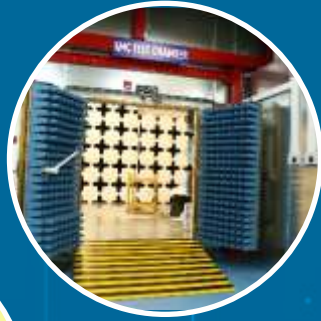




# ITI LIMITED

(A Government of India Undertaking)



## 71<sup>st</sup> ANNUAL REPORT 2020-21



**TOTAL SOLUTIONS FOR GLOBAL COMMUNICATIONS**

## CHAIRMAN'S MESSAGE



Dear Shareholders,

Warm Welcome to the 71<sup>st</sup> 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. On behalf of ITI and the Board of Directors, it is indeed an honour and a privilege to share my thoughts with you through the Annual Report 2020-21.

The Financial Year 2020-21 of the Company has been a year of phenomenal success despite challenges due to the pandemic. Your Company has registered profit for the fourth consecutive year and the Company's performance for the financial year 2020-21 has been remarkable as the Company has clocked a turnover of Rs. 2578 Crore, which is the highest in last 11 years, with a Profit After Tax of Rs. 11 Crore. Despite the severe problems posed by the Pandemic which affected material supply, manpower scarcity and transportation hazards, the Company could still make a growth of more than 7%. Most important achievement is the Networth of the Company stands now at Rs. 2420 Crore. I am happy to announce that your Company is making continuous efforts to be competitive, win the tenders and re-claim market dominance to be a strong player in the Telecommunications sector of the country. As on date our orderbook is around Rs. 9820 Crore. The above parameters truly indicate the positive Networth & development of the Company. Sustaining the growth in the last 4 years is a rare milestone scaled by the Company. This should be a game changer for the Company, and is expected to lead the Company towards total turnaround.

Dear Shareholders, despite problems in this financial year, Company has been successful in winning couple of prestigious orders. ITI signed contract with Ministry of Defence to execute ASCON Phase IV project which is worth Rs. 7796 Crore. This is a great feat of the Company as this is the biggest ever order won in the history of the Company. As you all are aware, the first 3 phases of this project have been successfully executed by the Company. The Proof of Concept of the project is being monitored closely for early completion. We have also signed a contract with Indian Air Force for upgradation of their IT facilities which is worth Rs. 414 Crore including AMC. We intend to complete this project in 10 months. We have another Bharat Net project from BBNL worth Rs. 37 Crore to provide optical broadband network in the Andaman & Nicobar Islands. We have also bagged advance purchase order for a package in TANFINET project worth around Rs. 498.52 Crore and PO is expected shortly. For the first time in the history of the Company, we have received an order from a private operator for FTTH rollout worth around Rs. 55 Crore. We are aggressively participating in the tenders from defence forces for the 5G technology network implementation and have also addressed RFP for setting up a 5G test bed.

The trio mega projects of ITI are reaching their completion stage. Gujnet project execution has been almost completed. NFS project is planned to be completed by the year end. We are making all out efforts to see that Maha Net project is also closed at the earliest. It is very important that we aggressively participate in the forthcoming tenders to further strengthen our orderbook which now stands at Rs. 9820 Crore.

The infrastructure that has been upgraded from the CAPEX funds have been planned for capacity utilization. We are very proud that the products for which the infrastructure was established recently are being used for the projects executed by ITI - exemplifying *AatmaNirbharta*. We have already supplied 10433 KMs of HDPE duct manufactured in our plant for the BharatNet project being executed by the Company. We have also manufactured nearly 9,000 KMs of HDPE for the ASCON Phase IV project which is under inspection by the customer. Further, we have also manufactured 20,000 solar panels for the MahaIT project. OFC supplies for ASCON Phase IV project is also being planned from in-house manufacturing. We are planning to see that the manufacturing facilities of HDPE, OFC, Solar Panels, Wi-Fi Access Points are made operational 24 X 7 basis by exploring more business leads for these products. We are also focusing on initiatives for marketing ITI products like Micro PC, Smart Banking Cards, SPDS (Smart Parcel Delivery Systems), UVDS (Ultra Violet Disinfection Systems), Digital Mobile Radio (DMR), Anti Drone Systems, IRNSS Receivers, E/V Band Radios, EVM etc. The synergy between ITI and the other organizations under Ministry of Communications like C-DoT, Department of Posts is also being explored and new flavor of products are planned.



In order to position Company in the new technology trends, Company has been exploring in the areas of 4G/5G, Cyber Security, AI, Smart Devices, Cloud Services etc. Company has tied up with TCS for addressing the 4G Tender of BSNL. We have already participated in the EoI for PoC and the same is being carried out at Ambala, Haryana. We are taking up manufacturing of 4G Radios and the infrastructure for the same is being positioned. We have plan afoot in setting up a Security Operations Centre (SoC) out of our Data Centre. Partners for the same are under finalization. We also have plans to offer Cloud Services from the ITI Data Centre which is augmented with additional capacity. We have tied up with a startup which has AI based solution for testing infectious diseases including COVID and also Blockchain based solution for Electronic Medical Record System. We plan to launch this solution to augment the National Health Mission initiative of the Government of India. Through partnerships with Indian companies, the Company is trying to reduce dependency on import of Telecom equipment and also build a native strategic platform for networks including defense communication. A PSU joining hands with leading private sector companies shows the commitment of ITI towards the AatmaNirbhar Bharat initiative of Government of India.

Company has established 120-seater Start-up hub at ITI Bangalore plant and plans to expand it to 1000-seater capacity. Many start-ups working in the areas of IoT devices, Medical Electronics, Home Automation, Aeronautics are operational from this hub. EMI/EMC & Safety Labs set up in collaboration with TEC are operational. Further, establishment of Security Lab is also planned. ITI has created Six Training Centers (TCs) at all the plants of ITI including a Smart Skill Development Centre at Srinagar Plant to promote the Skill India Mission. The expanded Data Centre of ITI is ready to launch the Cloud based services and would help many companies to store data in a secure manner. Your Company has taken number of initiatives on improving business prospects by transformed strategy for manufacturing, marketing and management of projects.

Dear Shareholders you would appreciate that human resource is the foundation for the success of any Company. In order to motivate we have introduced several employee welfare measures. On the personnel development & motivation, there has been paradigm shift in PRC which has been revamped with 3 stage process for the first time in the history of the Company. The entire procedure will be firmed up to accommodate more eligible candidates in the promotion process. We expect that all these incentivization will encourage each employee to add more value and contribute more towards the growth of the Company.

Even during the lockdown period, the business continuity of the Company kept going. During this turmoil, the Company has manufactured more than 2 million Face Shields and supplied to many organisations. Through collaboration with DRDO, Company has also developed and manufactured Ultra Violet Disinfection System (UVDS) useful in disinfecting the hospitals and office spaces. During the lockdown, Company has also distributed grocery kits to more than 2000 needy families.

Though we have made profit in the last four years, our financial problems are still not completely addressed. Unless we enhance our bottom line in all the projects & products, sustenance in the coming days may turn out to be tough. We have to aggressively change our attitude, choose appropriate strategy, and march ahead to stay in the game

Dear Shareholders, the current scenario as well as the future plans of ITI look very bright, as we have strong orderbook as on date. We have orders in pipeline also. Thus our orderbook position for next two to three years is encouraging and Company should never look back. We have built up and strengthened the Company in the last 4 years. We are emerging as a new leader in the telecom sector. Our optimism and resolute efforts will definitely lead us towards enshrined goal of complete revival of your Company. With that, I assure you that, your Company shall continue to make best efforts in sustaining the growth and thereby ensure sustained returns to its stakeholders. With the support of DoT and Government of India, we shall launch the Company towards market leadership & financial sustenance.

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, BBNL, 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.

Thank you

Place: Bengaluru

**R M Agarwal**  
Chairman & Managing Director

NB : This does not purport to be a record of the proceedings of 71<sup>st</sup> Annual General Meeting.

**VISION, MISSION and VALUES****VISION**

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“To lead India’s transformation towards self-reliance in the domain of Telecommunications, Electronics, and ICT products, services and solutions that change lives for better”

**MISSION**

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“To provide in-house developed convergence solutions, products and services to our clients in the area of Telecommunications, Electronics, Defence system, Space Technologies and smart connected technology”

**VALUES**

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We aspire to achieve our goal by focusing on Innovation, continuous improvement and collaborating with strategic market players (partner /alliance) in transparent and responsible manner.

**• Innovation:**

There is a constant want for Innovation through facilitation, resource provisions, encouragement & recognitions that drive our growth.

**• Continuous Improvement:**

We focus on continuous improvements which leads to more sophisticated and overall more economically competitive offerings.

**• Collaboration with Strategic Partner:**

We just don’t do business but help our customers and other stakeholders to transform the lives we touch.

**• Transparency:**

We will be fair, honest and ethical in our conduct; everything we do must stand the test of scrutiny.

**• Responsible Manner:**

We will integrate environmental and social principles in our businesses, ensuring that what we generate goes back to the stakeholders.

# ANNUAL REPORT 2020-2021

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**BOARD OF DIRECTORS\***

**Shri Rakesh Mohan Agarwal**  
Chairman and Managing Director

**Shri D Venkateswarlu**  
Director Production

**Shri Rajeev Srivastava**  
Director Finance & Chief Financial Officer

**Shri Rakesh Chandra Tiwari**  
Director Marketing

**Lt Gen Milind N Bhurke,**  
AVSM, VSM, Signal Officer-in-Chief  
Government Director

**Dr Rajesh Sharma**  
Deputy Director General (SU),  
Department of Telecommunications  
Government Director

**COMPANY SECRETARY**  
Smt S Shanmuga Priya

**STATUTORY AUDITOR**  
M/s GRSM & Associates, Bengaluru

**BRANCH AUDITORS**  
M/s R K Chari & Co., Lucknow (Rae Bareli)  
M/s G K Arora & Associates, Allahabad (Naini)  
M/s P N G & Co., Faizabad (Mankapur)  
M/s A R G E E & Co., Palakkad (Palakkad)  
M/s AmirJan & Associates, Srinagar (Srinagar)

**COST AUDITORS**  
M/s GNV Associates, Bengaluru  
M/s Aman Malviya & Associates, Lucknow

**SECRETARIAL AUDITOR**  
Shri D Venkateswarlu, Bengaluru

**BANKERS**  
State Bank of India  
Bank of Baroda  
Canara Bank  
Punjab National Bank  
Union Bank of India  
Central Bank of India  
Indian Bank

\*As on 07.10.2021

**MANAGEMENT\***  
**CORPORATE OFFICE**

**Shri Rakesh Mohan Agarwal**  
Chairman and Managing Director

**Shri D Venkateswarlu**  
Director Production

**Shri Rajeev Srivastava**  
Director Finance & Chief Financial Officer

**Shri Rakesh Chandra Tiwari**  
Director Marketing

**Shri B Kasiviswanathan**  
Chief Vigilance Officer

**Smt Ila Bahadur**  
Executive Director - Projects  
& Technology and Operations

**Shri Akhil Kumar**  
General Manager - Corporate Finance

**Shri Vimal Kishore Sharma**  
General Manager - Vigilance

**Shri Murlidhar Dwivedy**  
General Manager - HR & PR

**Shri Pradeep Kumar Agrawal**  
General Manager- Internal Audit

**Smt S Shanmuga Priya**  
Company Secretary

**UNITS**  
**Network Systems Unit**  
Shri Prakash Chandra Jain  
Executive Director

**Mankapur Plant**  
Shri Dilip Kumar Sharma  
General Manager

**Bangalore Plant and Research & Development**  
Brig. Bhup Chand Sharma (Retd)  
General Manager

**Rae Bareli Plant**  
Shri Sanjay Kumar Gupta  
General Manager

**Palakkad Plant**  
Shri Rajiv Saxena  
General Manager

**Naini Plant**  
Shri Nitish Kumar Bokade  
Additional General Manager

**Srinagar Plant**  
Shri Idris Aslam Khan  
Deputy General Manager

**Corporate Marketing**  
Shri Rajiv Dubey  
General Manager



# ITI LIMITED

(A Govt of India Undertaking)

CIN: L32202KA1950GOI000640

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

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

## NOTICE

NOTICE is hereby given that the Seventy First (71<sup>st</sup>) Annual General Meeting (AGM) of ITI Limited will be held on Wednesday, 10<sup>th</sup> November 2021 at 11.30 am through Video Conferencing ("VC") or Other Audio Visual Means ('OAVM') to transact the following business. The proceeding of the AGM shall be deemed to be conducted at the Registered Office : ITI Bhavan, Doorvani Nagar, Bengaluru-560016.

### I. ORDINARY BUSINESS:

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

**"RESOLVED THAT** the audited standalone and consolidated financial statements of the Company for the financial year ended March 31,2021 together with the reports of the Board of Directors and Auditors thereon and comments of Comptroller and Auditor General of India, be and are hereby received, considered and adopted."

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

**"RESOLVED THAT** Shri Duvvuri Venkateswarlu (DIN: 08605954), who retires by rotation and being eligible, be and is hereby re-appointed as a Director of the Company."

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

**"RESOLVED THAT** pursuant to Section 142 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of ITI Limited be and is hereby authorised to fix the remuneration and other terms and conditions, including reimbursement of travelling allowance and out of pocket expenses of Statutory Auditors of the Company appointed by Comptroller and Auditor General of India and of the Branch Auditors of the Company for the financial year 2021-22".

### II. SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications order no. E-14-6/2019-PSA dated 02<sup>nd</sup> November 2020, Shri Rakesh Chandra Tiwari (DIN: 08953397), be and is hereby appointed as Director Marketing of the Company from the date of assumption of charge i.e. 07<sup>th</sup> January 2021 till 30<sup>th</sup> November 2023 i.e. the date of his superannuation, or until further orders, whichever is

earlier, liable to retire by rotation and on the terms and conditions as may be stipulated by the Government of India."

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

**"RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications order no. E-5-1/2016-PSA dated 18<sup>th</sup> January 2021, Lt Gen Milind N Bhurke, AVSM, VSM, Signal Officer-in-Chief (DIN: 09168118), be and is hereby appointed as Government Director of the Company, for a period of three years or till the date of his superannuation or until further orders, whichever is earliest, not liable to retire by rotation, on the terms and conditions as stipulated by the Government of India."

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

**"RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Ministry of Communications letter no. E-5-2/2021-PSA dated 06<sup>th</sup> July 2021, Dr Rajesh Sharma (DIN: 08200125), be and is hereby re-appointed as Government Director of the Company for a period of three years w.e.f. 01<sup>st</sup> August 2021 or till the date of superannuation or till further orders, whichever is earliest, not liable to retire by rotation, 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. 3.16 lakhs (inclusive of applicable taxes) and out of pocket expenses and conveyance expenses at actuals fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2021-22 be and is hereby ratified".

Registered & Corporate Office  
ITI Bhavan, Doorvaninagar

Place : Bengaluru  
Date : 07.10.2021

By Order of the Board  
For ITI Limited

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

## NOTES:

1. In view of the massive outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated January 13, 2021 read with General Circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 and SEBI vide its Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (hereinafter collectively referred to as "the Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Circulars, the AGM of the Company is being held through VC/OAVM.
2. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the AGM is annexed hereto and forms part of the notice as **Annexure A**.
3. Pursuant to provisions of the Regulation 36 (3) of Listing Regulations, 2015 and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India, the brief resume/profile of the Director eligible for appointment/re-appointment vide Item No. 2, 4, 5 & 6 is appended to this Notice as **Annexure B**.
4. Since this AGM is being held pursuant to the Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map of the venue are not annexed to this Notice.
5. In case of joint holders, the member whose name appears as the first holder in the order of names as per Register of Members of the Company will be entitled to vote at the meeting.
6. Pursuant to Section 139 read with Section 142 of the Act, the Auditors of the Company are appointed by the Comptroller and Auditor General of India. However, the remuneration of auditors shall be fixed by the Company at the Annual General Meeting. Members may authorise the Board to determine and fix suitable remuneration payable to Auditors for the year 2021-22 after taking into consideration change(s), if any, in scope of assignments due to statutory requirements/ volume of work/ inflation index, etc.
7. Shri D Venkateswarlu, (CP No. 7773), Practicing Company Secretary, Bengaluru has been appointed as the Scrutinizer to scrutinise the voting during the AGM and remote e-voting in fair and transparent manner.
8. Corporate Members / FIs / Financial Institutions intending to appoint Authorised Representatives as per Section 113 of the Companies Act, 2013, to attend the AGM through VC/OAVM are requested to send to the Company, a certified copy of the Board Resolution/such other documents authorizing their representative(s) to attend and vote on their behalf at the meeting, together with their specimen signatures by e-mail to [dvenkatacs@gmail.com](mailto:dvenkatacs@gmail.com) and [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 4<sup>th</sup> November 2021 to Wednesday, 10<sup>th</sup> November 2021 (both days inclusive) for the purpose of the Annual General Meeting (AGM).
11. In line with the MCA Circular, the Notice of the AGM alongwith the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 71<sup>st</sup> AGM along with full version of Annual Report 2020-21 has been uploaded on the website of the Company at [www.itild.in](http://www.itild.in) under 'Investor Information' section and can also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
12. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Company.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by the Members of the Company. Members holding shares in electronic form are therefore, requested to submit their PAN, Bank account details and email ids to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form shall submit their PAN details, Bank Account Details and email id to the RTA/Company.
14. Members are requested to advise the Registrar and Share Transfer Agents, M/s. Integrated Registry Management Services Private Ltd., 30, Ramana Residency, 04<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru – 560003, Tel No. 080-23460815-818, email id : [irg@integratedindia.in](mailto:irg@integratedindia.in) and their respective Depository Participants immediately of any change/updation in their address, e-mail ids, bank account details, nomination, etc.
15. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form.
16. In terms of the provisions of Listing Regulations, w.e.f. 1<sup>st</sup> April 2019, all transfer of shares shall be in dematerialized form. The Members holding shares in physical form are requested to contact the Registrar and Share Transfer Agents, M/s. Integrated Registry Management



Services Private Ltd at [irg@integratedindia.in](mailto:irg@integratedindia.in) for assistance in this regard.

17. As per Section 108 of the Companies Act, 2013 read with relevant rules made there under, Regulation 44 of Listing Regulations, MCA Circular and SEBI Circular, the Company is pleased to provide its Members the facility to cast their vote by electronic means on all resolutions set forth in the Notice through remote e-voting and e-voting during AGM and for attending the meeting through VC/OAVM. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) in this regard. The instructions for remote e-voting, e-voting during AGM and for attending the meeting through VC/OAVM are appended to this Notice as **Annexure C**.
18. The Members can join the AGM in the VC/OAVM mode 15 minutes before and within 15 minutes of the scheduled time of the commencement of the Meeting by following the instructions mentioned in the **Annexure C**. The Members will be able to view the proceedings by login into the CDSL e-Voting website at [www.evotingindia.com](http://www.evotingindia.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters,

Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.

19. All documents referred to in the notice & statutory registers maintained under Section 170 and 189 of the Companies Act, 2013 will be available for electronic inspection during the AGM. Members seeking to inspect such documents can send an e-mail to [cossecy\\_crp@itilttd.co.in](mailto:cossecy_crp@itilttd.co.in).
20. 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.
21. Members may visit the website of the Company for more information on the Company.

Registered & Corporate Office  
ITI Bhavan, Doorvaninagar

By Order of the Board  
For ITI Limited

Place : Bengaluru  
Date : 07.10.2021

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

## Annexure A

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

### Item No. 4 to 6:

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

#### Shri Rakesh Chandra Tiwari

Shri Rakesh Chandra Tiwari (DIN: 08953397), was inducted into the Board as an Additional Director (Director Marketing) in pursuance of Ministry of Communications order no. E-14-6/2019-PSA dated 02<sup>nd</sup> November 2020 from the date of assumption of charge i.e. 07<sup>th</sup> January 2021 till 30<sup>th</sup> November 2023 i.e. the date of his superannuation, or until further orders, whichever is earlier. In terms of Section 161 of the Companies Act, 2013, Shri Rakesh Chandra Tiwari holds office upto the date of ensuing Annual General Meeting (AGM).

#### Lt Gen Milind N Bhurke, AVSM, VSM, Signal Officer-in-Chief, Ministry of Defence

The Ministry of Communications vide order No. E-5-1/2016-PSA dated 18<sup>th</sup> January 2021 has appointed Lt Gen Milind N Bhurke, AVSM, VSM, Signal Officer-in Chief, Ministry of Defence (DIN: 09168118) as Government

Director with effect from the date of order for a period of three years or till the date of his superannuation or until further orders whichever is earliest. However, appointment of Lt Gen Milind N Bhurke, AVSM, VSM, Signal Officer-in Chief has taken effect from 07<sup>th</sup> May 2021 i.e. the date of obtaining Director Identification Number.

#### Dr Rajesh Sharma, DDG-SU

Dr Rajesh Sharma, DDG-SU was inducted into the Board as Government Director w.e.f. 13<sup>th</sup> August 2018 for a period of three years or till the date of superannuation or until further orders whichever is earliest. The Ministry of Communications vide letter no. E-5-2/2021-PSA dated 06<sup>th</sup> July 2021 has re-appointed Dr Rajesh Sharma, DDG- SU (DIN: 08200125) as Government Director with effect from 01<sup>st</sup> August 2021 for a period of three years or till the date of his superannuation or until further orders whichever is earliest.

The Nomination and Remuneration Committee at its meeting held on 10<sup>th</sup> August, 2021 have recommended to the Members' for appointment of Shri Rakesh Chandra Tiwari, Lt Gen Milind N Bhurke and re-appointment of Dr Rajesh Sharma as Directors of the Company.

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

Shri Rakesh Chandra Tiwari, Lt Gen Milind N Bhurke and Dr Rajesh Sharma are deemed to be interested in the proposed resolution to the extent of their appointment as Directors.

None of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, in the resolution set out at item no. 4 to 6 of the notice.

Shri Rakesh Chandra Tiwari, Lt Gen Milind N Bhurke and Dr Rajesh Sharma do not hold any share in the Company, either in their individual capacity or on a beneficial basis for any other person.

Your directors recommend the ordinary resolutions for appointment of Shri Rakesh Chandra Tiwari, Lt Gen Milind N Bhurke and re-appointment of Dr. Rajesh Sharma as Directors of the Company as proposed in the notice for approval.

A brief profile of Shri Rakesh Chandra Tiwari, Lt Gen Milind N Bhurke and Dr Rajesh Sharma are provided in **Annexure B** of this Notice.

#### Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment of following Cost Auditors to conduct the audit of the cost records of the various units of the Company for the financial year ending March 31, 2022:

Sl. No.	Name of the Cost Auditor	Audit Fees including GST (in Rs)
1.	GNV & Associates, Bangalore	2,36,000
2.	Aman Malviya & Associates, Lucknow	80,000
	Total	3,16,000

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

Accordingly, necessary resolution seeking ratification for fixation of remuneration of Rs 3.16 lakhs (inclusive applicable taxes) and out of pocket expenses and conveyance expenses at actuals for the Cost Auditor appointed for the year 2021-22 is placed before the Member for their approval.

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

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

Registered & Corporate Office  
ITI Bhavan, Doorvaninagar

By Order of the Board  
For ITI Limited

Place : Bengaluru  
Date : 07.10.2021

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

## Annexure B

### Brief resume of Directors proposed for appointment /re-appointment

#### Item No. 2

##### Shri Duvvuri Venkateswarlu, Director - Production:

Shri Duvvuri Venkateswarlu has taken over charge of Director - Production of ITI Limited on 07<sup>th</sup> November 2019. He has joined the Company in 1985 as Assistant Executive Engineer and thereafter held various positions. He has rich experience of more than 3 decades in handling production of entire range of telecom equipment covering Switching, Transmission, Access products & Defence products. During his tenure in the company, he has spearheaded Production Unit of Bangalore plant for 5 years and thereafter he was promoted as General Manager and Unit Head of Palakkad plant.

Shri Venkateswarlu has been Instrumental in successfully upgrading the facilities like PCB Plant, SMT, Machine Shop, Injection Molding, 3D Printing areas under revival plan that helped ITI to bag orders from prestigious organizations like Defence, EESL, BHEL, BEL, ISRO, C-DAC etc.

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

- Number of Board Meetings attended during 2020-21 : 8
- Details of Directorships in other Listed Companies as on 31<sup>st</sup> March 2021 : Nil
- Membership / Chairmanship in the Committees of other Companies as on 31<sup>st</sup> March 2021 : Nil
- Number of shares held in the Company as on date : Nil
- Disclosure of inter-se relationships between Directors & Key Managerial Personnel : Nil

#### Item No. 4

##### Shri Rakesh Chandra Tiwari, Director Marketing:

Shri Rakesh Chandra Tiwari (DIN: 08953397), has been appointed as Director (Marketing), ITI Limited w.e.f. 7<sup>th</sup> January 2021. An Indian Telecommunication Service officer of 1985 batch, Shri Tiwari possesses more than 3 decades of rich and diversified experience in Telecom

management, Switch installation, quality assurance, network planning & operations, project implementation, enterprise business development, marketing of fixed line services etc.

Before joining ITI Limited, Shri Tiwari has been working as Principal General Manager at BSNL Corporate Office, New Delhi. He was looking after Enterprise Business portfolio at BSNL. He has been instrumental in handling prestigious projects like Network for Spectrum (NFS) and BharatNet at BSNL. He had arranged many seminars and skill development courses at Ahmedabad & Jalgaon. He has also been awarded as Sanchar Sarthi for his exceptional services at DoT/BSNL.

He is a graduate from REC Kurukshetra in Electronics & Communications Engineering and PGDM from MDI Gurugram consisting of National Management Programme (NMP). Later he had completed PGP-PMP from IIM Ahmedabad specializing in Public Sector Management. He also holds MBA in HR from Manipal Sikkim University.

- Number of Board Meetings attended during 2020-21 : 2
- Details of Directorships in other Listed Companies as on 31<sup>st</sup> March 2021 : Nil
- Membership / Chairmanship in the Committees of other Companies as on 31<sup>st</sup> March 2021 : Nil
- Number of shares held in the Company as on date : Nil
- Disclosure of inter-se relationships between Directors & Key Managerial Personnel : Nil

**Item No. 5**

**Lt General Milind N Bhurke, AVSM, VSM, Government Director :**

Lt Gen Milind N Bhurke (DIN: 09168118) an alumni of National Defence Academy, the General Officer was commissioned on 12<sup>th</sup> June 1982 in 24 Infantry Division Signal Regiment, a new raising

He has excelled in all important army courses. He topped the Degree Engineering course, winning all 3 trophies on offer and completed M Tech in Computer Science from IIT Kharagpur with distinction. He has been awarded instructor gradings both in Junior Command & Senior Command Courses held at Army War College. He has done all prestigious courses like Defence Services Staff Course, Higher Air Command & National Defence Course.

On the professional front, the General Officer has tenanted important Staff and Technical appointments such as Grade I Staff officer of a Strike Corps, Colonel Q (Works) of a Pivot Corps, Deputy Military Secretary in Military Secretariat Branch and Deputy Director General (Information Communication Technology) in Deputy Chief of Army Staff (Information System & Training) Secretariat. He was also Grade — 2 Staff Officer in WARDEC and had the unique opportunity of working closely with Dr APJ Abdul Kalam, then Chairman DRDO. He commanded an Infantry Division Signal Regiment during Operation PARAKRAM and was Chief Signal Officer of a Strike Corps, Chief Signal Officer of a Command and Additional Director General Tactical Communication at Director General Signals. During his distinguished 38 yrs of service he has been awarded Ati Vishisht Seva Medal, Vishisht Seva Medal, Chief of Army Staff Commendation Card and Army Commander Commendation Card.

The General Officer was Commandant, Military College of Telecommunication Engineering, Mhow from 01<sup>st</sup> August 2018 to December 2020 before assuming the appointment of Signal Officer-in-Chief wef 01<sup>st</sup> January 2021. He has been elected as the 64<sup>th</sup> Colonel Commandant of Corps of Signals wef 01<sup>st</sup> August 2018.

- Number of Board Meetings attended during 2020-21 : Not Applicable
- Details of Directorships in other Listed Companies as on 31<sup>st</sup> March 2021 : Nil
- Membership / Chairmanship in the Committees of other Companies as on 31<sup>st</sup> March 2021 : Nil
- Number of shares held in the Company as on date : Nil
- Disclosure of inter-se relationships between Directors & Key Managerial Personnel : Nil

**Item No. 6**

**Dr Rajesh Sharma, DDG-SU, Government Director**

Dr Rajesh Sharma belongs to the Indian Telecom Service (ITS) of 1988 batch at Department of Telecommunications (DoT), Ministry of Communication, Government of India, and is recently working as Deputy Director General (Service Unit), DoT, Ministry of Communications, Government of India. Dr Sharma has an experience of more than 30 years in telecom technologies in operation, planning and roll-out of wireless, wire-line and broadband technologies in DoT and Bharat Sanchar Nigam Limited.

Dr Sharma earlier worked on deputation at the National e-Governance Division (NeGD), under the Ministry of Electronics & Information Technology (MeITY), Government of India as Director (Capacity Building), where he was responsible for capacity building for e-Government projects and imparting training at various levels in central line ministries and state governments.

A Fellow of the Indian Institute of Management Indore in Information Systems area (equivalent to PhD), Dr Sharma also holds Post Graduate Diploma in Management (PGDM) from MDI Gurgaon and the B.E. (Electronics) degree from University of Indore.

Dr Sharma has published several widely cited research papers, case studies and book reviews in internationally reputed journals. His areas of interest include public sector governance, telecom technologies, e-Governance, technology acceptance, interoperability, green IT, recommender systems, knowledge management, sustainability and business process reengineering.

- Number of Board Meetings attended during 2020-21 : 9
- Details of Directorships in other Listed Companies as on 31<sup>st</sup> March 2021 : Tata Communication Limited
- Membership / Chairmanship in the Committees of other Companies as on 31<sup>st</sup> March 2021 : Member of Audit Committee and CSR Committee in Tata Communication Limited.
- Number of shares held in the Company as on date : Nil
- Disclosure of inter-se relationships between Directors & Key Managerial Personnel : Nil

Registered & Corporate Office  
ITI Bhavan, Doorvaninagar

By Order of the Board  
For ITI Limited

Place : Bengaluru  
Date : 07.10.2021

**S. SHANMUGA PRIYA**  
COMPANY SECRETARY

### The Instructions for Shareholders for Remote e-voting are as under:

1. The voting period begins on 6<sup>th</sup> November 2021 at 10.00 a.m. and ends on 9<sup>th</sup> November 2021 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 4<sup>th</sup> November 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted through remote e-voting would not be entitled to vote at the meeting venue.
3. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

4. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
5. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

#### I. Individual Shareholders holding securities in Demat mode with CDSL:

- a. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or visit [www.cdslindia.com](http://www.cdslindia.com) and click on Login icon and select New System Myeasi.
- b. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for

casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

- c. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
- d. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the e-voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page or click on <https://evoting.cdslindia.com/Evoting/EvotingLogin> The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting Service Providers.

#### II. Individual Shareholders holding securities in demat mode with NSDL

- a. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- b. If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS "Portal or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- c. Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

### III. Individual Shareholders (holding securities in demat mode) login through their Depository Participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

#### (i) Individual Shareholders holding securities in Demat mode with CDSL:

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542-43.

#### (ii) Individual Shareholders holding securities in Demat mode with NSDL

Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30

### IV. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

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

**For Physical shareholders and other than individual shareholders holding shares in Demat.**

**PAN** -Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

**Dividend Bank Details or Date of Birth (DOB)** - Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.

If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field.

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for ITI Limited on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

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

- For Physical shareholders-** please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **RTA / Company email id**.

2. **For Demat shareholders** - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **RTA/ Company email id.**

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AREAS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis
3. Shareholders are encouraged to join the Meeting through Laptops / I Pads for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosecy\\_crp@itiltid.co.in](mailto:cosecy_crp@itiltid.co.in)
7. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cosecy\\_crp@itiltid.co.in](mailto:cosecy_crp@itiltid.co.in). These queries will be replied to by the Company suitably through email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM AREAS UNDER: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### 5. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz [cosecy\\_crp@itiltid.co.in](mailto:cosecy_crp@itiltid.co.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
6. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
  7. All grievances connected with the facility for voting by electronic means or Members who need technical assistance before or during the AGM can contact to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlat Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

### Other Instructions :

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

## TEN YEAR DIGEST

₹ in Crores

OPERATING RESULTS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Sales including services	2578	2403	1894	1703	1611	1253	620	770	921	993
Accretion/(Decretion) to Stock	9	40	11	(12)	18	0	(2)	(2)	(11)	3
Value of Production	2586	2444	1905	1691	1629	1253	618	768	910	996
Other Income**	161	184	336	381	542	598	86	40	33	34
Direct Materials	446	508	605	545	605	670	185	137	235	315
Charges on Installation & Maintenance	1,472	1114	784	526	642	318	214	382	409	422
Employees Cost**	290	231	204	226	301	332	321	337	393	402
Depreciation	42	42	37	25	17	13	15	17	18	21
Financing Expenses	160	141	106	153	153	157	157	122	85	85
Other Expenses less Charges on Installation & Maintenance	327	445	412	367	187	124	110	159	163	154
Profit	11	147	93	230	266	238	(298)	(346)	(360)	(369)
Prior Period Adjustments	-	-	-	-	-	-	1	2	48	(1)
Extraordinary Items	-	-	-	-	-	-	-	-	130	-
Profit Before Tax	11	147	93	230	266	238	(297)	(344)	(182)	(370)
Provision for Tax / Deferred Tax/FRB	-	-	-	-	-	-	-	-	-	-
Add: Provision for tax of earlier years no longer required	-	-	-	-	-	-	-	-	-	-
Profit after Tax	11	147	93	230	266	238	(297)	(344)	(182)	(370)
Other Comprehensive Income	20	4	18	5	39	17	-	-	-	-
Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)	31	151	111	235	305	255	-	-	-	-
FINANCIAL POSITION	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Equity	934	925	897	760	560	288	288	288	288	288
Preference Shares *	-	-	-	-	-	-	300	300	300	300
Preference Shares - Application	-	-	-	-	-	-	-	-	-	-
Money Received Pending Allotment	-	-	55	137	-	192	192	-	-	-
Reserves & Surplus	5731	5613	2847	2824	2814	2769	2735	2718	2709	2700
Revaluation Reserves	0	0	2335	2339	2348	2354	2360	2374	2390	2406
Miscellaneous expenditure not written off	-	-	-	-	-	-	-	-	-	-
Profit and Loss Account-(Debit)	4244	4255	4340	4432	4663	4929	5166	4869	4527	4345
Net Worth Funds with Revaluation Reserve ##	2420	2282	1794	1628	1059	674	713	819	1172	1413
Net Worth without considering DRE not written off and Revaluation Reserve ##	2420	2282	(541)	(711)	(1289)	(1680)	(1647)	(1555)	(1218)	(993)
Grant-in-aid	-	-	-	-	-	-	4	8	12	64
Bonds	-	-	-	-	-	-	-	-	2	2
Other borrowings and deferred credit	1164	1036	959	926	879	839	921	876	606	483
Gross Block #	2864	2814	2775	2663	2524	3737	3690	3696	3695	3691
Depreciation #	163	121	80	43	18	1279	1267	1243	1210	1175
Net Block	2700	2693	2695	2620	2506	2458	2423	2453	2485	2516
Capital work-in-progress	169	189	165	149	102	92	33	21	1	2
Assets, Loans and Advances (Current & Non-Current):										
Inventory	194	173	149	156	142	104	93	96	105	113
Debtors	2905	3120	2659	3086	2196	2743	2219	2152	4067	4268
Others	2907	1508	1292	996	566	436	572	366	348	333
<b>Total</b>	<b>6006</b>	<b>4801</b>	<b>4100</b>	<b>4238</b>	<b>2904</b>	<b>3283</b>	<b>2884</b>	<b>2614</b>	<b>4520</b>	<b>4714</b>

Turnover and Value of production for the year 2017-18,2016-17,2015-16,2014-15,2013-14,2012-13 & 2011-12 are inclusive of Excise duty & Service tax/GST while for rest of the years, they include Excise duty only. Turnover & Value of production for FY 2018-19, 2019-20 and 2020-21 includes GST only.

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

\*\* Employee cost & Other income for FY 2020-21, FY 2019-20, FY 2017-18 and FY 2016-17 include ₹ 66.75 crores, ₹4.39 crores, ₹2.86 crores and ₹33.72 crores respectively on account of VRS funded from the Government of India.

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

## Rectified figures as per the latest Audited Financial Statements for FY 2019-20 and 2020-21.

₹ in Crores

FINANCIAL POSITION	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Liabilities and Provisions (Current & Non-Current) \$	4991	4185	3907	4153	3274	4021	3406	3393	5227	5335
Working Capital	(329)	(456)	(498)	(642)	(1054)	(1478)	(1311)	(1501)	(1259)	(621)
Capital Employed (Net Fixed Assets+Working Capital)	2372	2237	2197	1978	1452	980	1112	952	1226	1895
<b>Sources of Funds:</b>										
Shareholders' Fund	2420	2282	1794	1628	1059	674	713	819	1172	1413
Borrowings	1464	1216	1259	1226	1179	1139	1223	876	608	485
Net Non-Current Liabilities	(178)	(36)	268	199	195	98	131	155	57	-
Deferred Tax	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3706</b>	<b>3462</b>	<b>3321</b>	<b>3053</b>	<b>2433</b>	<b>1911</b>	<b>2067</b>	<b>1850</b>	<b>1837</b>	<b>1898</b>
<b>Application of Funds:</b>										
Net Fixed Assets	2700	2693	2695	2620	2506	2458	2423	2453	2485	2516
Working Capital (Other than Cash Credit)	836	579	460	283	(176)	(640)	(390)	(625)	(650)	(621)
Capital Work in progress	169	189	165	149	102	92	33	21	1	2
Investments	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>3706</b>	<b>3462</b>	<b>3321</b>	<b>3053</b>	<b>2433</b>	<b>1911</b>	<b>2067</b>	<b>1850</b>	<b>1837</b>	<b>1898</b>
FINANCIAL RATIOS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Working Capital Ratios:</b>										
Current Ratio	0.95:1	0.91:1	0.89:1	0.87:1	0.73:1	0.69:1	0.66:1	0.62:1	0.75:1	0.88:1
Working Capital in no. of months of value of Production	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Inventory in no. of months of value of Production	0.90	0.85	0.94	1.11	1.05	1.00	1.81	1.50	1.38	1.36
Debtors(Net of Advances) in in terms of months sales and services	8.38	12.26	12.85	16.31	14.13	18.28	38.76	30.22	30.18	30.89
Working capital to total Assets (%)	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Cost of Direct Material to value of Production incl. Excise Duty (%)	17.24	20.78	31.76	32.23	37.14	53.47	29.94	17.84	25.82	31.63
Cost of Direct Material & Charges on Instn to value of Production incl. Excise Duty (%)	74.16	66.34	72.91	63.34	76.55	78.85	64.56	67.58	70.77	74.00
Debt-to-Equity Ratio	0.61	0.60	2.88	3.30	-	-	-	-	-	-
Return on equity (ROE)/Return on net net worth Ratio	0.005	0.03	(0.17)	(0.14)	-	-	-	-	-	-
Net Profit Margin (%)	0.47%	7.16%	5.55%	6.82%	-	-	-	-	-	-
Debtors/Receivable Turnover Ratio	0.78	0.71	0.58	0.54	-	-	-	-	-	-
Inventory Turnover Ratio	12.53	11.82	11.90	9.48	-	-	-	-	-	-
Interest Coverage /Debt Service Coverage Ratio	1.08	1.49	1.01	1.01	-	-	-	-	-	-
Operating Profit Margin (%)	2.67%	7.82%	1.00%	-3.25%	-	-	-	-	-	-
FINANCIAL RATIOS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Growth Ratios:</b>										
Annual growth in value of Production (%)	5.84	28.28	12.66	3.81	30.01	102.75	(19.53)	(15.60)	(8.63)	(51.46)
Annual growth in Gross Block excluding Revaluation Reserve (%)	1.77	539.55	35.80	84.09	(87.27)	3.98	(0.58)	0.10	0.39	0.68
OTHER STATISTICS	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Turnover composition:</b>										
To BSNL/MTNL & other PSUs	237	309	974	1188	1083	592	239	260	181	206
To Others	2341	2094	920	515	528	661	381	510	740	787
<b>Total</b>	<b>2578</b>	<b>2403</b>	<b>1894</b>	<b>1703</b>	<b>1611</b>	<b>1253</b>	<b>620</b>	<b>770</b>	<b>921</b>	<b>993</b>
Value added	437	463	276	324	283	177	153	164	166	164
No. of Employees as on 31st March	2876	3498	3520	3576	4052	5229	6177	7311	8516	9512
Value Added per Employee (₹)	1372735	1319464	777903	849502	609848	310363	226868	207241	184158	162957
Value of Production per Employee(₹)	8115593	6964213	5369222	4433665	3510398	2197089	916370	970493	1009541	989666

\$ 1. Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities

\$ 2. As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability.

[Figures in brackets indicate negative figures]



# FIGURES AT A GLANCE

₹ in Crores

BALANCE SHEET	As at 31 <sup>st</sup> March 2021		As at 31 <sup>st</sup> March 2020	
<b>(a) What the Company owned</b>				
Fixed Assets		2863		2814
Less: Depreciation		163		121
Net Block		2700		2693
Capital Work-in-Progress		169		189
Investments				
Current Assets, Loans & Advances	5653		4441	
Less: Current Liabilities	5970	(317)	4898	(457)
Add: Non Current Assets		353		359
		2905		2784
<b>(b) Less: What the Company owed</b>				
Non-Current Liabilities		485		502
<b>(C) Shareholders' Funds [a]-[b]</b>		2420		2282
Represented by:				
Share Capital		934		925
Reserves & Surplus	3275		3176	
Revaluation Reserve				
Grant-in-aid			0	
Less: Profit and Loss Account (Debit)	1789		1819	
		1,486		1,357
		2,420		2,282
<b>PROFIT AND LOSS ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>31<sup>st</sup> March 2021</b>		<b>31<sup>st</sup> March 2020</b>
<b>(a) What the Company earned</b>				
Sales including services (including GST)		2,578		2,403
Other Income*		161		184
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components		9		40
		2,748		2,627
<b>(b) What the Company incurred</b>				
Materials		1,918		1,621
Employees Cost*		290		231
Depreciation		42		42
Financing Expenses		160		141
Other Expenses(including GST)		327		445
		2,737		2,480
<b>(c) Profit/(Loss) before tax (a-b)</b>		11		147
<b>(d) Less: Provision for Taxation</b>		0		0
<b>(e) Profit after tax**</b>		11		147
<b>(f) Other Comprehensive Income</b>		20		4
<b>(g) Total comprehensive Income for the period</b>		31		151
<b>(Comprising profit/(Loss) and other comprehensive Income for the period)</b>				

\* Employee cost & Other income includes ₹ 66.75 crores for FY 2020-21 and ₹ 4.39 crores for FY 2019-20 on account of VRS funded from the Government of India.

\*\* Profit of ₹ 11 crores and Profit of ₹ 147 crores is with Grant In Aid of ₹ NIL crore and ₹ 85.40 crores respectively.

₹ in Crores

SOURCES AND APPLICATION OF FUNDS	For the year ended 31 <sup>st</sup> March 2021	For the year ended 31 <sup>st</sup> March 2020
<b>SOURCES OF FUNDS</b>		
1. Depreciation	42	42
2. Increase in Borrowings	129	77
3. Reduction in Working Capital	0	0
4. Revenue Grant in aid received	67	0
5. Capital Grant in aid received	105	414
6. Increase in Non-Current Liabilities	0	0
7. Decrease in Non-Current Assets	7	0
8. a) Profit After Tax*	11	147
b) Other Comprehensive Income	20	4
	<b>314</b>	<b>684</b>
<b>APPLICATION OF FUNDS</b>		
1. Loss After Tax	0	0
2. Decrease in Borrowings	0	0
3. Increase in working Capital	267	118
4. Fixed Assets	31	71
5. Capital Grant-in-aid utilised	0	69
6. Revenue Grant-in-aid utilised	0	0
7. Decrease in Non-Current Liabilities	16	68
8. Increase in Non-Current Assets	0	358
	<b>314</b>	<b>684</b>

Note :

\* Profit of ₹ 11 crores and Profit of ₹ 147 crores is with Grant In Aid of ₹ NIL crore and ₹ 85.40 crores respectively.



## Directors' Report

### Dear Shareholders,

The Board of Directors is pleased to present the 71<sup>st</sup> Directors' Report on the business operations of the Company along with the Audited Financial Statements for the Financial Year (FY) ended March 31, 2021, Auditors report and comments on the Accounts by the Comptroller and Auditor General (C&AG) of India.

The revival package of Rs 4156.79 Crores (Rs1892.79 Crores as grant-in-aid and Rs 2264 Crores as Capex Fund in the form of equity) as approved by the Cabinet Committee on Economic Affairs (CCEA) in February 2014 for ITI Limited, has helped in the Company's turnaround. The entire grant-in-aid has been received. ITI has received Rs 874 Crores of the Capex Fund in tranches until financial year 2020-21. Capex Fund amounting to Rs 105 Crores was received during FY 2020-21. Rs 80 Crores Capex Fund has been provisioned in budget for FY 2021-22.

The Capex Fund has been invested for upgrading the manufacturing infrastructure at various Units of ITI to cater to the need of emerging technologies in the domain of Telecommunications, Electronics and ICT products, services & solutions. The State-of-the-art infrastructure established under revival package funds has boosted the manufacturing strengths to cater for domestic market demands under Make in India mission of Government of India. These projects have helped ITI Limited to regain its manufacturing strength.

The Company performance has been improving steadily and declaring profit since FY 2017-18 without any Government Grant. The Company's net worth became positive from 2019-20.

### FINANCIAL PERFORMANCE

The performance of the Company (Standalone basis) for the financial year 2020-21 compared to the previous year 2019-20 is as under:

Rs in Crores

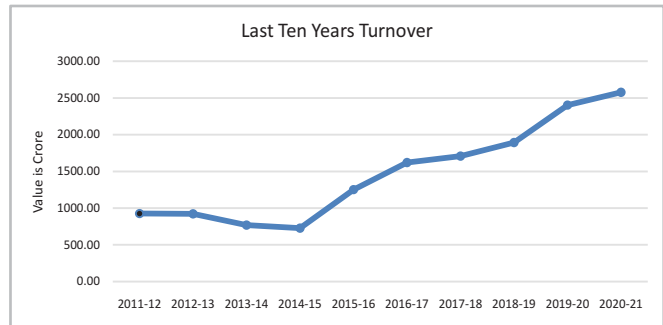
Sl.No.	Particulars	2020-21	2019-20
1	Sales including services	2578	2403
2	Value of production	2586	2443
3	(Loss)/Profit before tax	11	147
4	(Loss)/Profit after tax	11	147
5	Other Comprehensive income	20	4
6	Total Comprehensive income	31	151
7	Financing expenses	160	141
8	Depreciation	42	42
9	Capital employed (Net Fixed Assets + Working Capital)	2372	2236
10	R & D Expenditure	11	14

### CONSOLIDATED PERFORMANCE

The Consolidated Revenue from operations has increased 14.73% over the previous year and stood at Rs 2362.18 crores. The Profit after tax for the financial year 2020-21 were Rs 11.20 crores against Rs 147.48 crores during the previous year.

### OPERATIONAL PERFORMANCE

The Company has achieved the Turnover of Rs 2578 Crores (including taxes) during the FY 2020-21 against Rs 2403 Crores during the previous FY 2019-20. This is remarkably the highest turnover in the past eleven years.



### HIGHLIGHTS

- ❖ The turnover for the FY 2020-21 is mainly constituted from execution of following:
  - I. Turnkey Projects viz, Implementation of Bharatnet Phase II Projects for providing broad band connectivity in the States of Maharashtra, Gujarat, Union Territory of Andaman & Nicobar Islands, ASCON Ph-IV Project for Defence and Network For Spectrum (NFS) project.
  - II. Manufacturing and supply of HDPE (High Density Polyethylene) ducts, Optical Fiber Cable (OFC), Multi Capacity Encryption Units (MCEU), Supply of IP Encryptors, Supply of Mini PCs, Manufacturing of Solar Panels, Supply of Solar LED street lights etc.
  - III. Service Sector viz AMC for ASCON equipments, AMC of Defence equipments, Business from BSNL & MTNL for AMC of MLLN equipments, NGN, OCB, GSM equipments deployed in south zone. Installation & Commissioning of Wi-Fi Hotspots, Business from Data Centre, E-governance & Aadhaar based services, 3D printing services, Component Screening, Module assembly & testing services for VSSC etc. Third Party Audit (TPA) for the Bharatnet Phase II Projects in the states of Odhisha, Jharkhand and various other states including North East. The turnover also constitutes of Business generated by Corporate Marketing and Marketing Services & Projects (MSPs).
- ❖ The Company has signed contract with Ministry of Defence for execution of the mega order of Army Static Switched Communication Network (ASCON) Phase IV project worth Rs 7,796.39 crores (CAPEX & OPEX). It includes Installation, commissioning and maintenance of telecom equipment, NMS, mobile nodes and civil works for providing the complete infrastructure at various sites and roll out of optical fiber network. The project covers IP MPLS-based communication network with microwave radio & satellite Spread across northern, north-eastern

and western regions. The implementation of the project is to be completed in three years and thereafter it has to be maintained for ten years including two years warranty.

- ❖ It is of great pride for ITI Limited to be associated with the country's space mission spearheaded by ISRO. ISRO has successfully launched PSLV C-50 on 17<sup>th</sup> December 2020 and PSLV C-51 on 28<sup>th</sup> February 2021 which were having 110 Nos of flight Packages Assembled and Tested by ITI Limited, Palakkad Plant.
- ❖ Encryptor Product is the core / pioneer strength of R&D, ITI Limited. During FY 2020-21, the Company has completed Design, Development, Manufacture and Supply of various types of Encryptor i.e Multi-Capacity Encryptor Unit (MCEU), IP Encryptor, Terminal End Secrecy Device (TSED), Secure Fax, etc for various Defence and Govt. Sectors.
- ❖ ITI Limited has received Letter of Award (LOA) from Tamil Nadu Fibrenet Corporation Limited (TANFINET) for Planning, Survey, Supply, Installation, Commissioning, Testing, End to End Integration, Operational & maintenance of Optical Fibre Network (OFN) and Electronics for BharatNet Phase-II in Tamil Nadu under Package-D. The value of LOA is around Rs 432.96 Crores.
- ❖ ITI Data Center is functioning since last 12 years and has provided its services to 50+ customers from Oil sector, Defence, PSU Bank, Co-operative Gramin Banks, MNCs and IT enterprises with 350 racks in 75,000 sq.ft of rack farm area. ITI has successfully retained 90% of Data center customers for more than a decade.
- ❖ ITI is expanding Data Center with 1000 rack capacity, out of which 343 rack is fully equipped for onboarding.  
  
