sheet**

#### **Assets**

#### **Current Assets**

#### **Short term loans and Advances (Note No.25) Rs.297.75 crore.**

#### **Claims and expenses recoverable Inland Considered Goods – Rs.159.86 crores**

The above is overstated by Rs.16.90 crore due to inclusion of amount recoverable from M/s HCL Infosystems Limited as conditional reimbursement as per the agreement between ITI and HCL. As per the agreement, the conditional reimbursement was to be paid by M/s HCL in case orders were placed by M/s ITI on M/s HCL. Since ITI has not placed any order, accounting for income based on agreement alone is not correct. This has also led to understatement of expenditure and losses by the same amount.

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

Sd/-

**(Meera Swarup)**

Director General of Audit (P&T)

Place : New Delhi

Date : 26th August 2015

## ADDENDUM TO THE DIRECTORS' REPORT

### Company's reply to the comments of Comptroller and Auditor General of India

Comments of C & AG	Company's Reply
<p><b>A. Comment on Balance Sheet</b></p> <p><b>Assets</b></p> <p><b>Current Assets</b></p> <p style="padding-left: 40px;"><b>(i) Short term loans and Advances (Note No. 25) Rs. 297.75 crore Claims and expenses recoverable Inland Considered Goods –Rs. 159.86 crores.</b></p> <p>The above is overstated by Rs.16.90 crore due to inclusion of amount recoverable from M/s HCL Infosystems Limited as conditional reimbursement as per the agreement between ITI and HCL. As per the agreement, the conditional reimbursement was to be paid by M/s HCL in case orders were placed by M/s ITI on M/s HCL. Since ITI has not placed any order, accounting for income based on agreement alone is not correct. This has also led to understatement of expenditure and losses by the same amount.</p>	<p>The Company would like to inform that regular meetings are taking place between ITI and M/s HCL Infosystems Ltd.,</p> <p>With regard to the compensation of balance amount, M/s HCL is insisting that as per the agreement, the compensation can be recovered as and when ITI places order on M/s HCL towards execution of GSM Project. At present, there is no order from BSNL/ MTNL against GSM Projects. However, ITI is still awaiting for GSM Orders from BSNL/ MTNL.</p> <p>It is assured that the balance amount will be recovered from M/s HCL on placement of further GSM orders on M/s HCL by ITI Ltd.</p> <p>In view of the above the query may please be dropped.</p>





**ATTENDANCE SLIP**

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

I hereby record my presence at the 65th Annual General Meeting held on Wednesday, the 23rd September, 2015 at 11.30 a.m at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore -560 042

Name of Member :

Name of Proxy

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

Folio No. / Client ID No. :

No. of Shares :

Address :

Member's / Proxy's Signature



**PROXY FORM**

**Form No MGT- 11**

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

**ITI LIMITED**

**REGISTERED & CORPORATE OFFICE**

**ITI BHAVAN, DOORVANINAGAR: BANGALORE – 560 016.**

**CIN:L32202KA1950GoI000640**

Name of Member(s):.....
Registered address:-.....
Email_id:.....
Folio No/Client Id:.....

I, We being the members of \_\_\_\_\_ shares of the ITI Ltd, hereby appoint:

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_, or failing him
3. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Email\_id : \_\_\_\_\_  
Signature : \_\_\_\_\_

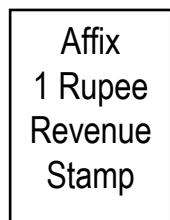
as my/ our proxy to vote for me /us and on my/our behalf at the 65th Annual General Meeting of the Company to be held on Wednesday, the 23rd September 2015 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

SI No	Resolution(s)
1	Adoption of the audited financial statements for the year ended 31.03.2015 and the Reports of the Board of Directors and Auditors thereon
2	Re-appointment Shri P.K.Gupta, Director who retires by rotation
3	Re-appointment Shri S.Gopu, Director who retires by rotation
4	Fixation of remuneration of Statutory and Branch Auditor
5	Appointment of Dr Janaki Ananthkrishnan as Director-Finance
6	Appointment of Shri Srikanta Panda as Government Nominee Director
7	Ratification of remuneration payable to the Cost Auditors

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature of shareholder (s): \_\_\_\_\_