ITI Data Centre is MeitY empanelled cloud service provider & audited by Standardisation Testing and Quality Certification (STQC) for services including Government Community Cloud-(GCC) (Caged services), public cloud & private cloud.
- ❖ As part of PM WANI (Wi-Fi Access Network Interface) initiative, the Company has already manufactured 1000 Nos of Mini PDO (Public Data Office) in collaboration with C-DoT and expects to roll out more in the coming days.
- ❖ Smart card manufacturing facility has a capacity of 4000 cards per hour and the present annual capacity is 15 Million cards which is upward scalable depending upon customer requirements. ITI is the only PSU certified by National Payments Corporation of India (NPCI) for Rupay cards. The Company has already supplied 2 Lakhs of Smart Banking Rupay cards to SBI. ITI is also ready to address the requirements of new Government initiative of National Common Mobility Cards (NCMC).
- ❖ The Palakkad Plant has developed an innovative product - Smart Parcel Delivery System (SPDS) for Department of Post to overcome the parcel delivery challenges and to improve the efficiency of Last Mile Delivery process. ITI has installed eight systems at various strategic locations under the jurisdiction of GPO, Bangalore.

- ❖ To fight against COVID 19 pandemic, the Company has developed and productionised face shield, facemask vending machine, face mask disposal machine, automatic & manual hand sanitizer dispensers.
- ❖ UV Disinfection System (UVDS), a mobile UV tower for rapid and chemical free disinfection of frequently touched and exposed surfaces, has been developed with ToT from DRDO Lab & manufactured by Mankapur plant. The UVDS is tested and evaluated by DRDO and also certified by CSIR-CSIO (Council of Scientific and Industrial Research-Central Scientific Instruments Organisation).
- ❖ The Company has implemented PCMM (People Capability Maturity Model) and PMMM (Project Management Maturity Model) at Level 2 (Managed).

### Details of Turn over achieved in FY 2020-21 Vs FY 2019-20:

Rs in Crores

Sl.No	Products/ Projects	2020-21 (including ED,ST & GST)	2019-20 (including ED,ST & GST)
1	Mahanet	1367.46	619.05
2	ASCON PH IV	328.40	0.00
3	Corporate Marketing & MSP's	270.56	217.73
4	Defence Business & AMC/ ASCON AMC	165.37	97.24
5	Gujnet	114.58	1056.68
6	NFS Project	108.95	214.37
7	HDPE Duct Manufacturing	35.54	26.00
8	GSM SZ AMC	34.38	36.02
9	Andaman and Nicobar BharatNet	23.86	0.00
10	3D Printing, Aadhaar based Business/ Mini PC/ Component Screening/ E-Governance projects/ Misc. Services	22.25	18.29
11	AMC for MLLN/SSTP	22.03	28.00
12	Data Centre	17.98	17.59
13	OFC/ Trading / Others	17.41	27.31
14	Solar Panel/ Solar Street Light	12.29	2.39
15	TPA for Bharanet Project in Jharkhand, Odisha & Satellite	11.24	9.75
16	OBC AMC Business	8.65	13.93
17	SMPS	7.80	5.41
18	NGN AMC / WiFi Hotspots I&C	4.46	7.79
19	GPON (ONT, OLT, SPV and I&C)	1.81	1.43
20	GSM Franchise	1.66	2.63
21	Banking Products/ Cont.Mfg/ Sanitary Napkin Vending Machine	1.23	1.84
	<b>Total</b>	<b>2577.90</b>	<b>2403.45</b>

### SHARE CAPITAL

During the year 2020-21, there was no change in the authorized share capital of the Company.

During the financial year 2020-21, pursuant to BIFR order, the Board of Directors of the Company in its meeting held on 09<sup>th</sup> February 2021, allotted 84,03,361 equity shares, (face value of Rs 10.00 each) at Rs 124.95 (at a premium of Rs 114.95) on preferential basis to The President of India against the Capex grant of Rs 105 Crores received from Government of India. Accordingly, the paid up Equity Share Capital as on 31<sup>st</sup> March 2021 has been increased from Rs 9,25,11,95,080 to Rs 9,33,52,28,690

During the year under review, the Company has not granted stock options or equity shares with differential rights or sweat equity shares. As on 31<sup>st</sup> March 2021, none of the Directors of the Company hold any shares of the Company.

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

## DIVIDEND

As the Company still has accumulated losses the Directors are not in the position to recommend any dividend for the year 2020-21.

## RESERVES

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

## OPERATIONAL PERFORMANCE OF PRODUCTION PLANTS AND SERVICE UNITS

### BANGALORE PLANT

#### I. PERFORMANCE

In the FY 2020-21, Bangalore Plant has achieved the Turnover of Rs1527 Crores, which is higher than last FY 2019-20 turnover of Rs 711 crores. The turnover mainly consists of Manufacturing, Various Services and Projects.

#### II. PRODUCTION & MANUFACTURING HIGHLIGHTS

The Secrecy products for Defence Communication Networks and other Ministries are being designed by R&D and manufactured, supplied & maintained by ITI for long time. ITI has been the pioneer in this field. The products have evolved over the years in tune with the evolution in the digital communication technology. There are major requirements of encryption products for Defence for their NFS network, ASCON network etc.

- i. Bangalore Plant has Designed, Manufactured and Supplied 714 nos of Multi-Capacity Encryptor Unit (MCEU) to Defence as part of NFS Project. The total value of Equipment, I & C Service is Rs 68.61 Crores and Rs 21.07 Crores towards AMC for 7 years.
- ii. Bangalore plant has also Designed, Manufactured and Supplied 860 No's of IP Encryptors to Intelligence Bureau, under Ministry of Home Affairs. The total value of Equipment, and I&C Services is Rs 20.43 Crores and Rs 5.06 Crores towards AMC for 5 Years.
- iii. Bangalore Plant has also Designed, Manufactured and Supplied Bulk Encryption Units (BEU) for HQ- Integrated Defence Staff (IDS), New Delhi of worth around Rs 42.19 Lakhs.
- iv. Bangalore Plant has also contributed during Covid-19 Pandemic Situation by Manufacture and supply around of 1.1 Million Face Shields to various Government, PSU and Private Customers.

- v. Bangalore Plant has supplied 93 nos of Field Telephone (5C) of worth around Rs 14.32 Lakhs to Indian Navy, Port Blair.

- vi. Bangalore Plant has supplied the first consignment of in-house fabricated communication racks for the Army Static Switched Communication Network (ASCON)-Phase IV project. These racks are completely designed and fabricated at ITI-Bangalore plant complied with RoHS approach (reduction of use of hazardous substances & processes).

- vii. PM-WANI (Wi-Fi Access Network Interface)

The PM-WANI scheme, announced by the Department of Telecommunications, aims to increase internet connectivity across the country by implementing a decentralised system of public access points. It is contemplated that the proliferation of public Wi-Fi networks throughout the country will greatly increase internet access at cheap prices.

Bangalore Plant has manufactured 1000 No's of C-DoT designed Mini PDO for PM-WANI scheme. The Access Point compiles to IEEE 802.11 ac standard and is backward compatible to IEEE 802.11 a/b/g/n standards.

- viii. PLB HDPE Duct Manufacturing

Two PLB HDPE Telecom Duct manufacturing lines have been installed & commissioned at ITI Bangalore plant. Pilot production is completed. The process of getting TSEC approval from BSNL is under progress. Capacity of plant is 8000 KM/Annum.

#### III. SERVICE HIGHLIGHTS

##### i. Data Center

ITI Data Centre is functioning since last 12 years and has provided its services to 50+ customers from Oil sector, Defence, PSU bank, Co-operative Gramin banks, MNCs and IT enterprises with 350 racks in 75,000 sq.ft of rack farm area. ITI has successfully retained 90% of Data Center customers for more than a decade.

Based on growing demand in Data management and security, ITI has enhanced its capacity to 2,00,000 sq.ft accommodating 1000 more racks, out of which, 343 Rack space is fully equipped for on-boarding and balance rack space would be ready shortly. ITI Data Center has got CMMi level 3 and TIA942 Certificate (Tier 3).

ITI Data Center is MeitY empanelled cloud service provider & audited by STQC for services including Government community cloud- GCC (Caged services), public cloud & private cloud. The revenue generation during FY 2020-21 is Rs 17.98 Crores.

##### ii. Telecom Test Lab

As per the guidelines issued by DoT for Mandatory Testing and Certification of Telecom Equipment (MTCTE), all telecom equipment must undergo mandatory testing and certification prior to sale, import for use in India. ITI in collaboration with DoT and TEC, has established the testing labs like EMI/EMC and Safety LAB at ITI Bangalore plant.

Test labs is already commissioned and functional by providing Testing Services to internal as well as external customers and generating revenue. NABL (National Accreditation Board for Testing and Calibration Laboratories) Accreditation receive for EMC Lab.

### iii. Startup Hub

ITI has always been the front runner in the nation building and implementation of Government of India policies. With a vision to contribute for Start-up India mission of Govt. of India, ITI is in the process of establishing 1000 seater Start-up hub in phased manner at ITI Bangalore plant for encouraging start-ups in the country. ITI vision for Start-up hub is to help Start-ups convert their Innovations to Pilot Products quickly through Rapid Proto-typing facilities under one roof. Our objective is to Manufacture the Successful products in-house and market them. 125 seater start-up hub along with Amenities like dedicated corporate hub meeting room, demo room, highly secure Wi-Fi connectivity is functional. The Start-ups are working on IoT, Aeronautics, Home automation products, Smart voting solution and Defence products. Start-ups are using Rapid prototype facilities & testing facilities within Bangalore Plant. Coordination with various Start-ups to avail ITI facility and occupy the space are under process.

### iv. Defence AMC

Bangalore Plant also executing the AMC for Ananda BEU MK II, EDUs, STM 1 and STM 4 Secrecy Equipment's supplied to Defence Customers all over India. Total value of AMC orders is Rs 10.31 Crores.

### v. GSM SZAMC

ITI Bangalore plant has also executed order worth Rs 34.38 Crores for AMC of 9ML GSM equipments in BSNL South Zone. Further, ITI has received order AMC order worth Rs 70 Crores for the Year 2021-22.

### vi. 3D Printing

3D Printing has been providing prototype services to internal as well as external customers and generating revenue. ITI has bagged order for ADA (Aeronautical Development Agency) & IIT-Kanpur for prototype development and services.

### vii. SaaS Services

#### a) Offline Aadhaar based KYC Verification:-

ITI Limited provides Offline eKYC solution in form of:

1. Web Services
2. WebAPI (WebPages)

This solution takes input as Offline XML zip, E-Aadhaar PDF and Front/Back QR code (Present in E-Aadhaar PDF) which can be downloaded from UIDAI website. This solution validates input data provided by resident.

### b) Aadhaar Masking

In view of the PMLA notification, Intermediaries are advised to blackout the first 8 digits of the Aadhaar number on the copy of Aadhaar before uploading the same on their portal. Financial Institutions now need to mask Aadhaar numbers on all the customer images that they store.

ITI offers an Automated Aadhaar Masking feature which can partially or completely mask the Aadhaar number on an image in real-time.

### c) Video KYC

Regulated Entities can use Video based CIP – Customer Identification Process. The customers from IT companies, Health sectors, Insurance companies are being served. The Annual turnover is Rs 1 Crore.

### viii. Skill Development Centre

Skill Development center was started in ITI Ltd. with an objective of imparting job oriented training to the students, so as to enable them to become employable as per the industry requirement and to increase the industrial productivity in line with PMKVY, DDUGKY, DDUSKVY etc the flagship schemes of the Ministry of Skill Development & Entrepreneurship (MSDE), Government of India.

ITI Skill Development Center is registered with NSDC as a Training Provider and under this umbrella all other ITI units including Bengaluru plant are registered as a Training Center.

ITI Bengaluru Plant is also registered with TSSC as an associate member to impart skill development trainings. The Plant also provide In-Plant / Project training to School/Collage Students.

## IV. PROJECT HIGHLIGHTS

### I. Mahanet

#### Background

This project is implemented by BBNL with aim to provide high-speed broadband connection to the rural areas of State of Maharashtra with 100 Mbps connectivity to all Gram Panchayats (GPs) and to facilitate E-governance, E-healthcare, E-education and provide Wi-Fi, FTTx connectivity in the remote villages of rural areas. Project Maha Net-I has been divided into 3 packages and ITI has won 2 packages Package- A & C covering 18 Districts, 118 Talukas and 8904 GPs. Total Project value of Rs 3111.66 Crore.

#### Scope

Scope includes laying of 19,351 Kms Underground (UG) and 20,259 Km Aerial (OH) OFC, Establishment,



Commissioning and Maintenance of Network comprising of IPMPLS (IP Multi-Protocol Label Switching) Routers, Switches, Solar equipment, Microwave radio, Wi-Fi hotspots and Network Operating Centre (NOC).

3. Multi-Capacity Encryptor Unit (MCEU) Equipment for defence network
4. Secure FAX

#### Progress Achieved so far

- a) Laying of OFC (UG & OH) – 22,743 Km
- b) Number of GPs Lit up - 1440.

The turn over achieved during the FY 2020-21 is Rs 1367.46 Crores.

### V. RESEARCH & DEVELOPMENT (R&D) – BANGALORE PLANT

Company's R&D Philosophy is to enhance its pre-eminence in products / services of Defence Electronics and other chosen fields through Research & Development. Company's R&D strives for development of new products built with cutting-edge technology modules. While fully meeting the customer requirements, the products developed by Company are state-of-the-art, competitive and in corporate highest quality.

Research & Development (R&D) located in Bangalore plant is designing & developing Communication Equipment's to support manufacturing and also keep abreast with State of the Art Technologies in the field of Electronics & Communications. R&D has core strength in design & development of Encryption systems to secure Communication Networks and allied products in area of Transmission & Terminal products.

The strength of R&D lies in its skilled design team with expertise in development of Hardware & Software. The necessary infrastructure to aid design & development is available in the form of Test Instruments, Software design tools, CAD design tools, Reliability lab, EMI/EMC and Safety Labs.

#### Major R&D developed products in the following areas:

1. Encryption Systems for Defence
2. Network solutions for Communication Network
3. Power Supply Modules
4. Integrated Selection System (EVM)
5. Radio systems
6. Navigational Satellite Systems
7. Portable Ventilator - Single Outlet Automated Resuscitator (SOAR)

#### The successful Products developed in Financial Year 2020-21 are:

1. Integrated Selection System
2. 1GE IPE (Kavach for NTRO & Chanakya for IB-MHA)

### NAINI PLANT

#### I. PERFORMANCE

In the FY 2020-21, Naini Plant has achieved the Turnover of Rs 12.38 Crores, which is higher than last FY 2019-20. The turnover mainly consists of Manufacturing, Various Services and Projects.

#### II. PRODUCTION & MANUFACTURING HIGHLIGHTS

##### (a) Solar panel Manufacturing

- i. ITI Naini has received the PO of Value Rs 6.82 Crores for the supply of 20000 nos of 60 watt SPV Panel for MahaNet project. Naini Unit has supplied 2500 panels in FY 2019-20 and 7000 nos. of SPV panel during FY 2020-21. Balance 9500 solar panel are manufactured and ready for despatch. The turnover FY 2020-21 is Rs 3.46 Crores.
- ii. ITI Naini unit has undertaken manufacturing of SPV module of 325Wp for establishing solar power plant project for captive use at ITI units at Raebareli (1.5 MW capacity), Naini (300 KW), MSP – Lucknow (100 KW), Palakkad (1.2 MW), Bangalore (1.2 MW), Mankapur (1.5 MW) and Corporate office (100 KW), to make savings in electricity bill to the extent of 30%.

#### Certification

ITI Naini has received Bureau of Indian Standard (BIS) Certification for SPV Modules (ranging from 40Wp to 325Wp) valid up to 26<sup>th</sup> July 2022.

The tests were conducted against the standards, namely IS 14286:2010/ IEC 61215: 2005 (Crystalline Silicon Terrestrial Photovoltaic (PV) Modules-Design Qualification and Type Approval), IS/IEC 61730: 2004 (Photovoltaic (PV) Module Safety Qualification Part 1 Requirement for Construction) & IS/IEC 61730: 2004 (Photovoltaic (PV) Module Safety Qualification Part 2 Requirement for Testing).

##### (b) Solar Street Light System for UREDA/ ESSL Project under AJAY PHASE – II Program

ITI Naini has received LOI of value Rs 37.79 Crores from M/S. ESSL for UREDA (Uttarakhand Renewable Energy Development Agency) for the supply, Installation & Commissioning of 19665 Nos Solar Street Light System in the state of UttaraKhand. Out of which, 2300 no. have been supplied in FY 2019-2020 and 6500 no. in FY 2020-2021. The turn over during FY 2020-21 is Rs 8.10 Crores.

### RAE BARELI PLANT

#### I. PERFORMANCE

In the FY 2020-21, Rae Bareli Plant has achieved the turnover of

Rs 105.01 Crores. The turnover mainly consists of Manufacturing, Various Services and Projects.

## II. PRODUCTION & MANUFACTURING HIGHLIGHTS

### (a) PLB-HDPE & OFC

Rae Bareli plant is equipped with world class manufacturing infrastructure for production of HDPE Ducts & OFC cables. The installed HDPE Duct has an annual capacity of 28000 KMs consists of a line of three extruders namely – Main extruder with automatic hopper loader & dryer, Extruder for inner layer with auto hopper loader & dryer and the extruder for four line marking on HDPE.

During FY 2020-21, Rae Bareli unit manufactured 10,827.5 Kms of HDPE ducts.

Similarly, for OFC manufacturing, Rae Bareli plant is equipped with TSEC certificates against GR / Tender as mentioned hereunder.

1. 24F ADSS Optical Fiber cable for laying along Power Line Alignments Type-IB (Wet Core with ice loading).
2. 24F Non-Zero Dispersion Shifted (NZDS) Single Mode Metal Free Optical Fiber Cable Type 1(G.655C).
3. 48F Metal Free Ribbon Optical Fibre Cable with double HDPE Sheath (G.652D Fibre).
4. 96F Metal Free Ribbon Optical Fibre Cable with double HDPE Sheath (G.652D Fibre).
5. 24F Metal Free Optical Fiber Cable with double HDPE Sheath (G.652D Fiber).

During FY 2020-21, Rae Bareli received an order from MTNL (Delhi & Mumbai) for manufacturing and supply of 24F/48F/96F metal free OFC worth Rs 5.06 Crore.

### (b) Gigabit Passive Optical Networks (GPON)

Rae-Bareli Plant has state of the art manufacturing systems of GPON based on C-DoT Technology. ITI-C-DoT GPON system consists of OLT, CO unit and ONT-11 as terminal unit. Each OLT is connected to a set of ONTs using a passive splitter, thus offering a DS rate of 2.488 Gbps and US rate of 1.244 Gbps.

During the FY 2020-21, Rae Bareli unit has dispatched GPON equipments valuing Rs 1.28 Crore. Moreover, the unit has successfully completed the TSEC testing of GPON equipments against new GR 2017.

Apart from above, RB Unit has manufactured new type of line cards (8 port) and ONT 17A and ONT 24.

### (c) Switch Mode Power Supply (SMPS)

Rae Bareli plant received orders from various BSNL circles across India for supply of multi configuration SMPS Power

Plants during FY 2020-21 and booked the annual turnover of Rs 7.80 Crore.

Unit has successfully completed the TSEC & BPC of 100A & 50A systems with new designs. Moreover, the unit played a crucial role in the field of SMPS production by increasing the burn in capacity from 50 modules (50A) to 90 Modules with available resources.

## III. PROJECT AND SERVICE HIGHLIGHTS

### i. NFS-Network For Spectrum

Prestigious NFS Project for Package G for Construction of Exclusive Optical NLD Backbone and Optical Access route on turnkey basis for Defense network being executed by ITI Raebareli and booked a turnover of Rs.71.21 Crore during FY 2020-21.

## PALAKKAD PLANT

### I. PERFORMANCE

In the FY 2020-21, Palakkad Plant has achieved the Turnover of Rs 71.27 Crores, which is higher than last FY 2019-20. The turnover mainly consists of manufacturing, various services and projects.

### II. PRODUCTION & MANUFACTURING HIGHLIGHTS

#### i. PLB HDPE Duct Manufacturing

The PLB HDPE Telecom Duct manufactured at ITI Palakkad got Type Approval Certificate (TAC) from TEC in March 2019, supplemented with TSEC and IA Certificate from BSNL in December 2020, covering manufacturing of the product in 8 different colours (Orange, Red, Green, Brown, Blue, Violet, Grey, and Yellow). The commercial production commenced in December 2019 and so far supplies have been made against the requirements of MahaNet and BharatNet for A&N. Manufacturing has also been carried out for 2000 KM of Duct for ASCON Project. The annual capacity of the Plant has been enhanced to 8000 KM with the installation & commissioning of one additional line. During the FY 2020-21 year, the plant has manufactured 2296.5 KMs of Duct for MahaNet and BharatNet Project of A&N.

#### ii. SMAASH PC

ITI Palakkad has started assembly and marketing of Micro PC branded as "SMAASH", which is a replacement to the traditional Desktops. The product is now registered in GeM portal as "Micro PC". Trade mark is registered and BIS, CE, FCC, ROHS, and Energy Star Certifications have been received. The product is also customized with add on features such as Smart Power Station with dual power input as grid and solar and 3 hour backup, Smart lock for Physical Security etc.

The product is well accepted by various customers and Plant has executed orders worth Rs 8.58 Crs during 2020-21 from various customers such as KSEDC for e-health Project, Air India, Forest Dept., MIDHANI, and M/s Vehant etc. ITI has also supplied Video



conferencing Codec branded as “Smaash Connect” to various colleges of Universities in Kerala. The target market is Central / State Government departments, Universities, Hospitals, Research organizations, Public / Private corporations, Banks, educational institutions etc. The plant has also entered into IT business by offering software solutions such as Examination Management Software for Kerala University, Web site design & development for Kannur University, Infrastructure set up for Online Examination centre for Mahatma Gandhi University etc

**iii. Manufacture of Smart Cards**

ITI Palakkad plant is having state of the art infrastructure in line with technical specifications for Payment Card Industry (PCI). ITI is the only PSU having the accreditation for Rupay chip card personalization from National Payments Corporation of India (NPCI). The infrastructure includes modern manufacturing equipment for Smart Card Assembly and customization for milling & embedding, personalization etc. ITI Palakkad has executed the pilot order from SBI for the supply of 2 Lakhs Rupay cards. ITI is also pursuing business with other Public Sector banks and other customers for getting more orders. In view of Government of India Digital India mission, smart cards assume significant role in cashless transactions across the country in every sector. ITI is also ready to address the requirements of new Government initiative of National Common Mobility Cards (NCMC).

**iv. Smart Parcel Delivery System for Department of Posts**

The Palakkad Plant has developed an innovative product - Smart Parcel Delivery System (SPDS) for Department of Posts to overcome the parcel delivery challenges and to improve the efficiency of Last Mile Delivery process. SPDS is a smart, electronic, automated, secured locker system for the timely delivery & pickup of articles. It enables the parcel recipients to receive their orders 24/7 as per their convenience and can be installed in public places including Post Offices, guided community centres, shopping malls, grocery outlets, and railway stations, apartments etc. The SPDS system is being operated through Mobile application using a secured access protocol. With Department of Post entering e-commerce space, SPDS is an efficient and novel technology for Parcel delivery. ITI has installed eight systems at various strategic locations under the jurisdiction of GPO Bangalore and these systems are now being regularly by India post for the delivery of articles. Efforts are being made to introduce the product in other circles under India Post.

**v. Component Screening Project**

Component Screening is a Project for VSSC (ISRO), for meeting their requirement of Screening tests of electronic components and assemblies, as the Screened Components/ assemblies are required regularly for VSSC for all their space missions. Now the center is approved by ISRO for all first level activities connected with realization of electronic assemblies in all launch vehicles, viz; SMD & Manual assembly, Reflow soldering, Conformal Coating, Card level testing, QC, Integration and Integration testing, Screening of components, Screening Test & Evaluation (T&E) of assemblies and multi stacks.

The component screening and testing facility is accredited by VSSC, Trivandrum for all types of Avionics flight packages as well as more than 70 types of devices for screening tests. More than 70000 electronic components / assemblies are screened from this centre as well as more than 2500 flight packages manufactured by ITI are successfully used in various launch vehicles - GSLV, PSLV and GSLV Mark-III- of ISRO including the prestigious Chandrayan mission . Recently, component screening facility is qualified for screening requirements of Gaganyaan project of ISRO, against which pilot quantities are screened and delivered successfully. Expansion of scope of programme is being done continuously by developing test facilities for more devices.

Total valid order for the FY: 2021-22 is Rs 7.49 Crores. Business opportunities for utilization of Component Screening and Testing facility from non-ISRO client base like Automation and Bio-medical industries also being explored. Small pilot orders from M/s Bosch, M/s Tata Elxsi, M/s BPL and M/s Souriau connectors are received and executed successfully. NABL accreditation procedures are in progress, as it is essential to tap business opportunities from non-ISRO sectors.

**vi. Managed Leased Line Network (MLLN) Equipments**

ITI has been the leader in supplying MLLN products and services, including turnkey solutions for supply, installation, integration, commissioning, operation and maintenance of Network Equipment to BSNL since 2002-03. The existing MLLN networks has been installed and maintained by ITI till date. ITI Palakkad has executed AMC orders worth Rs 22.03 Crores from BSNL/MTNL during 2020-21. 24 x 7 technical support is being extended by ITI to MLLN projects for BSNL and MTNL .

**vii. Andaman & Nicobar project**

The scope of project is implementation of BharatNet project for broadband connectivity covering 3 Districts covering 7 Blocks and 66 GPs of Andaman & Nicobar Islands as a part of Digital India program of GoI. As per PO, 400 KM of 24 F optical fiber to be laid and 10 OLT's and 73 ONT's are to be installed and commissioned. Palakkad has achieved a turnover of Rs 21.07 Crores from this project in the FY 2020-21.

**viii. Medical Electronics – Initiatives**

**Automatic Touch Free Sanitizer Dispenser**

During these demanding days, ITI Palakkad joined the fight against Corona Virus by developing an Automatic Touch Free Hand Sanitizer Dispenser Unit with the Ultrasonic Sensing technology. It is developed with two dispensing type- Droplet type and Sprayer type. More than 160 units are supplied to various customers and further marketing efforts are in progress.

**MANKAPUR PLANT**

**I. PERFORMANCE**

In the FY 2020-21, Mankapur Plant has achieved the Turnover of Rs 50.21 Crores, which is higher than last FY 2019-20. The turnover mainly consists of Manufacturing, Various Services and Projects.

## II. PRODUCTION & MANUFACTURING HIGHLIGHTS

### i. Gigabit Passive Optical Networks (GPON)

Mankapur Plant has manufactured and supplied 691 nos. of ONT 11 equipment in the FY 2020-21. These quantity are supplied to GFGNL (Gujnet) Project through Raebareli units. Further 260 no's ONT11 equipment has been supplied under Bharat Net Phase-I.

### ii. Ultraviolet Disinfection System (UVDS)

Mankapur Plant has signed TOT agreement with M/s. Laser Science and Technology Center (LASTEC), DRDO for "UV Disinfection system" named UVDS - GARUD (Ultra Violet Disinfection System). Plant has already manufactured and supplied to DoT and C-DoT. Compliment letter for the product has been received from DoT. The plant has received order from M/s Hindustan Shipyard Ltd for supply of 4 nos, 2 nos to IIM Lucknow and 1 no. to ECGC (Export Credit Guarantee Corporation). Further expecting orders from Chennai Petroleum Corporation, Bharat Coking Coal Limited, etc.

### iii. Anti Covid Products

Mankapur Unit has developed, manufactured and supplied Anti Covid products to help prevent the spread of coronavirus like pedal operated hand Sanitizer Dispenser (All Clean), Automatic Hand Sanitizer Dispenser (Rakshak).

### iv. FDMS (Fiber Distribution Management System)

ITI Mankapur has developed FDMS required for Mahanet & ASCON Phase IV projects. Sample have been supplied to ASCON Phase IV project for POC.

### v. HDPE Duct

Mankapur has installed 3 Lines of HDPE manufacturing infra for production of HDPE Duct manufacturing. TSEC testing is under progress. The manufacturing capacity is 12000 km/Annum.

### vi. Diversified Products

ITI Mankapur is doing business in Diversified Products also. The products, which are developed and manufactured In-house are SNVM- FLORA (Sanitary Napkin Vending Machine), SNDM-FAUNA (Sanitary Napkin Disposal Machine), FMVM-KAVACH (Face Mask Vending Machine), and FMDM-CONA (Face Mask Disposal Machine).

## III. PROJECT AND SERVICE HIGHLIGHTS

### i. NFS-Network For Spectrum

Prestigious NFS Project for Package F for Construction of Exclusive Optical NLD Backbone and Optical Access route on turnkey basis for Defense network allocated to ITI Mankapur Material, Services work and Cable Co-Laying work worth Rs 37.74 Crores (with GST) has been completed in FY 2020-21.

### ii. TPA – Third party Audit

ITI Mankapur has taken up Third Party Audit (TPA) activities for implementation of Bharat Net Phase-II in Jharkhand (JCNL), Odisha (OPTCL) and TPA-VSAT in Manipur and Tripura. Revenue of Rs. 11.24 Cr generated through this project.

### Skill Development

Employee Development Centre (EDC) started OJT (On Job Training) programs for ITI (Industrial Training Institute) Students. Employee development Centre is also involved in conducting Course on Computer Concepts (CCC) examination at various centers in UP through NIELIT Gorakhpur.

In the FY 2020-21, two batches of Skill Development Trainings on National Skills Qualifications Framework - NSQF Course "Repair and Maintenance of power Supply, Inverter & UPS" and "Installation and Maintenance of Photocopiers and Printers" have been conducted. 300 more seats on different Skill Development NSQF Courses for FY 2021-22 has been allotted.

## SRINAGAR PLANT

### I. PERFORMANCE

In the FY 2020-21, Srinagar Plant has achieved the Turnover of Rs 7 Lakhs.

### II. HIGHLIGHTS

ITI Limited, Srinagar Plant has received an order of worth Rs 22.14 Lakhs for implementation of "Seekho Aur Kamao (learn & earn)" scheme for J&K and Ladakh being implemented by National Skill Development Corporation (NSDC).

## NETWORK SYSTEMS UNIT (NSU)

### I. PERFORMANCE

Network Systems Unit (NSU) is headquartered at Bangalore with regional offices spread across all over India, and we are all committed to creditably and timely execute the projects/services being handled by NSU Even at the challenging times of Covid-19 Pandemic, NSU has booked a colossal turnover of Rs 524.44 Crores.

NSU has proficiency in project management, turnkey project implementation and maintenance services, in the FY 2020-2021 following turnover was booked by NSU under projects and services heads:

#### Under Projects Head

The unit has executed ASCON-IV project worth Rs. 328.4 Crores against order received from Ministry of Defence, GoI; GujNet project worth Rs 114.58 Crores against order received from GFGNL for Broad Band connectivity across the state of Gujarat; BharatNet Phase-I project in Andaman & Nicobar worth Rs 2.79 Crores.

#### Under Services Head

The unit has executed ASCON-AMC orders worth Rs 68.94 Crores for





Defence; AMC orders worth Rs 8.65 Crores for OCB equipment supplied to BSNL and MTNL; Installation and Commissioning of GPON equipment supplied to BSNL/MTNL worth Rs 0.56 Crores; Turnkey service provided to the railways in Kolkata worth Rs 0.52 Crores.

## II. PROJECTS EXECUTED DURING THE FY 2020-2021

### Army Static Switched Communication Network (ASCON) Phase-IV

ITI was awarded a very prestigious project of National Importance (ASCON-IV) on 1<sup>st</sup> October 2020 where the customer is the Indian Army. This project involves developing a fully secured strategic next generation communication network oriented towards the borders (spread across Northern, North-Eastern and Western regions of India). The project scope involves laying OFC, establishing IP MPLS Network, Microwave, Satellite, Mobile Nodes, and construction of buildings and towers. Also, integration of this communication network with future and legacy Army network i.e., Network for Spectrum (NFS), Army WAN, ASCON Phase III, etc. has to be done under this project scope.

After receipt of this project, successful initiation of Proof of Concept (POC) to the customer, survey, approval and vendor finalisations processes has been done. NSU has achieved a turnover of Rs. 328.40 Crores from this project in the FY 2020-2021.

### BharatNet Phase-II in Gujarat (GujNet)

ITI had received order worth Rs. 1417.71 Crores from Gujarat Fibre Grid Network Limited (GFGNL) for implementation of turnkey project for Broad Band Data Connectivity to Gram Panchayats of Gujarat state under Bharat Net Phase II Project. The project includes laying of optical fibre cables (OFC), supply of DWDM equipment, optical transmission and access equipment and other related products as well as maintenance services. NSU has achieved a turnover of Rs. 114.58 Crores from this project in the F.Y. 2020-2021.

### AMC for ASCON

ITI had successfully executed the first 3 phases of ASCON project. Now we are providing services to maintain the ASCON Assets. The scope of service under this project involves repair and maintenance of secrecy cards, maintenance of OFC routes, etc. NSU has achieved a turnover of Rs 68.94 Crores from this project in the F.Y. 2020-2021.

### BharatNet Phase-II in Andaman & Nicobar

The scope of this project involves network design and planning, supply, deployment and commissioning of fibre optic network for data connectivity for gram panchayats across Andaman & Nicobar Islands under BharatNet Phase-II project of BBNL. NSU has achieved a turnover of Rs. 2.79 Crores from this project in the FY 2020-2021.

### Airtel Project

India's second-largest service provider, Bharti Airtel, has awarded OFC works to ITI Limited, on 28<sup>th</sup> August 2020. ITI Limited working with Private telcos to leverage local firms and expertise in all business verticals. NLD work involves construction of around 500 Km of underground optical fibre network for intercity back bone transport layer fibre connecting

sixty-two nodes across six routes in state of Odisha and FTTH work is to construct around 380 Km of aerial and underground optical fibre network for Fibre to Home connectivity which covers more than 37000 Home Connections across 7 major cities in India.

### OCB-AMC

ITI was one of the major suppliers of fixed line switches to BSNL and MTNL. Currently, ITI has been extending the maintenance services to BSNL and MTNL for OCB exchanges. NSU has achieved a turnover of Rs. 8.65 Crores from this project in the FY 2020-2021.

### GPON

NSU has installed and commissioned GPON equipment against the BSNL and BBNL orders, across all over India. NSU has achieved a turnover of Rs 0.56 Crores from this project in the FY 2020-2021.

NSU has also executed a turnkey project for railways in Kolkata, and achieved a turnover of Rs. 0.52 Crores from this project in the FY 2020-2021.

## III. HIGHLIGHTS OF THE NSU FOR THE YEAR 2020-2021

- Project execution of Island 1 of the GujNet project has been successfully completed and AMC of the same has been initiated.

## MARKETING SERVICES AND PROJECTS (MSP)

**The total Turnover from the MSPs for the year 2020-21 was Rs 287.84 Crores.**

### MSP DELHI

- Delhi MSP has successfully completed Security Surveillance & PA system Project in Ayodhya (Ram Janam Bhoomi Teerth Kshetra) amounting to Rs 18.10 Cr Approximately.
- Delhi MSP has executed successfully a project delivered to UKBOCW during lockdown regarding Distribution of Ration Kit during Global Pandemic in Uttarakhand. The project was amounting to Rs 44 Crores approximately.

### MSP LUCKNOW

- Launched ITI's 3D Printers in Indian Market. Customers - BSF, IIIT Prayagraj, IIIT Sricity, etc
- ITI Bhawan, Lucknow set to become first Green Energy Building of ITI Limited.
- ITI Product Gallery setup in ITI Bhawan

### MSP HYDERABAD

- Computerization of 670 Nos. of Primary Agriculture Cooperative Society (PACS) under Uttarakhand State Cooperative Bank Ltd (USCB) executed worth about Rs 18 Crores.

## MSP BHUBANESHWAR

- Received a Purchase Order from OMC (Odisha Mining Corporation) on Mine Automation of Gandhamardhan Mines, with an order value of Rs 25.3 Crores (approx).

The order is for supply installation and O&M of Traffic Infrastructure Improvement Measure, Integrated Traffic Management System, Traffic Violation Detection System, Public Addressing System, Automated Boom Barriers, Parking Management System, Stockyard Management systems covering Weigh Bridges etc.

It is one of the unique Project of its kind as far as ITI's credentials are concerned and with huge potential for future business in Mines.

## MSP KOLKATA

- Kolkata MSP bagged a Project involving the Design, Development, Implementation, and Operation & Maintenance of Mizoram IFMIS solution for the State Govt Finance Dept. -Supply of Hardware, Software, and deployment of Computer Infrastructure and provide professional services. This was an order of value Rs 36.27 Crores.

## MSP MUMBAI

- MSP Mumbai bagged an order for Design, Development and Implementation of a portal for BOCW (Maharashtra Labour Board) for direct benefit transfer to the labourers registered under the Board. This was done in the wake of COVID 19 and was to the tune of Rs 12 Crores.
- An order for supply of Armored Vehicles to DIG Daman was completed within the shortest period, giving rise to expecting more orders from DIG GOA.

## RATING IN MEMORANDUM OF UNDERSTANDING

The Company's rating for the year 2017-18 is "Good" with a composite score of 60.59. MoU rating for the FY 2018-19 and 2019-20 are yet to be finalised by DPE. The MoU Evaluation for the year 2020-21 is also yet to be finalized.

## FUTURE OUTLOOK

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

### Oxygen Concentrator

ITI has signed the ToT agreement with VSSC/ISRO Trivandrum for the Manufacturing of portable Medical Oxygen Concentrator (called Shwaas). The ToT is free of cost from VSSC/ ISRO Trivandrum. Pilot production for 5 nos is being taken up as an initial step to move ahead.

### Optical Fibre Cable Manufacturing

One manufacturing line of OFC is operational at Rae Bareilly Plant with capacity of 15000 km Loose tube OFC per annum and 5000 km ribbon type OFC per annum. The Plant has obtained TSEC for 24F ADSS OFC, 24F NZDS OFC & 48/96F Ribbon type OFC and also for 24/48/96 F OFC to be supplied against MTNL orders. ITI has planned to enhance the Capacity to 30,000 KM Loose Tube and 10,000 KM Ribbon Type per annum.

## Secrecy Products for Defence

The Secrecy products for Defence communication networks are being designed by our R&D and manufactured, supplied & maintained by ITI for long time. ITI has been the pioneer in this field. The products have evolved over the years in tune with the evolution in the digital communication technology. Company is participating in tenders for defence and expected to get more business.

## Manufacture of smart Energy Meters

As a part of diversification strategy, ITI has entered into Smart Energy Meter manufacturing wherein the legacy energy meters are being replaced by smart energy meters. These meters, record energy consumption and has a facility to store the data and reproduce whenever required. These meters enable a two-way communication between the meter and the central system. ITI Ltd has been awarded with the letter of award (LOA) from Energy Efficiency Services Limited (EESL) for the manufacturing, supply and maintenance of GPRS based Smart energy meters complying with IS 16444 technical specifications. ITI Palakkad has received type approval and BIS certification for Single Phase Smart Energy meters complying with IS 16444 technical specifications for two technologies. Facilities and infrastructure are set up at the unit for bulk manufacturing, calibration, testing and supply of smart energy meters. The calibration laboratory of Smart Energy Meter has received the NABL accreditation as per standards ISO 17025: 2017 standards. ITI has supplied 91000 nos. of Smart Energy Meters to the DISCOMs in UP and Haryana. ITI is also trying to venture into Total Advance Metering Infrastructure (AMI solutions) solution provider and pursue business with various Electricity distribution companies for offering smart energy meters solutions.

## SMAASH Laptop

ITI Limited Palakkad has ventured into the field of manufacturing and marketing of Laptop and have hosted two models namely ITIB14LI5 / ITIB15LI5 in the GeM portal. Both these models are duly certified by BIS, ROHS, CE and FCC.

## Manufacture of Smart Cards

The Palakkad Plant is having state of the art infrastructure in line with technical specifications for Payment Card Industry (PCI). ITI is the only PSU having the accreditation for Rupay chip card personalization from NPCI. The infrastructure includes modern manufacturing equipment for Smart Card Assembly and customization for milling & embedding, personalization etc. ITI Palakkad has executed the pilot order from SBI for the supply of 2 Lakhs Rupay cards. ITI is also parallelly pursuing business with other Public Sector banks and other customers for getting more orders. In view of Govt. of India Digital India mission, smart cards assume significant role in cashless transactions across the country in every sector and there will be huge demand for the same.

## Pulse Plethysmograph

Monitoring of blood pulse, heart rate and oxygen saturation is essential for patients in Intensive Care Units (ICUs). The Pulse plethysmograph (Clinical Pulse Oxymeters) which are used in hospitals for monitoring of blood flow and oxygen saturation level of blood are costly (more than Rs 80,000 for imported and Rs 50,000 for indigenous one, including sensor probe). In view



of present Covid situations, Oxymeters has become a basic necessity in every hospitals and hence a low cost version without compromising the performance and features of a standard Pulse Plethysmograph has become the need of the hour.

With design support from IIT Palakkad has successfully developed a low-cost Pulse plethysmograph with features like measurement of saturated Oxygen level in the blood in percentage, Heart rate in BPM (Beats per minute), Pleth waveform (Which is essential for doctors for assessing the health condition of the patients), Alarm setting for critical monitoring which can be set by the user through the key pad, etc. The field trials of the unit is over. The estimated cost of the device is approx. Rs 10,000 - Rs 12,000 on bulk production. Now manufacturing of 50 units are in progress, based on a request from Govt. of Kerala, as an emergency support in the current pandemic situation. Further bulk manufacturing can be done after required safety certification from medical authorities.

### Data Centre and IT Business

Data Center of 350 racks capacity is functional for last 12 years. Further, the Data Centre is being expanded by additional 1000 racks capacity.

In 1st Phase, 343 Racks space of the Data Centre is completed for hosting customer services like Cloud enabled Services, Managed Services, Colocation Services etc. ITI has got CMMi level 3 and TIA 942 Certificate (Tier 3). ITI Data Center is listed as a **MeiTY** empanelled Cloud Service Provider, which is mandatory for addressing the Government tenders.

### Wi-Fi products

Wi-Fi products are expected to be part of the Digital India programme to connect every citizen to Broadband network and also in setting up of Smart City projects. ITI is addressing the business opportunity in Wi-Fi solutions for various customers. Govt. of India has an ambitious plan for setting up Wi-Fi hotspots across rural India. BBNL is also planning to deploy Wi-Fi hotspots under BharatNet PH II project across India. In view of expected demand, with a vision to contribute for country's Broadband Network infrastructure, ITI has entered into technology transfer collaboration with reputed technology partner to manufacture Wi-Fi Access point. ITI has established production line for SKD manufacturing.

### Business with other PSUs / Contract Manufacturing

ITI is already executing job works for PSUs like BEL and Govt. Firms like C-DoT, CDAC, and private firm customers namely M/s Libre Wireless, M/s GAIA, M/s Honeywell, M/s Coreel Technologies, M/s Smile Technologies M/s Peninsula Electronics & M/s Unisem, M/s Anextech Electronics etc. With further up-gradation of infrastructure in ITI, there is huge scope for getting new business in the area of Contract manufacturing which is being pursued.

### IoT and Smart City

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

education, smart health, smart environment, smart transport etc. ITI is actively participating in smart city tenders to secure business.

### New business areas

Company is collaborating with potential partners for starting manufacturing of new products and adopting new technology for future, such as 4G Radio units, Security Operation Centre, Routers, Point to Point radio for backhaul, etc. ITI is diversifying in new business areas and has signed TCA with Cambium for Access Point manufacturing, Consortium with TCS for BSNL 4G Project and ToT with SAC-ISRO for manufacturing of Indian Regional Navigation Satellite System (IRNSS) receivers. Presently ITI R&D is in the process of development of prototype module of Field Programmable Gate Array (FPGA) Version of IRNSS-RS receiver with value addition like security features.

### CONTRIBUTION TO EXCHEQUER

During the year, your Company has contributed Rs 233.01 Crores to the exchequer towards duties and taxes.

### PUBLIC DEPOSIT

The Company did not accept any deposits during the year 2020-21. Deposits aggregating to Rs 0.23 Crores had matured for payment, but were not claimed on due dates.

### CREDIT RATING

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

### JOINT VENTURE

#### INDIA SATCOM LIMITED (ISL)

ISL was incorporated in the year 1987 and the present shareholding of ITI in ISL is 49% of its share capital and Chris Tech Systems Pvt Ltd holding is 51% of its share capital.

Currently, ISL has settled all the banks debts and won decade old Forest Department's case in the Hon'ble Supreme Court of India. As part of revival, ISL had executed Joint Development Agreement to develop its immovable property as a Software Technology Park. The Master Design of the proposed project is completed with the specification to get the rating of "IGBC Core and Shell Gold Certification", a Green building rating that brings together a host of sustainable practices and solutions to reduce the environmental impacts. The project shall create employment opportunities to around 1000 people, thereby contributing to the economic growth of the Nation. ISL has developed a software product called "Electronic QR Ticketing System", a cloud-based application, which helps operators to issue digital tickets and receive payments electronically in a cashless contactless mode to fight the war against Covid-19.

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

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

## QUALITY

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

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

The manufacturing facilities of our five manufacturing plants at Bengaluru, Palakkad, Mankapur, Rae-Bareilly and Naini have been accredited with Quality Management System as per ISO 9001-2015 and Environmental Management System as per ISO 14001-2015. Rae-Bareilly plant have been accredited with Quality management - Customer satisfaction as per ISO: 10002 : 2018 and TL 9000:R6.2 and R5.6 for Quality Management System.

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

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

### TSEC (Technical Specification Evaluation Certificate) Issued by QA and Inspection Circle of BSNL for

- Gigabit Passive Optical Network (GPON) – ONT & OLT,
- Radio Modem in ISM Band (Type A and Type B),
- Base Station Panel Antenna,
- Electronic Telephone Instrument with CLIP and two-way speaker feature (Type-I)
- Permanently Lubricated HDPE Telecom Ducts
- Executive Telephone System (ETS-04),
- Optical Fibre Cable ( various Types )
- SMPS Power Plant ( Outdoor and Indoor)
- 2 Mbps PCM Multiplexing Equipment
- Controller (ARC-S02) & Interface (ARI) cards of C-DoT Access Network based on 256 P RAX
- Hybrid Solar Photo Voltaic (SPV) Power Supply System.
- GSM TWIN TRX BTS
- Fiber Distribution Management System (Under Progress)

### BIS (Bureau of Indian Standards) Certification for

- Smart Energy Meter

- Crystalline Silicon Photovoltaic (PV) Modules
- Micro PC.

**IEC (International Electro-Technical Commission) certificate for “Solar PV Module”**

**TEC (Telecommunication Engineering Center) Type Approval certificate for Permanently Lubricated HDPE Telecom Ducts.**

**CSIR- CSIO (Central Scientific Instruments Organisation), Chennai certificated for UV Disinfection System – Garuda**

**NPCI certification for RuPay Card Manufacturing and Personalisation for Smart Card Manufacturing Infrastructure at Palakkad Plant.**

**NABL Accredited Smart Energy Meter Calibration Laboratory at ITI Palakkad Plant, EMC Lab at Bangalore Plant.**

**Accreditation of VSSC (Vikram Sarabai Space Center, Trivandrum) for Component Screening, Test & Evaluation, Assembly & Testing of flight Packages.**

## MANPOWER

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

## EMPLOYEES STRENGTH

Employee strength at the end of the year 31<sup>st</sup> March, 2021 was 2876 out of which 479 were female employees.

As on 31<sup>st</sup> March, 2021, there were 489 employees belonging to Scheduled Castes, 66 belonging to Scheduled Tribes and 647 employees belonging to OBC.

184 Officials on Tenure basis, 7 Consultants, 10 Project Coordinator / Project Assistants were recruited during the year 2020-2021.

Employees belonging to Physically Challenged Persons numbering 27 and Ex-servicemen category numbering 18 were on the rolls of the company as at the end of the financial year.

## INDUSTRIAL RELATIONS

ITI has glorious tradition of building and maintain conducive employee-employer relations environment. The Industrial Relations scenario in the Company was cordial throughout the year. Employees Union and Officers Association extended their co-operation and support in ensuring smooth work flow and helped to meet the Company's objectives.

## 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, Company has constituted Internal Complaints Committees (ICC) to redress complaints received regarding Sexual Harassment at our all Units. All employees (permanent, Contractual, Temporary, trainees) are covered under this policy. During the year no cases/complaints have been filed under the Act.

## DEVELOPING EMPLOYEES CAPABILITIES & COMPETENCIES

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

### (i) Training & Development

In today's age of globalization and technological advancement, skill enhancement and capacity building plays an important role in increasing the efficacy and quality of personnel for improving productivity and economic growth. Skill Building/up gradation is a powerful tool to empower individuals and improve their social acceptance & helps to meet and cope up the present-day challenges. Skilled Staff/Personnel are essential for success of an organization. Skill and Knowledge are driving forces of growth and sustainability. The shortage of skilled manpower in the company, which is the resultant of attrition of qualified and experienced personnel, is a real challenge at present. The shortage of skill sets to greater extent is augmented through careful and planned training and developmental initiatives. ITI Limited has adopted a strategy that directs skill development and capacity building training through a systematic and need based planning process through identification of training needs, designing and customizing the training programmes etc.,

The company has been committed to adopt the latest/emerging trends in Telecom Technologies, ICT and propel HR learning interventions and development activities with focus on Company's business objectives, employee-centered technological and managerial skill development, customer relations and quality. The new technology training programmes like Machine Learning, Cyber Security along with hands on experience has been provided to employees.

The details of number of training programmes organized; No. of people trained; Training man-days achieved, etc during the FY 2020-21 is as follows:

Details	Training			Total
	In-house (IH)	External (EN)	Premier Institutes(IH)	
No. of programmes	78	26	2	106
No. of people trained	2859	161	110	3130
Trg. Man-days achieved	3206	158	862	4226
Male employees trained	2185	126	85	2396
Female employees trained	674	35	25	734
SC/ST employees trained	486	21	33	540

Note: IH-In House, EN: External Nomination

## Talent Development

Knowledge increases as we gain more experience. A skill is an ability to do something well. A well-developed skill can make individual expert in a particular field. Skills can be learnt too. Skill improves performance of employee – who receives the necessary training to perform their job. A training program allows employee to strengthen those skills. A development program may bring employees to a higher level in careers. Skills trainings are designed to fulfill the specific requirements of their job positions. Skills training can also be used to re-educate and re-train employees whenever new technology, processes or systems debut.

Corporate HRED has trained executives of ITI in batches by various premier Institutes like IITs & NITs. Programme like Hands on Machine Learning (ML) by IIT Dharwad and Cyber Security by NITW (Warangal), wherein carefully chosen 110 officers across the company have been trained.

In addition to the above, 161 officials have been nominated for external training programmes / workshops organized by various Govt. agencies & private Institutions in the most important areas to groom and develop their skills, knowledge, attitude and new technology. These interventions help them to develop; ability to manage the change; drive for innovative ideas & approaches, to enhance critical thinking, positive attitude for building a high-performance work culture.

### (ii) Skill Development and Capacity Building

Skill development is important in the overall development of a student/candidate. Personal development & learning skills will not only increase the opportunities but will also empower an individual. Skills like communication go a long way in aiding the overall development of students/trainees. Skill development trainings provide significant benefits like; increase in employment opportunities, increased career development opportunities, Personal growth, increases knowledge and understanding of local industry.

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

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

ITI has been empanelled by Maulana Azad Education Foundation as Project Implementing Agency (PIA) and received an initial allocation/target of 500 trainees for organizing Skill Development Training

programme under '**Seekho aur Kamao**' scheme of Ministry of Minority Affairs.

The following are some of the Job Roles in which ITI has imparted skill development trainings like Repair & Maintenance of Power Supply, Inverter & UPS (NSQF), Installation and Maintenance of Photocopier & Printer (NSQF), Medical Lab Technician (HCSSC) etc. In addition to the above, ITI is also engaging and imparting training to Graduate Engineers, Diploma (Technicians) and Trade Apprentices in various trades under the Apprentices' Act / National Apprentices Promotion Scheme (NAPS). Also, as a part of capacity building, the Company is imparting training to the students of Engineering / Management to carry out their Internship and Project.

Course-wise number of participants imparted Skill Development training during the FY 2020-21:

Sl. No	Name of Skill Development Scheme	No. of participants
1	Repair & Maintenance of Power Supply, Inverter & UPS (NSQF)	26
2	Installation and Maintenance of Photocopier & Printer (NSQF)	21
3	Medical Lab Technician (HCSSC)	120
4	ITI Trade Apprentices (NAC)	125
5	Diploma technicians Apprentices	13
6	Graduate Engineers Apprentices	22
7	In-Plant/ Internship training (ITIL module)	276
8	Project Training (ITIL module)	32
9	Special Industrial Training (ITIL module)	126
<b>TOTAL</b>		<b>761</b>

## COMPLIANCE UNDER THE OFFICIAL LANGUAGE ACT, 1963

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

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

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

ITI Limited, Corporate Office is regularly sending the Quarterly Progressive Report to the Ministry of Communication, Department of Telecommunication, New Delhi as well as Dy. Director (Implementation), Regional

Implementation Office, Bengaluru. After reviewing our quarterly report, Corporate Office has been receiving appreciation letter for the last one year from Deputy Director (Implementation), Regional Implementation Office, Bangalore.

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

"Hindi Fortnight" was organized in the year 2020-21 in all the Units and various events were organized for employees during this fortnight. During Hindi Month/ Fortnight 2020-21, Rajbhasha Department at Corporate Office has jointly organized Hindi Competitions Chitrakatha and Ashubhashan for all the Units and personnel of ITI Limited through online.

Employees of Units/MSP also participated in the "Joint Hindi Month" competitions organized by Town Official Language Implementation Committee (Undertaking), Bangalore and won approx. 07 awards. Bilingual (i.e English and Hindi) website of the company is being regularly updated.

## VIGILANCE

Vigilance Department is focused towards facilitating an environment enabling people to work with integrity, efficiency and in transparent manner, upholding highest ethical standards for the organization. There was a stress on the preventive vigilance activities and implementation of CVC guidelines and Government policies in order to bring more transparency and efficiency in the organization during the year 2020-21.

To achieve the above objectives, Corporate vigilance advised periodically to the Management for 100% E-payment, E-procurement through GeM portal, Concerted action to be taken to receive Bids through e-tender portal, preventive measures to stop theft in Units, improvement regarding preparation and publishing of NITs, complete ERP implementations in all Units and Offices of ITI, implementation of Rotational Transfers of officials working in Sensitive areas, implementation of Integrity Pact, monthly review for ensuring probity and efficacy among employees. Several System Improvement Measures have also been suggested on case to case basis to various departments of Units as an exercise under preventive vigilance.

An Intranet portal for Vigilance was developed and is being used by concerned officials of all units for awareness and better efficiency. To leverage technology while ensuring transparency & efficiency in the system, Company has already implemented Online Annual Property Return [APR] submission system, Online Vigilance Clearance System [OVCS], Online Annual Performance Appraisal report [APAR] submission system, Online File Tracking System etc. In order to ensure transparency, equity and competitiveness in public procurement, our Company has incorporated Integrity Pact with ceiling. Company has appointed a new Independent External Monitor (IEM) to whom CVC selected to address the grievances of intending bidders.

Our Company celebrated Vigilance Awareness Week from 27<sup>th</sup> October 2020 to 2<sup>nd</sup> November 2020 in all manufacturing units, Marketing offices, ROs, NS Unit, business establishments and Corporate office.

Due to COVID scenario, outside activities were not conducted. In place of





that In-house activities were taken up as recommended by CVC in Annexure-A of VAW-2020 Circular. The following areas/activities were taken up for In-house activities:

Digitization of Land records, Monetization of Lands, Updating of all data in ERP system. House allotment policy in ITI and house allotment done as per house allotment policy, Action plan for encroachment of land, quarters, shops etc. in all Units.

Outsourcing of services on Tender basis. Payment of Salaries/Wages for outsourced services through Bank account be ensured, Contractors/ Vendors are adhering to the norms prescribed by the ITI. Condemnation of unserviceable Assets (Plant & Machinery, Office Equipment Vehicle, Sundry items etc.) is being done as per Company rules (Auctioning through MSTC Ltd. as per Company's Scrap materials disposal guidelines). Schools and Hospitals are run by ITI Management in some units.

During observance of Vigilance Awareness Week – 2020, Pledge taking ceremony, conducting Essay / Quiz/ Slogan Competitions, arranging Valedictory Function through video conferencing on the Concluding Day of the Vigilance Observance Week were organised.

Calendar Year submission of Annual Property Returns has been implemented starting for the calendar year 2020 as on 31<sup>st</sup> December 2020.

Total 24 complaints were received during year 2020-21 through post and email. Out of these, 23 complaints have been disposed. 14 complaints were anonymous/ pseudonymous complaints hence filed and for some complaints preventive checks were done. 10 complaints were registered in vigilance. Out of 10, 3 were sent for administrative action and investigation was done for 6 complaints and closed as there was no vigilance substance.

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

During the FY 2020-21, 296 applications under RTI have been received including 9 RTI applications carried forward from previous years. Information was provided for 241 RTI applications. The Central Information Commission ("CIC") has online RTI portal for filing online RTI requests for seeking information for convenience of the applicants. Out of the 241 replies, information was provided online for 111 cases. All cases referred to CIC by the applicants as Second Appeals have been successfully addressed and complied. Quarterly online RTI returns were uploaded on the CIC portal and also same information were published on the Company website.

#### AUDIT

##### STATUTORY AUDITOR

The Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India (C&AG). M/s. GRSM & Associates, Chartered Accountants, Bengaluru is Statutory Auditors for 2020-21 for Bangalore Plant, NS Unit, Corporate Office, 8 Regional Offices and Consolidation of accounts.

The Statutory Auditors have been paid a total remuneration of Rs 9,85,000 plus GST towards audit fees, certification and other services. The above fees are exclusive of re-imbusement of travelling and out of pocket expenses.

##### AUDITORS' REPORT

Auditors' Report on the annual accounts for the financial year 2020-21 and the comments of the C&AG under Sec143(6)(b) of the Companies Act 2013 on the Annual accounts are appended to this report. Reply to observations of Statutory Auditors and C&AG are attached as addendum to this report.

During the year 2020-21, there has not been any fraud reported by the Statutory Auditors of the Company.

##### BRANCH AUDITORS

The following firms of Chartered Accountants were appointed by Comptroller and Auditor General of India as Branch Auditors for different plants of the Company for the year 2020-21.

Sl.No.	Unit	Name of the Firm
1.	Rae Bareli	M/s. R K Chari & Co, Lucknow
2.	Naini	M/s. G K Arora & Associates, Allahabad
3	Mankapur	M/s. P N G & Co, Faizabad
4.	Palakkad	M/s. A r g e e & Co, Palakkad
5	Srinagar	M/s. Amirjan & Associates, Srinagar

The fees paid to Branch Auditor for Rae Bareli is Rs 1,00,000, Naini Rs 80,000, Palakkad Rs 80,000, Mankapur Rs. 70,000 and Srinagar Rs 20,000 towards audit fees, certification and other services. The above fees are exclusive of applicable service tax/ GST and re-imbusement of travelling and out of pocket expenses.

##### COST AUDITORS

M/s. GNV & Associates, Bengaluru was appointed as lead Cost Auditors for the year 2020-21 for the cost audit of units located at Bengaluru and Palakkad and also for consolidation of Cost Audit Reports of the Company as a whole.

M/s. Aman Malviya & Associates, Lucknow were appointed as Branch Auditors for cost audit of units located at Naini, Rae Bareli, Mankapur and Srinagar.

The appointment of cost auditor was made by Board of Directors and the remuneration of Rs.3,16,000 (including GST) was ratified by the shareholders in the Annual General Meeting held on 04<sup>th</sup> December 2020. The cost audit report for the year 2019-20 was filed with Ministry of Corporate Affairs.

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

##### SECRETARIAL AUDITOR

The Company has appointed Shri D Venkateswarlu, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year 2020-21. The Secretarial Audit Report for the year 2020-21 is appended as **Annexure-2** to this report. The reply of management to observations of Secretarial Auditor is attached as

addendum to Directors report.

## INTERNAL FINANCIAL CONTROL

Your Company has an adequate system of internal controls in place commensurate with its size and nature of business. It has well established and documented policies and procedures for safeguarding its assets viz. Materials Management Manual, HR Policies and Procedures, Accounting Policies, Sub-Delegation of Powers for financial and operational functions. The Internal Audit is conducted by Company's Internal Audit team headed by professional personnel at Corporate Office and at Units. The reports of Internal audit department indicating the status of compliance with internal control system of the Company, is periodically reviewed by Audit Committee. The Audit Committee also periodically interacts with the internal and statutory auditors including Branch auditors to assess the adequacy of internal control systems.

The Internal Financial Control of the Company is analysed and audited for compliance. The report on the Internal Financial Controls under Section 143 of the Companies Act 2013 is prepared and annexed to the Independent Auditor's Report. As per the report, the Company has, in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial control were operating effectively as on 31<sup>st</sup> March 2021, based on the internal control with reference to the Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company, as a socially responsible corporate citizen, continues to carry out developmental works, focusing on the socio economic development of the operating regions for achieving inclusive growth. Your Company meticulously take care of its social responsibility and in this pursuit has spent Rs 73.45 lakhs during the Financial year 2020-21.

A report on the Company's CSR activities during the year as per the provisions of the Companies Act, 2013 read with Rules made thereunder is annexed at **Annexure-3** to the report.

The composition of the CSR Committee is provided in the Corporate Governance Report.

The CSR policy of the Company can be accessed at the website of the Company at <https://www.itilttd.in>.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

ITI Limited being a Government Company, policy on directors' appointment and remuneration is not applicable and also evaluation of their performance is exempted vide notification dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs

As on 07<sup>th</sup> October 2021, there are Six Directors on the Board of the Company, of which four are Whole Time Directors (including Chairman and Managing Director) and Two are Government Directors.

## INDEPENDENT DIRECTORS

As on date of report, the following Independent Directors relinquished from the Board of Directors of the Company:

1. Smt Asha Kumari Jaswal w.e.f 05<sup>th</sup> April 2020 upon completion of tenure
2. Dr Akhilesh Dube w.e.f 07<sup>th</sup> August 2021 upon completion of tenure
3. Shri Rajen Vidyarthi w.e.f 07<sup>th</sup> August 2021 upon completion of tenure
4. Shri Mayank Gupta w.e.f 12<sup>th</sup> August 2021 upon completion of tenure
5. Dr. K.R. Shanmugam w.e.f 29<sup>th</sup> August 2021 upon completion of tenure

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

The Independent Directors have provided the declaration of meeting the criteria of independence as stipulated in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they have registered their names in the Independent Directors' Data bank.

During the year under review, a separate meeting of Independent Directors was held on 23<sup>rd</sup> March 2021 in which all the Independent Directors were present.

## GOVERNMENT DIRECTORS

The following are changes in Government Directors:

1. Lt Gen Rajeev Sabherwal, AVSM, VSM Government Director ceased to be Director w.e.f. 31<sup>st</sup> December 2020 on attaining the age of superannuation.
2. Lt Gen Milind N Bhurke, AVSM, VSM, Signal Officer – in Chief was appointed as Government Director w.e.f 07<sup>th</sup> May 2021 upon obtaining DIN, in place of Lt Gen Rajeev Sabherwal.
3. Dr Rajesh Sharma has been reappointed as Government Director w.e.f 01<sup>st</sup> August 2021

## FUNCTIONAL DIRECTORS

As on the date of report, the following are changes in Functional Directors :

1. Shri Chittaranjan Pradhan was entrusted with additional charge of the post of the Director Finance w.e.f 23<sup>rd</sup> March 2018 Shri Chittaranjan Pradhan ceased to be the Director of the Company w.e.f 15<sup>th</sup> October 2020 upon appointment of regular incumbent
2. Shri Rajeev Srivastava was appointed as Director Finance w.e.f 15<sup>th</sup> October 2020.

3. Shri Rakesh Mohan Agarwal, Chairman and Managing Director entrusted with additional charge of Director Marketing w.e.f 14<sup>th</sup> October 2019 till 7<sup>th</sup> January 2021.
4. Shri Rakesh Chandra Tiwari was appointed as Director Marketing w.e.f. 7<sup>th</sup> January 2021.
5. Shri Shashi Prakash Gupta ceased to be the Director HR upon attaining the age of superannuation w.e.f. 30<sup>th</sup> June 2021.
6. Shri Rakesh Mohan Agarwal, Chairman and Managing Director entrusted with additional charge of Director HR w.e.f. 02<sup>nd</sup> July 2021.

The Board wish to place on record its whole hearted appreciation for commendable contribution and guidance rendered by the Directors whose term of office ended during the year.

Shri D Venkateswarlu, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

#### KEY MANAGERIAL PERSONNEL

During the financial year 2020-21, apart from functional directors, Chief Financial Officer and Company Secretary continues to hold the post of Key Managerial Personnel of the Company. Shri Rajeev Srivastava, Chief Financial Officer of the Company was appointed as Director Finance w.e.f 15<sup>th</sup> October 2020.

#### DETAILS OF BOARD MEETINGS

During the year under review, 9 (Nine) Board Meetings were held, details of which are provided in the Corporate Governance Report.

#### COMPOSITION OF AUDIT COMMITTEE

As on date of report, the Audit Committee comprised 4 (four) Members out of which 2 (two) are Government Directors and 2 (two) are Functional Directors. During the year 2020-21, 07 (seven) Audit Committee Meetings were held, details of which are provided in the Corporate Governance Report.

There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

#### PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS AND POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

ITI Limited being Government Company is exempted from the provisions of evaluation of performance of Board, its Committees and Independent Directors. Further, the Government of India, the appointing authority has its own set of processes in determining the criteria and also for evaluation of the performance of Directors at the time of appointment/ re-appointment.

With regard to formulation of criteria for appointment of Directors on the Board by the Nomination and Remuneration Committee, being a Government Company, the criteria for appointment of Directors on the Board is done by Government of India.

#### RISK MANAGEMENT

The Company has a Risk Management Committee ('RMC') to frame,

implement and monitor the risk management plan for the Company. The Committee had revamped its Enterprise Risk Management Manual – Policy & Framework with an objective to ensure that the Company has proper and continuous risk identification and management process. Risk Management is being practiced by the Company in all units and the possible risks associated with the business are identified and mitigation plans are evolved. Besides Risk Prioritization, the Roles and responsibilities of all the sub committees (below board level) have been clearly defined.

The details of Board Committee and other details are set out in the Corporate Governance Report and a detailed note on Risk Management is provided in the Management Discussion and Analysis Report.

#### WHISTLE BLOWER POLICY/VIGIL MECHANISM

Details regarding Vigil Mechanism is provided under Corporate Governance report which forms part of this Annual Report.

During the year under review the Board of Directors has amended the Whistle Blower Policy to include provisions relating to Insider Trading regulations.

#### PARTICULARS OF EMPLOYEES

Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND BUSINESS RESPONSIBILITY REPORT

A separate section on Business Responsibility Report and Management Discussion and Analysis Report as required under Listing Regulations, has been included in the Annual Report as **Annexure- 4 & 5** respectively and the same forms part of the Directors' Report.

#### CORPORATE GOVERNANCE REPORT

The report on Corporate Governance on the compliance of Corporate Governance conditions stipulated in Listing Regulations and the DPE guidelines forms part of Directors report. The Certificate on the Compliance of above Corporate Governance Conditions from Practicing Company Secretary also forms part of Directors' report.

#### ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return is available on the Company's website at [https://www.itild.in/investor\\_information](https://www.itild.in/investor_information)

#### RELATED PARTY TRANSACTIONS

All related party transactions entered during the year 2020-21 were in ordinary course of the business and are on an arm's length basis.

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

The disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC2 is not applicable to the

Company. Members may refer to note no 32 to the financial statement which sets out related party disclosures pursuant to IndAS 24.

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

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report. There has been no change in the nature of the business of the Company.

## **COVID-19 PANDEMIC IMPACT**

The Covid-19 pandemic has caused unprecedented uncertainty into the economy and disrupted flow of business and economic activities in general. The Manufacturing activities and project execution in all the units were stopped as per Government of India guidelines, except for essential staff. Subsequently operations were gradually resumed in phased manner in all the Units and Corporate Offices. Due to delay in getting components/ raw materials, working capital constraints, the production and project execution was affected, which caused impact on the Company's operation. However, with the strong order book, the Company was able to cope up with the production gaps.

## **REGULATORY OR COURTS ORDER**

During FY'21, there was no order or direction of any court or tribunal or regulatory authority which either affecting Company's status as a going concern or which significantly affecting Company's business operations.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors confirm that

- (a) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) Such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31<sup>st</sup> March 2021 and of the profit of the company at that date;
- (c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual financial statements have been prepared on a going concern basis;
- (e) Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- (f) The systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

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

There are no transactions of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

## **STATUS ON COMPLIANCE WITH THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the financial year 2020-21, an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 is made by Emdee Digitronics Private Limited and Kfin Technologies Private Limited against ITI Limited before Hon'ble NCLT, Bengaluru. The status as on 31<sup>st</sup> March, 2021 is case is posted for further proceedings.

There are no other applications made or any proceeding pending against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

## **DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

There are no instances of one time settlement during the financial year 2020-21.

## **ENTERTAINMENT EXPENDITURE AND FOREIGN TRAVEL**

The expenditure on entertainment was Rs.0.56 lakhs. Expenditure on official travel abroad by the officials of the Company was NIL during the year.

## **CITIZEN'S CHARTER**

The Company maintains Citizen's Charter, indicating details of clients, customers under different heads, different system of redressal of grievance etc.,

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

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required to be disclosed under the Section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 is appended as **Annexure 6**.

## **PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES ORDER 2012**

Procurement Policy for Micro and Small Enterprises Order 2012 read with amendments made thereunder is being followed by all the Units of the Company. The annual target set for MSME procurement is 25% in FY 2020-21. Even though Covid-19 pandemic was there throughout the year impeding the procurement process, the Company has achieved a decent target of 13.50% of total annual procurement through our MSME vendor.

## **EXTENSION FOR HOLDING 71<sup>ST</sup> AGM**

Due to the difficulties faced in view of the Covid 19 pandemic, the Registrar of Companies (ROC), Bangalore vide order dated 23<sup>rd</sup> September 2021 had granted extension of time to hold the AGM for the financial year ended 31<sup>st</sup> March 2021 for Companies within the jurisdiction of ROC Bangalore, which are unable to hold the AGM within the due date, for a period of two months from the due date by which the AGM ought to have been held.

## ACKNOWLEDGEMENT

The Board of Directors would like to thank its clients, vendors, investors, bankers for their continued support during the year. The Board would also like to thank the Government of India, particularly the Ministry of Communications and Ministry of Defence as well as the various State Governments, regulatory and statutory authorities for their support and look forward to their continued support in future.

The Board is also thankful to all its stakeholders, including bankers, investors, members, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditor, Cost Auditor, Internal Auditors, etc for their continued co-operation. The Board mourn the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. The Board appreciate and value the contribution made by every employee.

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## ADDENDUM TO THE DIRECTORS' REPORT

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

Point No.	Statutory Auditor's Observations	Company's Remarks
<b>Qualifications Quantifiable</b>		
1.	The Company is carrying an amount of ₹5,847.90 lakhs as receivable from C-DOT towards rent from premises leased out to them up to the period ended 31-3-2011. The company has not made a provision for credit losses in respect of this amount which is doubtful of recovery. The company has also not recognised any rent for further period due to uncertainty of collection	The Company has been rigorously following on with the C-DoT for resolving the pending issue of the rent due from C-DoT. Subsequently, DoT has informed ITI to present the subject matter to ITI Board for perusal for the further course of action. Company is of the view that provision for ₹5847.90 Lakhs at this juncture is not required till the issue is finally settled.
2.	The Company has not made provisions for credit losses in respect of the following items included under Current Financial Assets-Loans, which are also doubtful of recovery:	The implementation of GSM Project 2M, 3M & 9M BSNL Project AND 1M MTNL Project and there was Master agreement (MoU) in 2006 and subsequent addendums. Due to LD, payment & short closure the some works the dispute arose between the parties as such the arbitration clause is invoked by the HCL in December 2017 during the pendency of their civil suit. In this case ITI has also filed its amended counter claim. Cross Examination of RW1 is continuing. Matter was last listed for further cross examination of RW1 on 10.04.2021 to 13.04.2021. However, due to pandemic it could not happen. Next date of hearing is not given by arbitrator due to the pandemic and lockdown. We are hopeful to get the decision in companies favour, provision at this juncture is not possible.
	(i) Recoverable from HCL Infosystems Limited of ₹1690.20 lakhs as compensation on account of excess amount spent by the Mankapur Unit of the Company based on the agreement between ITI, HCL and Alcatel.	
	(ii) Recoverable from Himachal Futuristic Communications Ltd of ₹1049.41 lakhs towards Liquidated Damages	Contract entered into between M/s ITI Ltd and M/s Himachal Futuristic Communication Ltd (HFCL) for supply of Integrated Fixed Wireless Telephone (IFWT) sets and there were disputes between the parties as such the M/s HFCL has invoked the arbitration clause. The award was passed in favour of HFCL. However, HFCL has filed the present case for enhancement of award. Case was last listed on 28.01.2020. We are hopeful to get the decision in companies favour, provision at this juncture is not possible.

## REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR

Secretarial Auditor's Observations	Company's Reply / Explanation
<p>a) Observations / Non-Compliances / Adverse Remarks / Qualifications in respect of Companies Act, 2013 and Rules made there under are as follows:</p> <ul style="list-style-type: none"> <li>the Company has not complied with the requirements of Section 149 (1) of the Act having at-least one-woman director on the Board.</li> </ul>	<p>ITI Limited being a Central Public Sector Enterprise, is governed by the guidelines of the Department of Public Enterprises ("DPE Guidelines") as regards appointment of its directors. In accordance with the DPE Guidelines and as specifically provided under the articles of association of the Company, the Directors are appointed by the President of India, acting through the Department of Telecommunications, Government of India.</p> <p>The proposal for appointment of requisite number of Independent Directors including Woman Independent Director is under process with the Ministry</p>
<p>b) Observations / Non-Compliances / Adverse Remarks / Qualifications in respect of Compliance with SEBI (Listing Obligations &amp; Disclosure Requirements) (LODR) Regulations, 2015 are as follows:</p> <ul style="list-style-type: none"> <li>the Company has not complied with the provisions of Regulation 17 (1) of LODR with respect to Composition of Board of Directors of the Company {for not having woman director and proper balance of independent directors}</li> </ul>	

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

Annexure-1

### Form AOC-1

**Statement containing salient features of the financial statement of Joint Ventures**  
**Part "A": Subsidiaries –Not applicable Part "B": Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture**

S.No	Name of Joint Ventures	India Satcom Limited
1	Latest audited Balance Sheet Date	31.03.2021
2	Shares of Joint Ventures held by the company on the year end	16,21,800 equity shares of Rs. 10 each
a	Amount of Investment in Joint Venture	Rs. 40.55 Lakhs
b	Extend of Holding%	49%
3	Description of how there is significant influence	Investment in the equity to the extent of 49% of paid up capital
4	Reason why the joint venture is not consolidated	N.A
5	Net worth attributable to shareholding as per latest audited Balance Sheet without revaluation reserve	Rs. (1,652.17) Lakhs
6	Profit/Loss for the year	Rs. (351.37) Lakhs
i)	Considered in Consolidation	Yes
ii)	Not Considered in Consolidation	N.A

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
Partner M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

For & On Behalf of Board of Directors

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 07.10.2021

## ANNEXURE TO THE DIRECTORS' REPORT

### Form No. MR-3

### Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
ITI Limited  
(CIN: L32202KA1950GOI000640)  
ITI Bhavan, Doorvani Nagar,  
Bengaluru- 560016

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2021 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by ITI Limited for the financial year ended on 31<sup>st</sup> March 2021 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; **(Not applicable during the audit period);**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period);**
  - f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not applicable during the audit period)** and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **No buy - back was done during the year.**

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

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

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

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

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

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

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

- *the Company has not complied with the requirements of Section 149 (1) of the Act having at-least one-woman director on the Board.*

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

- *the Company has not complied with the provisions of Regulation 17 (1) of LODR with respect to Composition of Board of Directors of the Company {for not having woman director and proper balance of independent directors}*

I further report that:

- a. The Board of Directors of the Company is duly constituted and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013. However, the Company has not been able to appoint requisite number of independent directors as required under the provisions of Regulation 17 of LODR as mentioned above.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. All decisions at Board Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors as the case may be.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e. I further report that during the audit period, the following are the events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place:
  - i. The provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential issue of 84,03,361 equity shares of Rs. 10/- each at a premium of Rs 114.95/- to the President of India allotted on 9<sup>th</sup> February 2021 is made in terms of Rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985.
  - ii. The Company has time upto 02<sup>nd</sup> August 2021, for compliance with the requirement of minimum 25% public shareholding in accordance with Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Securities Contract (Regulations) Rules, 1957 amended vide notification dated 03<sup>rd</sup> August 2018.

Place: Bengaluru  
Date : 26<sup>th</sup> July 2021

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS No. 8554 ::C P No. 7773  
UDIN:F008554C000684702

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



## “Annexure A”

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

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

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

Place: Bengaluru  
Date : 26<sup>th</sup> July 2021

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS No. 8554 ::C P No. 7773  
UDIN:F008554C000684702

## ANNUAL REPORT ON CSR ACTIVITIES

**1. Brief outline on CSR Policy of the Company:**

ITI Limited (ITI) strive to accomplish its vision to lead India's transformation towards self-reliance in the domain of Telecommunications, Electronics, and ICT products, services and solutions that change lives for better and to address the concerns of economic status, environment and well-being of the society through CSR initiatives.

ITI will Operate its CSR Projects in a socially responsible & sustainable manner, while recognizing the interests of all its stakeholders by adopting a shared value approach.

Ingrained the thrust of CSR and Sustainability concept across various levels in the organization by means of capacity building, awareness and training programs.

Committed to allocate adequate resources and set up a suitable organization structure for steering the CSR and Sustainability in organization and report the performance on an annual basis.

**The objectives of the CSR projects will be as follows:**

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

**2. Composition of CSR Committee:**

Sl.No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Rakesh Mohan Agarwal	Chairman	1	1
2	Shri Shashi Prakash Gupta	Member	1	1
3	Shri D Venkateswarlu	Member	1	-
4	Dr Akhilesh Dube	Member	1	1

3. The composition of CSR committee, CSR policy and CSR projects of the Company are available on the website at: <http://www.itilttd.in>.

4. Details of Impact assessment of CSR projects carried out: Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl.No.	Financial Year	Amount available for set off from preceding financial years (in Rs) Lakhs	Amount required to be set-off for the financial year, if any (in Rs) Lakhs
1	2019-20	33.10	33.10
2	2018-19	64.12	64.12
3	2017-18	00.00	00.00
	<b>TOTAL</b>	<b>97.22</b>	<b>97.22</b>

6. Average net profit of the Company as per section135(5) : Rs 8,520 Lakhs

7. (a) Two percent of average net profit of the company as per section135(5) : Rs 170 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL

(C) Amount required to be set off for the financial year, if any : Rs 97.22 Lakhs

(d) Total CSR obligation for the financial year (7a+7b-7c). Rs 170 Lakhs - Rs 97.22 Lakhs = Rs 72.78 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. 2020-21 (in Rs.) Lakhs	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
73.45	-	-	-	-	-

(b) Details of CSR amount spent against on going projects for the financial year: NIL

(c) Details of CSR amount spent against other than on going projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No)	(5) Location of the project.		(6) Amount spent for the project (in Rs)	(7) Mode of implementation-Direct (Yes/No)	(8) Mode of implementation through implementing agency.	
				State	District			Name	CSR registration number
1.	Distribution of grocery kit to needy during COVID-19	Eradicating hunger (Item no. i of Sch VII)	Yes	Karnataka	Bangalore	8,00,156	Yes	NA	NA
2.	Managing "Snehalaya": ITI School for Special Children (Intellectually challenged)	Education (Item no. ii of Sch VII)	Yes	Karnataka	Bangalore	27,16,760	Yes	NA	NA
3.	Contribution to PM CARES Fund	PM CARES Fund	No	All India	All India	1,35,895	Yes	NA	NA
4.	Maintenance of General Parks in ITI Township, being used by General Public.	Environment (Item no. iv of Sch VII)	Yes	Karnataka	Bangalore	8,99,705.03	Yes	NA	NA
5.	Supplying of Food prepared in ITI General Canteen to the needy trainees and other casuals during COVID-19	Eradicating hunger (Item no. i of Sch VII)	Yes	Karnataka	Bangalore	5,00,000	Yes	NA	NA
6.	Planting of 500 Saplings of different variety at vacant and in selected area in township for better environment	Environment (Item no. iv of Sch VII)	Yes	Karnataka	Bangalore	50,513.24	Yes	NA	NA
7.	Free Water Supply distribution to adjacent Bovi Colony Residents.	making available safe drinking water (item no. i of Sch VII)	Yes	Karnataka	Bangalore	3,00,150	Yes	NA	NA
8.	Face lifting of "B"area & Backyard.	Environment (item no. iv of Sch VII)	Yes	Karnataka	Bangalore	3,99,326.21	Yes	NA	NA
9.	Donated Automatic sanitizer 8.5 Litre, Face Shield 1000 Nos. Sanitizer-1 Can 5 Litre	Promoting Healthcare Sanitation (Item No. I of Sch VII)	Yes	Kerala	Palakkad	56,000	Yes	NA	NA
10.	Sanitizer Unit - 1No. & Sanitizer	Promoting Healthcare Sanitation (Item No. I of Sch VII)	Yes	Kerala	Palakkad	5,000	Yes	NA	NA

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No)	(5) Location of the project.		(6) Amount spent for the project (in Rs.)	(7) Mode implementation- Direct (Yes/No)	(8) Mode of implementation through implementing agency.	
				State.	District			Name	CSR registration number
11.	Distributed ration packets to the needy people of the surrounding villages during lockdown period	Eradicating hunger (Item no. i of Sch VII)	Yes	U. P	Mankapur	1,00,000	Yes	NA	NA
12.	Distribution of food supplies to stranded communities, Mask, hand wash, sanitizers to the employees who are in essential services of the company	Eradicating hunger (Item no. i of Sch VII)	Yes	U. P	Naini	27,000	Yes	NA	NA
13.	Contribution to Armed Forces Flag day fund (AFFDF)	For benefit of Armed Forces Veterans (Item no. VI of Sch. VII)	Yes	Karnataka	Bangalore	5,00,000	Yes	NA	NA
14.	Donated to Automatic and sanitizers 4.5 liters, dispenses 2 nos.	Preventive Healthcare and Sanitation (Item no. i of Sch. VII)	Yes	Kerala	Palakkad	5,000	Yes	NA	NA
15.	Sanitization activities in ITI estate & surrounding areas periodically.	Preventive Healthcare and Sanitation (Item no. i of Sch. VII)	Yes	Karnataka	Bangalore	8,50,150	Yes	NA	NA
	<b>TOTAL</b>					<b>73,45,655.48</b>			

- (d) Amount spent in Administrative Over heads : NIL  
(e) Amount spent on Impact Assessment, if applicable : NIL  
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs 73.45 Lakhs  
(g) Excess amount for set off, if any

Sl.No.	Particular	Amount (inRs.) Lakhs
(i)	Two percent of average net profit of the company as per section 135(5)	170.00
(ii)	Total amount spent for the Financial Year	72.78
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-97.22
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-0-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-97.22



9. (a) Details of Unspent CSR amount for the preceding three financial years : NIL  
 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset - wise details).
- (a) Date of creation or acquisition of the capital asset(s). -NA-  
 (b) Amount of CSR spent for creation or acquisition of capital asset -NA-  
 Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. -NA-  
 (c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). -NA-
11. Specify the reason (s), if the company has failed to spend two per cent of the average net profit as per section 135(5). -NA-

For and on behalf of the Board

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

Place: Bengaluru  
 Date: 07<sup>th</sup> October, 2021

## Annexure-4

# Business Responsibility Report

### Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L32202KA1950GoI000640
2.	Name of the Company	ITILimited
3.	Registered address	ITI Bhavan, Doorvani Nagar, Bengaluru -560 016
4.	Web site	www.itiltld.in
5.	E-mail id	cosecy_crp@itiltld.co.in
6.	Financial Year reported	2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Telecommunication Technology; Defence Products; Turnkey Project execution; Manufacturing & Supplying of communication systems & products; Banking products and IT services.
8.	List three key products/services that the Company manufacture / provide (as in balance sheet)	<p>1) Design, Manufacturing, Supply &amp; Maintenance of various types of Encryption Equipment for Indian Defence, Ministry of Home Affairs, etc.,</p> <p>2) Execution of ASCON Ph-IV for deploying strategic network for secured communication across the country and subsequent maintenance for next 10 years. The project involves deployment and maintenance of communication network across India for the defence forces. This includes civil works for the infrastructure and optical fiber network, installation, commissioning and maintenance of equipment such as IP MPLS routers, Microwave Radio, Satellite terminals, NMS and testing tools.</p>

		3) Execution of Turnkey Project i.e “ <b>Project Implementing Agency (PIA)</b> for Bharatnet Phase-II Project” to lay communication network upto Gram Panchyat. For implementation of the project HDPE Duct, OFC, GPON Equipments, FDMS, Solar Panel, Wi-Fi Equipment are manufactured at various Production Units.
9.	Total number of locations where business activity is undertaken by the Company a. Number of International Locations (Provide details of major5) b. Number of National Locations	Nil  <b>Manufacturing Units:</b> Bengaluru (Karnataka), Palakkad (Kerala), Rae Bareli (Uttar Pradesh), Mankapur (Uttar Pradesh), Naini (Uttar Pradesh), Srinagar (Jammu & Kashmir)  <b>Network System Unit (Installation and Maintenance Services):</b> Bengaluru  <b>Marketing Services Project:</b> Bengaluru, Mumbai, New Delhi, Chennai, Kolkata, Bhubaneshwar, Lucknow, Hyderabad, Thiruvananthapuram, Kochi, Pune, Nagpur, Ahmedabad, Ranchi, Dimapur, Raipur, Guwahati, Jaipur, Chandigarh, Bhopal, Patna, Dehradun, Meerut and Jammu.
10.	Markets served by the Company Local/State/ National/International	National

## Section B: Financial Details of the Company

1.	Paid up Capital	Rs 933.52 Crores
2.	Total Turnover	Rs 2578 Crores
3.	Total profit after taxes	Rs 11 Crores
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average net profits of the Company made during the three immediately preceding Financial Year. Refer to Annexure 3.
5.	List of activities in which expenditure in 4 above has been incurred	Report on Corporate Social Responsibility activities (refer Annexure 3)

## Section C: Other Details

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



**Section D: BR Information**

**1.Details of Director/Directors responsible for BR**

(a)	Details of the Director/ Directors responsible for implementation of the BR policy/policies	
1.	DIN	07333145
2.	Name	Shri Rakesh Mohan Agarwal
3.	Designation	Chairman and Managing Director
(b)	Details of the BR head DIN	The Board has not assigned responsibilities specifically to any Director to function as the BR head.
	Name	
	Designation	
	Telephone No.	
	Email ID	

**2. Principle-wise(as per NVGs)BR Policy/policies**

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

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



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

\*ITI does not advocate influencing the public & regulatory policies for its gain, hence no policy is proposed.

### 3. Governance related to BR

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

Chairman and Managing Director to review the BRR annually.

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

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

### Section E: Principle-Wise Performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Yes. The policy covers the Company. The Company has implemented Integrity Pact (IP). Standard operating procedure (SOP) related to IP is followed to maintain ethics & transparency in public procurement by preventing corruption to a larger extent. IP is signed with bidders to enable them to raise any issues with regard to partnering with ITI for transfer of technology or bidding for high value tenders of more than Rs 25 lakhs floated from time to time.

2. Does it extend to the Group/ Joint Ventures/ Suppliers / Contractors/ NGOs/ others?

No





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

During the financial year 2020-21, no investor complaints have been received by the Company through SEBI SCORES Platform, NSE, BSE and Registrar & Transfer Agent. As per Vigilance Department, total 24 complaints were received during year 2020-21 through post and email. Out of these, 23 complaints have been disposed.

14 complaints were anonymous/pseudonymous complaints hence filed and for some complaints preventive checks were done. 10 complaints were registered in vigilance. Out of 10, 3 were sent for administrative action and investigation was done for 6 complaints and closed as there was no vigilance substance.

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

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

- (i) ITI has pioneered a green computing initiative in India with the production of Micro PC along with Smart power Station, under the Make in India initiative of Government of India.
- (ii) ITI is manufacturing UVDS ( Ultraviolet Disinfection System) a chemical free disinfection against Covid-19.
- (iii) ITI has established 18 MW solar panel manufacturing facility at its Naini unit for meeting requirement of solar panels as a part of powering the equipment with solar power supply in the country. Solar power is pollution-free and causes no greenhouse gases to be emitted after installation

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

- (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

- i. The innovative green computing solution would be able to save 80% energy and can reduce carbon footprint considerably. Installing a single SMAASH PC with a solar panel could eliminate 267 kilograms of carbon production per year. Consumption of eco-friendly products could also reduce waste generation. The solution helps the organization to transform themselves into an environmentally responsible business and cutting down energy costs and save nature through the installation of combined Solar – Online UPS.
- ii. UltraViolet-C (UV-C) light consists of a shorter but energetic

wavelength of light. It is particularly good at destroying genetic material in COVID-19. The radiation warps the structure RNA which prevents the viral particles from making more copies of themselves. UV-C kills microbes quickly. Sanitization of the items by employing UV-C light avoids the harmful effects of the chemicals used for the disinfection. These are environment friendly and contact free effective sanitization methods.

- iii. Solar electricity replaces combustion heat from fossil fuels, thus contributes in reducing CO<sub>2</sub> emission. The panels are used by customers to generate power using sunlight having a life span of 25 years, thus contributing significantly for environmental friendly process of power generation. ITI is in the pursuit of designing scalable solar solutions and systems that can efficiently and cost effectively capture, convert sunlight into electricity to reduce impact of CO<sub>2</sub> emission in the environment.

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

Yes, the Company have procedures in place for sustainable sourcing. The Company verifies the vendor's ISO Certificate, approval from regulatory bodies, various authorized / OEM /dealers certificate.

The Company also follow the various stages of inspection and testing for the materials before accepting in the stores and production. The Company also maintain the vendor assessment and vendor ratings.

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

Yes.

ITI is having dedicated vendor development department team which is interacting with the small producers and vendors nearby ITI Limited and its manufacturing units, visiting their offices regularly, making them aware of the quality and quantity requirements so as to enhance their capability and capacity to support our requirements in line with the specifications required by ITI.

Preference will be given to the local vendors for our annual procurement. The Company is maximising the procurements through GeM Portal. The Company also complies with Public Procurement Policy.

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

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



integration and testing facility does not produce any hazardous waste. However, in specific areas of production like HDPE Duct, Heavy Duty Scrap Grinder is used for reuse of scrap.

In the case of production of printed circuit boards, Company has suitable treatment plants so that polluted liquid with chemicals are treated as per Pollution Control Board specifications before letting out the waste liquid.

Similarly, all ITI plants have treatment plants for the wastewater drained out from Factory and Township etc.

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

- Total number of employees: **2109** (permanent employees)
- Total number of employees hired on temporary / contractual basis: **766**
- The number of permanent women employees: **276**
- The number of permanent employees with disabilities: **26**
- Do you have an employee association that is recognized by management?: **Yes**
- What percentage of your permanent employees is members of this recognized employee association?: **100%**
- Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the year

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

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

Permanent Employees	:	<b>44%</b>
Permanent Women Employees	:	<b>55%</b>
Casual/Temporary/Contractual Employees	:	<b>31%</b>
Employees with Disabilities	:	<b>19%</b>

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

- Has the company mapped its internal and external stakeholders?**  
Yes

- Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders.**

Yes. The Company has identified the SC/ST employees, Employees with disabilities as disadvantaged, vulnerable and marginalised stakeholders for employment purpose.

- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details there of, in about 50 words or so.**

The Company follows the reservation policy for SC/ST at the time of their appointment and promotion. The Company has provided building/ infrastructure for housing SC/ST Welfare Association Offices. Scholarship is awarded by the Company for the Children of SC/ST employees. To sensitize the SC/ST employees about the various Government scheme /facilities available, sensitization programme are conducted by the Company HRD centres

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

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

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

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

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

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

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

Policy related to Principle 6 cover only the company "ITI Limited"

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

Yes,

Every year, ITI Limited celebrates World Environment Day with its due importance and usual gaiety to express the support to the efforts of the mankind to rededicate ourselves for the protection of the Environment which includes distribution of saplings.





The Environmental Policy of the Company can be accessed at the website of the Company at <https://www.ititd.in/doc/Environmental%20policy%20Eng1.pdf>

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

Yes

ITI Limited complied in identifying & assess potential environmental risks as per International standard ISO 14001:2015.

Purpose-to identify the possible environmental risks in all activities, products and services of ITI Limited in order to determine those which have a significant or non significant impact on the environment and to take timely action to overcome the risk and to take benefits from opportunities.

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

ITI has established 18 MW solar panel manufacturing facility at its Naini unit for meeting requirement of solar panels as a part of powering the equipment with solar power supply in the country. Solar power is pollution-free and causes no greenhouse gases emitted after installation

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

Yes, Steps has been taken by the Company for utilizing alternate sources of energy. Capital investments are being made for establishing solar power plant project for captive use at ITI units at Raebareli (1.5 MW capacity), Naini (300 KW),MSP – Lucknow (100 KW), Palakkad (1.2 MW), Bangalore (1.2MW), Mankapur (1.5 MW) and Corporate office (100 KW). Solar Power Plant at MSP Lucknow is already established and operational from 1<sup>st</sup> week of August 2021.

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

Yes, the Manufacturing plants have certificates from Pollution Control Boards

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

Nil

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

**1. Is your company a member of any trade and chamber or**

**association? If Yes, Name only those major ones that your business deals with:**

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

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

ITI collaborates with these associations to further its business prospects and participates in their programme which indirectly promotes and advancement or improvement of public good.

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

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

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

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

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

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

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



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

The Company is not engaged Community development projects as one of its business activities. However, such projects are being planned under CSR activities.

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

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

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

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

Nil

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

Yes.

The product label along with its technical specifications is printed on the line of production.

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

Nil

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

Yes

The Company has carried out Customer Satisfaction Measurement Survey and CSI Trend chart.

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. Telecom Industry Structure

The electronics industry has seen sweeping changes over the last two decades. These have primarily been in the product domain (across technologies, formats and design), the evolution of the retail environment (from traditional to large-format specialised stores and e-commerce), and an evolving regulatory landscape. The requirements of both the consumers and businesses have evolved, leading to a demand for more innovative products. The industry's ecosystem has undergone drastic changes to keep pace with the changing demand patterns. The supply chains are now far more complex, diverse, and optimised to meet the new industry structure. Currently, a significant share of Indian demand is met by imports. However, the Indian electronics industry is being ushered into an era wherein the manufacture of several components will be indigenised through regulatory support and incentivised production from the Government of India.

In telecom industry, India is the world's second-largest telecommunications market with a subscriber base of 1.19 billion and has registered strong growth in the last decade. India is also one of the biggest consumer of data worldwide. As per TRAI, average wireless data usage per wireless data subscriber was 11 GB per month in FY20. It is expected to reach to 18 GB by 2024. India ranks as the world's second largest market in terms of total internet users. The total number of internet subscribers increased to 765.09 million in February 2021. The total wireless or mobile telephone subscriber base increased to 1,167.71 million in February 2021, from 1,153.77 million in December 2020. According to a report, prepared by GSM Association (GSMA), in collaboration with Boston Consulting Group (BCG), Indian mobile economy is growing rapidly and will contribute substantially to India's Gross Domestic Product (GDP). The Government has enabled easy market access to telecom equipment and a fair and proactive regulatory framework that has ensured availability of telecom services to consumer at affordable prices.

As per CRISIL report, the telecom service industries are expected to grow at a rate of 12-14% between Fiscal 2019-2024. Telecommunications has become an increasingly important basic industry, which bodes well for its future prospects and continued growth. The continuing advances in high-speed mobile services and Internet connectivity between devices keep driving innovation and competition within the sector. Much of the industry focus is on providing faster data services, especially in the area of high-resolution video. With the launch of 4G and Broadband wireless services, average data consumption per user is increasing, with increased adoption of smart phones, laptops and availability of huge internet digital contents. The launch of 5G services will boost data growth 5-7 times enabling various use cases, requiring higher data speed. As per International Mobile Telecommunications-2020 (IMT) 5G is expected to deliver peak data rate of 20Gbps. The technology will reduce latency to provide uniform user experience by keeping data rates consistently high even when users are moving around. The launch of 5G services will boost data volume growth, given it unfolds various use cases requiring high-speed data.

The National Policy on Electronics (NPE 2019), launched by the Indian Government, targets \$400 billion turnovers by 2025 from domestic manufacturing, setting up clusters for the entire value chain, and employing over 10 million people directly or otherwise to achieve a growth rate of 32 percent. The global electronics industry is pegged at approximately \$2 trillion. India's Production was about US\$ 47 billion during the year 2016-17. The domestic consumption in India was about \$ 86.4 billion during the year 2016-17, while exports were about US\$ 6 billion. The main constituents of Electronic sector are Consumer Electronics, Industrial Electronics, Computer Hardware, Mobile Phones, Strategic Electronics, Electronic Components, Light Emitting Diodes (LED) and Automotive and Medical Electronics.

To boost Electronic Manufacturing in the country Government has launched the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing proposes. Financial incentive will be provided to attract large investments in the electronics value chain including mobile phones, electronic components and Assembly, Testing, Marketing and Packaging (ATMP) units. Production Linked Incentives of up to Rs 40,951 Crores will be awarded over a period of 5 years. This will certainly create an indigenous ecosystem where local companies would be benefited in terms of creating design, helping in R&D and building world-class products through collaboration.

### II. Opportunities and Threats

#### Opportunities:

With the existing sectors like Consumer Electronics, Telecommunications, Industrial, IT&BA and Automobile, the advent of disruptive technologies like Electric Vehicles, 5G, Medical Technology, Agriculture Technology, Satellite Broadband, Defence and Space among others are the market segments for further and faster innovation. India is evolving as an innovation-driven R&D destination for global companies. The government, academia, industry players and industry associations need to make concerted and coordinated efforts to help the industry reach its potential.

India has established itself as design hub of the world. The next phase of growth in the design sector is characterised by growth of indigenous design companies creating their own IPRs as against the erstwhile growth of outsourced captive design services companies. To compete in the market our focus area should be on creating and owning the design rather technology transfer. This, along with growth in EMS market, presents an opportunity for Design-led manufacturing.

The National Digital Communication Policy (NDCP) 2018 promotes local production and aims to implement a Phased Manufacturing Program for designated product segments in Digital Communication Technologies. ITI's new initiatives, in collaboration with start-ups, will now focus on developing Indian IPRs in the electronics and communication sectors, which will aid in the realization of the NDCP's goals. Department for Promotion of

Industry and Internal Trade (DPIIT) in its 2018 notification, had issued guidelines to adhere to Public Procurement (Preference to Make in India) in the procurement of Electronic and Communications related products and services. This policy and guideline will unfold many opportunity areas and boost local manufacturing in the telecom product and service sectors.

In the fields of 4G LTE communications, defence electronics, solar power goods and medical electronics, there are several business opportunities. To produce diverse electronics and communications devices, ITI has collaborated with a number of start-ups and reputable technical partners. Cloud-based storage and platforms have grown in popularity in recent years, with Companies like Amazon Web Services and Microsoft Azure aggressively growing market share and product adoption in India. ITI plans to deliver these services and solutions in the future because there are many prospects in the data centre cloud based services. There is numerous potential to deliver e-governance solutions and services at the central and state government levels, given the need to provide government services through digital means.

According to a report published by the India Electronics and Semiconductor Association (IESA) and Frost & Sullivan, disruptive technologies such as robotics, virtualization, analytics, cloud computing, 5G, IoT/sensors, Drones, Augmented Reality (AR) and Virtual Reality (VR), Artificial Intelligence (AI), Machine Learning (ML), Gaming and Entertainment, among others, are preparing the market for faster innovation. The enormous disparity between local demand and local supply in India, which is a result of the country's excessive reliance on imports, is considered as a potential to boost the manufacturing index in the electronics hardware and software divisions.

**Threats:**

Currently, the Indian electronics industry is characterised by low-value-added industrial activity. India's rising economy is driving electronic hardware manufacturing, as it strives to compete with big Asian countries with low-cost production and a solid supply network.

The Company has identified the following threats in the changing business environment:

1. Telecommunications industry is highly competitive.
2. Rapidly evolving technology and products.
3. The country's electronics manufacturing eco-system is underdeveloped, resulting in a high reliance on crucial component imports.
4. High financing cost for working capital.

**III. Strengths and Weakness**

**Strengths:**

1. State of the art infrastructure for manufacturing for complete range of telecom/ electronic products.

2. In house R&D capability for development of Encryption products, Digital Access Products, Consumer Premises Equipment, Power Supply modules, Syste Engineering & NMS.
3. NABL accredited Telecom testing labs for telecom equipment testing.
4. Seven decades of rich experience in Electronic equipment manufacturing and providing telecom turnkey solutions for creation of national network.
5. Pan-India presence (6 Manufacturing Plants at Bengaluru, Palakkad, Rae Bareli, Mankapur, Naini and Srinagar) as well strong marketing presence through countrywide 8 MSP offices at Bengaluru, Chennai, Hyderabad, Delhi, Mumbai, Kolkata, Lucknow and Bhubaneswar and many associated Area offices.
6. Experience of provisioning and maintenance of telecom network infrastructure for Enterprises & Defence establishments.
7. Upgraded electronic assembly infrastructure for manufacturing the latest products.
8. Ambitious expansion plan and capacity augmentation of indigenous manufacturing policy in EMS sector in India.
9. ITI continues to be among the leading Communication equipment manufacturer.
10. Company has diversified into manufacturing of new products such as HDPE Ducts, OFC cable, Solar Panel, Smart Energy meters, Wi-Fi Product, Smart cards/Payment cards & Component Screening services for VSSC, ISRO. Further company has diversified into new business areas like Smart city solution, IoT, 3D printing and diversified Electronic Manufacturing Services (EMS).
11. Provision of Reservation Quota (RQ) in procurement of BSNL, MTNL and BBNL requirements, ensures orders and helps in the utilization of ITI manufacturing infrastructure.

**Weakness:**

1. Dependency for technology and Intellectual Property (IP) on technology partners, acts as a barrier to the growth.
2. Non-availability of skilled resource in the country. Major training courses are still not in synchronisation with the industry demand.
3. Underutilised production line and manpower due to low order volume.