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



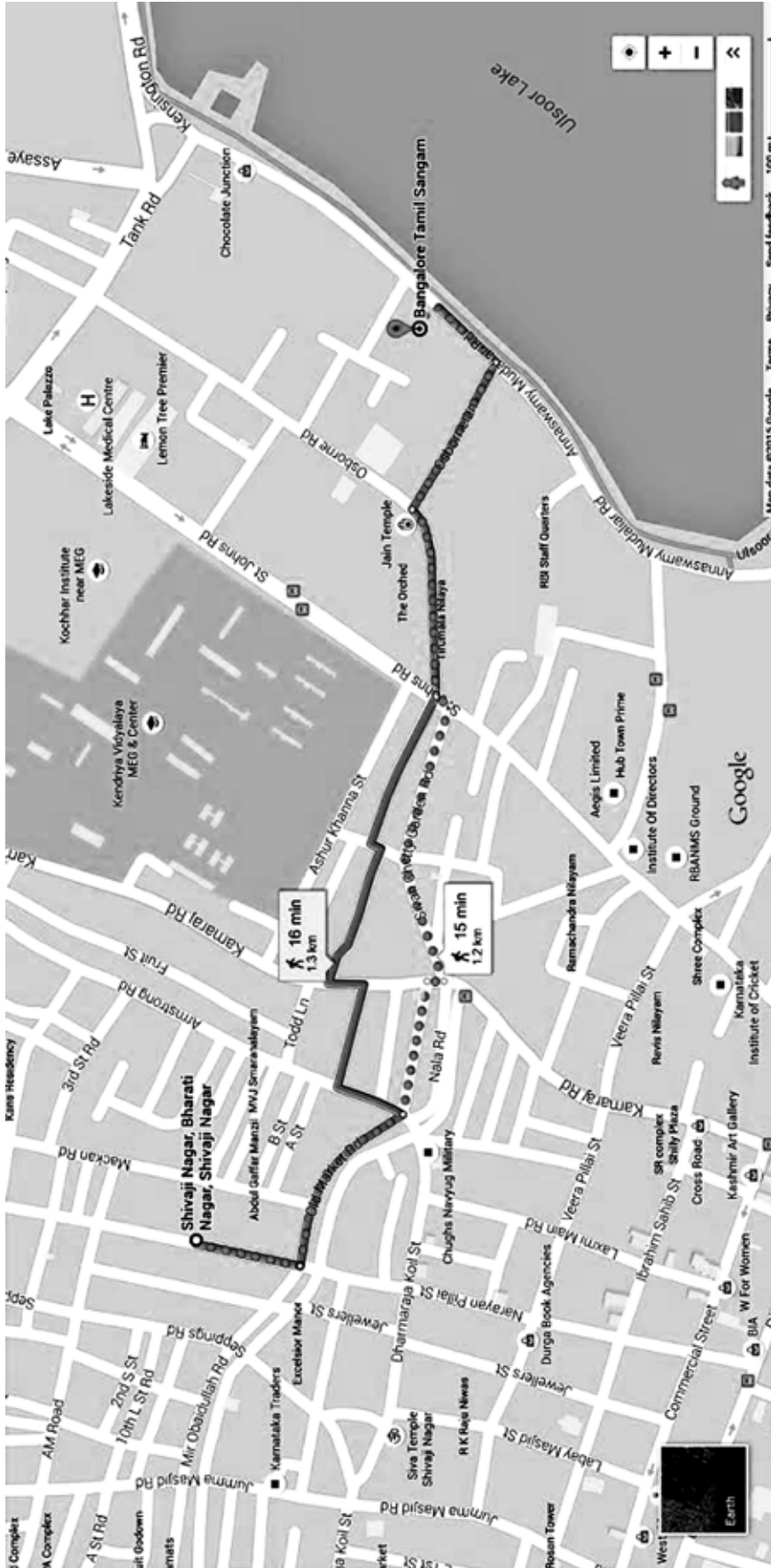
Notes:

The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

# Route Map

for 65th Annual General Meeting of ITI Limited at

Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore - 560 042



## IN VISTA

### ITI celebrates Productivity Week



Shri S Gopu, Director- HR, motivates team members during the 'Productivity Week' celebration, held during February 12-18, 2015, at ITI Bangalore plant.

### ITI celebrates Intl Women's Day



ITI Team members celebrated International Women's Day on March 08, 2015 at Bangalore plant with felicitating women members.

### ITI signs MoU with HAL



Shri J Premchand, Head, Bangalore Unit, ITI and Shri R Kaveri Ranganathan, ED, Planning & Projects, HAL, have signed an MoU on 24th November, 2014 to explore business opportunities in manufacturing & services.

### ITI signs MoA with CDAC



Shri K Alagesan, Unit Head, RaeBareli plant and Dr Z V Lakaparambil, Sr Dir & Head, CDAC signed an MoA on 13-03-15 at CDAC Trivandrum to build solar charge controller unit.

### ITI participates in Swachh Bharat Mission



ITI Team took pledge on Swachh Bharat Mission on Oct 02, 2014 and participated in cleaning activities.

## Parliamentary Standing Committee of IT visits ITI



Shri Anurag Singh Thakur, chairperson of the Committee, along with members visited ITI Ltd, Bangalore, on February 12, 2015.



Shri Anurag Singh Thakur, along with other members of the committee take closer look at ITI products.



Shri K K Gupta, Dir-Production explains products' features to committee members.

If undelivered please return to:

To :



# ITI LIMITED

Registered & Corporate Office: ITI Bhavan, Doorvaninagar, Bangalore-560 016, Karnataka, India.  
Ph.: +91(80) 25614466, Fax: +91 (80) 2561 7525. Website: <http://www.itiltd-india.com>