**IV. Production wise performance of the Company** is covered in main report.

**V. Future Outlook**

The order book of ITI is about Rs12041 Crores as on 31-03-2021. ITI is focusing on manufacturing in a big way and plans to take up



turnkey projects as System Integrator (SI) to increase the value addition. ITI has signed a Rs 7796 Crores contract for Phase IV of the Army Static Switched Communication network (ASCON) project. The project includes civil works for the infrastructure and optical fibre network, installation, commissioning and maintenance of equipment such as IP MPLS routers, Microwave Radio, Satellite terminals, NMS and testing tools. As part of further defence cooperation, ITI participated in the 'Network For Spectrum' (NFS) project being implemented in the eastern and North-eastern parts of India. To be part of nation building, ITI actively participated in the Bharatnet project, a government initiative to trigger a broadband revolution in rural India. This project has initiated manufacturing of GPON equipment in ITI. ITI is in the process of addressing the Phase-II of Bharatnet projects. These Projects have provided sufficient impetus to upgrade the OFC & HDPE manufacturing lines at Rae Bareilly & Palakkad Plants and start new lines at Bangalore & Mankapur Plants.

The preferential market access policy of the Government is helping ITI for manufacturing of products in different market domains in a big way. ITI is looking ahead for MLLN/IP MLLN, Broadband products, Smart energy meters, solar panels etc. In this regard, ITI is in the process of establishing technology transfer with leading Technology partners for manufacturing of Wi-Fi products, Energy Efficiency products to cater to the requirements in the country. ITI is giving a major thrust for the manufacture of encrypted telecommunication equipment required for Defence sector. The other products identified for manufacturing are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Smart Postal Delivery System, 3D Printers etc. for which the infrastructure is being established. There is ample scope for enhancement of contract manufacturing activities for Vikram Sarabhai Space Centre (VSSC), other PSUs and even private sector. Data Centre & cloud services are an important source of business in the current context. ITI is in the process of expanding its Data Centre to 1000 racks capacity and thereby expand its services.

ITI has entered into teaming agreements with many start-ups for smart solutions needed in IoT and smart city applications. In line with the prevailing technology trends, ITI would consider innovative approaches in various fields of IoT and will engage itself in manufacture of world class new generation equipment including latest IoT products and customized solutions. The Marketing group, on the other hand, is making all out efforts to improve the market penetration and increase turnover in the days to come through their Marketing, Services and Project (MSP) organisation spread throughout the country.

ITI intends to play a role in the BSNL's 4G network implementation in the country. Other than being the System Integrator, ITI plans to manufacture the RAN requirements of BSNL as well as requirements of other operators, for both 4G & 5G. ITI's Memorandum of Understanding (MoU) with M/s TCS has paved the way for addressing BSNL's Expression of Interest for Proof of Concept in 4G Network. Similarly, the MoU with M/s Iltantus for Identity Access Management (IAM) has propelled ITI into Cybersecurity domain and ITI proposes to set up a Security Operations Centre (SOC) in its Data Centre and enter the business

of providing cybersecurity services to other organisations. ITI has also ventured into health domain and started manufacturing Automated Resuscitator with DEBEL DRDO technology. ITI's MoU with M/s Poletus Media Magic has provided business opportunities in Artificial Intelligence (AI) based management platform integrated with testing technology for Infectious diseases, especially COVID.

## VI. Risk Management

Like any other business sectors, Indian Telecom Sector has been witnessing a rapid change both in market and technology fronts. The Company's business, operations results and financials are subject to various risk and uncertainties. Some of them are changes in economy, change in market and technology etc. Besides, the prevailing COVID-19 pandemic has had an unprecedented impact on the global and local economic environment. These factors pose a major risk to the Company's business. The Company believes that managing risk is critical for its growth and sustenance in the dynamic telecom sector environment. Information security and lack of proper standards remains as the major challenge in the IoT industry which restricts inter organizational exchange of data.

ITI management is focused and very articulate on their continual commitment to risk management through the policy and framework. It involves setting objectives and establishing principles for action for risk management taking into account business objectives, legal or regulatory requirements, and contractual obligations. The framework includes alignment of risk management with the organisation's strategic context.

The Company has implemented Enterprise Risk Management (ERM) with an aim to redefine the risk management policy and establish a framework for implementation of the same. This ERM framework is being designed, based on global best practices as represented by ISO 31000:2018, IEC 31010:2019, to integrate the risk management process fully into the Organization's business processes.

ITI's ERM policy framework, is a continuous and structured process of identifying all external and internal risk-factors, assessing their impact on the achievement of the organization's business and financial targets, prioritizing the risk-factors, exploring alternatives for treating the risks, and controlling and monitoring such risks. The objective of ITI's ERM framework is to manage and in the long term, achieve a substantial reduction in risk exposure and maintain it at an acceptable level. The aim is to maintain the balance between compliance and performance. It seeks to identify risks inherent in the business operations of the Company and provides guidelines to define, measure, report, control and treat the identified risks. The objective of the ERM framework is to ensure that the Company has proper and continuous risk identification and management processes. Integrating risk management into the Organization is an iterative and dynamic process.

The establishment and maintenance of the ERM framework will facilitate effective decision making by communicating the benefits of risk management to all stakeholders, by involving all employees in the identification of risks by encouraging their participation.

As part of the policy individual training workshop has been conducted on the ERM Framework for all units, in which the ERM Taskforce members as well as key personnel from the respective unit have participated. The participants have been imparted training on the ERM Policy, ERM Process, ERM Governance Structure, Roles and Responsibilities of the relevant stakeholders, formation of Risk Registers, etc.

As an added measure towards effective management of projects, the Company has brought out a Project Management Manual which will guide the project managers or the project execution teams to implement projects or execute orders in an effective manner. Company is also implementing PMMM (Project Management Maturity Model) and PCMM (People Capability Maturity Model) for better management of projects and resources. ITI has been assessed at Level-2 for PMMM and PCMM. This will help ITI for better management and co-ordination for project management and people capability management.

## VII. Human Resources

As on 31<sup>st</sup> March 2021, your Company had a total employee strength

of 2876 as compared to 3498 at the end of the previous year. The detailed information on material developments in Human Resources/ Industrial front is given in Directors' Report.

## VIII. Internal Control Measures

The Company's internal control systems are commensurate with the nature of its business, the size, and complexity of its operations.

Internal Audit Department of the company at Corporate office and Units, reviews compliance with the Company's procedures & policies. The department coordinates with the Unit/Divisions of the Company for ensuring coverage of all major areas of operations and such internal financial controls with reference to Financial Statements are adequate.

## IX. Financial Performance

Your Company has achieved a sales turnover of Rs 2578 crore for the year ended 31<sup>st</sup> March 2021 as compared to Rs 2403 crore in the previous year. The detailed information on financial performance is given in Directors' Report.

## X. Details of Significant changes in Key Financial Ratios

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

Sl.No.	Particulars	FY 2020-21	FY 2019-20	Reasons for variation
1	Debtors Turnover	0.78	0.71	Turnover of 2020-21 has increased mainly on account of execution of Mahanet and Ascon PhIV Projects. Average Debtors balance has increased slightly from previous period mainly due to delay in realisation / liquidation / adjustment of debtors with a corresponding increase in the revenue from operations which in turn has resulted in increase in debtors turnover ratio.
2	Inventory Turnover	12.53	11.82	Considering of Net movement in regulatory deferral account balance in cost of sale has resulted in increase in cost of sale for the current year by Rs 417.07 crore. Average inventory has also increased by Rs 22 crore compared to previous period. Hence impacting increment in inventory turnover ratio by 0.71.
3	Interest coverage ratio	1.08	1.49	Increase in borrowings towards working capital due to delay in realisation of debtors and to meet general operational expenses. Further there is reduction in EBIT in the current period and also the interest expenses has gone up slightly compared to previous FY. So there is a reduction in interest coverage ratio by 1.09
4	Current Ratio	0.95	0.91	Current ratio is showing slight improvement due to movement of soft loan from Government of India from Current Liabilities to Non Current liabilities
5	Debt equity ratio	0.61	0.60	There is slight increase in this ratio due to increase in borrowings
6	Operating Profit Margin (%)	2.67%	7.82%	Eventhough, there is increase in turnover by Rs.303.21 crore, due to increase in installation charges, employee benefit expenses, interest expenses and lower other income, the operating profit margin is reduced.
7	Net Profit Margin (%)	0.47%	7.16%	Decrease in profit for the period as explained above has resulted in decrease in net profit margin.



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

During the period of transition to Ind AS, the Company opted for the optional exemption provided for in paragraph of Ind AS 101- First time adoption of Ind AS. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind AS, and use that as its deemed cost on the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for intangible assets and investment property. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

**ITFG Opinion**

The Ind AS Transition Facilitation Group of the Institute of Chartered Accountants of India has issued a clarification on a similar issue:

Continuing to present the Revaluation Reserve instead of transferring the balance on transition to Retained Earnings is an oversight and hence would meet the definition of a Prior Period item. As per Paragraph 42 of Ind AS 8, subject to paragraph 43, a Company shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- (a) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.
- (b) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

Since the oversight made by the Company on Revaluation Reserves meets the definition of a prior period item, the Company would need to restate their financial statements from the year ended 31<sup>st</sup> March 2018 onwards.

Also, based on the two Professional opinions sought, the Revaluation reserve (land & Buildings) as on 01.04.2020 has been shown as Rs 'NIL' which is now part of Retained Earnings, Transferred to General Reserve.

After restatement of the Financials, the Net Worth of the Company as on 31.03.2020 is Rs 2283 Crores and Rs 2420 Crores as on 31.03.2021.

**XI. Environmental Protection and Conservation**

The Company's Units are spread across the Country at different locations viz. Bengaluru, Mankapur, Rae Bareli, Naini, Palakkad and Srinagar. Environment Protection & Management of the Units is governed by various Acts & Rules like The Environment (Protection) Act, 1986, The Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, 1974, Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2016, The Solid Wastes Management Rules, 2016, etc. All the Units ensured to comply with the applicable Acts and Rules.

**XII. Technological Conservation, Renewable Energy Developments, Foreign Exchange Conservation:**

Relevant information in this regard is disclosed in **Annexure 6** of the Directors' Report.

**XIII. 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 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. Hence it is cautioned not to place undue reliance on the forward looking statement.

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

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

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

#### A. CONSERVATION OF ENERGY

##### (a) Steps taken or impact on conservation of energy

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

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

1. In its constant endeavour to conserve energy, ITI has planned to establish Solar Power Plant at Production units, Corporate Office and MSP-Lucknow for meeting the captive requirements. For Captive requirement the Solar Panels are manufacturing at ITI Limited, Naini Plant.

Sl.No	Unit/Location	Capacity (KW)
1	Rae Bareli Plant	1500
2	Bangalore Plant	1200
3	Palakkad Plant	1200
4	Mankapur Plant	1200
5	Naini Plant	300
6	Corporate Office	100
7	MSP -Lucknow Office	100

#### B. TECHNOLOGY ABSORPTION

##### RESEARCH & DEVELOPMENT (R&D) 2020-21

##### (i) Efforts made towards Technology Absorption

1. Joint development with CAIR DRDO for 1GE IP Encryptor for NATGRID.
2. Joint development with ISRO/SAC for IRNSS-RS receiver for Defence.
3. Development of Portable ventilator (SOAR) with ToT from DEBEL, DRDO.
4. Design and Development of Secrecy products for new Defence and non-defence networks.
5. Design and development of Power supply units.
6. Development of Encryption Algorithms.
7. Support for legacy secrecy products supplied and networks executed to Defence.
8. Value addition of the existing products.
9. Provide Network and Security Solution designs.

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

The following R&D Products were productionised, which contributed for more than Rs.85 Crore turnover to the Company.

1. Encryption products (Legacy) and Telephones



2. 1GE IP Encryptor (Kavach for NTRO & Chanakya for IB-MHA)
3. MCEU (Multi Capacity Encryption Unit) for Defence.
4. Algorithm development for the Encryption product for defence networks.

**(iii) Imported Technology**

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

**(iv) Plan of Action**

The following products are under development

1. Secure FAX for Para military forces
2. IRNSS receivers for Defence
3. High Capacity Radio Relay
4. Integrated Selection system (Multi post EVM)
5. MCEU for ASCON Ph-4 Secrecy
6. Secure Wi-Fi Access point
7. Digital Mobile Radio
8. Smart Energy Meter
9. Remote EVM

10. Software Defined Radio (SDR)
11. Drone Detection and Neutralization (DDN)

**(v) R&D Expenditure**

- a) Capital :Rs.1.08 Crore
- b) Revenue: Rs.10.34 Crore

**TOTAL :Rs.11.42 Crore**

Total R&D Expenditure as a percentage of total turnover (Excluding GST): 0.48%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (i) Total Foreign Exchange earning and outgo

Earnings : NIL

Outgo : Rs. 5.29 Crores

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director



## REPORT ON CORPORATE GOVERNANCE

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

### 1. OUR CORPORATE GOVERNANCE PHILOSOPHY

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

### 2. BOARD OF DIRECTORS

#### (a) Board Composition:

As on 31<sup>st</sup> March 2021, the Board of Directors comprised of an

Executive Chairman, Four Executive (Functional) Directors viz., Director HR, Director Production, Director Finance and Director Marketing, One Government Director and Four Independent Directors.

The Composition of Board of Directors is not in line with the requirements of Listing Regulations and DPE guidelines. The Company does not have sufficient number of Independent Directors including Woman Independent Director. Accordingly, the requirement for appointment of requisite number of Independent Directors including Woman Independent Director has been taken up with Ministry of Communications.

As on 31<sup>st</sup> March 2021, the composition of Directors, their attendance at the Board Meetings during the financial year and at the last Annual General Meeting as also number of other Directorships/ committee membership held by them are as follows:

Name of Director & Director Identification Number	Category of Directorships	Meeting held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM	Number of other Directorship in Public Companies	No. of Committees in which Chairperson/ Member <sup>8</sup>
<b>EXECUTIVE DIRECTORS</b>						
Shri Rakesh Mohan Agarwal DIN: 07333145	Chairman and Managing Director	9	9	Yes	1	1
Shri Chittaranjan Pradhan <sup>1</sup> DIN: 08094340	Director Finance	5	5	NA	NA	NA
Shri Shashi Prakash Gupta DIN: 08254999	Director HR	9	9	Yes	1	2
Shri D Venkateswarlu DIN: 08605954	Director Production	9	8	Yes	Nil	Nil
Shri Rajeev Srivastava <sup>2</sup> DIN: 08921307	Director Finance & Chief Financial Officer	4	4	Yes	Nil	Nil
Shri Rakesh Chandra Tiwari <sup>3</sup> DIN: 08953397	Director Marketing	2	2	NA	Nil	Nil
<b>NON - EXECUTIVE DIRECTORS</b>						
Lt Gen Rajeev Sabherwal <sup>4</sup> DIN: 08420761	Government Director, Ministry of Defence	7	0	Yes	NA	NA
Dr Rajesh Sharma DIN: 08200125	Government Director, Ministry of Communications	9	9	Yes	1	1
<b>INDEPENDENT DIRECTORS</b>						
Smt Asha Kumari Jaswal <sup>5</sup> DIN: 07786698	Independent Director	NA	NA	NA	NA	NA
Dr K R Shanmugam <sup>6</sup> DIN: 08211253	Independent Director	9	9	Yes	Nil	1
Shri Rajen Vidyarthi <sup>7</sup> DIN: 08196235	Independent Director	9	9	Yes	Nil	2
Shri Mayank Gupta DIN: 03501227	Independent Director	9	9	No	Nil	1
Dr Akhilesh Dube DIN: 08195896	Independent Director	9	9	No	Nil	Nil

**Note:**

1. The Government of India vide Order dated 11<sup>th</sup> December 2017 entrusted the additional charge of Director Finance to Shri Chittaranjan Pradhan till the appointment of regular incumbent or until further orders. Consequent to appointment of Shri Rajeev Srivastava as Director Finance on 15<sup>th</sup> October 2020, Shri Chittaranjan Pradhan ceased to be Director Finance of the Company.
2. Shri Rajeev Srivastava was appointed as Director Finance w.e.f. 15<sup>th</sup> October 2020.
3. Shri Rakesh Chandra Tiwari was appointed as Director Marketing w.e.f. 07<sup>th</sup> January 2021.
4. Lt General Rajeev Sabherwal ceased to Government Director upon attaining the age of superannuation on 31<sup>st</sup> December 2020
5. Smt Asha Kumari Jaswal completed term as an Independent Director on 05<sup>th</sup> April 2020.
6. Dr K R Shanmugam is the Chairman of Audit Committee
7. Shri Rajen Vidyarthi is the Chairman of Stakeholders Relationship Committee
8. Chairmanship/ Membership of Audit Committee and the Stakeholders Relationship Committee are only reckoned with

**Note:**

- As per the declarations received from the Directors, none of the Directors are holding any equity shares in the Company
- None of the Directors/ Key Managerial Personnel are interse related as on 31<sup>st</sup> March 2021
- Directors do not have any pecuniary relationships or transactions with the Company (except remuneration, including sitting fees, as they are entitled)
- Apart from Dr Rajesh Sharma who is a Director in Tata Communications Limited, no other Director is on the Board of any Listed Company
- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he/she is a Director as mentioned under Listing Regulations.
- Video-conferencing facilities are also used to facilitate Directors to enable them to participate in the meetings.
- The Board periodically reviews the compliance reports of all laws applicable to the Company.

**(a) Dates of Board Meetings:**

During the year under review 9 Board Meetings were held on

26 <sup>th</sup> June 2020	31 <sup>st</sup> July 2020	26 <sup>th</sup> August 2020
14 <sup>th</sup> September 2020	03 <sup>rd</sup> October 2020	02 <sup>nd</sup> November 2020
11 <sup>th</sup> November 2020	09 <sup>th</sup> February 2021	12 <sup>th</sup> February 2021

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

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

- Induction Training/ familiarization program
- External Training

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

All Board Members are promptly updated on any change and new development with regard to relevant regulatory requirement such as SEBI Regulations, Companies Act etc. The Directors are also nominated for training programmes / seminars conducted by eminent institutes of Management.

The details of Familiarisation programme imparted to the Independent Directors of the Company is available on the Company's website at [https://www.ititd.in/investor\\_information](https://www.ititd.in/investor_information)

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

The Board consists of expert Directors who have vast experience in their respective field of specialisation.

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

The Independent Directors are notified for appointment by Ministry of Communications and they are selected by the Search Committee constituted by Department of Public Enterprises. The Independent Directors on the Board are appointed by the Government of India with requisite integrity, expertise and experience.

The Independent Directors being appointed on the Board are drawn from various fields and possess vast experience and by virtue of their experience and exposure, provide guidance to Board on all

important issues and involve in the decision making process.

- (d) The Independent Director have confirmed that they fulfil the conditions specified in the Listing Regulations and the Companies Act, 2013 and are independent of the Management. The Independent Directors on the Board have registered with the Institute notified under Section 150(1) of the Companies Act, 2013.
- (e) During the year under review, no Independent Director has resigned from the Company.
- (f) A certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Company is enclosed as **Annexure -a** with this report
- (g) During the financial year 2020-21, the Board has accepted all the recommendation of the Audit Committee.

### 3. AUDIT COMMITTEE

The Composition of the Audit Committee is in accordance with the Regulation 17 of Listing Regulations, Section 177 of the Companies Act, 2013 and DPE Guidelines.

As on 31<sup>st</sup> March 2021, the Audit Committee consists of three Independent Directors including Chairman and one Executive Director as members of the Committee as follows:

Dr K R Shanmugam, Independent Director, Chairman

Shri Shashi Prakash Gupta, Director HR, Member

Shri Rajen Vidyarthi, Independent Director, Member and

Shri Mayank Gupta, Independent Director, Member

During the year ended 31<sup>st</sup> March 2021, 7 Audit Committee meetings (including adjourned meeting) held on 25<sup>th</sup> June 2020, 26<sup>th</sup> June 2020 (adjourned meeting), 26<sup>th</sup> August 2020, 14<sup>th</sup> September 2020, 02<sup>nd</sup> November 2020, 11<sup>th</sup> November 2020 and 12<sup>th</sup> February 2021.

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

Name of the Member	No. of meetings held during respective tenure of Director	No. of meetings attended
Smt Asha Kumari Jaswal <sup>1</sup>	NA	NA
Dr K R Shanmugam <sup>2</sup>	7	7
Shri Shashi Prakash Gupta	7	7
Shri Rajen Vidyarthi	7	7
Shri Mayank Gupta <sup>3</sup>	5	5

<sup>1</sup> Ceased to be Member and Chairperson of the Committee w.e.f. 05<sup>th</sup> April 2020

<sup>2</sup> Designated as Chairman of the Committee w.e.f. 26<sup>th</sup> June 2020

<sup>3</sup> Inducted as Member of the Committee w.e.f. 26<sup>th</sup> June 2020

Director Finance & Chief Financial Officer is the permanent invitee of the Committee and Company Secretary acts as Secretary of the Committee.

The terms of reference of the Audit Committee is in compliance with

the Section 177 of the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and the DPE Guidelines.

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

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

The Company has constituted Nomination and Remuneration Committee ("NRC") in compliance with Companies Act, 2013, Listing Regulations and DPE guidelines. The terms of reference of the Committee as per the provisions of the Companies Act, 2013 and Listing Regulations is limited to the extent of Senior Management i.e. one level below the Board and as per DPE Guidelines for performance related pay.

Further, the appointment of Directors on the Board of the Company is as per the Directives of Government of India. The terms and conditions of appointment of Functional Directors including remuneration are also as per the Government of India directive. The remuneration of part time Official Nominee Directors is governed by their respective rules. Sitting fees are being paid to the Independent Directors.

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

As on 31<sup>st</sup> March 2021, NRC comprised of:

Dr K R Shanmugam, Independent Director, Chairman;

Shri Mayank Gupta, Independent Director, Member; and

Dr Rajesh Sharma, Government Director

During the year ended 31<sup>st</sup> March 2021, the NRC meeting was held on 02<sup>nd</sup> November 2020.

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

Name of the Member	No. of meetings held during respective tenure of Director	No. of meetings attended
Smt Asha Kumari Jaswal <sup>1</sup>	NA	NA
Dr K R Shanmugam <sup>2</sup>	1	1
Shri Mayank Gupta	1	1
Dr Rajesh Sharma <sup>3</sup>	1	1

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 05.04.2020

<sup>2</sup> Designated as Chairman of the Committee w.e.f. 26.06.2020

<sup>3</sup> Inducted as Member of the Committee w.e.f. 26.06.2020

## REMUNERATION OF DIRECTORS

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

The remuneration paid to Whole-time Directors for the financial year 2020-21 are as follows:

(in Rs)

Staff No.	Name of the Director	Designation	Salary	Perquisites	PF contribution	Total
20094	Shri Rakesh Mohan Agarwal	Chairman and Managing Director	28,07,172	4,19,280	3,36,373	35,62,825
	Shri Chittaranjan Pradhan <sup>1</sup>	Director Finance	-	-	-	-
20095	Shri Shashi Prakash Gupta	Director HR	24,74,926	3,64,420	2,92,491	31,31,837
2099	Shri D Venkateswarlu	Director Production	15,50,543	69,024	1,64,547	17,84,114
20104	Shri Rajeev Srivastava <sup>2</sup>	Director Finance	12,58,477	1,82,131	1,47,585	15,88,193
20122	Shri Rakesh Chandra Tiwari <sup>3</sup>	Director Marketing	2,71,782	-	31,464	3,03,246

<sup>1</sup>Shri Chittaranjan Pradhan, held the post of Director Finance (Addl. Charge) till 15<sup>th</sup> October 2020 and did not draw any remuneration from the Company.

<sup>2</sup>Shri Rajeev Srivastava was appointed as Director Finance w.e.f. 15<sup>th</sup> October 2020.

<sup>3</sup>Shri Rakesh Chandra Tiwari was appointed as Director Marketing w.e.f. 07<sup>th</sup> January 2021.

#### Notes:

a. Notice period of 3 months or salary in lieu thereof is required for severance of services of Executive Directors

b. During the year under review, no Performance related pay has been made to Executive Directors.

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

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

#### (iii) Independent Directors' compensation

The Independent Directors are not paid any remuneration except for sitting fees of Rs 10,000/- for attending the Board Meeting and Rs 5,000/- for Committee Meetings.

The details of sitting fees paid to Independent Directors during the year under review are as follows.

(in Rs)

Name of the Director	Board Meeting	Committee Meeting	Total
Smt Asha Kumari Jaswal <sup>1</sup>	Nil	Nil	Nil
Dr K R Shanmugam	90,000	45,000	1,35,000
Shri Rajen Vidyarthi	90,000	45,000	1,35,000
Shri Mayank Gupta	90,000	35,000	1,25,000
Dr Akhilesh Dube	90,000	15,000	1,05,000

<sup>1</sup>Ceased to be Independent Director w.e.f. 05.04.2020

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

them.

(v) The remuneration of senior management just one below the level of Board of Directors, appointment or removal of them including CFO and Company Secretary, is reported to the NRC / Board from time to time.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee ("SRC") examines the grievances of stakeholders / investors and the system of Redressal of the same. The Committee oversees and reviews the performance of Registrar and Share Transfer Agent and action taken by the Company.

As on 31<sup>st</sup> March 2021, the composition of SRC in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder, Listing Regulations and DPE Guidelines, is as follows:

Shri Rajen Vidyarthi, Independent Director, Chairman;

Shri Rakesh Mohan Agarwal, Chairman and Managing Director, Member; and

Shri Shashi Prakash Gupta, Director HR, Member

During the year ended 31<sup>st</sup> March 2021, one meeting was held on 26<sup>th</sup> March 2021 in which all the Committee members were present.

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

Name of the Member	No. of meetings held during respective tenure of Director	No. of meetings attended
Smt Asha Kumari Jaswal <sup>1</sup>	NA	NA
Shri Rajen Vidyarthi <sup>2</sup>	1	1
Shri Rakesh Mohan Agarwal	1	1
Shri Shashi Prakash Gupta	1	1

<sup>1</sup> Ceased to be Member and Chairperson of the Committee w.e.f. 05<sup>th</sup> April 2020

<sup>2</sup> Inducted as Member and Chairman of the Committee w.e.f. 26<sup>th</sup> June 2020

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

The Company endeavours to resolve complaints / grievances / queries of stakeholders / investors within a reasonable period of time. During the financial year 2020-21, the Company has received nil complaints from shareholders.

### Investors Relations Cell

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

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As per the guidelines issued by the Department of Public Enterprises on implementation of CSR activities by Public Undertakings and Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors had constituted Corporate Social Responsibility Committee.

As on 31<sup>st</sup> March 2021, the Committee comprised of:

Shri Rakesh Mohan Agarwal, Chairman and Managing Director as Chairman of the Committee and Shri Shashi Prakash Gupta, Director HR, Shri D Venkateswarlu, Director Production and Shri Akhilesh Dube, Independent Director as Members of the Committee.

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

During the FY 2020-21 one CSR Committee Meeting was held on 26<sup>th</sup> August 2020 in which all the Members of the Committee were present.

The details of change in the composition of Committee, if any, number of meeting held during the year and their attendance for the CSR Meeting are as under:

Name of the Member	No. of meetings held during respective tenure of Director	No. of meetings attended
Shri Rakesh Mohan Agarwal	1	1
Shri Shashi Prakash Gupta	1	1
Smt Asha Kumari Jaswal <sup>1</sup>	NA	NA
Dr Akhilesh Dube <sup>2</sup>	1	1
Shri D Venkateswarlu <sup>3</sup>	1	0

<sup>1</sup> Ceased to be Member of the Committee w.e.f. 05<sup>th</sup> April 2020

<sup>2</sup> Inducted as Member of the Committee w.e.f. 26<sup>th</sup> June 2020

<sup>3</sup> Inducted as Member of the Committee w.e.f. 26<sup>th</sup> June 2020

## 7. RISK MANAGEMENT COMMITTEE

In terms of the provisions of Regulation 21 of Listing Regulations, the Risk Management Committee comprised of Director HR as Chairman, Director Finance, Dr Akhilesh Dube, Independent

Director, Head of Operations and Head of Projects & Planning as the other Members of the Committee.

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

Due to change in Organisational Structure, the Board of Directors in its Meeting held on 9<sup>th</sup> February 2021 reconstituted the Risk Management Committee by inducting Head of Operations and Head of Projects & Planning in place of General Manager-Operations and General Manager-Projects & Planning as Members of the Committee.

During FY 2020-21 one Risk Management Committee Meeting was held on 10<sup>th</sup> February 2021 in which all the Members of the Committee were present.

The details change in the tenure of members, if any, number of meeting held during the year and their attendance for the Risk Management Committee Meeting are as under:

Name of the Member	No. of meetings held during respective tenure of Director	No. of meetings attended
Shri Shashi Prakash Gupta	1	1
Shri Chittaranjan Pradhan <sup>1</sup>	NA	NA
Shri Rajeev Srivastava <sup>2</sup>	1	1
Dr Akhilesh Dube	1	1
Shri Sunil Kumar	1	1
Smt Ila Bhadur <sup>3</sup>	1	1

<sup>1</sup> Shri Chittaranjan Pradhan ceased to be Member of the Committee w.e.f. 15<sup>th</sup> October 2020

<sup>2</sup> Shri Rajeev Srivastava inducted as Member of the Committee w.e.f. 15<sup>th</sup> October 2020

<sup>3</sup> Smt Ila Bhadur inducted as Member of the Committee w.e.f. 09<sup>th</sup> February 2021

## 8. INDEPENDENT DIRECTORS MEETING

A separate meeting of Independent Directors was held on 23<sup>rd</sup> March 2021. The meeting was attended by all the Independent Directors. In this meeting, independent directors assessed the performance of Non-Independent Director and the Board of Directors as a whole, reviewed the action taken on the minutes of the previous meeting on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties

As on 31<sup>st</sup> March 2021, based on the certificate of independence submitted by the Independent Directors, your Board is of the opinion the Independent Directors of the Company fulfills the conditions of independence as specified in Section 149 of the Companies Act, 2013 and Regulation 16 of Listing Regulations and all the Independent Directors are independent of the Management.

## 9. CODE OF CONDUCT

In compliance with the Listing Regulations, the Companies Act, 2013 and DPE guidelines, the Company has adopted the Code of



Conduct. The Code is applicable to the members of the Board, Key Managerial personnel and Senior Management of the Company. The said code has been placed on the Company's website at [https://www.itilttd.in/investor\\_information](https://www.itilttd.in/investor_information).

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March 2021.

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

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

The Company has put in place "ITI code of conduct to Regulate, Monitor and Report Trading by Designated persons and immediate relatives of designated persons and for fair disclosure (Insider Trading Code), in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, for dealing in securities of ITI Limited.

The objective of the Insider Trading Code is to prevent purchase/sale of shares of the Company based on Unpublished Price Sensitive Information (UPSI). Under the Insider Trading Code, an Insider (connected person or a person in possession of UPSI) either on his own behalf or on behalf of any other person is prohibited to deal in the Company's shares when in possession of UPSI. Further the designated persons are also not allowed to trade in the securities of the Company during the closure of trading window period. To deal in securities of the Company beyond the specified limit, permission of Compliance Officer shall be required. All designated persons are required to disclose related information periodically as defined in the Insider Trading Code.

The Insider Trading Code of the Company is available on the website of the Company at [https://www.itilttd.in/investor\\_information](https://www.itilttd.in/investor_information).

#### 11. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has vigilance department, headed by Chief Vigilance Officer, with an objective to ensure maintenance of the adequate level of integrity among all employees of the Company. Drop Boxes' have been kept at various places in the Company, where in employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.

The Company has adopted Whistle Blower Policy wherein the employees are free to report any improper activity resulting in violations of laws, rules, regulations or Code of conduct by any of the employees including leakage / misuse of unpublished price sensitive information in violation of ITI's Insider trading code, to the Competent Authority or the Chairman of the Audit Committee, as the case may be. Any Complaint received would be reviewed by the Competent Authority or Chairman of the Audit Committee. The policy provides that the confidentiality of those reporting violations

shall be maintained and they shall not be subjected to any discriminatory practice. No employee is denied access to Audit Committee.

During the year, the Board of Directors in its Meeting held on 12<sup>th</sup> February 2021 amended the Whistle Blower Policy to incorporate provision that the employees shall be protected from victimization in case of reporting of leak of unpublished price sensitive information and to bring in clarity to the terms viz., investigation subject, investigation result, safe guards and other procedures.

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

#### 12. DIVIDEND DISTRIBUTION POLICY

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

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

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

#### 13. COMPLIANCE CERTIFICATE BY CEO/ CFO

In terms of Regulation 17(8) of Listing Regulations, the Compliance certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2020-21 is enclosed as **Annexure-c** to this Annual report.

#### 14. DISCLOSURES

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

#### (b) Non-Compliance with Provisions of Regulation 17 of Listing Regulations:

The Company has complied with the requirements of Listing Regulations & DPE Guidelines except for insufficient number of Independent Directors i.e. composition of Board of Directors due to non-nomination

of Independent Director including Women Independent Director by Government of India. BSE Limited and National Stock Exchange of India Limited has levied penalty to the Company for the said non-compliance. The Company has made representation to Exchanges for waiver of penalty levied, since being Government Company the power to appoint directors vests with Administrative Ministry.

There were no other penalties or strictures imposed on the Company by Statutory Authorities for non-compliance related to Capital Market.

## 15. GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue	Special Resolution(s)
2017-18*	5 <sup>th</sup> April 2018 at 11.30 a.m.	Bangalore Tamil Sangam, Bengaluru	Yes
2017-18	26 <sup>th</sup> September 2018 at 11.30 a.m.	ITI Officers Club- New Wing, ITI Township, Bengaluru 560 016	No
2018-19	27 <sup>th</sup> December 2019 at 11.30 a.m.	ITI Officers Club- New Wing, ITI Township, Bengaluru 560 016	Yes
2019-20	04 <sup>th</sup> December 2020 at 11.30 a.m.	Through VC and OAVM ITI Bhavan, Doorvaninagar Bengaluru 560 016	No

\*Extra-Ordinary General Meeting

During the year under review no resolution was passed through postal ballot. Any decisions on matters requiring approval of shareholders through postal ballot system will be obtained as per the procedures laid down in the Act.

## 16. MEANS OF COMMUNICATIONS

### Quarterly/ Annual Results

The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after approval of Board. These financial results are normally published in Business Standard/ Financial Express (in English), Sanjevani (in Kannada) and Dakshin Bharat Rashtramath (in Hindi). The financial results are also made available in the Company's website- [http://www.itilttd.in/investor\\_information](http://www.itilttd.in/investor_information).

### News Release, Presentation etc.

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

### Website

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

## 17. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting for Financial Year 2021

Date : 10<sup>th</sup> November 2021

Time : 11.30 a.m.

Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 05<sup>th</sup> May 2020 read with MCA circular dated 13<sup>th</sup> January 2021 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

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

### b) Financial Calendar

Tentative calendar for declaration of financial results is given below:

Adoption of Quarterly Results for the quarter ending on	Tentative date of the meeting of the Board
30.06.2021 (with limited review by Statutory Auditors)	On or before 14.08.2021
30.09.2021 (with limited review by Statutory Auditors)	On or before 14.11.2021
31.12.2021 (with limited review by Statutory Auditors)	On or before 14.02.2022
31.03.2022 (audited)	On or before 30.05.2022

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

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

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

Name & Address	Telephone/Fax/E-mail ID/Website ID	Trading Symbol
<b>BSE Limited (BSE)</b> PhirozeJeejeebhoy Towers Dalal Street Mumbai- 400 001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: <a href="mailto:bsehelp@bseindia.com">bsehelp@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	523610
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, BandraKurla Complex, Bandra (E), Mumbai- 400 051	Telephone: 022-26598100-8114 Fax: 022-26598120 E-mail: <a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	ITI

The Company has paid listing fee for 2020-21 to BSE and NSE

### d) Custodian Fees

Custodian Fee to NSDL and CDSL for Company's equity share,

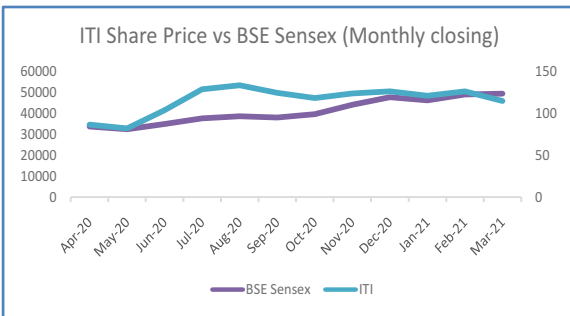
bearing the code INE 248A01017, has been paid for the Financial Year 2020-21.

**e) Market Price Data**

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

Month	BSE (Rs per share)			NSE (Rs per share)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
Apr-20	96.40	58.10	29,91,844	96.60	57.00	3,06,91,646
May-20	88.95	78.80	13,80,973	89.00	78.65	1,33,30,179
Jun-20	113.60	80.00	60,99,560	113.65	80.05	7,89,05,577
Jul-20	144.35	102.60	1,05,99,394	144.15	102.45	9,91,51,100
Aug-20	151.60	126.70	39,92,605	151.65	126.60	4,50,35,258
Sep-20	141.00	116.90	23,65,718	141.00	117.00	3,34,96,283
Oct-20	134.30	116.55	09,61,146	134.50	116.00	1,19,35,128
Nov-20	129.30	113.75	11,65,044	129.60	113.35	1,37,86,260
Dec-20	137.80	117.05	25,23,367	137.70	117.10	2,35,51,197
Jan-21	139.45	119.25	12,93,195	139.40	119.10	1,47,23,335
Feb-21	137.40	120.65	22,94,396	137.40	120.80	2,54,13,624
Mar-21	133.90	111.75	19,46,072	134.00	111.65	1,62,46,423

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



**g) Date of Book Closure**

The Register of Members and the Share Transfer Register of the Company would remain closed from 4<sup>th</sup> November 2021 to 10<sup>th</sup> November 2021 (both days inclusive).

**h) Registrar and Share Transfer Agent**

Integrated Registry Management Services Private Limited, a SEBI registered Category I Registrar and Share Transfer Agent (RTA) is the Company's Registrar and Share Transfer Agent.

**i) Share Transfer System**

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or

transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. A summary of transfer/ transmission of securities are noted at subsequent Board Meetings.

Pursuant to the Regulation 40 (10) of Listing Regulation-2015, certificates on half yearly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 2018 are sent to the stock exchanges.

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

**j) Shareholding as on 31<sup>st</sup> March 2021**

**i. Categories of shareholding as on 31<sup>st</sup> March 2021**

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% to total
1.	Promoter- President of India	1	84,06,98,419	90.06
2.	Promoter Group- Governor of Karnataka	1	3,12,500	0.03
3.	<b>Institutions:</b>			
	Mutual Fund	6	39,944	0.00
	FIs	4	1,47,667	0.02
	Financial Institutions/ Banks	16	31,695	0.00
	Insurance Companies	1	800	0.00
4.	<b>Central Government:</b>			
	Special National Investment Fund (SNIF)	1	7,22,92,640	7.74
5.	<b>Non-Institutions:</b>			
	Individuals	74,971	1,88,68,150	2.02
	NRI	515	3,76,709	0.04
	Bodies Corporate	298	4,11,664	0.05
	Clearing Members	171	3,41,181	0.04
	Trusts	1	1,500	0.00
	<b>Total</b>	<b>75,986</b>	<b>93,35,22,869</b>	<b>100.00</b>

**ii. Distribution of Shareholding as on 31<sup>st</sup> March 2021**

Sr. No.	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	69410	91.35	8115194	0.87
2	501-1000	3917	5.16	3244470	0.35
3	1001-2000	1610	2.12	2489661	0.27
4	2001-3000	412	0.54	1061312	0.11
5	3001-4000	197	0.26	720463	0.08
6	4001-5000	155	0.20	740513	0.08
7	5001-10000	185	0.24	1352687	0.14
8	10001 & above	100	0.13	915798569	98.10
	<b>TOTAL</b>	<b>75986</b>	<b>100.00</b>	<b>933522869</b>	<b>100.00</b>

### iii. Dematerialization of Shares and liquidity

The Company's shares are admitted in to both the depositories i.e. National Securities Depository Limited ('NSDL') 92,42,08,176 shares and Central Depository Services (India) Limited ('CDSL') 86,76,339 shares in dematerialized mode. 6,38,354 equity shares are held in physical form.

The Company has a shareholders base of 75,986 as on 31<sup>st</sup> March 2021.

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

The Company's shares are being traded under International Securities Identification Number (ISIN)–INE 248A01017

### k) Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity

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

### l) Plant locations

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

### m) Address for correspondence with the Company

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

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

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

S. No	Name of Rating Agency	Rating	Date of Rating
1.	Brickwork Ratings India Pvt Ltd	Long Term Rating – BWR BB+(CE) Short Term Rating – BWR A2(CE) Outlook-Positive	31-12-2020
2.	ICRA Limited	Long Term Rating – [ICRA] BBB- Short Term Rating – [ICRA] A3 Outlook-Stable	31-12-2020
3.	Acuite Ratings & Research Limited	Long Term Rating – Acuite BBB+(CE) Short Term Rating – Acuite A2(CE) Outlook-Stable	15-01-2021

o) The total amount paid to the Statutory Auditors for all services rendered by them to the Company during 2020-21 was Rs.9,85,000 plus GST.

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

As on 31<sup>st</sup> March 2021, there were no unclaimed shares of the Company pending for transfer in the demat suspense account/unclaimed suspense account

### q) Investor Education and Protection Fund (IEPF):

In terms of the provisions of the Companies Act, 2013 read with rules made there under as on 31<sup>st</sup> March 2021, no amount is transferred to IEPF.

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

s) During the year under review, as part of revival package approved by Cabinet Committee on Economic Affairs (CCEA), the Company has received capital grant of Rs 105 Crores for which the Company has issued and allotted 84,03,361 equity shares to President of India at Rs 124.95 per share on preferential allotment basis. Detailed fortnight report on CAPEX utilization is being sent to Ministry of Communications, Administrative Ministry

### t) Commodity Price Risk or Foreign Exchange Risk and Hedging activities :

There is no hedging activities done by the Company.

### u) Compliance with Non-Mandatory Requirements

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

- The Government of India had appointed Shri Rakesh Mohan Agarwal as the Chairman and Managing Director and hence there are no separate Chairperson and Managing Director
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- The consolidated financial statement is disclosed with modified audit opinion.
- The Chief of Internal Auditor reports directly to Chairman and Managing Director and Chairman of Audit Committee and is a permanent invitee to the meeting of Audit Committee.

## 18. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

No Presidential Directives have been received during FY 2020-21 and also last three years.

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

The General administrative expenses were 2% of the total expenses during 2020-21 which was same as that of the previous year.

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

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

The Annual Secretarial Compliance Report for the Year Ended 31<sup>st</sup> March 2021 was issued by Shri D Venkateswarlu, Practicing Company Secretary has been filed with the Stock Exchanges.

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

**20. GREEN INITIATIVE**

As a part of Green initiative the Company sends the copy of the Annual Report along with the notice convening the Annual General Meeting through email to those shareholders who have registered

their email id with the DP's / R&T agents and have not opted for physical copy of the Annual report.

**21. COMPLIANCE**

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

**22. DPE GRADING**

Your Company submits a grading report on the compliance with the Corporate Governance with Ministry of Communications on quarterly and annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 94% for the year 2020-21.

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

**Annexure - a**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
ITI Limited  
(CIN: L32202KA1950GOI000640)  
ITI Bhavan, Doorvani Nagar,  
Bengaluru - 560 016

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ITI Limited having CIN: L32202KA1950GOI000640 and registered office at ITI Bhavan, Doorvani Nagar, Bengaluru- 560 016 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S No	Name of the Director	DIN	Date of appointment in the Company
1.	Shri Rakesh Mohan Agarwal	07333145	08/06/2016
2.	Shri Chittaranjan Pradhan <sup>1</sup>	08094340	23/03/2018
3.	Shri Shashi Prakash Gupta	08254999	15/10/2018
4.	Shri Duvvuri Venkateswarlu	08605954	07/11/2019

S No	Name of the Director	DIN	Date of appointment in the Company
5.	Shri Rajeev Srivastava	08921307	15/10/2020
6.	Shri Rakesh Chandra Tiwari	08953397	07/01/2021
7.	Lt. Gen. Rajeev Sabherwal <sup>2</sup>	08420761	12/04/2019
8.	Dr. Rajesh Sharma	08200125	14/08/2018
9.	Smt. Asha Kumari Jaswal <sup>3</sup>	07786698	06/04/2017
10.	Dr. Shanmugam Komarapalayam Rangasamy	08211253	30/08/2018
11.	Shri Rajen Vidyarthi	08196235	08/08/2018
12.	Shri Mayank Gupta	03501227	13/08/2018
13.	Dr. Akhilesh Charan Dube	08195896	08/08/2018

<sup>1</sup> Held the post of Director (Finance) (Additional charge) up to 15<sup>th</sup> October 2020

<sup>2</sup> Held the post of Government Director up to 31<sup>st</sup> December 2020

<sup>3</sup> Completed term as an Independent Director on 05<sup>th</sup> April 2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru  
Date : 26<sup>th</sup> July 2021

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS No. 8554 ::C P No. 7773  
UDIN:F008554C000684625

**Annexure - b**

## DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31<sup>st</sup> March, 2021.

For and on behalf of the Board

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## **CEO / CFO CERTIFICATION**

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

**To**  
**The Board of Directors of ITI Ltd.**

We have reviewed the financial statements and the cash flow statement of ITI Limited for the year ended 31<sup>st</sup> March 2021 and that to the best of our knowledge and belief, we state that:

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

Place: Bengaluru  
Date: 07<sup>th</sup> October, 2021

**Rajeev Srivastava**  
Director Finance & Chief Financial Officer

**Rakesh Mohan Agarwal**  
Chairman and Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members of ITI Limited**

I, D Venkateswarlu, Secretarial Auditor of ITI Limited (CIN: L32202KA1950GOI000640) ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended March 31, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraph C, D and E of the Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')

### Management's responsibility:

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance in the SEBI Listing Regulations.

### Auditors' Responsibility:

My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I have carried out examination of relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India.

### Opinion:

Based on my examination of the relevant records and according to the information and explanations provided to me and the representation made by the directors and management of the Company, I certify that the Company has complied with the conditions of Corporate Governance as specified and stipulated in Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraph C, D and E of the Schedule V of the Listing Regulations during the year ended March 31, 2021 subject to the following:

- **the Company has not complied with the provisions of Regulation 17 (1) of LODR with respect to Composition of Board of Directors of the Company {for not having woman Independent Director and proper balance of Independent Directors}**

I further report that during the audit period, the Company has time up to 2<sup>nd</sup> August 2021, for compliance of minimum 25% public shareholding requirement in accordance with Regulation 38 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Securities Contract (Regulations) Rules, 1957 amended vide notification dated 03<sup>rd</sup> August 2018.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru  
Date : 26<sup>th</sup> July 2021

**D VENKATESWARLU**  
Practicing Company Secretary  
FCS No. 8554 ; C P No. 7773  
UDIN:F008554C000684658



## ITI's Initiatives to Combat COVID-19

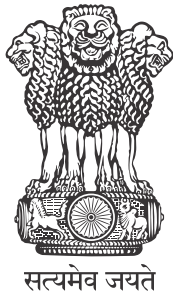


ITI Limited organized mass sanitation drive in factory, offices, hospital, school, township and commercial complexes during the month of April 2020 to fight and contain the spread of coronavirus



ITI Limited organized distribution of ration kits to the needy during nationwide lockdown as part of Corporate Social Responsibility (CSR) during the month of April 2020





# PM CARES

## Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund

ITI Limited extended support for the noble cause of fighting the coronavirus, containment & relief efforts against Covid-19 and contributed Rs.1.14 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)



ITI Limited forays into manufacturing of Face Shield, Face Mask, Manual Sanitizer Dispenser and Sanitizing Chamber at its manufacturing plants to fight against the pandemic Covid-19 to strengthen Government of India's initiative of 'Atmanirbhar Bharat Abhiyan'



As part of 'Jan Andolan' Campaign for COVID-19 Appropriate Behavior, senior officers and employees of ITI Limited distributed Face Shields to the general public and traffic police at KR Puram market place, Bus stand, Auto stand and Petrol Bunk on October 13, 2020



ITI Limited organized webinar on COVID-19 Awareness for employees to enable them to be proactive about their health and well-being during the pandemic through video conference across its plants on October 14, 2020

ITI Bangalore Plant organized Covid-19 vaccination drive for its employees and dependent family members at ITI Hospital, Bengaluru



### New Business Initiatives



ITI Limited signs a contract with Ministry of Defense to implement Rs. 7,796 Crore Army Static Switched Communication Network (ASCON) Phase IV project for deploying strategic network for secured communication across the country. The contract was signed by Shri R M Agarwal, CMD, ITI Limited and Joint Secretary & Acquisition Manager (Land Systems), Ministry of Defense, Government of India in New Delhi on October 1, 2020



ITI Limited signs a Transfer of Technology (ToT) agreement with Defence Research & Development Organization (DRDO) to manufacture Portable Ventilators at its manufacturing plants



ITI Limited signs MoU with Iltantus Technologies to deliver Make-in-India, world-class Identity and Access Management (IAM) Solution to Government Agencies, Defense & PSUs



ITI Limited signs MoU with Tata Consultancy Services (TCS) to work in 4G/5G, different IT Projects and Solutions

### Awards Gallery



ITI Limited bags National Awards for Excellence in PSU. The 'CEO with HR Orientation Award' was presented to Shri R M Agarwal, CMD and 'HR Excellence Award' was presented to Shri Shashi Prakash Gupta, Director (HR) on October 14, 2020 in a virtual awards ceremony organized by World HRD Congress



Global IPV6 Forum Confers Shri R M Agarwal, CMD, ITI Limited with New Internet IPV6 Hall of Fame for the year 2020 for his exemplary contributions for proliferation of IPv6 usage among various stakeholders leading to effective deployment of IPv6 in India during the Virtual Launch of Bharat IPv6 Forum on January 12, 2021

## Awards Gallery



ITI Palakkad Plant won Suraksha Puraskar for Outstanding Safety Performance for achieving the lowest frequency rate of accidents in the category 'large size engineering industries' in industrial safety for the year 2020 during the National Safety Week Celebrations 2021 organized by National Safety Council, Cochin on March 4, 2021

## Events Gallery



ITI Limited celebrated 74<sup>th</sup> Independence Day across all its plants/units with fervor and patriotism on August 15, 2020. Shri R M Agarwal, CMD, ITI Limited hoisted the tricolor national flag in the presence of Shri Shashi Prakash Gupta, Director (HR), senior officers, employees, representatives of employees' union and officers' association. On the occasion, Shri R M Agarwal distributed corporate performance awards to the employees for their outstanding contribution towards the Company

## Events Gallery



ITI Limited observed Vigilance Awareness Week 2020 across its plants from October 27 to November 2, 2020 complied with the directives of Central Vigilance Commission on the theme 'Satark Bharat, Samriddh Bharat' (Vigilant India, Prosperous India). Shri R M Agarwal, CMD, ITI Limited released a knowledge leaflet of Do's & Don'ts on 'Preventive Vigilance' for internal circulation to all employees

## Events Gallery



ITI Limited observed National Constitution Day across its plants to commemorate the adoption of the Constitution of India on November 26, 2020. To mark the day, Shri Shashi Prakash Gupta, Director (HR) and Shri D. Venkateswarlu, Director (Production) read out the Preamble of Constitution along with senior officers and employees



ITI Limited holds 70<sup>th</sup> Annual General Meeting on December 4, 2020 through video conference from its Registered & Corporate Office. Shri R M Agarwal, CMD, ITI Limited presided over the meeting in the presence of Shri Shashi Prakash Gupta, Director (HR), Shri D. Venkateswarlu, Director (Production), Shri Rajeev Srivastava, Director (Finance), Dr Rajesh Sharma, Government Nominee Director (DDG-SU), Shri Rajen Vidyarthi, Independent Director, Dr K R Shanmugam, Independent Director, Lt. General Rajeev Sabherwal and Smt S Shanmuga Priya, Company Secretary



Shri R M Agarwal, CMD, ITI Limited flagged off the first consignment of communication racks for ASCON-IV Project in the presence of Shri Shashi Prakash Gupta, Director (HR), Shri D. Venkateswarlu, Director (Production), Shri Sanjay Satyapriya, GM (BGP & R&D), Unit Head, Bangalore Plant and senior officers on January 18, 2021 at ITI Bangalore Plant. These racks are completely designed and fabricated at ITI Bangalore Plant complied with Restriction of Hazardous Substances (RoHS) Directive



Shri Javeed Ahmad, IPS (Retd.), Independent External Monitor (IEM) visited ITI Limited on January 7, 2021. Shri R M Agarwal, CMD, ITI Limited along with Shri Shashi Prakash Gupta, Director (HR), Shri D. Venkateswarlu, Director (Production), Shri Rajeev Srivastava, Director (Finance) and Shri Rakesh Chandra Tiwari, Director (Marketing) welcomed him at Corporate Office



ITI Limited observed 'Swachhata Pakhwada' across its plants/units as part of 'Swachh Bharat Mission' of GoI from November 16 to 30, 2020 complied with the directives of DoT, Ministry of Communications. Shri Shashi Prakash Gupta, Director (HR) spearheaded cleanliness drive 'Shramadan' on November 21, 2020 at ITI township B area to encourage employees and residents towards maintaining cleanliness

ITI Limited celebrated International Women's Day with the theme 'Choose to Challenge' across its plants/units on March 8, 2021. The event began with lamp lighting ceremony by the dignitaries at ITI Bangalore Plant and was witnessed by other units and offices through video conference. On the occasion, the prize winners of women's day competitions were felicitated by ITI management



Visit of Parliamentary Standing Committee on Information Technology to ITI Srinagar Unit on 3<sup>rd</sup> September, 2021





## STANDALONE FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareilly Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

#### 1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

#### Basis of Measurement:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value:

- a. Derivative financial instruments, if any
- b. Financial assets and liabilities that are qualified to be measured at fair value
- c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

#### 2) Use of Estimates

The preparation of the financial statements in conformity with the IndAS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable

and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

#### 3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

#### 4) Revenue Recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

##### a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

##### b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

##### c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.



**d. Bill and Hold Sales**

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- i. it is probable that delivery will be made;
- ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;
- iii. the buyer specifically acknowledges the deferred delivery instructions;

the usual payment terms apply

**e. Services and Construction contracts**

Revenue on time-and-material and unit of work-based contracts, are recognized as the related services are performed. Fixed-price maintenance revenue is recognized rateably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or rateably using a percentage-of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Some contracts include multiple performance obligations, such as the supply of systems, equipment etc., and maintenance services. Consideration towards maintenance services is therefore identified and accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

For other fixed-price contracts, revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

**f. Interest income**

Interest income is recognized using the effective interest rate method.

**g. Dividend**

Dividend income is recognised when the Company's right to receive dividend is established

**h. Rental income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

**i. Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

**j. Other Income**

Other Income not specifically stated above is recognised on accrual basis.

**5) Property, plant and equipment, Capital Work-in progress**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

**Capital work-in-progress**

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

**6) Intangible Assets, Intangible Asset under Development**

a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development

b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

c. Cost of developmental work under progress, wherever eligible,



is classified as "Intangible Assets under Development".

- d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

## 7) Research and development expenses:

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

## 8) Impairment of Non-financial assets

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

## 9) Depreciation /Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

- a. Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.
- b. In respect of assets sold, discarded, damaged or destroyed on or before 15th day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15th of the month depreciation is reckoned in full for the month of deletion.
- c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.
- d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Amortization

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

## Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars	(Years)
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate:- Servers & Networks	6
(c) Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8
G. Assets costing less than Rs 5,000/- are depreciated @ 100%	
However, in respect of assets having original cost of Rs 50,000/- and above, a residual balance of Rs 5/- has been retained in the books.	

## 10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

### Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12

months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

#### Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

#### 11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

#### 13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

#### 14) Inventories

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

Raw materials and production stores with ancillaries and fabricators are valued at lower of cost at the time of such issue and net realizable value, after providing for obsolescence, if any.

Manufactured items in stock and stock-in-trade are valued at lower of cost excluding interest charges, administration overheads & sales overheads and at the net realisable value, after providing for obsolescence, if any.

Precious metals scrap is brought to books at the year end at net realizable value.

#### 15) Work-in-process

a. Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration & sales overheads and at the net realisable value, after providing for obsolescence, if any.

b. Work-in-process (Installation) is valued at lower of cost as recorded in the work orders and net realizable value, after providing for obsolescence, if any.

#### 16) Tools and Gauges

Expenditure on special purpose tools and fixtures is initially capitalized at cost and then amortized over production on a systematic basis, based on technical assessment.

Loose tools are charged to revenue at the time of issue.

#### 17) Financial assets (Trade Receivables & Other receivables)

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

#### 18) Errors and Estimates

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest

prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

## 19) Income taxes

Income tax comprises of current and deferred income tax

### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

### Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

## 20) Warranty Liability

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

## 21) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

## 22) Employee benefits

- Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- Post-employment benefit viz. gratuity and other long-term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services.

Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.

- Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.
- Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.
- Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company remits the contribution to the ITI Employees' Provident Fund Trust. The trust after making a portion of contribution to the government-administered pension fund as per the regulations, invests the remaining funds in specific designated instruments as permitted by appropriate regulations. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government.

## 23) Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements. However, contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote and contingent assets where an inflow of economic benefits is probable are disclosed in the notes.

### Onerous Contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than

the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

#### 24) Fair value measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### 25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

#### 26) Financial Instruments

##### a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

##### b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost,
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI),
- iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),
- iv. Equity instruments (other than investments in associates –

which is carried at cost) measured at fair value through other comprehensive income (FVTOCI).

#### Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset has expired.

#### Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

#### 27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### 28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

#### 29) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. In case of dues outstanding for a significant period of time, on a case to case basis

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

#### 30) Financial Liabilities

##### a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

**b. Subsequent measurement**

Measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss.
- ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**c. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**d. Trade and other payables**

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

**31) Reclassification of Financial Instruments**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no

reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

**32) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**33) Cash dividend and non-cash distribution to equity shareholders**

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

**34) Earnings per share**

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

**35) Events after the reporting period**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
 Chartered Accountants  
 Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
 Partner  
 M. No. 208063

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Director Finance / Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

For & On Behalf of Board of Directors

Place: Bengaluru  
 Date : 22.06.2021

## Standalone Balance Sheet as at 31.03.2021

₹ in Lakhs

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant & Equipment	1	263291.77	262529.22
(b) Capital work-in-progress	2	16887.03	18863.34
(c) Investment Property	3	6746.53	6747.60
(d) Goodwill		0.00	0.00
(e) Intangible assets		0.00	0.00
(f) Intangible assets under development		0.00	0.00
(g) Biological Assets other than bearer plants		0.00	0.00
(h) Financial Assets			
(i) Investments	4	40.55	40.55
(ii) Trade receivables	4a	35272.92	35935.90
(iii) Loans	5	7.41	17.02
(iv) Others		0.00	0.00
(i) Deferred Tax Assets (net)		0.00	0.00
(j) Other non current assets		0.00	0.00
		<b>32246.21</b>	<b>0.00</b>
<b>(2) Current assets</b>			
(a) Inventories	6	19369.90	17333.53
(b) Financial Assets			
(i) Investments		0.00	0.00
(ii) Trade receivables	7	255210.33	276113.88
(iii) Cash and cash equivalents	8	2793.67	3977.98
(iv) Bank Balances other than (iii) above	8(a)	51969.87	20528.77
(v) Loans	9	55764.32	57288.16
(vi) Unbilled Revenue	9(a)	171118.91	62329.29
(vii) Others		0.00	0.00
(c) Current Tax Assets (Net)		0.00	0.00
(d) Other current assets	10	9046.15	6598.58
		<b>565273.16</b>	<b>6598.58</b>
<b>TOTAL</b>		<b>887519.37</b>	<b>444170.19</b>
			<b>768303.82</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	11	93352.29	92511.95
(b) Other Equity	12	148653.34	135748.42
		<b>242005.63</b>	<b>228260.37</b>
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Government Grants Unutilised	13	4731.62	11407.13
(b) Financial Liabilities			
(i) Borrowings	14	30000.00	18000.00
(ii) Trade Payables		0.00	0.00
(iii) Others	15	7311.62	13392.97
(c) Provisions	16	5324.90	7433.80
(d) Deferred Tax Liabilities (Net)		0.00	0.00
(e) Other Non-Current Liabilities		0.00	0.00
		<b>47368.14</b>	<b>50233.90</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	116426.36	103558.39
(ii) Trade payables	18	188566.66	192098.58
(iii) Others	19	173446.20	121138.04
(b) Provisions	20	13664.58	12703.60
(c) Current Tax Liabilities (Net)		0.00	0.00
(d) Other current liabilities	21	106041.80	60310.94
		<b>598145.60</b>	<b>489809.55</b>
<b>TOTAL</b>		<b>887519.37</b>	<b>768303.82</b>

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

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

For & On Behalf of Board of Directors

**GOPALKRISHNA HEGDE**  
Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 22.06.2021



## Statement of Standalone Changes in Equity

### A. Equity Share Capital

₹ in Lakhs

Particulars	Amount
Balance as at 01.04.2020	92512
Changes during the year	840
Balance as at 31.03.2021	93352

### B. Other Equity

₹ in Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
Balance as at 01.04.2019	5,500.00	274,897.30	29.61	-204,966.85	-	7,894.12	83,354.19
Profit or Loss for the Year	-	-	-	14,747.83	-	-	14,747.83
Prior period items/Adjustments*	-	-	-	-	-	-	-
Other Comprehensive income for the Year	-	-	-	-	-	391.77	391.77
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-	-	-
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-13,188.05	30,930.00	11,824.66	-	-	-	29,566.61
Transfer to Equity Share Capital	-2,811.95	-	-	-	-	-	-2,811.95
Balance as at 31.03.2020	0.00	305,827.30	11,854.27	-190,219.01	-	8,285.89	135,748.42
Profit or Loss for the Year	-	-	-	1,120.19	-	-	1,120.19
Prior period items/Adjustments*	-	-	-	-	-	-	-
Other Comprehensive income for the Year	-	-	-	-	-	1,959.55	1,959.55
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-	-	-
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-9,659.66	-	9,825.17	-	-	-	165.51
Transfer to Equity Share Capital	-840.34	-	-	-	-	-	-840.34
Balance as at 31.03.2021	0.00	305,827.30	21,679.44	-189,098.82	-	10,245.44	148,653.34

#### Note - Adjustment for prior period items -

- The Company had revalued its land and buildings in the year 2005-06 and under the previous GAAP carried a revaluation reserve in their books. During migration to INDAS, the Company, used the optional exemptions and elected to measure all of its property, plant and equipment at their previous GAAP carrying value and had chosen the cost model. Under such circumstances, the revaluation reserve was required to be transferred to retained earnings. However, erroneously the carrying amount of such revaluation reserve of Rs.235436.85 lakhs on 1-4-2016 was carried into the migrated IND AS financial statements as Revaluation Reserve and shown under Other Equity. This error was identified and rectified in this year by transferring the balance in the revaluation reserve to the retained earnings.
- GST ineligible input credit of Rs.209.68 lakhs of 2017-18 was erroneously carried as an asset (recoverable) in the balance sheet. The error was identified during the year and rectified in the prior period.
- During 2019-20, payments amounting to Rs.1744.41 lakhs were made towards PL Encashment for employees who retired during the past years and for which provision was omitted to be made in the past. The error was rectified in 2019-20.
- Further to the rectification made in 2019-20 as mentioned in (c) above, provision for the remaining amount of non-provision of PL Encashment for employees who retired in the past, is identified and rectified during 2020-21.

Particulars	Opening Balance Brought forward as on 1st, April 2019	Adjustment for rectification of Prior Period errors	Restated Opening Balance as on 1st April 2019
(a) Revaluation Reserve	233457.43	(-)2,33,457.43	Nil
(b) Taxes & Duties input	6149.89	(-) 209.68	5,940.21
(c)Retained Earnings:-	(-)4,32,108.90		
i.) Revaluation Reserve		(+) 2,33,457.43	
ii.) Taxes & Duties input		(-)209.68	
iii.) PL Encashment during 2019-20		(-)1,744.41	
iv.) PL Encashment during 2020-21		(-) 4,361.29	(-) 2,04,966.85

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

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

For & On Behalf of Board of Directors

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 22.06.2021

**Standalone Statement of Profit and Loss for the year ended 31.03.2021** ₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>INCOME</b>			
I. Revenue from operations	22	236218.27	205886.86
II. Other Income	23	16137.35	18389.34
III. Total Revenue (I +II)		252355.62	224276.21
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	17564.94	8903.67
Purchase of Stock-in-Trade	25	27012.54	41867.91
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(854.95)	(4029.07)
Installation & Maintenance Charges		147233.49	111351.20
Employee benefit expense	27	29043.80	23100.74
Finance costs	28	15959.18	14065.89
Depreciation and amortization expense	29	4184.84	4189.20
Other expenses	30	11091.58	10078.81
<b>Total Expenses</b>		<b>251235.43</b>	<b>209528.37</b>
V. Profit/(Loss) before exceptional items and tax (III-IV)		1120.19	14747.84
<b>VI. Exceptional Items</b>			
(i) Income		0.00	0.00
(ii) Expenses		0.00	0.00
VII. Profit/(Loss) before tax (V + VI)		1120.19	14747.84
<b>VIII. Tax expense:</b>			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
IX. Profit(Loss) for the year (VII-VIII)		1120.19	14747.84
<b>X. Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		1959.55	391.77
B. (i) Items that will be reclassified to profit or loss		0.00	0.00
XI. Total Comprehensive Income for the year (IX+X)Comprising Profit (Loss) and Other.comprehensive Income for the year )		3079.75	15139.60
<b>XII. Earnings per equity share (for continuing operation):</b>			
Basic & Diluted (Face value of ₹ 10/- each):		0.12	1.64
Weighted average number of shares		926293676	897616318

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

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

For & On Behalf of Board of Directors

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 22.06.2021

## Standalone Cash Flow Statement for the year ended 31.03.2021

₹ in Lakhs

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>1120.19</b>	<b>14747.84</b>
Adjustment For :		
Depreciation	4184.84	4189.20
Financing Charges	15959.18	14065.90
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1160.60)	(1571.14)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(2810.64)	(179.31)
Transfer From Grant-In-Aid	(6675.51)	(8979.33)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	1959.55	391.77
Non-Cash Expenditure	1201.29	1486.66
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>13778.30</b>	<b>24151.58</b>
Adjustment For:		
Trade And Other Receivables	(89334.86)	(64665.58)
Inventories	(2037.71)	(2804.24)
Trade Payables	87277.99	23567.90
Direct Taxes Paid	(3.64)	62.13
<b>CASH GENERATED FROM OPERATIONS</b>	<b>9680.07</b>	<b>(19688.21)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9680.07</b>	<b>(19688.21)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(2968.68)	(6392.38)
Sale Of Fixed Assets	2810.64	179.31
Investments	0.00	0.00
Interest Received	1160.60	1571.14
Proceeds from maturity/Deposit of Other Bank Balances	(31441.11)	(2846.01)
Dividend Received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(30438.54)</b>	<b>(7487.93)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	24867.83	(4312.29)
Share Application Money	10500.00	10500.00
Adjustment with surplus	165.51	(3107.80)
Grant-In-Aid Received	0.00	39470.00
Financing Expenses	(15959.18)	(14065.90)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>19574.14</b>	<b>28484.02</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>(1184.32)</b>	<b>1307.88</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>3977.99</b>	<b>2670.13</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2793.66</b>	<b>3977.99</b>

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

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
 Chartered Accountants  
 Firm Reg No.: 000863S

For & On Behalf of Board of Directors

**GOPALKRISHNA HEGDE**  
 Partner  
 M. No. 208063

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Director Finance / Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

Place: Bengaluru  
 Date : 22.06.2021

# Notes to the Standalone Financial Statements

Note No.1

Property, Plant & Equipment

₹ in Lakhs  
FY 2020-21

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2021	
	GROSS AMOUNT 01.04.2020	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2021	ACCUMULATED DEP. 01.04.2020	FOR THE YEAR	DELETION		ADJUSTMENTS
LAND:										
-FREE HOLD*	221,170.52	-	111.67	-	221,058.84	-	-	-	-	221,058.84
-LEASE HOLD***	777.13	-	-	-	777.13	1.08	0.27	-	-	1.35
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
BUILDING**	13,081.37	1,484.15	9.49	-	14,556.03	3,132.84	749.07	0.35	-	3,881.55
PLANT& MACHINERY***	36,059.89	3,376.83	-	-	39,436.72	7,837.24	3,047.56	-	-	10,884.80
OTHER EQUIPMENT	3,083.64	30.08	-	4.50	3,109.22	876.31	301.13	-	-	1,177.44
OFFICE MIC & EQPT	281.17	62.78	-	-	343.94	189.93	50.79	-	-	240.72
FURNITURE FIXTURE & FITTINGS	70.49	5.29	-	-	75.78	36.83	5.02	-	-	41.85
VEHICLES	138.62	-	-	-	138.62	59.37	14.35	-	-	73.72
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-
RIGHT OF USE (CAR LEASE)	-	102.03	-	-	102.03	-	5.10	-	-	5.10
<b>TOTAL</b>	<b>274,662.82</b>	<b>5,061.16</b>	<b>121.16</b>	<b>4.50</b>	<b>279,598.31</b>	<b>12,133.59</b>	<b>4,173.29</b>	<b>0.35</b>	<b>-</b>	<b>16,306.53</b>

Property, Plant & Equipment

₹ in Lakhs  
FY 2019-20

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2020	
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION		ADJUSTMENTS
LAND:										
-FREE HOLD*	221,829.19	-	658.67	-	221,170.52	-	-	-	-	221,170.52
-LEASE HOLD***	118.46	658.67	-	-	777.13	0.81	0.27	-	-	1.08
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
BUILDING**	11,217.80	1,863.57	-	-	13,081.37	2,270.67	862.17	-	-	3,132.84
PLANT& MACHINERY***	34,000.32	2,059.56	-	-	36,059.89	4,922.70	2,914.54	-	-	7,837.24
OTHER EQUIPMENT	3,034.60	49.04	-	-	3,083.64	550.31	326.00	-	-	876.31
OFFICE MIC & EQPT	257.99	23.18	-	-	281.17	135.60	54.34	-	-	189.93
FURNITURE FIXTURE & FITTINGS	52.17	18.32	-	-	70.49	31.23	5.59	-	-	36.83
VEHICLES	138.62	-	-	-	138.62	41.85	17.51	-	-	59.37
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>270,649.15</b>	<b>4,672.34</b>	<b>658.67</b>	<b>-</b>	<b>274,662.82</b>	<b>7,953.17</b>	<b>4,180.42</b>	<b>-</b>	<b>-</b>	<b>12,133.59</b>

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

### Notes:

1. There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. There is a charge on title of property, plant and equipment, and other assets of the company in favour of various lenders for an aggregate amount of Rs. 357694 lakhs as these assets are pledged as security for liabilities.
4. Non Availability of Title Deeds

Bangalore: - ITI Ltd is in possession of 435 acres of land at K.R. Puram. Out of this, the Company is having title deeds for an area of approximately 375 acres. For balance area, only record of rights exist with the Company for use of land and proper title deeds are not held by the Company.

Mankapur: Out of 191.03 acres of land purchased from private owners, title deed for 41.77 acres land are not available with the management.

Naini: - ITI Complex land (174.69 acres) was handed over by District Industrial Officer in 1969. The title deed of this land is still not transferred in the name of M/s ITI Ltd.

Palakkad: - The Company has Title/Lease deeds properties except in respect of land admeasuring 77 acres which has been resumed by Govt of Kerala and is under adjudication before apex court

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020	
<b>NOTE NO. 2</b>			
<b>CAPITAL WORK-IN-PROGRESS</b>			
Capital Work-in-Progress at Cost	6653.06	6603.03	
Less: Provision	0.00	0.00	
<b>TOTAL</b>	<b>6653.06</b>	<b>6603.03</b>	<b>6603.03</b>
Materials with Contractors	28.93	28.93	
Less : Provision	28.93	28.93	
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Machinery at Cost</b>			
In-Transit	339.75	331.63	
Awaiting Acceptance / Installation	9900.74	11935.21	
	10240.49	12266.84	
Less:Provision	6.53	6.53	
<b>TOTAL</b>	<b>10233.96</b>	<b>12260.31</b>	<b>12260.31</b>
<b>GRAND TOTAL</b>	<b>16887.03</b>	<b>18863.34</b>	<b>18863.34</b>

₹ in Lakhs  
FY 2020-21

PARTICULARS	GROSS BLOCK					DEPRECIATION					Net Carrying Value as at 31.03.2021
	GROSS AMOUNT 01.04.2020	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2021	ACCUMULATED DEP. 01.04.2020	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2021	
LAND	6,395.87	-	-	-	6,395.87	-	-	-	-	-	6,395.87
BUILDING	372.86	9.49	-	-	382.35	21.49	10.21	-	-	31.69	350.66
<b>TOTAL</b>	<b>6,768.73</b>	<b>9.49</b>	<b>-</b>	<b>-</b>	<b>6,778.22</b>	<b>21.49</b>	<b>10.21</b>	<b>-</b>	<b>-</b>	<b>31.69</b>	<b>6,746.53</b>

₹ in Lakhs  
FY 2019-20

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

Note No.3  
Investment Property:

Investment Property:

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

### Notes:

- i) (a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.
- (b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bangalore & Mankapur) are yet to be executed by the respective State Governments.
- (c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.
- (d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.
- ii) 1.83 acres of land is leased to Southern Railways and 0.286 acres of land is leased to ESI corporation.
- iii) (a) BSNL Telephone Exchange having area of 0.5733 acres of land
- (b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land
- (c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land
- (d) EPFO, F-28 Bldg. having area of 0.6069 acres of land
- (e) Thumbay Aviation [Halipad - EC Plant] having area of 0.9182 acres of land
- (f) Embassy Services Pvt. Ltd. having area of Land and Building 0.776 acres and 6300 Sq.meters respectively.
- iv.) The company is still in the process of obtaining the fair values of various investment properties and hence the disclosure of this information could not be given.

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020	
<b>NOTE NO. 4</b>			
<b>NON- CURRENT FINANCIAL ASSETS-INVESTMENTS</b>			
Investment in Equity instruments			
Fully Paid at Cost (unquoted)	40.55	40.55	
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited			
TOTAL	40.55	40.55	40.55
As per IND AS 27 Separate Financial Statements, Investment in Joint Ventures is being carried at cost in the Standalone Financial Statements.			
<b>NOTE NO. 4 (a)</b>			
<b>STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>			
Secured			
Considered Good			
Considered Doubtful	0.00	0.00	
	0.00	0.00	
Less: Provision	0.00	0.00	
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	
Un Secured			
Considered Good			0.00
-Gujnet	0.00	0.00	
-Others	35272.92	35935.90	
Considered Doubtful	0.00	0.00	
	35272.92	35935.90	
Less: Provision	0.00	0.00	
TOTAL	<b>35272.92</b>	<b>35935.90</b>	<b>35935.90</b>
<b>GRAND TOTAL</b>	<b>35272.92</b>	<b>35935.90</b>	<b>35935.90</b>



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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 5</b>		
<b>NON CURRENT FINANCIAL ASSETS - LOANS</b>		
<u>Secured and considered good :</u>		
Capital Advances	0.00	0.00
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<u>Considered Doubtful :</u>	0.00	0.00
Capital Advances	1.62	1.62
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>TOTAL</b>	1.62	1.62
Less: provision	1.10	1.10
<b>TOTAL SECURED LOANS &amp; ADVANCES</b>	<b>0.52</b>	<b>0.52</b>
<u>Unsecured and considered good :</u>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	6.89	16.50
<u>Considered Doubtful:</u>	0.00	0.00
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
<b>TOTAL</b>	6.89	16.50
Less: provision	0.00	0.00
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>6.89</b>	<b>16.50</b>
<b>GRAND TOTAL</b>	<b>7.41</b>	<b>17.02</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 6</b>		
<b>INVENTORIES</b>		
a) Raw material and Production stores	8604.73	8377.69
Less: Provision for Obsolescence	1754.22	1755.35
	<b>6850.51</b>	<b>6622.34</b>
b) Material issued against Fabrication Contracts	96.91	96.91
Less: Provision	95.47	95.47
	<b>1.44</b>	<b>1.44</b>
c) Non-Production Stores	872.01	847.26
Less: Provision for Obsolescence	237.41	237.41
	<b>634.60</b>	<b>609.85</b>
d) Work-in-Process Production	7406.75	7882.95
Less: Provision	606.76	606.76
	<b>6799.99</b>	<b>7276.19</b>
e) Work-in-Process Installation	0.00	0.00
Less: Provision	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
f) Manufactured Components	2146.64	1151.63
Less: Provision	40.13	40.13
	<b>2106.51</b>	<b>1111.50</b>
g) Finished Goods		
Stock-in-Trade	2354.31	2131.12
Excise Duty thereon	0.44	0.44
	<b>2354.75</b>	<b>2131.56</b>
Less: Provision	1019.56	1019.56
	<b>1335.19</b>	<b>1112.00</b>
h) Stock Reconciliation Account	19.47	10.33
Less: Provision	10.33	10.33
	<b>9.14</b>	<b>0.00</b>
i) Goods Pending Inspection / Acceptance		
	<b>992.23</b>	<b>0.00</b>
j) Material-in-Transit Advances		
Considered Good	640.29	600.22
Considered Doubtful	238.76	238.76
	<b>879.05</b>	<b>838.98</b>
Less: Provision	238.76	238.76
	<b>640.29</b>	<b>600.22</b>
k) Material received and In-Transit Advances	0.00	0.00
l) Tools and Gauges	0.00	0.00
<b>GRAND TOTAL</b>	<b>19369.90</b>	<b>17333.53</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 7</b>		
<b>CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Un Secured		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good		
-Gujnet*	36252.05	54952.45
-Others	200944.89	206878.77
Considered Doubtful	4854.68	4651.61
	<u>242051.62</u>	<u>266482.83</u>
Other for a period of not exceeding 6 months: Considered Good		
-Gujnet*	2007.41	0.00
-Other than Gujnet	16005.99	14282.66
	<u>260065.02</u>	<u>280765.48</u>
Less: Provision	4854.68	4651.61
<b>TOTAL</b>	<b>255210.33</b>	<b>276113.88</b>
<b>GRAND TOTAL</b>	<b>255210.33</b>	<b>276113.88</b>

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is an example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis.

### NOTE NO. 8

#### CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

a) Cash-on-Transit	0.00	618.00
b) Cash on hand	32.72	59.29
c) Cheques & Stamps on Hand	0.00	0.00
d) Balance with Banks :		
- On Current Account	2760.95	3300.69
<b>TOTAL</b>	<b>2793.67</b>	<b>3977.98</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 8 (a)</b>		
CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE		
Balance with Banks :		
- On Escrow Account	11178.49	1690.53
- On Current Account (Apprentices)	1033.91	138.71
Unpaid Dividend	0.00	0.00
Security deposits/others	0.48	0.28
LC Margin money	0.00	0.00
On Savings Account(Apprentices Security Deposits	0.00	0.00
On short term deposit (margin money)	157.82	157.82
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	39599.18	18541.43
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>51969.87</b>	<b>20528.77</b>
<b>NOTE NO. 9</b>		
CURRENT FINANCIAL ASSETS - LOANS		
<u>Secured Advances recoverable in cash or for value to be received</u>		
Vehicles	0.00	0.00
House building	0.00	0.00
Other Deposits	1035.95	1046.02
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1035.95</b>	<b>1046.02</b>
<u>Un secured Advances recoverable in cash for value to be received</u>		
Considered Good	26538.18	26774.28
Considered Doubtful	536.60	896.61
	27074.78	27670.89
Less: Provision	536.60	896.61
	26538.18	26774.28
<u>Claims and Expenses Recoverable - Inland</u>		
Considered Good	24005.96	25681.22
Considered Doubtful	1002.61	992.29
	25008.57	26673.51
Less: Provision	1002.61	992.29
	24005.96	25681.22
<u>Claims and expenses recoverable - Foreign</u>		
Considered Good	9.60	9.60
Considered doubtful	1204.32	1204.31
	1213.92	1213.92
Less: Provision	1204.32	1204.32
	9.60	9.60
<u>Vehicle advance</u>	0.00	0.00
Other Deposits	4578.36	4015.30
Less: Provision	421.47	256.00
	4156.89	3759.30
Interest accrued but not due on short term deposits	17.74	17.74
<b>TOTAL</b>	<b>54728.37</b>	<b>56242.14</b>
<b>GRAND TOTAL</b>	<b>55764.32</b>	<b>57288.16</b>

- a) Claims and expenses recoverable - inland- includes ₹1690.2Lakhs recoverable from M/s HCL Infosystem Ltd . as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.
- b) Claims and expenses recoverable - inland- includes ₹140.27 Lakh is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and in our opinion, the same is realisable.
- c) Claim Recoverable - in land -includes ₹1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.
- d) Rent Receivable includes of ₹5847.9 Lakhs on a premises leased out upto the period ended 31.03.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 9 (a)</b>		
<b>Unbilled Revenue</b>		
Government		
-Gujnet*	15706.96	12111.71
-Others	155411.95	50217.58
Non Government	0.00	0.00
<b>TOTAL</b>	<b>171118.91</b>	<b>62329.29</b>

**NOTE NO. 10**

**OTHER CURRENT ASSETS**

Taxes & Duties in put	8333.09	5904.84
Deposits with Customs Department	280.24	268.00
Payment of Advance tax (Net of refunds)	10.08	6.44
Deposits with Excise Authorities	422.74	419.29
WCT Recoverable	0.00	0.00
<b>TOTAL</b>	<b>9046.15</b>	<b>6598.58</b>

**NOTE NO. 11**

**I. EQUITY SHARE CAPITAL**

a) Authorised 2,80,00,00,000 equity shares of ₹10 each	280000.00	280000.00
b) Issued 93,35,22,869 equity shares of ₹10 each	93352.29	92511.95
c) Subscribed and Fully Paid-up 93,35,22,869 equity shares of ₹10 each	93352.29	92511.95
d) Subscribed & not fully paid up	0.00	0.00
e) Par value per share	0.00	10.00
f) Calles un paid	0.00	0.00
g) Forfeited shares	0.00	0.00

h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2021 No.of shares	As at 31.03.2020 No.of shares
Number of shares outstanding O.B	925119508	897000000
Add: Issues during the year*	8403361	28119508
Less: Buy back/forfiture during the year	0.00	0.00
Number of shares outstanding C.B	<b>933522869</b>	<b>925119508</b>

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

\*The Company has allotted 84,03,361 equity shares issued at Rs.124.95 to the President of India on 09.02.2021, against capital grant of Rs.105 crores received from Government of India.

- Each holder of Equity share is entitled to one vote per share.

- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
j) List of share holders holding more than 5% shares		
Name	No. of shares held	No. of shares held
1. President of India	840698419	832295057
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
<b>II. PREFERENCE SHARES:</b>		
<b>Authorised</b>		
70000000 Preference Shares of ₹100 each	70000.00	70000.00

### NOTE NO. 12

#### OTHER EQUITY

##### 1) Capital Reserves

###### i) Free Land Gifted

O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
Total	25.30	25.30
Deductions	0.00	0.00
Closing balance	25.30	25.30

###### ii) Capital Grant in aid

As per last Balance Sheet	305802.00	274872.00
Transfer from Grant in aid (capital)	0.00	30930.00
Closing Balance	305802.00	305802.00
<b>TOTAL CAPITAL RESERVES</b>	<b>305827.30</b>	<b>305827.30</b>

##### 2) Securities premium reserve

O.B as per last B/S	11854.27	29.61
Additions	9659.66	13188.05
Total	21513.93	13217.66
Less: FPO Issue Expenses *	(165.51)	1363.39
Closing balance	21679.44	11854.27

\* The Company had filed the Red herring prospectus for FPO ( Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account in accordance with the Section 52 of the Companies Act 2013. After actual payment of FPO expense the excess estimated has been reverted by Rs. 165.51 lakhs.

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>3) Revaluation Reserve</b>		
<b>i) Revaluation reserves- Land</b>		
Opening balance as per last B/S	0.00	0.00
Less-Reversal on sale of land	<u>0.00</u>	<u>0.00</u>
Closing Balance	0.00	0.00
<b>ii) Revaluation reserves-Buildings</b>		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to General Reserve	<u>0.00</u>	<u>0.00</u>
Closing Balance	0.00	0.00
<b>TOTAL-REVALUATION RESERVE</b>	<b>0.00</b>	<b>0.00</b>
<b>4) Retained Earnings</b>		
<b>i) General reserve:</b>		
Opening balance as per last B/S	235316.63	235316.63
Prior Period Adjustment	0.00	0.00
Add: Transfer from Revaluation Reserve (Dep)	0.00	0.00
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	<u>0.00</u>	<u>0.00</u>
Closing Balance	235316.63	235316.63
<b>ii) Profit on Sale of Fixed Assets</b>		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to Surplus	<u>0.00</u>	<u>0.00</u>
Closing Balance	0.00	0.00
<b>iii) Sale of Technical know-how</b>		
As per last Balance Sheet	3.50	3.50
Less-Transfer to P&L	<u>0.00</u>	<u>0.00</u>
Closing Balance	3.50	3.50
<b>iv) Industrial Housing Subsidy</b>		
As per last Balance Sheet	6.79	6.79
Less-Transfer to P&L	<u>0.00</u>	<u>0.00</u>
Closing Balance	6.79	6.79
<b>v) Investment allowance reserve</b>		
As per last Balance Sheet	0.00	0.00
LESS: Transfer to General reserve	<u>0.00</u>	<u>0.00</u>
Closing Balance	0.00	0.00
<b>vi) Surplus</b>		
As per last Balance sheet	(425545.96)	(440293.79)
Add: Profit/(Loss) for the year	1120.19	14747.83
Add: Transfer from General Reserve	0.00	0.00
Add: Transfer from Profit on sale of fixed assets	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>(424425.77)</b>	<b>(425545.96)</b>
Less- Appropriations	0.00	0.00
Less-Transfer from P&L A/C-(Loss for the year)	<u>0.00</u>	<u>0.00</u>
<b>Closing Balance</b>	<b>(424425.77)</b>	<b>(425545.96)</b>
<b>TOTAL-RETAINED EARNINGS</b>	<b>(189098.85)</b>	<b>(190219.04)</b>
<b>5) Share application money pending allotment</b>	<b>0.00</b>	<b>0.00</b>
<b>6) Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans (Actuarial Gain)		
Opening Balance	8285.89	7894.12
Changes during the Year	<u>1959.56</u>	<u>391.77</u>
<b>Closing balance</b>	<b>10245.45</b>	<b>8285.89</b>
<b>GRAND TOTAL - OTHER EQUITY</b>	<b>148653.34</b>	<b>135748.42</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 13</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>Government Grants Unutilised:</b>		
i) <u>Free Equipment gifted</u>		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to P&L	0.00	0.00
Closing Balance	0.00	0.00
ii) <u>Grant-in-aid (Capital) :</u>		
As per last Balance Sheet	4.64	4.64
Add:Receipts during the year	0.00	0.00
<b>Total</b>	<b>4.64</b>	<b>4.64</b>
Less: Transfer to revenue GIA/Capital reserves	0.00	0.00
Less: Transfer to Profit & Loss Account	0.00	0.00
Closing Balance	4.64	4.64
iii) <u>Grant-in-aid (Revenue)</u>		
As per last Balance Sheet	11402.49	11841.82
Add : Receipts during the year*	0.00	8540.00
<b>Total</b>	<b>11402.49</b>	<b>20381.82</b>
Less: Transfer to Profit & Loss Account	6675.51	8979.33
<b>Closing Balance</b>	<b>4726.98</b>	<b>11402.49</b>
<b>GRAND TOTAL</b>	<b>4731.62</b>	<b>11407.13</b>

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

-Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities

### NOTE NO. 14

#### NON-CURRENT LIABILITIES

#### FINANCIAL LIABILITIES - LOANS

##### i) Secured Loans

Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Others	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

##### ii) Unsecured Loans

Loan from Government of India*	30000.00	18000.00
Interest accrued and due on the above	0.00	0.00
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Deferred payment liabilities	0.00	0.00
Deposits	0.00	0.00
Loans and advances from related parties	0.00	0.00
Long term maturities of finance lease obligation	0.00	0.00
Other loan - Ku Band	0.00	0.00
<b>TOTAL</b>	<b>30000.00</b>	<b>18000.00</b>
<b>GRAND TOTAL</b>	<b>30000.00</b>	<b>18000.00</b>

\*The Company received a soft loan of Rs.30,000 lakhs from the Ministry of Communications & IT, Department of Telecommunications, Government of India during the year 2014-15 for payment of salaries of employees to be repaid in five years after the Company starts earning profit with a moratorium of two years. The Company ought to have commenced repayment from the financial year 2020-21. However, it has sought extension of time for commencing the repayment as the Company is still not earning profits from its operations.



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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 15</b>		
<b>NON-CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Security deposit received	7311.62	13392.97
Interest accrued and but not due on Loan from GOI*	0.00	0.00
<b>GRAND TOTAL</b>	<b>7311.62</b>	<b>13392.97</b>
<b>NOTE NO. 16</b>		
<b>NON CURRENT PROVISIONS</b>		
<u>For privilege Leave</u>		
As per Last Balance Sheet	7378.89	7985.89
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(2110.33)	(607.00)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>5268.56</b>	<b>7378.90</b>
<u>For sick Leave</u>		
As per Last Balance Sheet	54.87	62.52
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1.46	(7.62)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>56.33</b>	<b>54.90</b>
ii) <b>Others</b>	0.00	0.00
<b>GRAND TOTAL</b>	<b>5324.90</b>	<b>7433.80</b>
<b>NOTE NO. 17</b>		
<b>CURRENT LIABILITIES</b>		
i) <u>Current Financial Liabilities - Loans</u>		
<u>Loans repayable on demand</u>		
<u>-Secured Loans</u>		
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable.	116426.36	103558.39
<u>-Unsecured Loans</u>		
Loans and advances from related parties	0.00	0.00
Deposits	0.00	0.00
Other loans and advances	0.00	0.00
<b>TOTAL</b>	<b>116426.36</b>	<b>103558.39</b>
<b>NOTE NO. 18</b>		
<b>CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>		
<u>For goods supplied</u>		
- Micro small and medium enterprises	598.18	1299.77
- Others		
- Gujnet	25664.38	37219.17
- Other than Gujnet	153938.91	141586.42
<b>TOTAL</b>	<b>180201.47</b>	<b>180105.36</b>
<u>For Expenses and Services</u>		
- Gujnet	0.00	852.65
- Other than Gujnet	5053.77	4536.97
<u>For Other Liabilities</u>	3311.41	6603.59
<b>TOTAL</b>	<b>188566.66</b>	<b>192098.58</b>

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2021.

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

**AS PER ENCLOSURE:**

Disclosure of dues/payments to micro and small 'enterprises to the extent such enterprises are identified by the company.

(a) Principal amount remain unpaid on 31.03.2021.	534.77	1210.47
(b) Interest due thereon remaining unpaid on 31.03.2021.	63.41	89.30
(c) The amount of interest paid and principal paid beyond the appointed day during the year	0.00	0.00
(d) Amount of interest due and payable for delay in payments (which have been paid beyond the appointed day during the period) but without adding interest under the MSMED Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2021.	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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO.19</b>		
<b>CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	600.00	300.00
Unpaid matured deposits and interest accrued thereon	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	1294.08	2916.03
For Other Liabilities	128735.11	82158.57
Other payables	562.46	644.18
Salary Payable	2174.45	2470.67
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1033.52	1056.60
Preference Shares*	0.00	2500.00
Deposits from Contractors	5870.04	4352.61
Misc.Liabilities	32963.74	24526.57
<b>TOTAL</b>	<b>173446.20</b>	<b>121138.04</b>

\*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Interest/Dividend has not been provided in the books of accounts.

**Preference Shares:**

a) <b>Authorised</b>		
70000000 Preference Shares of ₹100 each	70000.00	70000.00
<b>8.75% Cumulative Redeemable Preference Shares:</b>		
b) <b>Issued</b>		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	0.00	0.00
c) <b>Subscribed and Fully Paid-up</b>		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	0.00	0.00
d) Subscribed & not fully paid up	0.00	0.00
e) Calls un paid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Number of shares outstanding O.B	<b>No.of shares held</b>	<b>No.of shares held</b>
Add issues during the year	0.00	10000000
Less: Redeemed during the year	0.00	0.00
Number of shares outstanding C.B	0.00	10000000
	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
h) The rights and preferences and restrictions attaching to the above class of shares - Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares. - In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares		
<b>Name</b>	<b>No.of shares held</b>	<b>No.of shares held</b>
1. Mahanagar Telephone Nigam Ltd.	0	0
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 8.75% Cumulative Preference Shares from 2002-03 (The figures indicated are excluding Dividend Distribution Tax)	0.00	15251.37
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	0.00	0.00
<b>7% Cumulative Redeemable Preference Shares:</b>		
a) <u>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	0.00	0.00
b) <u>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	0.00	0.00
c) Subscribed & not fully paid up	0.00	0.00
d) Par value per share(₹100)	0.00	0.00
e) Calls un-paid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
	<b>No.of shares held</b>	<b>No.of shares held</b>
Number of shares outstanding O.B	0.00	20000000
Add issues during the year	0.00	0.00
Less: Redeemed during the year	0.00	20000000
Number of shares outstanding C.B	0.00	0.00
h) The rights and preferences and restrictions attaching to the above class of shares - Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares. - In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares		

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
Name	<u>No. of shares held</u>	<u>No. of shares held</u>
1. Bharat Sanchar Nigam Ltd.	0	0.00
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 7.00% Cumulative Preference Shares from 2003-04 (The figures indicated are excluding Dividend Distribution Tax)	0.00	23006.03
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	0.00	0.00
<b>NOTE NO. 20</b>		
<b>CURRENT PROVISIONS</b>		
<b>For Taxation</b>		
As per last Balance Sheet	0.00	0.00
Add: Provisions during the year	0.00	0.00
Less: Adjustments of provisions relating to earlier years	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>For Gratuity</b>		
As per Last Balance Sheet	10756.06	9678.61
Add: Provision for the year	900.38	1077.45
Less: Transfer to gratuity trust	210.00	0.00
Add: Transfer from gratuity trust	7171.33	343.76
Add: Transfer from Corporate	0.00	0.00
Less: Payments	7171.33	343.76
<b>Total</b>	<b>11446.44</b>	<b>10756.06</b>
<b>For Privilege Leave</b>		
As per Last Balance Sheet	1676.66	633.29
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1557.70	1769.24
Less: Payments	1226.32	725.86
<b>Total</b>	<b>2008.05</b>	<b>1676.67</b>
<b>For Sick Leave</b>		
As per Last Balance Sheet	3.76	2.05
Add: Provision for the year	(2.30)	1.71
Less: Payments	0.00	0.00
<b>Total</b>	<b>1.46</b>	<b>3.75</b>
<b>For L L T C provision</b>		
As per Last Balance Sheet	267.11	294.72
Add: Provision for the year	(22.83)	(25.27)
Less: Payments	35.65	2.33
<b>Total</b>	<b>208.64</b>	<b>267.11</b>
<b>GRAND TOTAL</b>	<b>13664.58</b>	<b>12703.60</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 21</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Income received in advance	0.00	0.00
Duties & Taxes	2872.50	3744.96
Advances from Customers	103169.31	56565.98
<b>TOTAL</b>	<b>106041.80</b>	<b>60310.94</b>
<b>NOTE NO. 22</b>		
<b>REVENUE FROM OPERATIONS</b>		
I) Sale of Products (net of GST)		
Sale of Finished Goods	15135.72	5400.77
Sale of Traded Goods	20795.24	12698.37
<b>TOTAL</b>	<b>35930.96</b>	<b>18099.14</b>
ii) Sale of services		
	200287.31	187787.72
iii) Other Operating Revenues:		
a) Sale of Scrap	0.00	0.00
b) Income from DLRC Project	0.00	0.00
c) Non competing fee	0.00	0.00
d) Grant In Aid-Revenue	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>236218.27</b>	<b>205886.86</b>

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>SALES UNDER BROAD HEADS :</b>		
1. NPR	0.00	0.00
2. Electronic Switching Equipments	684.30	458.43
3. MLLN	0.00	0.19
4. SIM Card	0.00	0.00
5. Transmission Equipment	0.00	0.00
6. Telephone	13.78	4.09
7. G-PoN	60.79	16.67
8. DWDM	0.00	0.00
9. Solar Panel	105.10	217.88
10. SWAN	0.00	0.00
11. APDRP	0.00	0.00
12. IT PRODUCTS	5317.03	7316.96
13. NGN	0.00	0.00
14. NFS	601.95	637.38
15. ASCON	0.00	0.00
16. DEFENCE	42.58	323.81
17. Smart Energy meters	0.00	1014.89
18. BBWT	0.00	0.00
19. HDPE Pipe	3002.48	2199.20
20. OFC	1461.43	0.00
21. MAHANET	3218.52	0.00
22. WIFI-HOTSPOT	0.00	23.65
23. GUJNET	0.00	0.00
24. BNG	0.00	0.00
25. DDOS	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
26. Min PC Mfg / Tab PC	420.40	1087.32
27. CCMS	808.95	0.00
28. MOBILE SHOWROOM	116.68	223.71
29. MCEU	5567.04	0.00
30. WIFI ACCESS POINT	0.00	0.00
31. IP ENCRYPTORS MHA	1731.01	0.00
32. LED STREET LIGHT	770.43	0.00
33. FACE SHIELD	422.80	0.00
34. SMART PARCEL DELIVERY SYSTEM	0.00	0.00
35. COMPONENT SCREENING	0.00	0.00
36. SMART CARD	8.64	0.00
37. VENTILATOR/MEDICAL DEVICES	1696.70	0.00
38. ASCON PHASE IV	0.00	0.00
39. AIRTEL FTTH ROLLOUT	3.77	0.00
40. BHARATNET ANDAMAN & NICOBAR	2055.47	0.00
41. STATE GOVT.	2257.60	4231.54
42. Others	5563.52	343.42
<b>TOTAL</b>	<b>35930.96</b>	<b>18099.14</b>
<b>Service Income under broad heads :</b>		
1. AMC	3309.39	5237.23
2. SSTP	18.72	18.33
3. NPR	0.00	0.00
4. SECC	0.00	0.00
5. Data Center	1542.67	1491.23
6. IT	1084.01	594.98
7. SWAN	0.00	0.00
8. GSM	3143.41	3429.43
9. NFS	9981.24	18938.79
10. G-PoN	47.49	89.84
11. ASCON	5908.12	7202.16
12. DEFENCE	831.41	267.51
13. NGN	353.56	515.38
14. BBWT	0.00	0.00
15. MAHANET	122570.14	52304.26
16. WIFI-HOTSPOT	62.52	223.94
17. GUJNET	10336.51	90701.83
18. BNG	574.31	178.98
19. DDOS	0.00	0.00
20. MLLN	49.05	87.17
21. CCMS	87.36	653.56
22. E-TENDERING	2262.12	3806.98
23. SMPS, SKIL DEVELOPMENT	244.62	0.00
24. FIBER NETWORK	99.78	(1701.41)
25. RAILWAY	394.61	388.14
26. NMS	110.62	(755.86)
27. E-GOVERNANCE	26.85	0.00
28. OCB	0.00	0.00
29. TPA	937.83	0.00
30. AADHAR BUSINESS/SAAS	323.94	0.00
31. TELECOM TESTING & LABS	55.62	0.00
32. AIRTEL FTTH ROLLOUT	56.60	0.00
33. BHARATNET ANDAMAN & NICOBAR	236.73	0.00
34. ASCON -PHASE IV	32839.67	0.00
35. Others	2798.40	4115.25
<b>TOTAL</b>	<b>200287.31</b>	<b>187787.72</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>Earnings in Foreign Currency</b>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>NOTE NO. 23</b>		
<b>OTHER INCOME</b>		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	1160.60	1571.14
<b>Total</b>	<b>1160.60</b>	<b>1571.14</b>
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)		
i) Profit on Sale of Assets	0.00	50.64
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>50.64</b>
ii) Commission	0.00	0.00
iii) Rent	2172.64	2105.31
iv) Lease Rent	309.15	309.15
v) Transport Charges	0.04	0.00
vi) Sale of Scrap	339.32	558.68
vii) Water Charges/Electricity Charges	6.22	5.87
viii) Forfeited Bank Guarantee	0.00	0.00
ix) Excess Provision Withdrawn	426.59	0.00
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	2043.71	4407.04
xii) Waiver of Liquidated Damages	0.23	62.55
xiii) Compensation for Srinagar Loss	0.00	0.00
xiv) Waiver of Interest Charges	0.00	0.00
xv) Transfer from Revenue Grant-in-Aid	0.00	0.00
xvi) Revenue Grant-in-Aid - VRS	6695.30	439.33
xvii) Revenue Grant-in-Aid*	0.00	8540.00
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compensation for Acquisition of Land by SWR/NHAI	2810.64	128.67
xx) Misc. Income	166.26	210.96
<b>TOTAL(i to xx)</b>	<b>14970.11</b>	<b>16818.20</b>
e) Adjustment to the carrying value of investments(write back)	0.00	0.00
f) Grants relating to Previous Years	0.00	0.00
g) Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	6.63	0.00
<b>G.TOTAL</b>	<b>16137.35</b>	<b>18389.34</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
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\*During Previous Year the Dept of Telecommunications (DoT), GOI has allocated Grant of ₹8540 lacs to the company towards meeting the liability of PF of the employees who were given VRS/VSS or whose VRS/VSS was under process as on 30.6.2018 which was approved by Dept of Expenditure, MoF. The DoT has intimated vide letter dated 31st Dec 2019 that the company may account for allocation of ₹8540 Lacs in the previous financial year 2019-20 to meet its liabilities on account of statutory dues from its own resources which will be recouped by DoT. In accordance with IndAS 20 the amount has been recognised the Grant of ₹8540 lacs as Income.

\*During the year, the company received a letter for awarding compensation of Rs.2908.02 lakhs towards compulsory acquisition of land at Bangalore by the South-Western Railways. The surplus amount of Rs.2796.34 lakhs is calculated by deducting the cost of land, which is taken as a proportion of the value of the total carrying value of land in Bangalore based on the area of land acquired that bears to the total area of land owned by the Company in Bangalore and this surplus is treated as an exceptional income.

### NOTE NO. 24

#### CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES

Opening Stock	7970.89	8880.93
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	17901.53	8279.81
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	<b>25872.42</b>	<b>17160.74</b>
Less:		
Closing Stock	8483.93	7970.89
Issue to Revenue and Others	(182.83)	282.56
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>8301.10</b>	<b>8253.45</b>
Add: Stores Indirect expenses relating to RM & Prodn. Stores	(6.38)	(3.61)
<b>CONSUMPTION</b>	<b>17564.94</b>	<b>8903.67</b>

#### Rawmaterials consumed under broad heads

##### Particulars

1. Electronic Goods & Components	17630.13	9113.06
2. MNIC	60.92	31.76
<b>TOTAL</b>	<b>17691.03</b>	<b>9144.82</b>

#### Value of Imports on CIF basis

Raw Materials and Production Stores	1697.18	3183.51
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	274.83	1214.87
<b>TOTAL</b>	<b>1972.01</b>	<b>4398.38</b>

Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption.

Particulars	2020-21		2019-20	
	₹Lakhs	%	₹Lakhs	%
Imported	2093.87	11.84	3242.28	35.45
Indigenous	15597.18	88.16	5902.52	64.55
<b>TOTAL</b>	<b>17691.05</b>	<b>100.00</b>	<b>9144.80</b>	<b>100.00</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 25</b>		
<b>PURCHASE OF STOCK-IN-TRADE</b>	27012.54	41867.91
<b>Goods purchased under broad heads</b>		
<b>Particulars</b>		
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	57.19	848.60
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	0.00	61.45
8. ASCON	0.00	0.00
9. GSM	0.00	0.00
10. IT	8475.81	6660.68
11. APDRP	0.00	0.00
12. NGN	0.00	0.00
13. Smart Energy Meters	0.00	0.00
14. Solar Panel	0.00	0.00
15. MAHANET	2904.68	0.00
16. WIFI-HOTSPOT	0.00	20.10
17. GUJNET	3677.15	27536.41
18. BNG	0.00	0.00
19. DDOS	0.00	0.00
20. Min PC Mfg / Tab PC	30.42	0.00
21. CCMS	0.00	0.00
22. MOBILE SHOWROOM	114.85	223.04
23. MLLN	0.00	0.00
24. SEM(NET)	0.00	0.00
25. MINI PC	0.00	0.00
26. OFC	1333.86	0.00
27. ONT/OLT	0.00	122.65
28. MCEU	0.00	0.00
29. WIFI ACCESS POINT	0.00	0.00
30. IP ENCRYPTORS MHA	0.00	0.00
31. LED STREET LIGHT	872.65	0.00
32. FACE SHIELD	19.84	0.00
33. SMART PARCEL DELIVERY SYSTEM	0.00	0.00
34. COMPONENT SCREENING	0.00	0.00
35. SMART CARD	0.00	0.00
36. VENTILATOR/MEDICAL DEVICES	1566.91	0.00
37. ASCON PHASE IV	3044.44	0.00
38. AIRTEL FTTH ROLLOUT	3.15	0.00
39. BHARATNET ANDAMAN & NICOBAR	0.00	0.00
40. STATE GOVT.	0.00	4232.89
41. Others	4911.59	2162.09
<b>TOTAL</b>	<b>27012.54</b>	<b>41867.91</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 26</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Accretion/(Decretion) to WIP</b>		
<b>WIP - Production :</b>		
Closing Balance	7375.41	7851.61
Less: Opening Balance	7851.61	3718.24
<b>TOTAL</b>	<b>(476.20)</b>	<b>4133.37</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>(476.20)</b>	<b>4133.37</b>
<b>WIP - Installation:</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Accretion/(Decretion) to Manufacturing Components</b>		
Closing Balance	2132.56	1137.55
Less: Opening Balance	1137.55	970.79
<b>TOTAL</b>	<b>995.02</b>	<b>166.76</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>995.02</b>	<b>166.76</b>
<b>WIP - Installation:</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision/effects of WIP	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Accretion/(Decretion) to Stock-in-Trade</b>		
<b>Stock-in-Trade :</b>		
Closing Balance	2167.11	1830.98
Less: Opening Balance	1830.98	2172.71
<b>Total</b>	<b>336.13</b>	<b>(341.73)</b>
Add: Write Off during the Year	0.00	70.67
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>336.13</b>	<b>(271.06)</b>
<b>Stock of Scrap</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>854.95</b>	<b>4029.07</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 27</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
<b>i) SALARIES &amp; WAGES</b>		
Salaries & Wages	17124.26	16798.71
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>17124.26</b>	<b>16798.71</b>
Bonus	9.23	1.87
Wage revision arrear payments	0.00	0.00
Incentive	10.85	48.55
<b>TOTAL</b>	<b>17144.34</b>	<b>16849.13</b>
<b>ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:</b>		
Providend Fund & Pension Fund	1912.01	2074.80
Employees State Insurance	12.75	7.99
Gratuity Trust Fund	900.38	1077.44
Leave Salary- PL	(554.05)	1162.24
Sick Leave	(0.85)	(5.91)
Deposit Linked		
Insurance/Group Insurance	33.01	9.12
<b>TOTAL</b>	<b>2303.25</b>	<b>4325.68</b>
<b>iii) WORKMEN AND STAFF WELFARE EXPENSES</b>		
Welfare Expenses - Canteen	286.25	343.37
Welfare Expenses - Education	39.86	38.81
Medical Expenses	496.27	576.59
LTC/LLTC	(20.17)	(24.91)
Uniforms	3.08	0.36
Others	134.28	156.45
<b>TOTAL</b>	<b>939.58</b>	<b>1090.66</b>
<b>iv) VOLUNTARY RETIREMENT SCHEME</b>		
VRS Payments	6697.07	443.49
<b>v) Actuarial Gain/(Loss)</b>	<b>1959.56</b>	<b>391.77</b>
<b>GRAND TOTAL</b>	<b>29043.80</b>	<b>23100.74</b>

**RELATED PARTY TRANSACTIONS**
**KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES**

Name	2020-21	2019-20
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director (HR)	31.32	30.15
Shri Rajeev Srivastava - Director (Finance) & CFO (w.e.f. 06.01.2020)	15.88	5.60
Shri Venkateswarlu -Director (Production)	17.84	6.59
Shri Rakesh Chandra Tiwari - Director (Marketing) (w.e.f. 07.01.2021)	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD	-	43.75
Smt Malathy Ex. CFO	-	15.92

## DISCLOSURE REPORT UNDER IND AS 19

### Defined Benefit Plan

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

#### i. Summary of results

S.N	Assets / Liability	Gratuity		Privilege Leave		Sick Leave	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a	Present value of obligation	17,148	21,655	7,277	9,056	58	59
b	Fair value of plan assets	5,701	10,899	--	--	0	--
c	Net assets / (liability) recognized in balance sheet as provision	-11,446	-10,756	-7,277	-9,056	-58	-59

#### ii. Actuarial & Demographic Assumptions

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a	Discounting Rate	6.15	6.31	6.15	6.31	6.15	6.31
b	Future salary Increase	2.00	2.00	2.00	2.00	2.00	2.00
c	Attrition at Ages	2.45	0.50	2.45	0.81	2.45	0.50

#### iii. Plan Liability

Date Ending	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Present value of obligation as at the end of the period	17,148	21,655	7,277	9,056	58	56

#### iv. Service Cost

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Current Service Cost	536	673	296	316	2	2
b)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	0	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	0	--
d)	Total Service Cost	536	673	296	316	2	2

#### v. Net Interest Cost

Particulars	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
a) Interest Cost on Defined Benefit Obligation	1,366	1,502	571	631	4	5
b) Interest Income on Plan Assets	688	774	--	--	0	--
c) Net Interest Cost (Income)	679	728	571	631	4	5

**vi. Change in Benefit Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Present value of obligation as at the beginning of the period	21,655	20,525	90,056	8,619	59	65
b)	Acquisition adjustment	--	--	--	--	0	0
c)	Interest Cost	1,366	1,502	571	631	4	5
d)	Service Cost	536	673	296	316	2	2
e)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	0	--
f)	Benefits Paid	-7,171	-344	-1,008	-721	0	--
g)	Total Actuarial (Gain)/Loss on Obligation	761	-702	-1,638	211	-7	-13
h)	Present value of obligation as at the End of the period	17,148	21,655	7,277	9,056	58	59

**vii. Bifurcation of Actuarial Gain/Loss on Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	130	-215	65	-84	0.6	-1
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	77	-1,265	36	-640	0.3	-4
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	554	778	-1740	935	-7.8	-8

**viii. Actuarial Gain/Loss on Plan Asset**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Expected Interest Income	688	774	--	--	--	--
b)	Actual Income on Plan Asset	1764	663	--	--	--	--
c)	Actuarial gain /(loss) for the year on Asset	1076	-112	--	--	--	--

**ix. Balance Sheet and related analysis**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Present Value of the obligation at end	17,148	21,655	7,277	9,056	58	59
b)	Fair value of plan assets	5,701	10,899	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-11,446	-10,756	-7,277	-9,056	-58	-59

**x. The amounts recognized in the income statement.**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Total Service Cost	536	673	296	316	2	2
b)	Net Interest Cost	679	728	571	631	4	5
c)	Net actuarial (gain) / loss recognized in the period	0	0	-1,638	211	-7	-13
d)	Expense recognized in the Income Statement	1,215	1,401	-771	1,158	-1	-6

**xi. Other Comprehensive Income (OCI)**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	-761	702	--	--
c)	Actuarial gain /(loss) for the year on Asset	1076	-112	--	--
d)	Unrecognized actuarial gain/(loss) for the year	315	590	--	--

**xii. Change in plan assets**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Fair value of plan assets at the beginning of the period	10,899	10,581	--	--	--	--
b)	Actual return on plan assets	1,764	663	--	--	--	--
c)	Employer contribution	210	--	--	--	--	--
d)	Benefits paid	-7,171	-344	--	--	--	--
e)	Fairvalue of plan assets at the end of the period	5,701	10,899	--	--	--	--

**xiii. Major categories of plan assets (as percentage of total plan assets)**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	<b>Total</b>	<b>100%</b>	<b>100%</b>	--	--	--	--

**xiv. Change in Net Defined Benefit Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Net defined benefit liability at the start of the period	10,756	9,945	9,056	8,619	59	65
b)	Acquisition adjustment	--	--	--	--	0	--
c)	Total Service Cost	536	673	296	316	2	2
d)	Net Interest cost (Income)	679	728	571	631	4	5
e)	Remeasurements	-315	-590	-1,638	211	-7	-13
f)	Contribution paid to the Fund	-210	--	--	--	0	--
g)	Benefit paid directly by the enterprise	--	--	-1,008	-721	0	--
h)	Net defined benefit liability at the end of the period	11,446	10,756	7,277	9,056	58	59

**xv. Bifurcation of PBO at the end of year in current and non current.**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Current liability (Amount due within one year)	4,754	4,010	2,008	1,677	1	4
b)	Non-Current liability (Amount due over one year)	12,394	17,645	5,269	7,379	56	55
	<b>Total PBO at the end of year</b>	<b>17,148</b>	<b>21,655</b>	<b>7,277</b>	<b>9,056</b>	<b>58</b>	<b>59</b>

**xvi. Expected contribution for the next Annual reporting period**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Service Cost	490	637	246	284	15	6
b)	Net Interest Cost	704	679	448	571	4	4
c)	Expected Expense for the next annual reporting period	1,194	1,316	694	855	19	10

**xvii. Sensitivity Analysis of the defined benefit obligation.**

a) Impact of the change in discount rate		31/03/2021	31/03/2021	31/03/2021
	Present Value of Obligation at the end of the period	17,148	7,277	58
a	Impact due to increase of 0.50%	- 228	- 109	- 1
b	Impact due to decrease of 0.50 %	235	111	1
b) Impact of the change in salary increase				
	Present Value of Obligation at the end of the period	17,148	7,277	58
a	Impact due to increase of 0.50%	234	116	1
b	Impact due to decrease of 0.50 %	- 231	- 113	- 1

**xviii. Maturity Profile of Defined Benefit Obligation**

	Year	Amount	Amount	Amount
a)	0 to 1 Year	4,754	2,008	1
b)	1 to 2 Year	3,382	1,435	10
c)	2 to 3 Year	2,640	1,061	10
d)	3 to 4 Year	1,765	705	9
e)	4 to 5 Year	1,477	634	8
f)	5 to 6 Year	1,153	478	9
g)	6 Year onwards	1,976	955	9

**xix. Summary of results**
**Leave Travel Concession**

S.N	Assets / Liability	31/03/2021	31/03/2020
a	Present value of obligation	209	267
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	-209	-267

**xx. Actuarial & Demographic Assumptions**

S.N	Particulars	31/03/2021	31/03/2020
a	Discounting Rate	6.15	6.31
b	Future salary Increase	2.00	2.00
c	Attrition at Ages	2.45	0.50

**xxi. Actuarial Value**

Present value of obligation as at the end of period (31/03/2021)	209	267
--	-----	-----

**xxii. Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013**

S.N	Particulars	31/03/2021	31/03/2020
a)	Current liability (Amount due within one year)	54	47
b)	Non -Current liability (Amount due over one year)	155	221
c)	<b>Total PBO at the end of year</b>	<b>209</b>	<b>267</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 28</b>		
<b>FINANCE COSTS</b>		
I) Interest Expense:		
Cash Credit	11965.69	10655.11
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	2456.06	1984.02
ii) Bank charges	1537.42	1356.02
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	<u>0.00</u>	<u>70.74</u>
<b>TOTAL</b>	<b><u>15959.18</u></b>	<b><u>14065.89</u></b>
Interest expenses others includes Interest on Delayed Payment of PF to Trust.		
<b>NOTE NO. 29</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Fixed Assets	4183.50	4189.16
Tools and Gauges	<u>1.34</u>	<u>0.04</u>
<b>TOTAL</b>	<b><u>4184.84</u></b>	<b><u>4189.20</u></b>
Less: Transfer from Revaluation Reserve	<u>-</u>	<u>0.00</u>
<b>NET DEPRECIATION</b>	<b>4184.84</b>	<b>4189.20</b>
<b>NOTE NO. 30</b>		
<b>OTHER EXPENDITURE</b>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<b>MANUFACTURING EXPENSES:</b>		
Cosumption of Stores and Spares	126.58	241.14
Power and Light	1512.63	1447.55
Water Charges	395.42	220.57
Excise Duty	0.00	0.00
<b>REPAIRS AND MAINTENANCE:</b>		
i)Plant Machinery and Equipment	214.23	221.83
ii)Vehicles	83.58	40.74
iii)Buildings	1128.65	678.66
iv)Other Equipments	<u>112.39</u>	<u>80.08</u>
Cost and Expenses on Tool	-	0.00
Experimental Work and Training Expenses	16.92	35.50
Expenses on Minor Equipment & Work	13.23	2.53
Royalty	-	0.00
Scrap and Salvages	-	0.11
Factory Expenses	<b>789.37</b>	<b>456.22</b>
<b>TOT CHARGES:</b>		
i)Technical Assistance	0.00	0.00
ii)Technical Knowhow fe	<u>0.00</u>	<u>0.00</u>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
iii) Documentation Charges	0.00	0.00
iv) Training Assistance	0.00	0.00
v) Others	(5.05)	(31.70)
Liquidated Damages		1388.93
Demurage Charges		-
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)		-
<b>TOTAL MANUFACTURING EXPENSES</b>	<b>5776.88</b>	<b>4959.04</b>
<b>ADMINISTRATION EXPENSES:</b>		
Rent	196.42	246.97
Rates and Taxes	1100.14	120.46
Insurance	76.26	45.40
<b>TRAVELLING EXPENSES</b>		
Inland	236.92	385.75
Foreign	0.00	0.10
Legal fees	167.67	214.30
Postage, Telegram, Telex Expenses	30.50	29.11
Telephone and Trunk Call Charges	76.08	72.13
Remuneration to Auditors		
Audit Fees	30.88	23.35
For Taxation Matters	0.15	0.76
For Company Law Matters	0.00	0.00
For Management Services	0.00	2.80
For Reimbursement of Expenses	0.16	0.27
For Other Services	0.82	1.49
CISF/ Private Security Expenses	916.19	1009.12
Printing, Stationary and Duplicating Charges	54.09	70.93
Transport Expenses	268.02	480.44
News Papers, Magazines & Periodicals	19.15	21.42
Mechanised Accounting Expenses	0.18	0.16
Lease Charges	0.00	0.00
Licence fee/Segment Charges	1.04	2.86
CSR Expenditure	6.36	64.00
Office Expenses	749.22	607.79
Provision for Obsolescence of RM Stores	0.00	305.74
Obsolete RM & Production Stores Write off	0.00	40.44
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	203.07	559.78
Bad Debts Write off	8.70	242.60
Claims and Expenses Charge off	989.51	338.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED/ Late Fees/ Penalty/ Interest	120.74	0.00
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>5252.26</b>	<b>4886.16</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>SELLING EXPENSES</b>		
Selling Agency Commission	0.02	6.16
Advertisement Expenses	25.56	24.69
Exhibition and Publicity Expenses	2.58	5.20
Packing Expenses	1.08	1.74
Forwarding Expenses	26.04	154.04
Discount Allowed	0.00	0.00
Warrenty Expenses	1.96	1.02
Sales Promotion Expenses	4.25	38.29
Entertainment Expenses	0.56	0.87
Cost of Tender Forms	0.38	1.60
<b>TOTAL SELLING EXPENSES</b>	<b>62.43</b>	<b>233.61</b>
<b>TOTAL OTHER EXPENSES</b>	<b>11091.57</b>	<b>10078.81</b>
Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.		
In case of back to back arrangements, Liquidated damages is accounted on net basis.		
<b>Expenditure in Foreign Currency :</b>		
Royalty	0.00	0.00
Knowhow	0.00	0.00
Professional / Consultation Fees	0.00	0.00
Interest	0.00	0.00
Others	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**NOTE NO. 31**
**1 Corporate information:**

ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.

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

3 An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15466.48 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1033.52 lakhs kept under Other Current Liabilities.

4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators, subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.

5 The Company is primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments. The Company is primarily operating in India, which is considered as a single geographical segment. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exempted companies engaged in the Defence production from the requirement of Segment Reporting.

6. a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd., (ISL).

	2020-21	2019-20
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party	0.00	0.00
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00

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

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director (HR)	31.32	30.15
Shri Rajeev Srivastava - Director (Finance) & CFO (w.e.f. 06.01.2020)	15.88	5.60
Shri Venkateswarlu -Director (Production)	17.84	6.59
Shri Rakesh Chandra Tiwari - Director (Marketing) (w.e.f. 07.01.2021)	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD	0.00	43.75
Smt Malathy Ex. CFO	0.00	15.92
<b>7. Earnings Per Share (for continuing operation):</b>		
Profit after tax	1120.19	14747.84
(-) Preference Dividend	0.00	0.00
Dividend tax	0.00	0.00
Profit available to equity shareholders	1120.19	14747.84
No. of Shares at beginning of the year	925119508	897000000
No. of Shares at the end of the year	933522869	925119508
Weighted average number of shares during the period	926293676	897616318
Earning per equity share (for continuing operation): Basic & Diluted( in ₹ )	0.12	1.64
8. Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indian Accounting Standard (Ind AS)-12 "Income Taxes"		
<b>9. JOINT VENTURES:</b>		
The financial reporting of interests in Joint Ventures as per Ind AS 28:		
(a) India Satcom Limited		
No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067		
Company's stake in equity participation	49%	49%
Place of incorporation of JV-India		
10. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	0.00
Commitments in respect of other contracts not provided for-	0.00	0.00
11. a) Contingent Liability in respect of		
- Outstanding letters of credit & guarantees	158979.28	69168.64
- Sales Tax demand /Service Tax/Income Tax	14301.53	14618.63
- Non receipt of C/D forms	19929.54	22150.80
- Excise Duty Demand/CENVAT Disallowance	2225.78	2225.78
- ESI demand	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04
- Claims against the Company not acknowledged as debts	20909.26	6395.02
i.) Due to the financial crunch, there have been delayed remittance of some of the statutory dues including contribution to the provident fund. The company has provided interest for the delay on an estimated basis as the actual amount of interest/penalty payable is unascertainable.		
ii.) The company has disclosed a contingent liability of Rs. 19,929.54 Lakhs towards additional central sales tax liability for non-collection/submission of C/D forms for the past years on the estimated basis. The actual liability may vary based on the collection and submission of the statutory forms and adopting the applicable tax rate at the time of tax assessments.		
iii) Out of the claims against the company not acknowledged as debt of ₹20909.26 Lakhs which includes ₹13700.00 Lakhs towards M/s. Alphon Corporation, Company has to recover ₹14025 Lakhs from BSNL on back to basis contract related to GPON.		
b) Pending litigations:-		
(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.		
(ii) Vendors have filed the case against the company involving total amount ₹100.00 lakhs and the case is pending before various forums.		
(iii) Disputed statutory liabilities of ₹16753.35 lakhs.		
(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.		
(v) Bruhat Bengaluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.		
(vi) Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.		
(vii) One employee has filed case against the company for claiming interest on 39 months wage revision arrears for ₹28.28 Lakhs and the case is pending in High Courts.		
12. Write-back of liabilities of earlier years amounting to ₹2043.71 Lakhs comprises Palakkad unit ₹1.13 Lakhs, Mankapur unit ₹2010.40 Lakhs, and ROs ₹32.18 Lakhs.		

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

₹ in Lakhs

Particulars	31.03.2021	31.03.2020		
13. Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption				
<b>Particulars</b>	<b>2020-21</b>	<b>%</b>	<b>2019-20</b>	<b>%</b>
Imported	2093.87	11.84	3242.28	35.45
Indigenous	15597.18	88.16	5902.52	64.55
<b>Total</b>	<b>17691.05</b>	<b>100.00</b>	<b>9144.80</b>	<b>100.00</b>
14. Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.				
15. The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 crores received as share capital in financial year 2016-17. During the year 2017-18 ₹337 crores has been received towards Capital Grant in Aid, out of this ₹200 crores allotted during 2017-18 and balance ₹137 crores during 2018-19. The Company also received Rs.55 crores during 2018-19 which was lying in share application money for pending allotment.  During the FY 2019-20 the company has received capital grant of Rs.10500 lakhs. For the total Capex amount of Rs 160 Crores (Rs 50 Crores + Rs 5 Crores + Rs 35 Crores+ Rs 70 Crores) received by ITI, the company allotted 2,81,19,508 equity shares @ Rs. 56.90 per share (Each Rs.10 fully paid up at premium of Rs 46.90 per share) to The President of India. The allotment was made in accordance with the Ministry of Communications vide order no. 20-36/2012-FAC.II(Pt) dated 06.09.2019 & dated 14.01.2020 at prevailing market price or average share price for three months prior to the date of allotment whichever is lower.  During the FY 2020-21 the company has received capital grant of Rs.10500 lakhs and the company has allotted the 84,03,361 equity shares @ Rs. 124.95 per share (Each Rs.10 fully paid up at premium of Rs 114.95 per share) to The President of India. The allotment was made in accordance with the BIFR order dated 08.01.2013 read with Ministry of Communications order no. 20-86/2014-FAC.II dated 02.08.2019 at prevailing market price or average share price for three months prior to the date of allotment, whichever is lower.  The company has received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transferred to units/Ros for meeting the expenditure during 2016-17 and the balance ₹308.18 lakhs has been transferred during FY 2018-19. During FY 2018-19 the company has not paid VRS expenditure and during FY 2019-20 the company has paid VRS expenditure of Rs.439.33 lakhs. During FY 2020-21 Company has paid Rs. 6675.00 lakhs to VRS optees and the balance amount is lying in the account.				
16. Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.				
17. Liquidated Damages (LD) of Rs 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.				
18. Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.				
19. Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.				
20. Land Measuring 77 Acres valuing ₹ 3850 Lakhs (Carrying Value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.				
21. <u>Value of Imports on CIF basis</u>				
Raw Materials and Production Stores	1697.18		3183.51	
Components and Spare Parts	0.00		0.00	
Material in transit	0.00		0.00	
Capital Goods	274.83		1214.87	
<b>TOTAL</b>	<b>1972.01</b>		<b>4398.38</b>	
22. Rent from C-DoT, Government of India aggregating ₹5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹9979.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17, 2017-18,2018-19, 2019-20 & 2020-21 on accrual basis is deferred, which is in conformity with IndAS-18.				
23. Write off of Trade receivables of earlier years amounting to ₹7.04 Lakhs pertains to Srinagar Unit & ₹1.66 Lakhs pertains to ROs.				

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

₹ in Lakhs

Particulars		As at 31.03.2021	As at 31.03.2020
24	Performance Indicators - Ratios		
	- Sales to Total Assets	Times	0.29
	Sales incl. Taxes/ Total Assets (Net Fixed Assets + Investments + Gross Current Assets)		0.31
	- Operating Profit to Capital employed	[%]	7.06%
	Profit before tax / (Share holders' funds + Loan funds)		12.50%
	- Profit to Sales	[%]	0.43%
	(Profit before tax to sales incl. GST)		6.28%
25	The spread of Covid-19 pandemic and subsequent restrictions during the year adversely impacted several businesses across the globe. There was a moderate impact on the company's operations/performance for the quarter and year ended on 31-03-2021. Based on the information (internal, as well as external) available up to the date of approval of these financial results, Company expects to recover the carrying amounts of trade receivables and other financial assets. The company will continue to closely monitor the developments, future economic and business outlook, and its impact on the company's future performance.		
26	ITI Limited, being a Public Sector Undertaking, the Directors on the Board of the company are appointed by the order of Government of India. The composition of Board of Directors is not as per provisions of SEBI Listing Regulations due to insufficient number of Independent Directors including women Independent Director. However, the proposal for the appointment of requisite number of Independent Directors including Women Independent Director on the Board of the company is under process with the Administrative Ministry.		
27	Pending approval from the concerned ministry on the finalisation of the lease terms and agreement, rental income on the land the newly constructed building leased out to NIFT by the Raebareli Unit has not been recognised.		
28	The company had received a claim for an amount of Rs. 338 Lakhs towards refund of the additional expenditure incurred by Advanced Numerical Research and analysis group, Hyderabad against supplies made by the company in the past. This claim was erroneously not provided for in the financial year 2019-20. The error is rectified by restating the comparative amounts for 2019-20 (the prior period presented) in which the error occurred under the line items 'Other Expenses' and 'Other Financial Liabilities' by Rs. 338 Lakhs. The impact on the Basic & Diluted Earnings Per Share is negligible.		
29	Figures in brackets indicated in the Accounts reflect negative balances.		
30	Previous year's figures have been re-grouped, re-classified & re-stated wherever necessary to conform to current year's classification.		

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

For & On Behalf of Board of Directors

**GOPALKRISHNA HEGDE**  
Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 22.06.2021

### 32. Related Party Disclosures

#### a) Associate/Joint Venture

Name of the Entity	Place of Business	Ownership Interest Held by Company		Ownership Interest Held by Non-Controlling Interests		Principal Activities
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	
INDIA SATCOM LIMITED	India	49%	49%	51%	51%	VSAT Manufacturing & Servicing

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

₹ in Lakhs

**b) Key Managerial Personnel's Details:**

Name of Directors/ Key Management Personnel's	F.Y. 2020-21	F.Y. 2019-20
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director HR	31.32	30.15
Shri Rajeev Srivastava - Director Finance (w.e.f. 15.10.2020) & CFO (w.e.f. 06.01.2020)*	15.88	5.60
Shri D. Venkateswarlu -Director Production	17.84	6.59
Shri Rakesh Chandra Tiwari - Director Marketing (w.e.f. 07.01.2021)*	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD (upto 30.09.2019)*	0.00	43.75
Smt Malathy M. Ex. CFO (upto 05.01.2020)*	0.00	15.92
Dr. Akhilesh Dube - Independent Director	1.05	0.70
Dr. K R Shanmugam - Independent Director	1.35	1.00
Shri. Mayank Gupta - Independent Director	1.25	0.85
Shri. Rajen Vidyarthi - Independent Director	1.35	0.90
Smt. Asha kumari Jaiswal - Independent Director*	0.00	1.35
Shri. Saday Krishna Kanoria - Independent Director*	0.00	0.75
Shri. Suresh Chandra Panda - Independent Director*	0.00	0.25

\* Part of the year

**b) The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :-**

Particulars	Associate/ Joint Venture
	INDIA SATCOM LIMITED
Purchase of Goods	
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	Nil
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2021	
Trade Payables Outstanding as on 31.03.2021	
Trade Receivables Outstanding as on 31.03.2021	
Investment in Equity as on 31.03.2021	₹ 40.55 Lakhs
Advances for Purchase Outstanding as on 31.03.2021	Nil

d.) All transactions dealt with related parties are on arm's length basis.

e.) All Outstanding balances (other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note f below.

f.) Loans to Related Parties.

Nil

g.) Management Contracts including deputation of Employees:-

Nil

h.) Transaction with Government and Government Related Entities :-

As ITI is a government entity under the control of Ministry of Communications (MoC), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities. However as required under Ind AS 24, following are the individually significant transactions :-

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

i.) In addition to the above, around 96.37% of the Company's Turnover, around 96.63% Trade Receivables and around 100% of Customer's Advance is with respect to government and government related entities.

## CAPITAL EXPENDITURE ON AMENITIES 2020-21

PARTICULARS	GROSS BLOCK AT COST					DEPRECIATION					NET BLOCK	
	AS AT 31-03-2020	ADDITIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	AS AT 31-03-2021	UPTO 31-03-2020	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	Upto 31-03-2021	AS AT 31-03-2021	AS AT 31-03-2020
	1	2	3	4	5= 1+2-3-4	6	7	8	9	10= 6+7-8-9	11= 5-10	12
TOWNSHIP	1103.77	0.15	0.00	0.00	1103.92	108.91	0.32	0.00	0.00	109.23	994.69	994.86
TRANSPORT	7.00	0.00	0.00	0.00	7.00	6.23	0.14	0.00	0.00	6.37	0.63	0.77
MEDICAL	7.77	0.01	0.00	0.00	7.78	3.57	0.02	0.00	0.00	3.59	4.19	4.20
CANTEEN	6.45	0.00	0.00	0.00	6.45	3.43	0.09	0.00	0.00	3.52	2.93	3.03
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.42	0.01	0.00	0.00	13.43	6.03	0.08	0.00	0.00	6.11	7.32	7.39
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05	0.03	0.00	0.00	0.00	0.03	0.02	0.02
<b>TOTAL</b>	<b>1138.46</b>	<b>0.17</b>	<b>0.00</b>	<b>0.00</b>	<b>1138.63</b>	<b>128.20</b>	<b>0.65</b>	<b>0.00</b>	<b>0.00</b>	<b>128.85</b>	<b>1009.78</b>	<b>1010.27</b>

## REVENUE EXPENDITURE ON AMENITIES 2020-21

PARTICULARS	TOWNSHIP	TRANSPORT	MEDICAL	CANTEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETABLES FARMS, PARKS ETC.	2020-21	2019-20
Pay and Allowances	4.96	1.23	2.84	1.90	0.17	0.16	11.26	9.04
Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00	0.45	0.00	0.45	0.41
Supplies and Other Services	0.01	1.11	4.28	2.55	0.15	0.11	8.21	9.84
Power, light & water	1.98	0.12	0.10	0.18	0.05	0.03	2.46	3.52
Transport Charges	0.00	0.88	0.00	0.00	0.00	0.00	0.88	0.86
Rent, Rates, Taxes & Insurance	0.46	0.07	0.00	0.01	0.00	0.00	0.54	0.60
Maintenance and repairs	1.28	0.29	0.17	0.08	0.02	0.32	2.16	2.05
Depreciation - Buildings	0.48	0.01	0.03	0.15	0.10	0.00	0.77	0.46
Depreciation - Plant, Machinery Equipment & Vehicles	0.07	0.06	0.00	0.00	0.00	0.00	0.13	0.68
General Overheads	0.01	0.03	0.02	0.03	0.00	0.00	0.09	0.09
	<b>9.25</b>	<b>3.80</b>	<b>7.44</b>	<b>4.90</b>	<b>0.94</b>	<b>0.62</b>	<b>26.95</b>	<b>27.55</b>

**LESS :**

Recoveries/adjustments

Rent	17.20	0.00	0.00	0.00	0.00	0.00	17.20	17.51
Power, Light & Water	1.36	0.00	0.00	0.00	0.00	0.00	1.36	1.43
Transport Charges	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.10
Capitation & other Recoveries	0.00	0.00	0.15	0.00	0.00	0.00	0.15	0.15
Sales proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indirect expenses	0.00	0.00	0.00	0.33	0.00	0.00	0.33	0.28
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>18.56</b>	<b>0.08</b>	<b>0.15</b>	<b>0.33</b>	<b>0.00</b>	<b>0.00</b>	<b>19.12</b>	<b>19.47</b>
Net Expenditure	-9.31	3.72	7.29	4.57	0.94	0.62	7.83	8.08
Interest on Capital outlay notional	0.14	0.34	0.18	0.17	0.05	0.00	0.88	1.12
<b>TOTAL EXPENDITURE</b>	<b>-9.17</b>	<b>4.06</b>	<b>7.47</b>	<b>4.74</b>	<b>0.99</b>	<b>0.62</b>	<b>8.71</b>	<b>9.20</b>
Previous year	-9.23	3.97	8.05	4.81	0.99	0.61	9.20	9.20



## INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF ITI LIMITED, BENGALURU**

**Report on the Audit of the Standalone Financial Statements**

### Qualified Opinion

We have audited the accompanying standalone financial statements of ITI Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements") in which are incorporated the returns for the year ended on that date audited by the branch auditors of the company's branches located at Naini, Mankapur, Raebareli, Srinagar and Palakkad.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flow for the year ended on that date.

### Basis for Qualified Opinion

1. The Company is carrying an amount of Rs.5,847.90 lakhs as receivable from C-DOT towards rent from premises leased out to them up to the period ended 31-3-2011. The company has not made a provision for credit losses in respect of this amount which is doubtful of recovery. The company has also not recognised any rent for further period due to uncertainty of collection.
2. The Company has also not made provision for credit losses in respect of the following items included under Current Financial Assets – Loans, which are also doubtful of recovery:
  - i) Recoverable from HCL Infosystems Limited of Rs.1690.20 lakhs as compensation on account of excess amount spent by the Mankapur Unit of the Company based on the agreement between ITI, HCL and Alcatel.

- ii) Recoverable from Himachal Futuristic Communications Ltd of Rs.1049.41 lakhs towards Liquidated Damages.

Accordingly, if provision for credit losses were made by the Company, the profit for the year and the net current assets would have been reduced by Rs.8587.51 lakhs.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to the following matters under various notes (referred against each item) of the financial statements. Our opinion is not modified in respect of these matters.

- Balances in the accounts of trade receivables, claims recoverable, loans & advances, trade & other payables are subject to confirmation/ reconciliation. [Note No.31.4]
- The Company is a Sick Company as per provisions of Sick Industrial Companies Act, 1985. CCEA has approved a financial assistance of Rs.415679 lakhs in February 2014 for revival of ITI Limited under rehabilitation scheme. [Note No.31.15]
- Postponement of revenue recognition in respect of rent, due to uncertainty of ultimate collection owing to various reasons including but not limiting to finalisation of the terms of the lease and not entering into formal agreements.
  - BMTC - 12.15 acres, additionally 1.85 acres [Note No.31.16]
  - KPTC – 5 acres [Note No.31.18]
  - C-DOT – 24.46 acres [Note No.31.22]
  - NIFT – New Building [Note No.31.27]



- The Company is not in compliance with the requirements of having specified proportion/ number of independent directors including women independent director(s). [Note No.31.26]
- Recoverability of carrying amounts of various assets due to the impact of Covid-19 [Note No.31.25]
- Provision for interest/ penalty on delayed remittance of statutory dues including provident fund contributions [Note No.31.11]
- Land admeasuring 77 acres with the carrying value of Rs.3850 lakhs was re-possessed by the Government of Kerala is under adjudication of the Apex Court. [Note No.31.20]
- Improper application of the principles of valuation of inventories, making provisions and accounting for leases as per the Indian Accounting Standards at the Raebareli Unit. [as reported by the branch auditor].
- Non filing of appropriate forms to carry cenvat deposit of Rs.108.85 lakhs to the GST regime at the Srinagar Unit [as reported by the branch auditor].
- Non-disclosure of fair value on the balance sheet date in respect of Investment Properties [Note No.3]

### Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period, These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters, We have determined the matters described below to be the key audit matters to be communicated in our report

Key Audit Matter	Auditors' Response
<p>Unbilled Revenue:</p> <p>Accounting for unbilled revenue is an exercise of recognising revenue based on accounting policies when an invoice/ charge on the customer is yet to be made for supply of goods or services. Revenue on Projects (Service/ Construction Contracts) such as fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts.</p> <p>Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.</p> <p>We identified the recognition of unbilled revenue as a key audit matter as the estimation of efforts or costs involves significant judgement throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts or costs incurred to-date and estimates of efforts or costs required to complete the remaining contract performance obligations over the life of the contracts.</p>	<p>Principal Audit Procedures</p> <p>Our audit procedures related to estimates of total expected costs or efforts to complete for fixed-price contracts included the following, among others :</p> <p>We tested the effectiveness of controls relating to (1) reviewing the efforts or costs incurred and estimation of efforts or costs required to complete the remaining contract performance obligations and (2) reviewing the controls pertaining to recording &amp; allocation systems which prevent unauthorised changes to recording of efforts incurred.</p> <p>We selected a sample of fixed price contract accounted using percentage-of-completion method and performed the following :</p> <p>Compared efforts or costs incurred with Company's estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract.</p> <p>Review the computations of total revenue recognisable and comparisons with the billing done up to the balance date to identify the unbilled revenue</p>



### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

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

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, Management of Company is responsible for assessing the Company's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management of Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion, The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a

going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication,

### Other Matters

We did not audit the financial statements of Mankapur, Raebareli, Srinagar, Naini & Palakkad Branches included in the standalone

financial statements of the Company whose financial statements reflect total assets of Rs.304598.68 lakhs as at March 31, 2021 and total income of Rs.31144.32 lakhs for the year ended on that date, as considered in the standalone financial statements (excluding inter-unit balances and transactions). The financial statements of these branches have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches is solely on the report of such Branch Auditors.

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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books. and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
  - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts.
  - e) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015.
  - f) In terms of Notification no. G.S.R. 463 (E) dt. 05-06-2015 issued by Ministry of Corporate Affairs, the Provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of directors are not

applicable to the Company,

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Note 31.11 to the financial statements and clause vii(c) of Annexure A to this Report)
  - ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring the amount, required to be transferred in accordance with the relevant provisions of the Companies Act, 2013 and the rules made thereunder to the Investor Education and Protection Fund by the Company.

(3) On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we are enclosing our report in terms of Section 143(5) of the Act, on the directions and sub directions issued by the Comptroller and Auditor General of India in "Annexure C".

Place: Bangalore  
Date: 22 June 2021

For GRSM & ASSOCIATES  
Chartered Accountants  
[FRN: 000863S]

UDIN:

21208063AAAAGW4851  
GOPALKRISHNA HEGDE  
Partner  
M.No.208063

## "Annexure A" to Independent Auditors' Report

(Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements of ITI Limited ("the Company"), for the year ended March 31, 2021

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets except in the case of Bangalore Plant, NS Unit and R&D Unit at Bangalore, where the records are not updated.
- (b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification to the extent verification was made during the year. However, no records of comparative statements of verification with the book records were produced before us for verification.
- (c) We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the Units where we have audited are not made available to us. The details of title deeds of immovable properties, in the opinion of the management that not held in the name of the Company are given in note no. 1 to the Financial Statements.
- ii. As explained to us physical verification of inventory has been conducted by the management under at regular intervals during the year. In our opinion the frequency of verification is reasonable. No material discrepancies have been reported. According to the branch auditor of Raebareli, no physical verification of inventory was carried out during the year at that unit.
- iii. According to the information given to us, the Company has not granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Therefore, clauses (iii) (a), (iii) (b) and (iii) (c) of Paragraph 3 of the Order are not applicable to the Company.
- iv. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities.
- v. Based on our examination of the Company's records and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014.
- vi. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- vii. (a) According to the information and explanations given to us, in our opinion, the Company is generally not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Goods and Service Tax, Cess and any other statutory dues as applicable to it.
- (b) According to the information and explanations given to us, the following undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Goods and Service Tax, Cess and any other statutory dues were outstanding as at March 31, 2021 for a period of more than six months from the date they became payable.

Place: Bangalore  
Date: 22 June 2021

For GRSM & ASSOCIATES  
Chartered Accountants  
[FRN: 000863S]

UDIN:

21208063AAAAGW4851  
GOPALKRISHNA HEGDE  
Partner  
M.No.208063

**DETAILS OF UNDISPUTED STATUTORY DUES OUTSTANDING MORE THAN 6 MONTHS**

Rs. In lakhs

Particulars	Units at Bangalore & ROs	Srinagar	Naini Unit	RBL	MKP	PKD	Total
Provident Fund	1833.37	37.02	1723.34	10170.90	8361.34	221.73	<b>22347.70</b>
WCT			8.08				<b>8.08</b>
Excise Duty			0.44				<b>0.44</b>
Sales Tax			1.23	57.13			<b>58.36</b>
TDS				200.33			200.33
Service Tax				2417.74			2417.74
<b>Total</b>	<b>1833.37</b>	<b>37.02</b>	<b>1733.09</b>	<b>12846.10</b>	<b>8361.34</b>	<b>221.73</b>	<b>25032.65</b>

c) According to the information and explanations given to us, the particulars of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Goods and Service Tax which have not been deposited on account of dispute are as under:

Sl. No	Name of the statute	Nature of dues	Amount in Rs. Lakhs(As on 31.03.2021)	Period to which the dispute relates	Forum where the dispute is pending	Unit
1	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs.200.00 lakhs)	637.00	2003-2005	Custom Excise & Service Tax Appellate Tribunal	BGP
2	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail. Stay extended ( net of pre deposit Rs.30.00 lakhs)	299.00	2006-07	Custom Excise & Service Tax Appellate Tribunal	BGP
3	Central Excise Act 1944	Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs. Rs.14.00)	497.28	2001-2002 2002-2003	Custom Excise & Service Tax Appellate Tribunal	BGP
4	Central Excise Act 1944	CENVAT Credit	376.00	2007-2008	Custom Excise & Service Tax Appellate Tribunal	BGP
5	UP VAT	Sales Tax	264.89	1986-1989	UP Government	MKP
6	UP VAT	Sales Tax	15.32	1989-1996	UP Government	MKP
7	Finance Act, 1994	Service Tax	8,435.14	2009-10 to 2013-14	CESS Tax, Allahabad	MKP
8	Finance Act, 1994	Service Tax	1,992.19	2009-10 to 2013-14	CESS Tax, Allahabad	MKP
9	Central Sales Tax	Demand of other dues and Additional Tax against FORM 'C'	1,013.98	2005-2006	Joint Commissioner(Appeals), Commercial Tax, Allahabad	NNI

Sl. No	Name of the statute	Nature of dues	Amount in Rs. Lakhs(As on 31.03.2021)	Period to which the dispute relates	Forum where the dispute is pending	Unit
10	Central Sales Tax	Demand of Additional Tax against FORM 'C'	2.64	2007-08	Additional Commissioner(Appeals), Commercial Tax, Allahabad	NNI
11	Central Sales Tax, UPVAT, Entry Tax	Demand of other dues	9.23	2008-09	Adtl Commissioner, (Appeals), Commercial Tax, Allahabad	NNI
12	Central Sales Tax	Demand of other dues and Additional Tax against FORM 'C'	2.12	2009-10	Deputy Commissioner, Commercial Tax, Allahabad	NNI
13	Central Sales Tax, UPVAT	Demand of other dues and Additional Tax against FORM 'C'	60.57	2010-11	Additional Commissioner(Appeals), Commercial Tax, Allahabad	NNI
14	Central Sales Tax	Demand of other dues and Additional Tax against FORM 'C'	10.96	2011-12	Tribunal, Commercial Tax, Allahabad	NNI
15	Central Sales Tax, UPVAT	Demand of other dues and FORM 'C'	146.75	2012-13	Deputy Commissioner Sector 14, Commercial Tax, Allahabad	NNI
16	Central Sales Tax, UPVAT	Demand of Tax	86.75	2013-14	Deputy Commissioner Sector 14, Commercial Tax,	NNI
17	Customs, Central Excise & Service Tax	Service Tax	109.44	2010-2011	CESTAT, Bangalore	PKD
18	Customs, Central Excise & Service Tax	Service Tax	140.34	2011-2012	CESTAT, Bangalore	PKD
19	Customs, Central Excise & Service Tax	Service Tax	161.27	2011-2012	CESTAT, Bangalore	PKD
20	Customs, Central Excise & Service Tax	Service Tax	2.76	2012-2013	CESTAT, Bangalore	PKD
21	Customs, Central Excise & Service Tax	Service Tax	2.69	2012-2013	CESTAT, Bangalore	PKD
22	CST	Sales Tax	28.04	2001-02	High Court, Ernakulam	PKD
23	CST	Sales Tax	504.13	2003-04	KVAT Tribunal, Palakkad	PKD
24	Sales Tax Act	Sales Tax	117.70	2010-11	Trade Tax Tribunal, Lucknow	RBL



Sl. No	Name of the statute	Nature of dues	Amount in Rs. Lakhs(As on 31.03.2021)	Period to which the dispute relates	Forum where the dispute is pending	Unit
25	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-14	Commercial Tax Officer, Thirpunitura	RO BG
26	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-15	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam	RO BG
27	Service Tax	Non payment of Service Tax on Royalty payments received	44.78	2012-13 to 2014-15	Commissioner of Central Excise	RO BG
28	KVAT	Turnover suppression	65.87	2012-13	Dy Commr( Appeals) -Commercial Tax, Ernakulam	RO BG
29	Sales Tax	Sales Tax	733.36	1987-88 to 1989-90, 1996-97, 1999-00, 2002-03	High Court, J & K	SNR
30	Sales Tax	Sales Tax	226.05	2013-14	Commissioner of Sales Tax Bhubneshwar	RO BBSR
31	Income Tax	Income Tax	691.72	2017-18	Commissioner of Income Tax	CORP
		<b>TOTAL</b>	<b>16,753.36</b>			

viii. The Company received a soft loan of Rs.30,000 lakhs from the Ministry of Communications & IT, Department of Telecommunications, Government of India during the year 2014-15 for payment of salaries of employees to be repaid in five years after the Company starts earning profit with a moratorium of two years. The Company ought to have commenced repayment from the financial year 2020-21. However, it has sought extension of time for commencing the repayment as the Company is still not earning profits from its operations. Apart from this, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government according to the records of the Company examined by us and the information and explanations given to us. The Company has not issued any debentures.

ix. According to the records of the Company examined by us and the information and explanations given to us, the Company has not raised during the year any monies by way of initial public offer or further public offer (including debt instruments) and term loans. Hence, the same is not applicable to the Company,

x. During the course of our examination of the books and

records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In terms of Notification no. G,S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Companies Act, 2013 relating to managerial remuneration are not applicable to the Company,

xii. Since the Company is not a Nidhi Company, provisions of clause no. 3(xii) do not apply to the Company;

xiii. According to the records of the Company examined by us and the information and explanations given to us, the related party transactions are in compliance with section 177 and 188 of the Companies Act, 2013 and have been disclosed in the Financial Statements.

xiv. Based on our examination and the information and explanations given to us, the Company has made a



preferential allotment of shares during the year under review. This allotment is in terms of the Rehabilitation Scheme approved under by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act, 1985. The requirements of section 42 of the Companies Act, 2013 as applicable to a Government Company/ Rehabilitation Scheme have been complied with and the amount raised have been used for the purposes for which the funds were raised.

xv. Based on our examination and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them

xvi. Based on our examination and the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

Place: Bangalore  
Date: 22 June 2021

For GRSM & ASSOCIATES  
Chartered Accountants  
[FRN: 000863S]

UDIN: 21208063AAAAGW4851  
GOPALKRISHNA HEGDE  
Partner  
M.No.208063

**"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT  
OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ITI LIMITED**

**Report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of ITI Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of

internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matter

We did not audit the internal financial controls over financial reporting of Mankapur, Raebareli, Srinagar, Naini & Palakkad Branches included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs.304598.68 lakhs as at March 31, 2021 and total income of Rs.31144.32 lakhs for the year ended on that date, as considered in the standalone financial

statements (excluding inter-unit balances and transactions). The internal financial controls over financial reporting of these branches have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the adequacy of the internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 included in respect of these branches is solely on the report of such Branch Auditors.

Our opinion is not modified in respect of these matters.

Place: Bangalore  
Date: 22 June 2021

For GRSM & ASSOCIATES  
Chartered Accountants  
[FRN: 000863S]

UDIN:

21208063AAAAGW4851  
GOPALKRISHNA HEGDE  
Partner  
M.No.208063



## "ANNEXURE C" TO INDEPENDENT AUDITOR'S REPORT

Directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of ITI Limited (Standalone) for the year 2020-21

Sl. No.	Areas Examined	Auditors' Observations
1.	<p>Whether the company has system in place to process all the accounting transactions through IT system?</p> <p>If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.</p>	<p>Yes. The company has a system in place to process all the accounting transactions through IT software. Different units of the Company use different systems.</p> <p>However sub-systems such as inventory, invoicing, order processing, payroll is outside the accounting software.</p> <p>We have not come across any adverse implications on the integrity of the accounts.</p>
2.	<p>Whether there is any restructuring of an existing loan or easements of waiver/write off of debts/loan/interest etc. made by a lender to the company due to the company's inability to repay the loan?</p> <p>If yes, the financial impact may be stated. Whether such cases are properly accounted for?</p>	<p>According to the information and explanations given to us and based on our examination of the records of the company, during the year there has been no restructuring of an existing loan or easements of waiver/write off of debts/loan/interest etc. made by a lender to the company due to the company's inability to repay the loan.</p>
3.	<p>Whether funds (grants/subsidy etc) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for /utilized as per its term and conditions?</p> <p>List the cases of deviation.</p>	<p>The Funds (grants/subsidy etc) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for /utilized as per its term and conditions.</p> <p>Details of unspent grant/ subsidy as on 31-3-2021 is as follows:</p> <ol style="list-style-type: none"> <li>1) Grant towards VRS – Rs.4726.98 lakhs</li> <li>2) Grant-in-aid (capital)- Rs.4.64 lakhs</li> </ol>

Place: Bangalore  
Date: 22 June 2021

For GRSM & ASSOCIATES  
Chartered Accountants  
[FRN: 000863S]

UDIN: 21208063AAAAGW4851  
GOPALKRISHNA HEGDE  
Partner  
M.No.208063



## COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2021 in accordance with the directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we complied with all the directions issued to us.

Place : Bangalore  
Date : 22 June 2021

For **GRSM & ASSOCIATES**  
Chartered Accountants  
[FRN: 000863S]

UDIN: 21208063AAAAGW4851

**GOPALKRISHNA HEGDE**  
Partner  
M.No.208063



## CONSOLIDATED FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

#### Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareilly Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

#### 1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

#### Basis of Measurement:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value:

- a. Derivative financial instruments, if any
- b. Financial assets and liabilities that are qualified to be measured at fair value
- c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

#### 2) Use of Estimates

The preparation of the financial statements in conformity with the IndAS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements

and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

#### 3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

#### 4) Revenue Recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

##### a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

##### b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

##### c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

**d. Bill and Hold Sales**

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- i. it is probable that delivery will be made;
- ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;
- iii. the buyer specifically acknowledges the deferred delivery instructions;

the usual payment terms apply

**e. Services and Construction contracts**

Revenue on time-and-material and unit of work-based contracts, are recognized as the related services are performed. Fixed-price maintenance revenue is recognized rateably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or rateably using a percentage-of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Some contracts include multiple performance obligations, such as the supply of systems, equipment etc., and maintenance services. Consideration towards maintenance services is therefore identified and accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

For other fixed-price contracts, revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

**f. Interest income**

Interest income is recognized using the effective interest rate method.

**g. Dividend**

Dividend income is recognised when the Company's right to receive dividend is established

**h. Rental income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

**i. Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

**j. Other Income**

Other Income not specifically stated above is recognised on accrual basis.

**5) Property, plant and equipment, Capital Work-in progress**

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

**Capital work-in-progress**

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

**6) Intangible Assets, Intangible Asset under Development**

a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development

b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

c. Cost of developmental work under progress, wherever eligible,



is classified as "Intangible Assets under Development".

- d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

## 7) Research and development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

## 8) Impairment of Non-financial assets

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

## 9) Depreciation /Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

- a. Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.
- b. In respect of assets sold, discarded, damaged or destroyed on or before 15th day of a month no depreciation is reckoned for the month of deletion while for the assets sold, discarded, damaged or destroyed after 15th of the month depreciation is reckoned in full for the month of deletion.
- c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.
- d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Amortization

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

## Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars	(Years)
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate: - Servers & Networks	6
(c) Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8
G. Assets costing less than Rs 5,000/-are depreciated @ 100%	
However, in respect of assets having original cost of Rs 50,000/- and above, a residual balance of Rs 5/- has been retained in the books.	

## 10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

### Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12

months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

#### Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

#### 11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### 12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

#### 13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

#### 14) Inventories

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

Raw materials and production stores with ancillaries and fabricators are valued at lower of cost at the time of such issue and net realizable value, after providing for obsolescence, if any.

Manufactured items in stock and stock-in-trade are valued at lower of cost excluding interest charges, administration overheads & sales overheads and at the net realisable value, after providing for obsolescence, if any.

Precious metals scrap is brought to books at the year end at net realizable value.

#### 15) Work-in-process

a. Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration & sales overheads and at the net realisable value, after providing for obsolescence, if any.

b. Work-in-process (Installation) is valued at lower of cost as recorded in the work orders and net realizable value, after providing for obsolescence, if any.

#### 16) Tools and Gauges

Expenditure on special purpose tools and fixtures is initially capitalized at cost and then amortized over production on a systematic basis, based on technical assessment.

Loose tools are charged to revenue at the time of issue.

#### 17) Financial assets (Trade Receivables & Other receivables)

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

#### 18) Errors and Estimates

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest

prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

## 19) Income taxes

Income tax comprises of current and deferred income tax

### Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

### Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

## 20) Warranty Liability

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

## 21) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

## 22) Employee benefits

- a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- b. Post-employment benefit viz. gratuity and other long-term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services.

Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.

- c. Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.
- d. Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.
- e. Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company remits the contribution to the ITI Employees' Provident Fund Trust. The trust after making a portion of contribution to the government-administered pension fund as per the regulations, invests the remaining funds in specific designated instruments as permitted by appropriate regulations. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government.

## 23) Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements. However, contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote and contingent assets where an inflow of economic benefits is probable are disclosed in the notes.

### Onerous Contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than

the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

#### 24) Fair value measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### 25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

#### 26) Financial Instruments

##### a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

##### b. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost,
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI),
- iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),
- iv. Equity instruments (other than investments in associates –

which is carried at cost) measured at fair value through other comprehensive income (FVTOCI).

#### Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset has expired.

#### Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

#### 27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### 28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

#### 29) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. In case of dues outstanding for a significant period of time, on a case to case basis

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

#### 30) Financial Liabilities

##### a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

## b. Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

- i. Financial liabilities at fair value through profit or loss.
- ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

## c. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## d. Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

## 31) Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

## 32) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 33) Cash dividend and non-cash distribution to equity shareholders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

## 34) Earnings per share

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

## 35) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

## 36) Consolidation

ITI has invested in 49% of Equity Share Capital of its Joint Venture "India Satcom Limited" for the cost of ₹40.55lakhs.

According to Ind AS 28, the consolidation of interest in joint ventures can be done by using "Equity Method", wherein the share of investor in the net worth of investee can be directly taken as value of investment in the books of investor and the difference between old value and new value will be credited/debited to Other Comprehensive income as the investment in equity shares has been classified as "Equity Instruments through Other Comprehensive Income".

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
 Chartered Accountants  
 Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
 Partner  
 M. No. 208063

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Director Finance / Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

For & On Behalf of Board of Directors

Place: Bengaluru  
 Date : 22.06.2021

## Consolidated Balance Sheet as at 31.03.2021

₹ in Lakhs

Particulars	Note No.	As at 31.03.2021		As at 31.03.2020
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant & Equipment	1	263291.77		262529.22
(b) Capital work-in-progress	2	16887.03		18863.34
(c) Investment Property	3	6746.53		6747.60
(d) Goodwill		0.00		0.00
(e) Intangible assets		0.00		0.00
(f) Intangible assets under development		0.00		0.00
(g) Biological Assets other than bearer plants		0.00		0.00
(h) Financial Assets				
(i) Investments	4	3626.61		3799.03
(ii) Trade receivables	4a	35272.92		35935.90
(iii) Loans	5	7.41		17.02
(iv) Others		0.00		0.00
(i) Deferred Tax Assets (net)		0.00		0.00
(j) Other non current assets		0.00	325832.27	0.00
				327892.11
<b>(2) Current assets</b>				
(a) Inventories	6	19369.90		17333.53
(b) Financial Assets				
(i) Investments		0.00		0.00
(ii) Trade receivables	7	255210.33		276113.88
(iii) Cash and cash equivalents	8	2793.67		3977.98
(iv) Bank Balances other than (iii) above	8(a)	51969.87		20528.77
(v) Loans	9	55764.32		57288.16
(vi) Unbilled Revenue	9a	171118.91		62329.29
(vii) Others		0.00		0.00
(c) Current Tax Assets (Net)		0.00		0.00
(d) Other current assets	10	9046.15	565273.16	6598.58
<b>TOTAL</b>			<b>891105.43</b>	<b>772062.31</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	11	93352.29		92511.95
(b) Other Equity	12	152239.41	245591.69	139506.91
<b>LIABILITIES</b>				
<b>(1) Non-Current Liabilities</b>				
(a) Government Grants Unutilised	13	4731.62		11407.13
(b) Financial Liabilities				
(i) Borrowings	14	30000.00		18000.00
(ii) Trade Payables		0.00		0.00
(iii) Others	15	7311.62		13392.97
(c) Provisions	16	5324.90		7433.80
(d) Deferred Tax Liabilities (Net)		0.00		0.00
(e) Other Non-Current Liabilities		0.00		0.00
			47368.14	50233.90
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	116426.36		103558.39
(ii) Trade payables	18	188566.66		218305.26
(iii) Others	19	173446.20		94931.36
(b) Provisions	20	13664.58		12703.60
(c) Current Tax Liabilities (Net)		0.00		0.00
(d) Other current liabilities	21	106041.81	598145.60	60310.94
<b>TOTAL</b>			<b>891105.43</b>	<b>772062.31</b>

Note:

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

As per our report of even date

**For M/S GRSM & ASSOCIATES**

Chartered Accountants

Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**

Partner

M. No. 208063

**S SHANMUGA PRIYA**

Company Secretary

**RAJEEV SRIVASTAVA**

Director Finance / Chief Financial Officer

**R M AGARWAL**

Chairman & Managing Director

For & On Behalf of Board of Directors

Place: Bengaluru

Date : 22.06.2021

## Statement of Consolidated Changes in Equity

### A. Equity Share Capital

₹ in Lakhs

Particulars	Amount
<b>Balance as at 01.04.2020</b>	<b>92512</b>
Changes during the year	840
<b>Balance as at 31.03.2021</b>	<b>93352</b>

### B. Other Equity

₹ in Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
<b>Balance as at 01.04.2019</b>	<b>5,500.00</b>	<b>274,897.30</b>	<b>29.61</b>	<b>-201,031.29</b>	-	<b>7,894.12</b>	<b>87,289.74</b>
Profit or Loss for the Year	-	-	-	14,570.73	-	-	14570.73
Other Comprehensive income for the Year	-	-	-	-	-	391.77	391.77
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-	-	-
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-13,188.05	30,930.00	11,824.66	-	-	-	29,566.61
Transfer to Equity Share Capital	-2,811.95	-	-	-	-	-	-2,811.95
<b>Balance as at 31.03.2020</b>	<b>0.00</b>	<b>305,827.30</b>	<b>11,854.27</b>	<b>-186,460.56</b>	-	<b>8,285.89</b>	<b>1,39,506.91</b>
Profit or Loss for the Year	-	-	-	947.78	-	-	947.78
Prior period items/Adjustments*	-	-	-	-0.00	-	-	-0.00
Other Comprehensive income for the Year	-	-	-	-	-	1,959.55	1,959.55
Dividends	-	-	-	-	-	-	-
Grants received during the year	10,500.00	-	-	-	-	-	10,500.00
Transfer to retained earning	-	-	-	-	-	-	-
Share application money Govt. of India	-	-	-	-	-	-	-
Any other change	-9,659.66	-	9,825.17	-	-	-	165.51
Transfer to Equity Share Capital	-840.34	-	-	-	-	-	-840.34
<b>Balance as at 31.03.2021</b>	<b>-0.00</b>	<b>305,827.30</b>	<b>21,679.44</b>	<b>-1,85,512.78</b>	-	<b>10,245.45</b>	<b>1,52,239.41</b>

#### Note - Adjustment for prior period items -

- The Company had revalued its land and buildings in the year 2005-06 and under the previous GAAP carried a revaluation reserve in their books. During migration to INDAS, the Company, used the optional exemptions and elected to measure all of its property, plant and equipment at their previous GAAP carrying value and had chosen the cost model. Under such circumstances, the revaluation reserve was required to be transferred to retained earnings. However, erroneously the carrying amount of such revaluation reserve of Rs.235436.85 lakhs on 1-4-2016 was carried into the migrated IND AS financial statements as Revaluation Reserve and shown under Other Equity. This error was identified and rectified in this year by transferring the balance in the revaluation reserve to the retained earnings.
- GST ineligible input credit of Rs.209.68 lakhs of 2017-18 was erroneously carried as an asset (recoverable) in the balance sheet. The error was identified during the year and rectified in the prior period.
- During 2019-20, payments amounting to Rs.1744.41 lakhs were made towards PL Encashment for employees who retired during the past years and for which provision was omitted to be made in the past. The error was rectified in 2019-20.
- Further to the rectification made in 2019-20 as mentioned in (c) above, provision for the remaining amount of non-provision of PL Encashment for employees who retired in the past, is identified and rectified during 2020-21.
- Accumulated Share of Profit from Associate up to 01.04.2019, Rs 3935.57 that was shown under Other Comprehensive Income is moved to Retained earnings.

Particulars	Opening Balance Brought forward as on 1st, April 2019	Adjustment for rectification of Prior Period errors	Restated Opening Balance as on 1st April 2019
(a) Revaluation Reserve	2,33,457.43	(2,33,457.43)	Nil
(b) Taxes & Duties input	6,149.89	(209.68)	5,940.21
(c) Retained Earnings:-	(4,32,108.90)		
i.) Revaluation Reserve		2,33,457.43	
ii.) Taxes & Duties input		(209.68)	
iii.) PL Encashment during 2019-20		(1,744.41)	
iv.) PL Encashment during 2020-21		(4,361.29)	
v.) Share of Profit in Associate		3,935.56	(2,01,031.29)

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

As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
Chartered Accountants  
Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**  
Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

For & On Behalf of Board of Directors

**R M AGARWAL**  
Chairman & Managing Director

Place: Bengaluru  
Date : 22.06.2021



## Consolidated Statement of Profit and Loss for the year ended 31.03.2021 ₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>INCOME</b>			
I. Revenue from operations	22	236218.28	205886.86
II. Other Income	23	<u>16137.35</u>	<u>18389.34</u>
III. Total Revenue (I +II)		252355.63	224276.21
<b>IV. EXPENSES:</b>			
Cost of materials consumed	24	17564.94	8903.67
Purchase of Stock-in-Trade	25	27012.54	41867.91
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(854.95)	(4029.07)
Installation & Maintenance Charges		147233.49	111351.22
Employee benefit expense	27	29043.80	23100.74
Finance costs	28	15959.18	14065.89
Depreciation and amortization expense	29	4184.84	4189.20
Other expenses	30	<u>11091.58</u>	<u>10078.81</u>
<b>Total Expenses</b>		<b>251235.43</b>	<b>209528.39</b>
Share of net profit of associates and joint ventures accounted for using the Equity Method		(172.42)	(177.09)
V. Profit/(Loss) before exceptional items and tax (III-IV)		<u>947.78</u>	<u>14570.73</u>
VI. Exceptional Items			
(I) Income		0.00	0.00
(ii) Expenses		0.00	0.00
VII. Profit/(Loss) before tax (V + VI)		<u>947.78</u>	<u>14570.73</u>
VIII. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
IX. Profit/(Loss) for the year (VII-VIII)		<u>947.78</u>	<u>14570.73</u>
X. Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurements of Defined Benefit Plans		1959.55	391.77
B. (i) Items that will be reclassified to profit or loss		0.00	0.00
XI. Total Comprehensive Income for the year (IX+X)			
Comprising Profit (Loss) and Other. comprehensive Income for the year )		<u>2907.33</u>	<u>14,962.50</u>
XII. Earnings per equity share (for continuing operation):			
Basic & Diluted (Face value of ₹ 10/- each):		0.10	1.62
Weighted average number of shares		926293676	897616318

Note:

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

As per our report of even date

**For M/S GRSM & ASSOCIATES**

Chartered Accountants

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**GOPALKRISHNA HEGDE**

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**R M AGARWAL**

Chairman & Managing Director

For & On Behalf of Board of Directors

Place: Bengaluru

Date : 22.06.2021

## Consolidated Cash Flow Statement for the year ended 31.03.2021

₹ in Lakhs

Particulars	For the Year ended 31.03.2021	For the Year ended 31.03.2020
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>947.78</b>	<b>14570.73</b>
<b>Adjustment For :</b>		
Depreciation	4184.84	4189.20
Financing Charges	15959.18	14065.90
Profit On Sale Of Investments	0.00	0.00
Interest/Dividend Received	(1160.60)	(1571.14)
Loss On Sale Of Asset	0.00	0.00
Profit On Sale Of Asset	(2810.64)	(179.31)
Transfer From Grant-In-Aid	(6675.51)	(8979.33)
Transfer From Grant-In-Aid	0.00	0.00
Other Comprehensive Income	1959.55	214.68
Non-Cash Expenditure	1201.29	1663.75
<b>OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>12658.12</b>	<b>9403.73</b>
<b>Adjustment For:</b>		
Trade And Other Receivables	(89334.86)	(64665.58)
Inventories	(2037.71)	(2804.24)
Trade Payables	87277.88	23567.90
Direct Taxes Paid	(3.64)	62.13
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(4098.34)</b>	<b>(43839.79)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9507.55</b>	<b>(19865.32)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase Of Fixed Assets Including:		
Capital Work-In-Progress	(2968.68)	(6392.38)
Sale Of Fixed Assets	2810.64	179.31
Investments	172.42	177.09
Interest Received	1160.60	1571.14
Proceeds from maturity/Deposit of Other Bank Balances	(31441.11)	(2846.01)
Dividend Received	0.00	0.00
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(30266.13)</b>	<b>(7310.83)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Short Term Borrowings	24867.96	(4312.29)
Share Application Money	10500.00	10500.00
Adjustment with surplus	165.51	(3107.80)
Grant-In-Aid Received	0.00	39470.00
Financing Expenses	(15959.18)	(14065.90)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>19574.27</b>	<b>28484.01</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>(1184.30)</b>	<b>1307.85</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>3977.98</b>	<b>2670.13</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>2793.67</b>	<b>3977.98</b>

Note:

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

As per our report of even date

**For M/S GRSM & ASSOCIATES**

Chartered Accountants

Firm Reg No.: 000863S

**GOPALKRISHNA HEGDE**

Partner  
M. No. 208063

**S SHANMUGA PRIYA**  
Company Secretary

**RAJEEV SRIVASTAVA**  
Director Finance / Chief Financial Officer

**R M AGARWAL**  
Chairman & Managing Director

For & On Behalf of Board of Directors

Place: Bengaluru  
Date : 22.06.2021

## Notes to the Consolidated Financial Statements

Note No.1

Property, Plant & Equipment

₹ in Lakhs  
FY 2020-21

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2021		
	GROSS AMOUNT 01.04.2020	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2021	ACCUMULATED DEP. 01.04.2020	FOR THE YEAR	DELETION		ADJUSTMENTS	TOTAL 31.03.2021
	LAND:										
-FREE HOLD*	221,170.52	-	111.67	-	221,058.84	-	-	-	-	221,058.84	
-LEASE HOLD***	777.13	-	-	-	777.13	1.08	0.27	-	-	1.35	
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-	
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	
BUILDING**	13,081.37	1,484.15	9.49	-	14,556.03	3,132.84	749.07	0.35	-	3,881.55	
PLANT& MACHINERY***	36,059.89	3,376.83	-	-	39,436.72	7,837.24	3,047.56	-	-	10,884.80	
OTHER EQUIPMENT	3,083.64	30.08	-	4.50	3,109.22	876.31	301.13	-	-	1,177.44	
OFFICE MIC & EQPT	281.17	62.78	-	-	343.94	189.93	50.79	-	-	240.72	
FURNITURE FIXTURE & FITTINGS	70.49	5.29	-	-	75.78	36.83	5.02	-	-	41.85	
VEHICLES	138.62	-	-	-	138.62	59.37	14.35	-	-	73.72	
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	
RIGHT OF USE (CAR LEASE)	-	102.03	-	-	102.03	-	5.10	-	-	5.10	
<b>TOTAL</b>	<b>274,662.82</b>	<b>5,061.16</b>	<b>121.16</b>	<b>4.50</b>	<b>279,598.31</b>	<b>12,133.59</b>	<b>4,173.29</b>	<b>0.35</b>	<b>-</b>	<b>16,306.53</b>	

Property, Plant & Equipment

₹ in Lakhs  
FY 2019-20

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2020		
	GROSS AMOUNT 01.04.2019	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2020	ACCUMULATED DEP. 01.04.2019	FOR THE YEAR	DELETION		ADJUSTMENTS	TOTAL 31.03.2020
	LAND:										
-FREE HOLD*	221,829.19	-	658.67	-	221,170.52	-	-	-	-	221,170.52	
-LEASE HOLD***	118.46	658.67	-	-	777.13	0.81	0.27	-	-	1.08	
ASSETS GIVEN ON LEASE	-	-	-	-	-	-	-	-	-	-	
LAND DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	
BUILDING**	11,217.80	1,863.57	-	-	13,081.37	2,270.67	862.17	-	-	3,132.84	
PLANT& MACHINERY***	34,000.32	2,059.56	-	-	36,059.89	4,922.70	2,914.54	-	-	7,837.24	
OTHER EQUIPMENT	3,034.60	49.04	-	-	3,083.64	550.31	326.00	-	-	876.31	
OFFICE MIC & EQPT	257.99	23.18	-	-	281.17	135.60	54.34	-	-	189.93	
FURNITURE FIXTURE & FITTINGS	52.17	18.32	-	-	70.49	31.23	5.59	-	-	36.83	
VEHICLES	138.62	-	-	-	138.62	41.85	17.51	-	-	59.37	
ELECTRICAL INSTALLATION	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>270,649.15</b>	<b>4,672.34</b>	<b>658.67</b>	<b>-</b>	<b>274,662.82</b>	<b>7,953.17</b>	<b>4,180.42</b>	<b>-</b>	<b>-</b>	<b>12,133.59</b>	

Notes:

1. There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. There is a charge on title of property, plant and equipment, and other assets of the company in favour of various lenders for an aggregate amount of Rs. 357694 lakhs as these assets are pledged as security for liabilities.
4. Non Availability of Title Deeds

Bangalore: - ITI Ltd is in possession of 435 acres of land at K.R. Puram. Out of this, the Company is having title deeds for an area of approximately 375 acres. For balance area, only record of rights exist with the Company for use of land and proper title deeds are not held by the Company.

Mankapur: Out of 191.03 acres of land purchased from private owners, title deed for 41.77 acres land are not available with the management.

Naini: - ITI Complex land (174.69 acres) was handed over by District Industrial Officer in 1969. The title deed of this land is still not transferred in the name of M/s ITI Ltd.

Palakkad: - The Company has Title/Lease deeds properties except in respect of land admeasuring 77 acres which has been resumed by Govt of Kerala and is under adjudication before apex court.

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 2</b>		
<b><u>CAPITAL WORK-IN-PROGRESS</u></b>		
Capital Work-in-Progress at cost	6653.06	6603.03
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>6653.06</b>	<b>6603.03</b>
Materials with Contractors	28.93	28.93
Less : Provision	28.93	28.93
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Machinery at Cost		
In-Transit	339.75	331.63
Awaiting Acceptance / Installation	9900.74	11935.21
	10240.49	12266.84
Less:Provision	6.53	6.53
<b>TOTAL</b>	<b>10233.96</b>	<b>12260.31</b>
<b>GRAND TOTAL</b>	<b>16887.03</b>	<b>18863.34</b>

## Notes to the Consolidated Financial Statements

Note No. 3

Investment Property:

₹ in Lakhs  
FY 2020-21

PARTICULARS	GROSS BLOCK				DEPRECIATION				Net Carrying Value as at 31.03.2021		
	GROSS AMOUNT 01.04.2020	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2021	ACCUMULATED DEP. 01.04.2020	FOR THE YEAR	DELETION		ADJUSTMENTS	TOTAL 31.03.2021
	LAND	6,395.87	-	-	-	6,395.87	-	-		-	-
BUILDING	372.86	9.49	-	-	382.35	21.49	10.21	-	-	31.69	350.66
<b>TOTAL</b>	<b>6,768.73</b>	<b>9.49</b>	<b>-</b>	<b>-</b>	<b>6,778.22</b>	<b>21.49</b>	<b>10.21</b>	<b>-</b>	<b>-</b>	<b>31.69</b>	<b>6,746.53</b>

## Notes to the Consolidated Financial Statements

Note No. 3

Investment Property:

₹ in Lakhs  
FY 2019-20

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

**Notes:**

- i) (a) Land measuring 4653.75 sq.metres has been leased to Department of Telecommunications for a period of 99 years commencing from 3.10.1983.  
 (b) Formal Conveyance/lease deeds in respect of Land (excepting part of lands at Bangalore & Mankapur) are yet to be executed by the respective State Governments.  
 (c) Land measuring 1256.86 Sq. metres has been leased to Dept. of Telecommunications for a period of 99 years commencing from 10.07.1991.  
 (d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.
- ii) 1.83 acres of land is leased to Southern Railways and 0.286 acres of land is leased to ESI corporation.
- iii) (a) BSNL Telephone Exchange having area of 0.5733 acres of land  
 (b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land  
 (c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land  
 (d) EPFO, F-28 Bldg. having area of 0.6069 acres of land  
 (e) Thumbay Aviation [Halipad - EC Plant] having area of 0.9182 acres of land  
 (f) Embassy Services Pvt. Ltd. having area of Land and Building 0.776 acres and 6300 Sq.meters respectively.
- iv.) The company is still in the process of obtaining the fair values of various investment properties and hence the disclosure of this information could not be given.

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
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**NOTE NO. 4**

**NON- CURRENT FINANCIAL ASSETS-INVESTMENTS**

Investment in Equity instruments

Opening Balance	3,799.03	3,976.12
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited (joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares(extent of investment 49%)		
Change in Fair value during the year	(172.42)	(177.09)
<b>TOTAL</b>	<b>3626.61</b>	<b>3799.03</b>

Calculation of Change in fair value of equity instruments in  
 Indian Satcom Limited(49%)

Particulars	As at 31.03.2021	As at 31.03.2020
Total Assets of Indian Satcom Limited	12167.68	12,171.75
Less: Total Outside Liabilities of Indian Satcom Limited	(4,766.43)	(4,418.62)
NetWorth(100%)	7,401.26	7,753.13
Share of ITI(49%)/Closing Balance	3,626.61	3,799.03
Less: Opening Balance	(3,799.03)	(3,976.12)
Change in Fair value during the year	(172.42)	(177.09)

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 4 (a)</b>		
<b>STATEMENT OF NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</b>		
<u>Secured</u>		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<u>Un Secured</u>		
Considered Good		
-Gujnet	0.00	0.00
-Others	35272.92	35935.90
Considered Doubtful	0.00	0.00
	<u>35272.92</u>	<u>35935.90</u>
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>35272.92</b>	<b>35935.90</b>
<b>GRAND TOTAL</b>	<b>35272.92</b>	<b>35935.90</b>

### NOTE NO. 5

#### NON CURRENT FINANCIAL ASSETS - LOANS

<u>Secured and considered good :</u>		
Capital Advances	0.00	0.00
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<u>Considered Doubtful :</u>		
Capital Advances	1.62	1.62
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
Total	<u>1.62</u>	<u>1.62</u>
less: provision	1.10	1.10
<b>TOTAL SECURED LOANS &amp; ADVANCES</b>	<b>0.52</b>	<b>0.52</b>
<u>Unsecured and considered good :</u>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	6.89	16.50
<u>Considered Doubtful:</u>		
Capital Advances	0.00	0.00
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
Total	<u>6.89</u>	<u>16.50</u>
less: provision	0.00	0.00
Loans and advances due from related parties :		
ISL	0.00	0.00
<b>TOTAL UNSECURED LOANS &amp; ADVANCES</b>	<b>6.89</b>	<b>16.50</b>
<b>GRAND TOTAL</b>	<b>7.41</b>	<b>17.02</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 6</b>		
<b>INVENTORIES</b>		
a) Raw material and Production stores	8604.73	8377.69
Less: Provision for Obsolescence	<u>1754.22</u>	<u>1755.35</u>
	<b>6850.51</b>	<b>6622.34</b>
b) Material issued against Fabrication Contracts	96.91	96.91
Less: Provision	<u>95.47</u>	<u>95.47</u>
	<b>1.44</b>	<b>1.44</b>
c) Non-Production Stores	872.01	847.26
Less: Provision for Obsolescence	<u>237.41</u>	<u>237.41</u>
	<b>634.60</b>	<b>609.85</b>
d) Work-in-Process Production	7406.75	7882.95
Less: Provision	<u>606.76</u>	<u>606.76</u>
	<b>6799.99</b>	<b>7276.19</b>
e) Work-in-Process Installation	0.00	0.00
Less: Provision	<u>0.00</u>	<u>0.00</u>
	<b>0.00</b>	<b>0.00</b>
f) Manufactured Components	2146.64	1151.63
Less: Provision	<u>40.13</u>	<u>40.13</u>
	<b>2106.51</b>	<b>1111.50</b>
g) Finished Goods		
Stock-in-Trade	2354.31	2131.12
Excise Duty thereon	<u>0.44</u>	<u>0.44</u>
	<b>2354.75</b>	<b>2131.56</b>
Less: Provision	<u>1019.56</u>	<u>1019.56</u>
	<b>1335.19</b>	<b>1112.00</b>
h) Stock Reconciliation Account	19.47	10.33
Less: Provision	<u>10.33</u>	<u>10.33</u>
	<b>9.14</b>	<b>0.00</b>
i) Goods Pending Inspection / Acceptance	<b>992.23</b>	<b>0.00</b>
j) Material-in-Transit Advances		
Considered Good	640.29	600.22
Considered Doubtful	<u>238.76</u>	<u>238.76</u>
	<b>879.05</b>	<b>838.98</b>
Less: Provision	<u>238.76</u>	<u>238.76</u>
	<b>640.29</b>	<b>600.22</b>
k) Material received and In-Transit Advances	<b>0.00</b>	<b>0.00</b>
l) Tools and Gauges	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b><u>19369.90</u></b>	<b><u>17333.53</u></b>



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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 7</b>		
<b><u>CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES</u></b>		
<b><u>Secured</u></b>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00
	0.00	0.00
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Un Secured</u></b>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good		
-Gujnet*	36252.05	54952.45
-Others	200944.89	206878.77
Considered Doubtful	4854.68	4651.61
	242051.62	266482.83
Other for a period of not exceeding 6 months:		
Considered Good		
-Gujnet*	2007.41	0.00
-Other	16005.99	14282.66
	260065.02	280765.48
Less: Provision	4854.68	4651.61
<b>TOTAL</b>	<b>255210.33</b>	<b>276113.88</b>
<b>GRAND TOTAL</b>	<b>255210.33</b>	<b>276113.88</b>

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is an example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis.

**NOTE NO. 8**
**CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

a) Cash-on-Transit	0.00	618.00
b) Cash on hand	32.72	59.29
c) Cheques & Stamps on Hand	0.00	0.00
d) Balance with Banks :		
- On Current Account	2760.95	3300.69
<b>TOTAL</b>	<b>2793.67</b>	<b>3977.98</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 8a</b>		
<b><u>CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE</u></b>		
<b>Balance with Banks :</b>		
- On Escrow Account	11178.49	1690.53
- On Current Account (Apprentices)	1033.91	138.71
Unpaid Dividend	0.00	0.00
Security deposits/others	0.48	0.28
LC Margin money	0.00	0.00
On Savings Account(Apprentices Security Deposits)	0.00	0.00
On short term deposit (margin money)	157.82	157.82
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	39599.18	18541.43
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00	0.00
<b>TOTAL</b>	<b>51969.87</b>	<b>20528.77</b>
<b>NOTE NO. 9</b>		
<b><u>CURRENT FINANCIAL ASSETS - LOANS</u></b>		
<u>Secured Advances recoverable in cash or for value to be received</u>		
Vehicles	0.00	0.00
House building	0.00	0.00
Other Deposits	1035.95	1046.02
Less: Provision	0.00	0.00
<b>TOTAL</b>	<b>1035.95</b>	<b>1046.02</b>
<u>Un secured Advances recoverable in cash for value to be received</u>		
Considered Good	26538.18	26774.28
Considered Doubtful	536.60	896.61
	27074.78	27670.89
Less: Provision	536.60	896.61
	26538.18	26774.28
<u>Claims and Expenses Recoverable - Inland</u>		
Considered Good	24005.96	25681.22
Considered Doubtful	1002.61	992.29
	25008.57	26673.51
Less: Provision	1002.61	992.29
	24005.96	25681.22
<u>Claims and expenses recoverable - Foreign</u>		
Considered Good	9.60	9.60
Considered doubtful	1204.32	1204.32
	1213.92	1213.92
Less: Provision	1204.32	1204.32
	9.60	9.60
Vehicle advance	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
Other Deposits	4578.36	4015.30
Less: Provision	<u>421.47</u>	<u>256.00</u>
	<b>4156.89</b>	<b>3759.30</b>
Interest accrued but not due on short term deposits	<u>17.74</u>	<u>17.74</u>
<b>TOTAL</b>	<b><u>54728.37</u></b>	<b><u>56242.14</u></b>
<b>GRAND TOTAL</b>	<b><u>55764.32</u></b>	<b><u>57288.16</u></b>

- a) Claims and expenses recoverable - inland- includes ₹1690.2 Lakhs recoverable from M/s HCL Infosystem Ltd . as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.
- b) Claims and expenses recoverable - inland- includes ₹140.27 Lakh is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and in our opinion, the same is realisable.
- c) Claim Recoverable - in land -includes ₹1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.
- d) Rent Receivable includes of ₹5847.9 Lakhs on a premises leased out upto the period ended 31.03.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization.

### NOTE NO. 9 (a)

#### Unbilled Revenue

Government		
-Gujnet	15706.96	12111.71
-Others	155411.95	50217.58
Non Government	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>171118.91</b>	<b>62329.29</b>

### NOTE NO. 10

#### OTHER CURRENT ASSETS

Taxes & Duties in put	8333.09	5904.84
Deposits with Customs Department	280.24	268.00
Payment of Advance tax (Net of refunds)	10.08	6.44
Deposits with Excise Authorities	422.74	419.29
WCT Recoverable	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>9046.15</b>	<b>6598.58</b>

### NOTE NO. 11

#### I. EQUITY SHARE CAPITAL

a) Authorised		
2,80,00,00,000 equity shares of ₹10 each	280000.00	280000.00
b) Issued		
92,51,19,508 equity shares of ₹10 each	93352.29	92511.95
c) Subscribed and Fully Paid-up		
92,51,19,508 equity shares of ₹10 each	93352.29	92511.95
d) Subscribed & not fully paid up	0.00	0.00
e) Par value per share	0.00	10.00
f) Calls unpaid	0.00	0.00
g) Forfeited shares	0.00	0.00
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.		

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.		
	No. of shares	No. of shares
Number of shares outstanding O.B	925119508	897000000
Add: Issues during the year	8403361	28119508
Less: Buy back/forfeiture during the year	0.00	0.00
Number of shares outstanding C.B	933522869	925119508
i) The rights and preferences and restrictions attaching to the above class of shares		
* The Company has allotted 84,03,361 equity shares issued at Rs.124.95 to the President of India on 09.02.2021, against capital grant of Rs.105 crores received from Government of India. - Each holder of Equity share is entitled to one vote per share.		
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
j) List of share holders holding more than 5% shares		
	Name	No. of shares held
1. President of India	840698419	832295057
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
<b>II. PREFERENCE SHARES:</b>		
<b>Authorised</b>		
70000000 Preference Shares of ₹100 each	70000.00	70000.00
<b>NOTE NO. 12</b>		
<b>OTHER EQUITY</b>		
1) <u>Capital Reserves</u>		
i) Free Land Gifted		
O.B As per last B/S	25.30	25.30
Additions	0.00	0.00
<b>Total</b>	<b>25.30</b>	<b>25.30</b>
Deductions	0.00	0.00
Closing balance	25.30	25.30
ii) <u>Capital Grant in aid</u>		
As per last Balance Sheet	305802.00	274872.00
Transfer from Grant in aid (capital)	0.00	30930.00
Closing Balance	<b>305802.00</b>	<b>305802.00</b>
<b>TOTAL CAPITAL RESERVES</b>	<b>305827.30</b>	<b>305827.30</b>
2) <u>Securities premium reserve</u>		
O.B as per last B/S	11854.27	29.61
Additions	9659.66	13188.05
<b>Total</b>	<b>21513.93</b>	<b>13217.66</b>
Less: FPO Issue Expenses *	(165.51)	1363.39
<b>Closing balance</b>	<b>21679.44</b>	<b>11854.27</b>

\* The Company had filed the Red herring prospectus for FPO ( Further Public Offer) dated 17th January 2020 with the SEBI. However, the Company has withdrawn the Issue, due to the prevailing market conditions. The issue expenses of ₹1363.39 lakhs incurred towards FPO has been set off against the Securities Premium account in accordance with the Section 52 of the Companies Act 2013. After actual payment of FPO expense the excess estimated has been reverted by Rs. 165.51 lakhs.

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
3) <u>Revaluation Reserve</u>		
i) <u>Revaluation reserves- Land</u>		
Opening balance as per last B/S	0.00	0.00
Less-Reversal on sale of land	0.00	0.00
Closing Balance	0.00	0.00
ii) <u>Revaluation reserves-Buildings</u>		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to General Reserve	0.00	0.00
Closing Balance	0.00	0.00
<b>TOTAL-REVALUATION RESERVE</b>	<b>0.00</b>	<b>0.00</b>
4) <u>Retained Earnings</u>		
i) <u>General reserve:</u>		
Opening balance as per last B/S	235316.63	235316.63
Prior Period Adjustments	0.00	0.00
Add: Transfer from Revaluation Reserve (Dep)	0.00	0.00
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	0.00	0.00
Closing Balance	235316.63	235316.63
ii) <u>Profit on Sale of Fixed Assets</u>		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to Surplus	0.00	0.00
Closing Balance	0.00	0.00
iii) <u>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
iv) <u>Industrial Housing Subsidy</u>		
As per last Balance Sheet	6.79	6.79
Less-Transfer to P&L	0.00	0.00
Closing Balance	6.79	6.79
v) <u>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
vi) <u>Surplus</u>		
As per last Balance sheet	(421787.48)	(436358.21)
Add: Profit/(Loss) for the year	947.78	14570.73
Add: Transfer from General Reserve	0.00	0.00
Add: Transfer from Profit on sale of fixed assets	0.00	0.00
<b>TOTAL</b>	<b>(420839.70)</b>	<b>(421787.48)</b>
Less- Appropriations	0.00	0.00
Less-Transfer from P&L A/C-(Loss for the year)	0.00	0.00
Closing Balance	(420839.70)	(421787.48)
<b>TOTAL-RETAINED EARNINGS</b>	<b>(185512.78)</b>	<b>(186460.56)</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
5) Share application money pending allotment	0.00	0.00
6) Other Comprehensive Income		
Remeasurement of Defined Benefit Plans (Actuarial Gain)		
Opening Balance	8285.89	7894.12
Changes during the Year	1959.56	391.77
Closing balance	10245.45	8285.89
Other comprehensive Income	10245.45	8285.89
<b>GRAND TOTAL - OTHER EQUITY</b>	<b>152239.41</b>	<b>139506.91</b>
<b>NOTE NO. 13</b>		
<b>NON-CURRENT LIABILITIES</b>		
Government Grants Unutilised:		
i) Free Equipment gifted		
Opening balance as per last B/S	0.00	0.00
Less-Transfer to P&L	0.00	0.00
Closing Balance	0.00	0.00
ii) Grant-in-aid (Capital) :		
As per last Balance Sheet	4.64	4.64
Add:Receipts during the year	0.00	0.00
<b>Total</b>	<b>4.64</b>	<b>4.64</b>
Less: Transfer to revenue GIA/Capital reserves	0.00	0.00
Less: Transfer to Profit & Loss Account	0.00	0.00
Closing Balance	4.64	4.64
iii) Grant-in-aid (Revenue)		
As per last Balance Sheet	11402.49	11841.82
Add : Receipts during the year	0.00	8540.00
<b>Total</b>	<b>11402.49</b>	<b>20381.82</b>
Less: Transfer to Profit & Loss Account	6675.51	8979.33
<b>Closing Balance</b>	<b>4726.98</b>	<b>11402.49</b>
<b>GRAND TOTAL</b>	<b>4731.62</b>	<b>11407.13</b>

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

- Unspent portion of government grants (as per the conditions of grant document) are classified separately from other equity and shown as Non-current liabilities

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 14</b>		
<b>NON-CURRENT LIABILITIES</b>		
<b>FINANCIAL LIABILITIES - LOANS</b>		
I) Secured Loans		
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Others	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
II) Unsecured Loans		
Loan from Government of India*	30000.00	18000.00
Interest accrued and due on the above	0.00	0.00
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Deferred payment liabilities	0.00	0.00
Deposits	0.00	0.00
Loans and advances from related parties	0.00	0.00
Long term maturities of finance lease obligation	0.00	0.00
Other loan - Ku Band	0.00	0.00
<b>TOTAL</b>	<b>30000.00</b>	<b>18000.00</b>
<b>GRAND TOTAL</b>	<b>30000.00</b>	<b>18000.00</b>

\* The Company received a soft loan of Rs.30,000 lakhs from the Ministry of Communications & IT, Department of Telecommunications, Government of India during the year 2014-15 for payment of salaries of employees to be repaid in five years after the Company starts earning profit with a moratorium of two years. The Company ought to have commenced repayment from the financial year 2020-21. However, it has sought extension of time for commencing the repayment as the Company is still not earning profits from its operations.

### NOTE NO. 15

#### NON-CURRENT FINANCIAL LIABILITIES - OTHERS

Security deposit received	7311.62	13392.97
Interest accrued and but not due on Loan from GOI*	0.00	0.00
<b>GRAND TOTAL</b>	<b>7311.62</b>	<b>13392.97</b>

### NOTE NO. 16

#### NON CURRENT PROVISIONS

For privilege Leave		
As per Last Balance Sheet	7378.89	7985.89
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(2110.33)	(607.00)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>5268.56</b>	<b>7378.90</b>
For sick Leave		
As per Last Balance Sheet	54.87	62.52
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1.46	(7.62)
Less: Payments	0.00	0.00
<b>TOTAL</b>	<b>56.33</b>	<b>54.90</b>
ii) Others	0.00	0.00
<b>GRAND TOTAL</b>	<b>5324.90</b>	<b>7433.80</b>

### NOTE NO. 17

#### CURRENT LIABILITIES

##### i) Current Financial Liabilities - Loans

Loans repayable on demand  
-Secured Loans

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks, stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable	116426.36	103558.39
<u>-Unsecured Loans</u>		
Loans and advances from related parties	0.00	0.00
Deposits	0.00	0.00
Other loans and advances	0.00	0.00
<b>TOTAL</b>	<b>116426.36</b>	<b>103558.39</b>

### NOTE NO. 18

#### CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

For goods supplied

- Micro small and medium enterprises	598.18	1299.77
- Others		
- Gujnet	25664.38	37219.17
- Other than Gujnet	153938.91	167793.10
<b>TOTAL</b>	<b>180201.47</b>	<b>206312.04</b>

For Expenses and Services

-Gujnet	0.00	852.65
-Other than Gujnet	5053.77	4536.97
For Other Liabilities	3311.41	6603.59

**TOTAL**

**188566.66**

**218305.22**

Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31.03.2021.

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

#### AS PER ENCLOSURE:

Disclosure of dues/payments to micro and small 'enterprises to the extent such enterprises are identified by the company.

(a) Principal amount remain unpaid on 31.03.2021.	534.77	1210.47
(b) Interest due thereon remaining unpaid on 31.03.2021.	63.41	89.30
(C) The amount of interest paid and principal paid beyond the appointed day during the year	0.00	0.00
(d) Amount of interest due and payable for delay in payments (which have been paid beyond the appointed day during the period) but without adding interest under the MSMED Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2021.	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



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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO.19</b>		
<b>CURRENT FINANCIAL LIABILITIES - OTHERS</b>		
Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	600.00	300.00
Unpaid matured deposits and interest accrued thereon	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	1294.08	2916.03
For Other Liabilities	128735.11	55951.89
Other payables	562.46	644.18
Salary Payable	2174.45	2470.67
Unclaimed Dividend	0.00	0.00
Royalty Payable	212.80	212.80
Wage revision Arrears	1033.52	1056.60
Preference Shares*	0.00	2500.00
Deposits from Contractors	5870.04	4352.61
Misc.Liabilities	<u>32963.74</u>	<u>24526.57</u>
<b>TOTAL</b>	<b>173446.20</b>	<b>94931.36</b>

\*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Interest/Dividend has not been provided in the books of accounts.

### Preference Shares:

#### a) Authorised

70000000 Preference Shares of ₹100 each 70000.00

8.75% Cumulative Redeemable Preference Shares:

#### b) Issued

10000000, 8.75% Cumulative Redeemable Preference

Shares of ₹100 each Redeemable at par in 5 equal

instalment from March 2005

0.00 0.00

#### c) Subscribed and Fully Paid-up

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100

each Redeemable at par in 5 equal instalment from March 2005

0.00 0.00

#### d) Subscribed & not fully paid up

0.00 0.00

#### e) Calls un paid

0.00 0.00

#### f) Forfeited shares

0.00 0.00

g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	No.of shares held	No.of shares held
Number of shares outstanding O.B	0.00	10000000
Add issues during the year	0.00	0.00
Less: Redeemed during the year	0.00	10000000
Number of shares outstanding C.B	<u>0.00</u>	<u>0.00</u>

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

- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.

i) List of share holders holding more than 5% shares

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Name</b>	<b>No. of shares held</b>	<b>No. of shares held</b>
1. Mahanagar Telephone Nigam Ltd.	0	0
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus share	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 8.75% Cumulative Preference Shares from 2002-03 (The figures indicated are excluding Dividend Distribution Tax) Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	0.00	15251.37
<u>7% Cumulative Redeemable Preference Shares:</u>		
a) Issued 20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	0.00	0.00
b) Subscribed and Fully Paid-up 20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	0.00	0.00
c) Subscribed & not fully paid up	0.00	0.00
d) Par value per share(₹100)	0.00	0.00
e) Calls un-paid	0.00	0.00
f) Forfeited shares	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
	<b>No. of shares held</b>	<b>No. of shares held</b>
Number of shares outstanding O.B	0.00	20000000
Add issues during the year	0.00	0.00
Less: Redeemed during the year	0.00	20000000
Number of shares outstanding C.B	0.00	0.00
h) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
i) List of share holders holding more than 5% shares		
<b>Name</b>	<b>No.of shares held</b>	<b>No.of shares held</b>
1.Bharat Sanchar Nigam Ltd.	0	0.00
j) During last 5 years:		
i) Aggregate number of shares allotted with out being received in cash	0.00	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	-
iii) Aggregate number and class of shares brought back	0.00	-
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
a) On 7.00% Cumulative Preference Shares from 2003-04	0.00	23006.03
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	0.00	0.00
<b>NOTE NO. 20</b>		
<b>CURRENT PROVISIONS</b>		
<b>For Taxation</b>		
As per last Balance Sheet	0.00	0.00
Add: Provisions during the year	0.00	0.00
Less: Adjustments of provisions relating to earlier years	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
<b>For Gratuity</b>		
As per Last Balance Sheet	10756.06	9678.61
Add: Provision for the year	900.38	1077.45
Less: Transfer to gratuity trust	210.00	0.00
Add: Transfer from gratuity trust	7171.33	343.76
Add: Transfer from Corporate	0.00	0.00
Less: Payments	7171.33	343.76
<b>Total</b>	<b>11446.44</b>	<b>10756.06</b>
<b>For Privilege Leave</b>		
As per Last Balance Sheet	1676.66	633.29
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	1557.70	1769.24
Less: Payments	1226.32	725.86
<b>Total</b>	<b>2008.05</b>	<b>1676.67</b>
<b>For Sick Leave</b>		
As per Last Balance Sheet	3.76	2.05
Add: Provision for the year	(2.30)	1.71
Less: Payments	0.00	0.00
<b>Total</b>	<b>1.46</b>	<b>3.75</b>
<b>For L L T C provision</b>		
As per Last Balance Sheet	267.11	294.72
Add: Provision for the year	(22.83)	(25.27)
Less: Payments	35.65	2.33
<b>Total</b>	<b>208.64</b>	<b>267.11</b>
<b>GRAND TOTAL</b>	<b>13664.58</b>	<b>12703.60</b>

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

₹ in Lakhs

Particulars	As at 31.03.2021	As at 31.03.2020
<b>NOTE NO. 21</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Income received in advance	0.00	0.00
Duties & Taxes	2872.50	3744.96
Advances from Customers	103169.31	56565.98
<b>TOTAL</b>	<b>106041.81</b>	<b>60310.94</b>
<b>NOTE NO. 22</b>		
<b>REVENUE FROM OPERATIONS</b>		
I) Sale of Products (net of GST)		
Sale of Finished Goods	15088.86	5400.77
Sale of Traded Goods	20842.10	12698.37
<b>TOTAL</b>	<b>35930.96</b>	<b>18099.14</b>
ii) Sale of services		
	200287.32	187787.72
iii) Other Operating Revenues:		
a) Sale of Scrap	0.00	0.00
b) Income from DLRC Project	0.00	0.00
c) Non competing fee	0.00	0.00
d) Grant In Aid-Revenue	0.00	0.00
	0.00	0.00
<b>TOTAL</b>	<b>236218.28</b>	<b>205886.86</b>

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>Sales under broad heads :</b>		
1. NPR	0.00	0.00
2. Electronic Switching Equipments	684.30	458.43
3. MLLN	0.00	0.19
4. SIM Card	0.00	0.00
5. Transmission Equipment	0.00	0.00
6. Telephone	13.78	4.09
7. G-PoN	60.79	16.67
8. DWDM	0.00	0.00
9. Solar Panel	105.10	217.88
10. SWAN	0.00	0.00
11. APDRP	0.00	0.00
12. IT PRODUCTS	5317.03	7316.96
13. NGN	0.00	0.00
14. NFS	601.95	637.38
15. ASCON	0.00	0.00
16. DEFENCE	42.58	323.81
17. Smart Energy meters	0.00	1014.89
18. BBWT	0.00	0.00
19. HDPE Pipe	3002.48	2199.20
20. OFC	1461.43	0.00
21. MAHANET	3218.52	0.00
22. WIFI-HOTSPOT	0.00	23.65

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
23. GUJNET	0.00	0.00
24. BNG	0.00	0.00
25. DDOS	0.00	0.00
26. Min PC Mfg / Tab PC	420.40	1087.32
27. CCMS	808.95	0.00
28. MOBILE SHOWROOM	116.68	223.71
29. STATE GOVT.	5567.04	4231.54
30. Others	0.00	343.42
<b>TOTAL</b>	<b>21421.03</b>	<b>18099.14</b>
<b>Service Income under broad heads :</b>		
1. AMC	3309.39	5237.23
2. SSTP	18.72	18.33
3. NPR	0.00	0.00
4. SECC	0.00	0.00
5. Data Center	1542.67	1491.23
6. IT	1084.01	594.98
7. SWAN	0.00	0.00
8. GSM	3143.41	3429.43
9. NFS	9981.24	18938.79
10. G-PoN	47.49	89.84
11. ASCON	5908.12	7202.16
12. DEFENCE	831.41	267.51
13. NGN	353.56	515.38
14. BBWT	0.00	0.00
15. MAHANET	122570.14	52304.26
16. WIFI-HOTSPOT	62.52	223.94
17. GUJNET	10336.51	90701.83
18. BNG	574.31	178.98
19. DDOS	0.00	0.00
20. MLLN	49.05	87.17
21. CCMS	87.36	653.56
22. E-TENDERING	2262.12	3806.98
23. SMPS, SKIL DEVELOPMENT	244.62	0.00
24. FIBER NETWORK	99.78	(1701.41)
25. RAILWAY	394.61	388.14
26. NMS	110.62	(755.86)
27. Others	26.85	4115.25
<b>TOTAL</b>	<b>163038.51</b>	<b>187787.72</b>
<b>Earnings in Foreign Currency</b>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 23</b>		
<b>OTHER INCOME</b>		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	1160.60	1571.14
<b>Total</b>	<b>1160.60</b>	<b>1571.14</b>
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)		
i) Profit on Sale of Assets	0.00	50.64
Less: Transfer to Capital Reserves	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>50.64</b>
ii) Commission	0.00	0.00
iii) Rent	2172.64	2105.31
iv) Lease Rent	309.15	309.15
v) Transport Charges	0.04	0.00
vi) Sale of Scrap	339.32	558.68
vii) Water Charges/Electricity Charges	6.22	5.87
viii) Forfeited Bank Guarantee	0.00	0.00
ix) Excess Provision Withdrawn	426.59	0.00
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	2043.71	4407.04
xii) Waiver of Liquidated Damages	0.23	62.55
xiii) Compensation for Srinagar Loss	0.00	0.00
xiv) Waiver of Interest Charges	0.00	0.00
xv) Transfer from Revenue Grant-in-Aid	0.00	0.00
xvi) Revenue Grant-in-Aid - VRS	6695.30	439.33
xvii) Revenue Grant-in-Aid*	0.00	8540.00
xviii) Transfer from Capital Grant-in-Aid	0.00	0.00
xix) Compensation for Acquisition of Land by SWR/NHAI	2810.64	128.67
xx) Misc. Income	166.26	210.96
<b>TOTAL(i to xx)</b>	<b>14970.11</b>	<b>16818.20</b>
e) Adjustment to the carrying value of investments(write back)	0.00	0.00
f) Grants relating to Previous Years	0.00	0.00
g) Net gain /loss on foreign currency translation and transaction(other than considered as finance cost)	6.63	0.00
<b>G.TOTAL</b>	<b>16137.35</b>	<b>18389.34</b>

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

\*During the year, the company received a letter for awarding compensation of Rs.2908.02 lakhs towards compulsory acquisition of land at Bangalore by the South-Western Railways. The surplus amount of Rs.2796.34 lakhs is calculated by deducting the cost of land, which is taken as a proportion of the value of the total carrying value of land in Bangalore based on the area of land acquired that bears to the total area of land owned by the Company in Bangalore and this surplus is treated as an exceptional income.

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 24</b>		
<b>CONSUMPTION OF RAW MATERIALS &amp; PRODUCTION STORES</b>		
Opening Stock	7970.89	8880.93
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	17901.53	8279.81
Material for Installation & Maintenance	0.00	0.00
<b>TOTAL</b>	<b>25872.42</b>	<b>17160.74</b>
Less:		
Closing Stock	8483.93	7970.89
Issue to Revenue and Others	(182.83)	282.56
Material Transferred to Other Units	0.00	0.00
<b>TOTAL</b>	<b>8301.10</b>	<b>8253.45</b>
Add: Stores Indirect expenses relating to RM & Prodn. Stores	(6.38)	(3.61)
<b>CONSUMPTION</b>	<b>17564.94</b>	<b>8903.67</b>
Rawmaterials consumed under broad heads particular		
1. Electronic Goods & Components	17630.13	9113.06
2. MNIC	60.92	31.76
<b>Total</b>	<b>17691.03</b>	<b>9144.82</b>
Value of Imports on CIF basis	2020-21	2019-20
Raw Materials and Production Stores	1697.18	3183.51
Components and Spare Parts	0.00	0.00
Material in transit	0.00	0.00
Capital Goods	274.83	1214.87
<b>TOTAL</b>	<b>1972.01</b>	<b>4398.38</b>

Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption.

Particulars	2020-21		2019-20	
	₹Lakhs	%	₹Lakhs	%
Imported	2093.87	11.84	3242.28	35.45
Indigenous	15597.18	88.16	5902.52	64.55
<b>Total</b>	<b>17691.05</b>	<b>100.00</b>	<b>9144.80</b>	<b>100.00</b>

### NOTE NO. 25

#### PURCHASE OF STOCK-IN-TRADE

27012.54

41867.91

Goods purchased under broad heads

Particulars

1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	57.19	848.60
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	0.00	61.45
8. ASCON	0.00	0.00
9. GSM	0.00	0.00
10. IT	8475.81	6660.68

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
11. APDRP	0.00	0.00
12. NGN	0.00	0.00
13. Smart Energy Meters	0.00	0.00
14. Solar Panel	0.00	0.00
15. MAHANET	2904.68	0.00
16. WIFI-HOTSPOT	0.00	20.10
17. GUJNET	3677.15	27536.41
18. BNG	0.00	0.00
19. DDOS	0.00	0.00
20. Min PC Mfg / Tab PC	30.42	0.00
21. CCMS	0.00	0.00
22. MOBILE SHOWROOM	114.85	223.04
23. MLLN	0.00	0.00
24. SEM(NET)	0.00	0.00
25. MINI PC	0.00	0.00
26. OFC	1333.86	0.00
27. ONT/OLT	0.00	122.65
28. MCEU	0.00	0.00
29. WIFI ACCESS POINT	0.00	0.00
30. IP ENCRYPTORS MHA	0.00	0.00
31. LED STREET LIGHT	872.65	0.00
32. FACE SHIELD	19.84	0.00
33. SMART PARCEL DELIVERY SYSTEM	0.00	0.00
34. COMPONENT SCREENING	0.00	0.00
35. SMART CARD	0.00	0.00
36. VENTILATOR/MEDICAL DEVICES	1566.91	0.00
37. ASCON PHASE IV	3044.44	0.00
38. AIRTEL FTTH ROLLOUT	3.15	0.00
39. BHARATNET ANDAMAN & NICOBAR	0.00	0.00
40. STATE GOVT.	0.00	4232.89
41. Others	4911.59	2162.09
<b>TOTAL</b>	<b>27012.54</b>	<b>41867.91</b>

### NOTE NO. 26

#### CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

##### Accretion/(Decretion) to WIP

##### WIP - Production :

Closing Balance	7375.41	7851.61
Less: Opening Balance	7851.61	3718.24
<b>TOTAL</b>	<b>(476.20)</b>	<b>4133.37</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>(476.20)</b>	<b>4133.37</b>

##### WIP - Installation:

Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Accretion/(Decretion) to Manufacturing Components</b>		
Closing Balance	2132.56	1137.55
Less: Opening Balance	1137.55	970.79
<b>TOTAL</b>	<b>995.02</b>	<b>166.76</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>995.02</b>	<b>166.76</b>
<b>WIP - Installation:</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision/effects of WIP	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>Accretion/(Decretion) to Stock-in-Trade</b>		
<b>Stock-in-Trade :</b>		
Closing Balance	2167.11	1830.98
Less: Opening Balance	1830.98	2172.71
Total	336.13	(341.73)
<b>Add: Write Off during the Year</b>	<b>0.00</b>	<b>70.67</b>
Less: Prior Period Adjustments due to Price Revision/Grossing up of Provision	0.00	0.00
<b>TOTAL</b>	<b>336.13</b>	<b>(271.06)</b>
<b>Stock of Scrap</b>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>854.95</b>	<b>4029.07</b>

**NOTE NO. 27**
**EMPLOYEE BENEFIT EXPENSES**
**i) SALARIES & WAGES**

Salaries & Wages	17124.26	16798.71
Less: Other Revenue Accounts	0.00	0.00
<b>TOTAL</b>	<b>17124.26</b>	<b>16798.71</b>
Bonus	9.23	1.87
Wage revision arrear payments	0.00	0.00
Incentive	10.85	48.55
<b>TOTAL</b>	<b>17144.34</b>	<b>16849.13</b>

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

Provident Fund & Pension Fund	1912.01	2074.80
Employees State Insurance	12.75	7.99

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Gratuity Trust Fund	900.38	1077.44
Leave Salary- PL	(554.05)	1162.24
Sick Leave	(0.85)	(5.91)
Deposit Linked Insurance/Group Insurance	33.01	9.12
<b>TOTAL</b>	<b>2303.25</b>	<b>4325.68</b>
<b>iii) WORKMEN AND STAFF WELFARE EXPENSES</b>		
Welfare Expenses - Canteen	286.25	343.37
Welfare Expenses - Education	39.86	38.81
Medical Expenses	496.27	576.59
LTC/LLTC	(20.17)	(24.91)
Uniforms	3.08	0.36
Others	134.28	156.45
<b>TOTAL</b>	<b>939.58</b>	<b>1090.66</b>
<b>iv) VOLUNTARY RETIREMENT SCHEME</b>		
VRS Payments	6697.07	443.49
<b>v) Actuarial Gain/(Loss)</b>	<b>1959.56</b>	<b>391.77</b>
<b>GRAND TOTAL</b>	<b>29043.80</b>	<b>23100.74</b>

### RELATED PARTY TRANSACTIONS

#### KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES

Name	2020-21	2019-20
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director (HR)	31.32	30.15
Shri Rajeev Srivastava - Director (Finance) & CFO (w.e.f. 06.01.2020)	15.88	5.60
Shri Venkateswarlu -Director (Production)	17.84	6.59
Shri Rakesh Chandra Tiwari - Director (Marketing) (w.e.f. 07.01.2021)	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD	-	43.75
Smt Malathy Ex. CFO	-	15.92

## DISCLOSURE REPORT UNDER IND AS 19

### Defined Benefit Plan

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

#### i. Summary of results

S.N	Assets / Liability	Gratuity		Privilege Leave		Sick Leave	
		31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a	Present value of obligation	17,148	21,655	7,277	9,056	58	59
b	Fair value of plan assets	5,701	10,899	--	--	0	--
c	Net assets / (liability) recognized in balance sheet as provision	11,446	10,756	7,277	9,056	-58	-59

#### ii. Actuarial & Demographic Assumptions

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a	Discounting Rate	6.15	6.31	6.15	6.31	6.15	6.31
b	Future salary Increase	2.00	2.00	2.00	2.00	2.00	2.00
c	Attrition at Ages	2.45	0.50	2.45	0.81	2.45	0.50

#### iii. Plan Liability

Date Ending	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Present value of obligation as at the end of the period	17,148	21,655	7,277	9,056	58	56

#### iv. Service Cost

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Current Service Cost	536	673	296	316	2	2
b)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	0	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	0	--
d)	Total Service Cost	536	673	296	316	2	2

#### v. Net Interest Cost

Particulars	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
a) Interest Cost on Defined Benefit Obligation	1,366	1,502	571	631	4	5
b) Interest Income on Plan Assets	688	774	--	--	0	--
c) Net Interest Cost (Income)	679	728	571	631	4	5

**vi. Change in Benefit Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Present value of obligation as at the beginning of the period	21,655	20,525	90,056	8,619	59	65
b)	Acquisition adjustment	--	--	--	--	0	0
c)	Interest Cost	1,366	1,502	571	631	4	5
d)	Service Cost	536	673	296	316	2	2
e)	Past Service Cost including curtailment Gains/Losses	--	--	--	--	0	--
f)	Benefits Paid	- 7,171	- 344	-1,008	- 721	0	--
g)	Total Actuarial (Gain)/Loss on Obligation	761	- 702	-1,638	211	- 7	- 13
h)	Present value of obligation as at the End of the period	17,148	21,655	7,277	9,056	58	59

**vii. Bifurcation of Actuarial Gain/Loss on Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	130	- 215	65	-84	0.6	-1
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	77	- 1,265	36	-640	0.3	-4
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	554	778	-1740	935	-7.8	-8

**viii. Actuarial Gain/Loss on Plan Asset**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Expected Interest Income	688	774	--	--	--	--
b)	Actual Income on Plan Asset	1764	663	--	--	--	--
c)	Actuarial gain /(loss) for the year on Asset	1076	-112	--	--	--	--

**ix. Balance Sheet and related analysis**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Present Value of the obligation at end	17,148	21,655	7,277	9,056	58	59
b)	Fair value of plan assets	5,701	10,899	--	--	--	--
c)	Unfunded Liability/provision in Balance Sheet	-11,446	-10,756	-7,277	-9,056	-58	-59

**x. The amounts recognized in the income statement.**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Total Service Cost	536	673	296	316	2	2
b)	Net Interest Cost	679	728	571	631	4	5
c)	Net actuarial (gain) / loss recognized in the period	0	0	-1,638	211	-7	-13
d)	Expense recognized in the Income Statement	1,215	1,401	-771	1,158	-1	-6

**xi. Other Comprehensive Income (OCI)**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	-761	702	--	--
c)	Actuarial gain /(loss) for the year on Asset	1076	-112	--	--
d)	Unrecognized actuarial gain/(loss) for the year	315	590	--	--

**xii. Change in plan assets**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Fair value of plan assets at the beginning of the period	10,899	10,581	--	--	--	--
b)	Actual return on plan assets	1,764	663	--	--	--	--
c)	Employer contribution	210	--	--	--	--	--
d)	Benefits paid	-7,171	-344	--	--	--	--
e)	Fairvalue of plan assets at the end of the period	5,701	10,899	--	--	--	--

**xiii. Major categories of plan assets (as percentage of total plan assets)**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	<b>Total</b>	<b>100%</b>	<b>100%</b>	--	--	--	--

**xiv. Change in Net Defined Benefit Obligation**

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Net defined benefit liability at the start of the period	10,756	9,945	9,056	8,619	59	65
b)	Acquisition adjustment	--	--	--	--	0	--
c)	Total Service Cost	536	673	296	316	2	2
d)	Net Interest cost (Income)	679	728	571	631	4	5
e)	Remeasurements	-315	-590	-1,638	211	-7	-13
f)	Contribution paid to the Fund	-210	--	--	--	0	--
g)	Benefit paid directly by the enterprise	--	--	-1,008	-721	0	--
h)	Net defined benefit liability at the end of the period	11,446	10,756	7,277	9,056	58	59

xv. Bifurcation of PBO at the end of year in current and non current.

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Current liability (Amount due within one year)	4,754	4,010	2,008	1,677	1	4
b)	Non-Current liability (Amount due over one year)	12,394	17,645	5,269	7,379	56	55
	<b>Total PBO at the end of year</b>	<b>17,148</b>	<b>21,655</b>	<b>7,277</b>	<b>9,056</b>	<b>58</b>	<b>59</b>

xvi. Expected contribution for the next Annual reporting period

S.N	Particulars	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
a)	Service Cost	490	637	246	284	15	6
b)	Net Interest Cost	704	679	448	571	4	4
c)	Expected Expense for the next annual reporting period	1,194	1,316	694	855	19	10

xvii. Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		31/03/2021	31/03/2021	31/03/2021
	Present Value of Obligation at the end of the period	17,148	7,277	58
a)	Impact due to increase of 0.50%	- 228	- 109	- 1
b)	Impact due to decrease of 0.50 %	235	111	1
b) Impact of the change in salary increase		31/03/2021	31/03/2021	31/03/2021
	Present Value of Obligation at the end of the period	17,148	7,277	58
a)	Impact due to increase of 0.50%	234	116	1
b)	Impact due to decrease of 0.50 %	-231	-113	-1

xviii. Maturity Profile of Defined Benefit Obligation

	Year	Amount	Amount	Amount
a)	0 to 1 Year	4,754	2,008	1
b)	1 to 2 Year	3,382	1,435	10
c)	2 to 3 Year	2,640	1,061	10
d)	3 to 4 Year	1,765	705	9
e)	4 to 5 Year	1,477	634	8
f)	5 to 6 Year	1,153	478	9
g)	6 Year onwards	1,976	955	9

**xix. Summary of results**
**Leave Travel Concession**

S.N	Assets / Liability	31/03/2021	31/03/2020
a	Present value of obligation	209	267
b	Fair value of plan assets	--	--
c	Net assets / (liability) recognized in balance sheet as provision	-209	-267

**xx. Actuarial & Demographic Assumptions**

S.N	Particulars	31/03/2021	31/03/2020
a	Discounting Rate	6.15	6.31
b	Future salary Increase	2.00	2.00
c	Attrition at Ages	2.45	0.50

**xxi. Actuarial Value**

<b>Present value of obligation as at the end of period (31/03/2021)</b>	209	267
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**xxii. Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013**

S.N	Particulars	31/03/2021	31/03/2020
a)	Current liability (Amount due within one year)	54	47
b)	Non -Current liability (Amount due over one year)	155	221
c)	<b>Total PBO at the end of year</b>	209	267

**NOTE NO. 28**
**FINANCE COSTS**
**i) Interest Expense:**

Cash Credit	11965.69	10655.11
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	2456.06	1984.02
ii) Bank charges	1537.42	1356.02
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	70.74

**TOTAL**
**15959.18**
**14065.89**

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

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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>NOTE NO. 29</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Fixed Assets	4183.50	4189.16
Tools and Gauges	1.34	0.04
<b>TOTAL</b>	<b>4184.84</b>	<b>4189.20</b>
Less: Transfer from Revaluation Reserve	-	0.00
<b>NET DEPRECIATION</b>	<b>4184.84</b>	<b>4189.20</b>
<b>NOTE NO. 30</b>		
<b>OTHER EXPENDITURE</b>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<b>MANUFACTURING EXPENSES:</b>		
Consumption of Stores and Spares	126.58	241.14
Power and Light	1512.63	1447.55
Water Charges	395.42	220.57
Excise Duty	0.00	0.00
<b>REPAIRS AND MAINTENANCE:</b>		
i) Plant Machinery and Equipment	214.23	221.83
ii) Vehicles	83.58	40.74
iii) Buildings	1128.65	678.66
iv) Other Equipments	112.39	80.08
	<b>1538.85</b>	<b>1021.30</b>
Cost and Expenses on Tools	-	0.00
Experimental Work and Training Expenses	16.92	35.50
Expenses on Minor Equipment & Work	13.23	2.53
Royalty	-	0.00
Scrap and Salvages	-	0.11
Factory Expenses	789.37	456.22
<b>TOT CHARGES:</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	(5.05)	(31.70)
Liquidated Damages	1388.93	1554.98
Demurage Charges	-	10.85
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)	-	0.00
<b>TOTAL MANUFACTURING EXPENSES</b>	<b>5776.88</b>	<b>4959.04</b>



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

₹ in Lakhs

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>ADMINISTRATION EXPENSES:</b>		
Rent	196.42	246.97
Rates and Taxes	1100.14	120.46
Insurance	76.26	45.40
<b>TRAVELLING EXPENSES</b>		
Inland	236.92	385.75
Foreign	0.00	0.10
Legal fees	167.67	214.30
Postage, Telegram, Telex Expenses	30.50	29.11
Telephone and Trunk Call Charges	76.08	72.13
Remuneration to Auditors		
Audit Fees	30.88	23.35
For Taxation Matters	0.15	0.76
For Company Law Matters	0.00	0.00
For Management Services	0.00	2.80
For Reimbursement of Expenses	0.16	0.27
For Other Services	0.82	1.49
CISF/ Private Security Expenses	916.19	1009.12
Printing, Stationary and Duplicating Charges	54.09	70.93
Transport Expenses	268.02	480.44
News Papers, Magazines & Periodicals	19.15	21.42
Mechanised Accounting Expenses	0.18	0.16
Lease Charges	0.00	0.00
Licence fee/Segment Charges	1.04	2.86
CSR Expenditure	6.36	64.00
Office Expenses	749.22	607.79
Provision for Obsolescence of RM Stores	0.00	305.74
Obsolete RM & Production Stores Write off	0.00	40.44
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	203.07	559.78
Bad Debts Write off	8.70	242.60
Claims and Expenses Charge off	989.51	338.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED/ Late Fees/ Penalty/ Interest	120.74	0.00
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>5252.26</b>	<b>4886.16</b>
<b>SELLING EXPENSES</b>		
Selling Agency Commission	0.02	6.16
Advertisement Expenses	25.56	24.69
Exhibition and Publicity Expenses	2.58	5.20
Packing Expenses	1.08	1.74
Forwarding Expenses	26.04	154.04
Discount Allowed	0.00	0.00
Warrenty Expenses	1.96	1.02
Sales Promotion Expenses	4.25	38.29
Entertainment Expenses	0.56	0.87
Cost of Tender Forms	0.38	1.60
<b>TOTAL SELLING EXPENSES</b>	<b>62.43</b>	<b>233.61</b>
<b>TOTAL OTHER EXPENSES</b>	<b>11091.57</b>	<b>10078.81</b>



Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.

In case of back to back arrangements, Liquidated damages is accounted on net basis.

Expenditure in Foreign Currency :

Royalty	0.00	0.00	
Knowhow	0.00	0.00	
Professional / Consultation Fees	0.00	0.00	
Interest	0.00	0.00	
Others	0.00	0.00	
Total		0.00	0.00

**NOTE NO. 31**

- 1 Corporate information:  
ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.
- 2 Execution and registration of sale deed for assets sold to DRDO for ₹2600 lacs during 2003-2004 is under process .
- 3 An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15466.48 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1033.52 lakhs kept under Other Current Liabilities.
- 4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.
- 5 The Company is primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments. The Company is primarily operating in India, which is considered as a single geographical segment. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exempted companies engaged in the Defence production from the requirement of Segment Reporting.
6. a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL).

	<u>2020-21</u>	<u>2019-20</u>
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party	0.00	0.00
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00



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

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director (HR)	31.32	30.15
Shri Rajeev Srivastava - Director (Finance) & CFO (w.e.f. 06.01.2020)	15.88	5.60
Shri Venkateswarlu -Director (Production)	17.84	6.59
Shri Rakesh Chandra Tiwari - Director (Marketing) (w.e.f. 07.01.2021)	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD	0.00	43.75
Smt Malathy Ex. CFO	0.00	15.92
<b>7. Earnings Per Share (for continuing operation):</b>		
Profit after tax	1120.19	14747.84
(-) Preference Dividend	0.00	0.00
Dividend tax	0.00	0.00
Profit available to equity shareholders	1120.19	14747.84
No. of Shares at beginning of the year	925119508	897000000
No. of Shares at the end of the year	933522869	925119508
Weighted average number of shares during the period	926293676	897616318
Earning per equity share (for continuing operation): Basic & Diluted( in ₹ )	0.12	1.64
8. Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indain Accounting Standard (Ind AS)-12 "Income Taxes"		
<b>9. JOINT VENTURES:</b>		
The financial reporting of interests in Joint Ventures as per Ind AS 28:		
(a) India Satcom Limited		
No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067		
Company's stake in equity participation	49%	49%
Place of incorporation of JV-India		
10. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	0.00	0.00
Commitments in respect of other contracts not provided for-	0.00	0.00
11. a) Contingent Liability in respect of		
- Outstanding letters of credit & guarantees	158979.28	69168.64
- Sales Tax demand /Service Tax/Income Tax	14301.53	14618.63
- Non receipt of C/D forms	19929.54	22150.80
- Excise Duty Demand/CENVAT Disallowance	2225.78	2225.78
- ESI demand	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04
- Claims against the Company not acknowledged as debts	20909.26	6395.02
i.) Due to the financial crunch, there have been delayed remittance of some of the statutory dues including contribution to the provident fund. The company has provided interest for the delay on an estimated basis as the actual amount of interest/penalty payable is unascertainable.		
ii.) The company has disclosed a contingent liability of Rs. 19,929.54 Lakhs towards additional central sales tax liability for non-collection/submission of C/D forms for the past years on the estimated basis. The actual liability may vary based on the collection and submission of the statutory forms and adopting the applicable tax rate at the time of tax assessments.		
iii) Out of the claims against the company not acknowledged as debt of ₹20909.26 Lakhs which includes ₹13700.00 Lakhs towards M/s. Alphion Corporation, Company has to recover ₹14025 Lakhs from BSNL on back to basis contract related to GPON.		
b) Pending litigations:-		
(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.		
(ii) Vendors have filed the case against the company involving total amount ₹100.00 lakhs and the case is pending before various forums.		
(iii) Disputed statutory liabilities of ₹16753.35 lakhs.		
(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.		
(v) Bruhat Bengaluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.		
(vi) Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.		
(vii) One employee has filed case against the company for claiming interest on 39 months wage revision arrears for ₹28.28 Lakhs and the case is pending in High Courts.		
12. Write-back of liabilities of earlier years amounting to ₹2043.71 Lakhs comprises Palakkad unit ₹1.13 Lakhs, Mankapur unit ₹2010.40 Lakhs, and ROs ₹32.18 Lakhs.		

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

₹ in Lakhs

Particulars	31.03.2021	31.03.2020
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13. Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption

Particulars	2020-21	%	2019-20	%
Imported	2093.87	11.84	3242.28	35.45
Indigenous	15597.18	88.16	5902.52	64.55
<b>Total</b>	<b>17691.05</b>	<b>100.00</b>	<b>9144.80</b>	<b>100.00</b>

14. Accretion/Depletion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.

15. The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 crores received as share capital in financial year 2016-17. During the year 2017-18 ₹337 crores has been received towards Capital Grant in Aid, out of this ₹200 crores allotted during 2017-18 and balance ₹137 crores during 2018-19. The Company also received Rs.55 crores during 2018-19 which was lying in share application money for pending allotment.

During the FY 2019-20 the company has received capital grant of Rs.10500 lakhs. For the total Capex amount of Rs 160 Crores (Rs 50 Crores + Rs 5 Crores + Rs 35 Crores+ Rs 70 Crores) received by ITI, the company allotted 2,81,19,508 equity shares @ Rs. 56.90 per share (Each Rs.10 fully paid up at premium of Rs 46.90 per share) to The President of India. The allotment was made in accordance with the Ministry of Communications vide order no. 20-36/2012-FAC.II(Pt) dated 06.09.2019 & dated 14.01.2020 at prevailing market price or average share price for three months prior to the date of allotment whichever is lower.

During the FY 2020-21 the company has received capital grant of Rs.10500 lakhs and the company has allotted the 84,03,361 equity shares @ Rs. 124.95 per share (Each Rs.10 fully paid up at premium of Rs 114.95 per share) to The President of India. The allotment was made in accordance with the BIFR order dated 08.01.2013 read with Ministry of Communications order no. 20-86/2014-FAC.II dated 02.08.2019 at prevailing market price or average share price for three months prior to the date of allotment, whichever is lower.

The company has received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transferred to units/Ros for meeting the expenditure during 2016-17 and the balance ₹308.18 lakhs has been transferred during FY 2018-19. During FY 2018-19 the company has not paid VRS expenditure and during FY 2019-20 the company has paid VRS expenditure of Rs.439.33 lakhs. During FY 2020-21 Company has paid Rs. 6675.00 lakhs to VRS optees and the balance amount is lying in the account.

16. Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.

17. Liquidated Damages (LD) of Rs 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.

18. Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.

19. Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.

20. Land Measuring 77 Acres valuing ₹ 3850 Lakhs (Carrying Value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.

21. **Value of Imports on CIF basis**

Raw Materials and Production Stores	<b>1697.18</b>	3183.51
Components and Spare Parts	<b>0.00</b>	0.00
Material in transit	<b>0.00</b>	0.00
Capital Goods	<b>274.83</b>	1214.87
<b>TOTAL</b>	<b>1972.01</b>	<b>4398.38</b>

22. Rent from C-DoT, Government of India aggregating ₹5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹9979.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17, 2017-18,2018-19, 2019-20 & 2020-21 on accrual basis is deferred, which is in conformity with IndAS-18.

23. Write off of Trade receivables of earlier years amounting to ₹7.04 Lakhs pertains to Srinagar Unit & ₹1.66 Lakhs pertains to ROs.

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

₹ in Lakhs

Particulars		31.03.2021	31.03.2020
24	Performance Indicators - Ratios		
	- Sales to Total Assets Times	0.29	0.31
	Sales incl. Taxes/ Total Assets (Net Fixed Assets + Investments + Gross Current Assets)		
	- Operating Profit to Capital employed [%]	7.06%	12.50%
	Profit before tax / (Share holders' funds + Loan funds)		
	- Profit to Sales [%]	0.43%	6.28%
	(Profit before tax to sales incl. GST)		
25	The spread of Covid-19 pandemic and subsequent restrictions during the year adversely impacted several businesses across the globe. There was a moderate impact on the company's operations/performance for the quarter and year ended on 31-03-2021. Based on the information (internal, as well as external) available up to the date of approval of these financial results, Company expects to recover the carrying amounts of trade receivables and other financial assets. The company will continue to closely monitor the developments, future economic and business outlook, and its impact on the company's future performance.		
26	ITI Limited, being a Public Sector Undertaking, the Directors on the Board of the company are appointed by the order of Government of India. The composition of Board of Directors is not as per provisions of SEBI Listing Regulations due to insufficient number of Independent Directors including women Independent Director. However, the proposal for the appointment of requisite number of Independent Directors including Women Independent Director on the Board of the company is under process with the Administrative Ministry.		
27	Pending approval from the concerned ministry on the finalisation of the lease terms and agreement, rental income on the land the newly constructed building leased out to NIFT by the Raebareli Unit has not been recognised.		
28	The company had received a claim for an amount of Rs. 338 Lakhs towards refund of the additional expenditure incurred by Advanced Numerical Research and analysis group, Hyderabad against supplies made by the company in the past. This claim was erroneously not provided for in the financial year 2019-20. The error is rectified by restating the comparative amounts for 2019-20 (the prior period presented) in which the error occurred under the line items 'Other Expenses' and 'Other Financial Liabilities' by Rs. 338 Lakhs. The impact on the Basic & Diluted Earnings Per Share is negligible.		
29	Figures in brackets indicated in the Accounts reflect negative balances.		
30	Previous year's figures have been re-grouped, re-classified & re-stated wherever necessary to conform to current year's classification.		

The Accounting policies and accompany notes form part of financial statements.

 As per our report of even date  
**For M/S GRSM & ASSOCIATES**  
 Chartered Accountants  
 Firm Reg No.: 000863S

For &amp; On Behalf of Board of Directors

**GOPALKRISHNA HEGDE**  
 Partner  
 M. No. 208063

**S SHANMUGA PRIYA**  
 Company Secretary

**RAJEEV SRIVASTAVA**  
 Director Finance / Chief Financial Officer

**R M AGARWAL**  
 Chairman & Managing Director

 Place: Bengaluru  
 Date : 22.06.2021

**32. Related Party Disclosures**
**a) Associate/Joint Venture**

Name of the Entity	Place of Business	Ownership Interest Held by Company		Ownership Interest Held by Non-Controlling Interests		Principal Activities
		As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	
INDIA SATCOM LIMITED	India	49%	49%	51%	51%	VSAT Manufacturing & Servicing

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

₹ in Lakhs

### b) Key Managerial Personnel's Details:

Name of Directors/ Key Management Personnel's	F.Y. 2020-21	F.Y. 2019-20
Shri R M Agarwal-CMD	35.63	32.96
Shri Shashi Prakash Gupta-Director HR	31.32	30.15
Shri Rajeev Srivastava - Director Finance (w.e.f. 15.10.2020) & CFO (w.e.f. 06.01.2020)*	15.88	5.60
Shri D. Venkateswarlu -Director Production	17.84	6.59
Shri Rakesh Chandra Tiwari - Director Marketing (w.e.f. 07.01.2021)*	3.03	0.00
Smt Shanmuga Priya - Company Secretary	11.60	10.73
Shri Alagesan K - Ex. CMD (upto 30.09.2019)*	0.00	43.75
Smt Malathy M. Ex. CFO (upto 05.01.2020)*	0.00	15.92
Dr. Akhilesh Dube - Independent Director	1.05	0.70
Dr. K R Shanmugam - Independent Director	1.35	1.00
Shri. Mayank Gupta - Independent Director	1.25	0.85
Shri. Rajen Vidyarthi - Independent Director	1.35	0.90
Smt. Asha kumari Jaiswal - Independent Director*	0.00	1.35
Shri. Saday Krishna Kanoria - Independent Director*	0.00	0.75
Shri. Suresh Chandra Panda - Independent Director*	0.00	0.25

\* Part of the year

### b) The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :-

Particulars	Associate/ Joint Venture
	INDIA SATCOM LIMITED
Purchase of Goods	
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	Nil
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2021	
Trade Payables Outstanding as on 31.03.2021	
Trade Receivables Outstanding as on 31.03.2021	
Investment in Equity as on 31.03.2021	₹ 40.55 Lakhs
Advances for Purchase Outstanding as on 31.03.2021	Nil

d.) All transactions dealt with related parties are on arm's length basis.

e.) All Outstanding balances (other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note f below.

f.) Loans to Related Parties.

Nil

g.) Management Contracts including deputation of Employees:-

Nil

h.) Transaction with Government and Government Related Entities :-

As ITI is a government entity under the control of Ministry of Communications (MoC), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities. However as required under Ind AS 24, following are the individually significant transactions :-

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

i.) In addition to the above, around 96.37% of the Company's Turnover, around 96.63% Trade Receivables and around 100% of Customer's Advance is with respect to government and government related entities.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ITI LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of ITI LIMITED hereinafter referred to as ("the company") and its associate (the holding Company and its one associate collectively referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March, 2021, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the consolidated profit and total consolidated comprehensive income, consolidated statement of change in equity and its consolidated cash flow statement for the year ended on that date.

#### Basis for Qualified Opinion

1. The Company is carrying an amount of Rs 5,847.90 lakhs as receivable from C-DOT towards rent from premises leased out to them up to the period ended 31-3-2011. The company has not made a provision for credit losses in respect of this amount which is doubtful of recovery. The company has also not recognised any rent for further period due to uncertainty of collection.
2. The Company has also not made provision for credit losses in respect of the following items included under Current Financial Assets – Loans, which are also doubtful of recovery:
  - i) Recoverable from HCL Infosystems Limited of Rs.1690.20 lakhs as compensation on account of excess amount spent by the Mankapur Unit of the Company based on the agreement between ITI, HCL and Alcatel.
  - ii) Recoverable from Himachal Futuristic Communications Ltd of Rs.1049.41 lakhs towards Liquidated Damages.

Accordingly, the profit for the year and the net current assets would have been over reduced by Rs.8587.51 lakhs.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to the following matters under various notes (referred against each item) of the financial statements. Our opinion is not modified in respect of these matters.

- ◆ Balances in the accounts of trade receivables, claims recoverable, loans & advances, trade & other payables are subject to confirmation/ reconciliation. [Note No.31.4]
- ◆ The Company is a Sick Company as per provisions of Sick Industrial Companies Act, 1985. CCEA has approved a financial assistance of Rs.415679 lakhs in February 2014 for revival of ITI Limited under rehabilitation scheme. [Note No.31.15]
- ◆ Postponement of revenue recognition in respect of rent, due to uncertainty of ultimate collection owing to various reasons including but not limiting to finalisation of the terms of the lease and not entering into formal agreements.
  - ◆ BMTC - 12.15 acres, additionally 1.85 acres [Note No.31.16]
  - ◆ KPTC – 5 acres [Note No.31.18]
  - ◆ C-DOT – 24.46 acres [Note No.31.22]
  - ◆ NIFT – New Building [Note No.31.27]
- ◆ The Company is not in compliance with the requirements of having specified proportion/ number of independent directors including women independent director(s). [Note No.31.26]
- ◆ Recoverability of carrying amounts of various assets due to

the impact of Covid-19 [Note No.31.25p]

- ◆ Provision for interest/ penalty on delayed remittance of statutory dues including provident fund contributions [Note No.31.11]
- ◆ Land admeasuring 77 acres with the carrying value of Rs.3850 lakhs was re-possessed by the Government of Kerala is under adjudication of the Apex Court. [Note No.31.20]
- ◆ Improper application of the principles of valuation of inventories, making provisions and accounting for leases as per the Indian Accounting Standards at the Raebareli Unit. [as reported by the branch auditor].
- ◆ Non filing of appropriate forms to carry cenvat deposit of

Rs.108.85 lakhs to the GST regime at the Srinagar Unit [as reported by the branch auditor].

- ◆ Non-disclosure of fair value on the balance sheet date in respect of Investment Properties [Note No.3]

### Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditors' Response
<p><b>Unbilled Revenue:</b></p> <p>Accounting for unbilled revenue is an exercise of recognising revenue based on accounting policies when an invoice/ charge on the customer is yet to be made for supply of goods or services. Revenue on Projects (Service/ Construction Contracts) such as fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts.</p> <p>Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.</p> <p>We identified the recognition of unbilled revenue as a key audit matter as the estimation of efforts or costs involves significant judgment throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts or costs incurred to-date and estimates of efforts or costs required to complete the remaining contract performance obligations over the life of the contracts.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures related to estimates of total expected costs or efforts to complete for fixed-price contracts included the following, among others :</p> <p>We tested the effectiveness of controls relating to (1) reviewing the efforts or costs incurred and estimation of efforts or costs required to complete the remaining contract performance obligations and (2) reviewing the controls pertaining to recording &amp; allocation systems which prevent unauthorised changes to recording of efforts incurred.</p> <p>We selected a sample of fixed price contract accounted using percentage-of-completion method and performed the following :</p> <ul style="list-style-type: none"> <li>◆ Compared efforts or costs incurred with Company's estimate of efforts or costs incurred to date to identify significant variations and evaluate whether those variations have been considered appropriately in estimating the remaining costs or efforts to complete the contract.</li> <li>◆ Review the computations of total revenue recognisable and comparisons with the billing done up to the balance date to identify the unbilled revenue</li> </ul>





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

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

Our opinion on the consolidated financial statements does not cover the other Information and we do not express any form of assurance conclusion thereon.

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

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

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated statement of change in equity and consolidated cash flow statement of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so,

The respective Board of Directors of the companies included in the group are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the companies have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating



the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

1. The consolidated financial statements include the group's share of net loss of Rs.172 lakhs in respect of an associate for the year ended March 31, 2021, whose financial statements have been audited by its Independent auditors. The independent auditors' report on Financial Statements of this entity has been furnished to us and our opinion on the consolidated Financial statements in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
2. We did not audit the financial statements of Mankapur, Raebareli, Srinagar, Naini & Palakkad Branches included in the financial statements of the Company whose financial statements reflect total assets of Rs.304598.68 lakhs as at March 31, 2021 and total income of Rs.31144.32 lakhs for the year ended on that date, as considered in the financial statements (excluding inter-unit balances and transactions). The financial statements of these branches have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches is solely on the report of such Branch Auditors

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the unaudited financial statements certified by the management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act based on our audit and on the consideration of audit report of an associate, as referred in "Other Matters" paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial

statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.
- e) In terms Notification no. G.S.R. 463(E) dtd. 05-06-2015 issued by the Ministry of Corporate Affairs, the provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of directors are not applicable to the Company.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and its associate, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 to the extent applicable, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statements as also the other financial information of the subsidiary company and its associate, as noted in "Other Matters" paragraph;
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note No.31.11 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts in respect of such items as it relates to the Group and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its associate company incorporated in India.

Place: Bangalore  
Date: 22 June 2021

For **GRSM & ASSOCIATES**  
Chartered Accountants  
[FRN: 000863S]

UDIN: 21208063AAAGX1146  
**GOPALKRISHNA HEGDE**  
Partner  
M.No.208063



## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ITI LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated IND AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of ITI Limited (hereinafter referred to as ("the Holding Company")) as of that date. We did not audit the financial statements of an Associate which has been audited by the other Auditor.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary company and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining

an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's, internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which is companies incorporated in India, is based on the corresponding report of its auditor.

We did not audit the internal financial controls over financial reporting of Mankapur, Raebareli, Srinagar, Naini & Palakkad Branches included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs.304598.68 lakhs as at March 31, 2021 and total income of Rs.31144.32 lakhs for the year ended on that date, as considered in the standalone financial statements (excluding inter-unit balances and transactions). The internal financial controls over financial reporting of these branches have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the adequacy of the internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 included in respect of these branches is solely on the report of such Branch Auditors.

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

### Opinion

In our opinion, the Company, its one associate, which is incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bangalore

Date: 22 June 2021

For **GRSM & ASSOCIATES**

Chartered Accountants

[FRN: 000863S]

UDIN: 21208063AAAGX1146

**GOPALKRISHNA HEGDE**

Partner

M.No.208063

## COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2021 in accordance with the directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we complied with all the directions issued to us.

Place : Bangalore

Date : 22 June 2021

For **GRSM & ASSOCIATES**

Chartered Accountants

[FRN: 000863S]

UDIN: 21208063AAAAGW4851

**GOPALKRISHNA HEGDE**

Partner

M.No.208063

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ITI LIMITED (STANDALONE) FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

The preparation of Financial Statements of ITI Limited for the year ended 31<sup>st</sup> March 2021 in accordance with the financial reporting framework prescribed under Companies Act, 2013 (the Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the Financial Statement 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 22.06.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of ITI Ltd. for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company Personnel, and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention, and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

### **A. Comment on Profitability**

#### **Profit and Loss Account**

#### **IV Expenses**

#### **Other Expenses (Note No.30)-Rs.11091.58 lakh**

Section 52 of the Companies Act, 2013, which provides for Application of premium money received on issue of shares, specifies the specific uses for which the premium money can be used. Clause (c) says "in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debenture of the company".

It was seen that during FY 2019-20, the Company set off expenditure of Rs.1363.39 lakh towards withdrawn public offer against the Securities Premium Account instead of charging it to the Profit & Loss Account in contravention of the provisions of Sec 52 of the Companies Act 2013. During the FY 2020-21, out of Rs. 1363.39 lakhs, an amount of Rs.165.51 lakh was been reversed as excess expenses booked and so the final expenditure on FPO charged to the account is Rs.1197.88 lakh

Since the FPO was not done and was withdrawn, it was not an "Issue of Shares" for which the Share Premium Account could be used. Secondly, the Share premium balance is very old and previous issued shares of the Company was utilised, whereas the Companies Act says that the expenses of only those shares which have been issued can be charged to the Share Premium Account.

This has resulted in overstatement of profit and understatement of Security Premium Account by Rs.1197.88 lakh. The Company may take a considered view to treat and charge off this expenditure in Accounts as Deferred Revenue expenditure over a defined period of time.

### **B. Comment on Financial Position**

#### **Balance sheet**

#### **Assets**

#### **I. Assets**

#### **(2) Current Assets**

#### **(b) Financial Assets**

(vi) Unbilled Revenue (Note No.9a)- Rs.171118.91 lakh.

The Current Assets of ITI Limited include Rs.9771 lakhs as "Unbilled Revenue" booked by the Company during the years 2017-18 and 2018-19 without raising regular invoices / Bills. The Company has not taken any action in this regard in Financial year 2020-21 also and hence the item cannot be vouched as safe to be included as a Financial / Current Asset.

### C. Comment on Disclosures (Note No.31)

The above head does not include the following disclosures which should have been made approximately by the Company as Notes to Accounts:

- i) Interest payable on loans Rs.300 crore received by the Company from Government of India has not been provided in the books of accounts as the issue of repayment of loan and interest thereon is under correspondence with the Ministry.
- ii) M/s. Mindarray, a vendor of ITI Ltd. for Bharat Net phase II in Gujrat discounted a LC provided by ITI Ltd against proforma Invoice of Rs.1207 lakh, by providing suspected fraudulent acknowledgement on behalf of the Company. The Company has initiated legal action for filing a case in court of law for recovery of money and lodged a complaint with Police authorities against M/s. Mindarray.
- iii) There are unreconciled claims on account of Input Tax Credit (ITC) on GST expenses amounting to Rs.300.67 lakhs which the Company has assured that they will be reviewed in the next financial year and take appropriate action either to capitalize or take them to Profit and Loss account.
- iv) The Company has not provided for the property tax payable to Bruhut Bangaluru Mahanagar Pallika (BBMP) for the period from 2018-19 to 2020-21. Out of the total demand of Rs.3375.88 lakh by BBMP (including interest and penalty payable on the pending property tax claims), the Company has paid Rs.850.35 lakh under protest. Management has contested that since it has considered the demand on higher side, it is taking steps to self-assess the property tax and adjust further amount payable on this account. The Company may compute the liability on this account based on the demand raised by the Corporation and specifically disclose it in the books of accounts.

**For and on behalf of  
The Comptroller and Auditor General of India**

**(Manish Kumar)  
Director General of Audit  
(Finance & Communication)**

Place: Delhi  
Date : 10-09-2021

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ITI LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

The preparation of Consolidated Financial Statements of ITI Ltd. for the year ended 31<sup>st</sup> March 2021 in accordance with the financial reporting framework prescribed under the Companies' Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act is responsible for expressing opinion on the Financial Statement under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report 22nd June 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of ITI Ltd. for the year ended 31<sup>st</sup> March 2021 under section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of ITI Ltd., but did not conduct supplementary audit of the financial statement of India Satcom Limited (jointly controlled entity) for the year ended on that date. Further, Section 139(5) and 143(6)(a) of the Act are not applicable to India Satcom Limited being a private entity, under the respective laws for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company Personnel, and a selective examination of some of the accounting records. The Audit Report has been revised by the Statutory Auditor to give effect to some of my audit observations raised during the supplementary audit. In addition, I would like to highlight the following significant matters under section 143(6)(b) read with Section 129(4) of the Act which have come to my attention, and which, in my view are necessary for enabling a better understanding of the Consolidated financial statements and the related audit report:

### **A. Comment on Profitability**

#### **Profit and Loss Account**

#### **IV Expenses**

#### **Other Expenses (Note No.30)-Rs.11091.58 lakh**

Section 52 of the Companies Act, 2013, which provides for Application of premium money received on issue of shares specifies the specific uses for which the premium money can be used. Clause (c) says "in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debenture of the company".

It was seen that during FY 2019-20, the Company set off expenditure of Rs.1363.39 lakh towards withdrawn public offer against the Securities Premium Account instead of charging it to the Profit & Loss Account in contravention of the provisions of Sec 52 of the Companies Act 2013. During the FY 2020-21, out of Rs. 1363.39 lakhs, an amount of Rs.165.51 lakh was been reversed as excess expenses booked and so the final expenditure on FPO charged to the account is Rs. 1197.88 lakh

Since the FPO was not done and was withdrawn, it was not an "Issue of Shares" for which the Share Premium Account could be used. Secondly, the Share premium balance is very old and previous issued shares of the Company was utilised, whereas the Companies Act says that the expenses of only those shares which have been issued can be charged to the Share Premium Account.

This has resulted in overstatement of profit and understatement of Security Premium Account by Rs.1197.88 lakh. The Company may take a considered view to treat and charge off this expenditure in Accounts as Deferred Revenue expenditure over a defined period of time.

### **B. Comment on Financial Position**

#### **Balance sheet**

#### **Assets**

- I. Assets
- (2) Current Assets
- (b) Financial Assets



(vi) Unbilled Revenue (Note No.9a)- Rs.171118.91 lakh.

The Current Assets of ITI Limited include Rs.9771 lakhs as “Unbilled Revenue” booked by the Company during the years 2017-18 and 2018-19 without raising regular invoices / Bills. The Company has not taken any action in this regard in Financial year 2020-21 also and hence the item cannot be vouched as safe to be included as a Financial / Current Asset.

C. Comment on Disclosures (Note No.31)

The above head does not include the following disclosures which should have been made appropriately by the Company as Notes to Accounts:

- i) Interest payable on loans Rs.300 crore received by the Company from Government of India has not been provided in the books of accounts as the issue of repayment of loan and interest thereon is under correspondence with the Ministry.
- ii) M/s. Mindarray, a vendor of ITI Ltd. for Bharat Net phase II in Gujrat discounted a LC provided by ITI Ltd. against proforma Invoice of Rs.1207 lakh, by providing suspected fraudulent acknowledgement on behalf of the Company. The Company has initiated legal action for filing a case in court of law for recovery of money and lodged a complaint with Police authorities against M/s. Mindarray.
- iii) There are unreconciled claims on account of Input Tax Credit (ITC) on GST expenses amounting to Rs.300.67 lakhs which the Company has assured that they will be reviewed in the next financial year and take appropriate action either to capitalize or take them to Profit and Loss account.
- iv) The Company has not provided for the property tax payable to Bruhut Bangaluru Mahanagar Pallika (BBMP) for the period from 2018-19 to 2020-21. Out of the total demand of Rs.3375.88 lakh by BBMP (including interest and penalty payable on the pending property tax claims), the Company has paid Rs.850.35 lakh under protest. Management has contested that since it has considered the demand on higher side, it is taking steps to self-assess the property tax and adjust further amount payable on this account. The Company may compute the liability on this account based on the demand raised by the Corporation and specifically disclose it in the books of accounts.

**For and on behalf of  
The Comptroller and Auditor General of India**

**(Manish Kumar)  
Director General of Audit  
(Finance & Communication)**

**Place: Delhi  
Date : 10-09-2021**





**Comments of the Comptroller & Auditor General of India under Sec 143(6)(b) of the Companies Act, 2013 on the accounts of ITI Limited (Standalone) for the year ended 31st March 2021 and the Company's reply for the same.**

<i>Comments of C &amp; AG</i>	<i>Company's Reply</i>
<p><b>Comments on Profitability:</b></p> <p>1. Other Expenses (Note No.30)- Rs.11091.58 lakh</p> <p>It was seen that during FY 2019-20, the Company set off expenditure of Rs.1363.39 lakh towards withdrawn public offer against the Securities Premium Account instead of charging it the Profit &amp; Loss Account in contravention of the provisions of Sec 52 of the Companies Act 2013. During the FY 2020-21, out of Rs.1363.39 lakhs, an amount of Rs.165.51 lakh was been reversed as excess expenses booked and so the final expenditure on FPO charged to the account is Rs.1197.88 lakh</p> <p>Since the FPO was not done and was withdrawn, it is not an Issue of Shares for which the Share Premium Account could not be used. Secondly, the Share premium balance is very old and previous issued shares of the Company was utilised, whereas the Companies Act says that the expenses of only those shares which have been issued can be charged to the Share Premium Account</p> <p>This has resulted in overstatement of profit and understatement of Security Premium Account by Rs.1197.88 lakh. The Company may take a considered view to treat and charge off this expenditure in Accounts as Deferred Revenue expenditure over a defined period of time.</p>	<p>The Company acted based on opinions on the matter obtained from two independent professionals. According to these opinions, there is no specific prohibition in utilizing the balance in Securities Premium Account towards the FPO expenses. Further, the section does not prohibit utilizing the balance in Security Premium Account only towards successful issue of shares or debentures.</p> <p>The Company is proposing to refer the case to the Expert Advisory Committee of Institute of Chartered Accountants of India and would revisit the treatment of FPO expenses accordingly in the FY 2021-22.</p>
<p><b>Comment on Financial position:</b></p> <p>1. Unbilled Revenue (Note No.9a)- Rs.171118.91 lakh</p> <p>The Current Assets of ITI Limited include Rs.9771 lakhs as Unbilled Revenue booked by the Company during the years 2017-18 and 2018-19 without raising regular invoices / Bills. The Company has not taken any action in this regard in Financial year 2020-21 also and hence the item cannot be vouched as sage to be included as a Financial / Current Asset.</p>	<p>Out of Rs.9771 lakhs shown under Unbilled Revenue, an amount of Rs.6151 lakhs relate to a single Project in which an arbitration case is currently in progress against a technology partner. The last hearing was held on 08.09.2021 in which oral submissions of both the parties were heard and the matter is now reserved for preparation and pronouncement of award after both the parties file their post hearing written submissions and their respective bill of costs. The Company was unable to raise billing while the arbitration case was pending.</p> <p>Out of the balance unbilled, Rs.221 lakhs have already been billed during the current period and the Company is taking necessary steps to regularize the Unbilled revenue during FY 2021-22.</p>



Comments of C & AG	Company's Reply
<p><b>Comments on Disclosures:</b></p> <p>3. Interest payable on loans Rs.300 crore received by the Company from Government of India has not been provided in the books of accounts as the issue of repayment of loan and interest thereon is under correspondence with the Ministry.</p> <p>4. M/s. Mindarray, a vendor of ITI Lt for Bharat Net phase II in Gujrat discounted a LC provided by ITI Ltd against proforma Invoice of Rs.1207 lakh, by providing suspected fraudulent acknowledgement on behalf of the Company. The Company has initiated legal action for filing a case in court of law for recovery of money and lodged a complaint with Police authorities against M/s. Mindarray.</p> <p>5. There are unreconciled claims on account of Input Tax Credit (ITC) on GST expenses amounting to Rs.300.67 lakhs which the Company has assured that they will be reviewed in the next financial year and take appropriate action either to capitalize or take them to Profit and Loss account.</p> <p>6. The Company has not provided for the property tax payable to BBMP for the period from 2018-19 to 2020-21. Out of the total demand of Rs.3375.88 lakh by BBMP (including interest and penalty payable on the pending property tax claims), the Company has paid Rs.850.35 lakh under protest. Management has contested that since it has considered the demand on higher side, it is taking steps to self-assess the property tax and adjust further amount payable on this account. The Company may compute the liability on this account based on the demand raised by the Corporation and specifically disclose in in the books of accounts.</p>	<p>Company will make suitable disclosure in this regard in the financial statements of the coming years considering the situation prevailing at that time.</p> <p>FIR was lodged and also relevant documents submitted to the Police Officer for further investigation. Company has initiated for mediation proceedings prior to institution of commercial suit. Company will make suitable disclosure in this regard in the financial statements of the coming years considering the situation prevailing at that time.</p> <p>The reconciliation is under process, which would be completed before the end of FY 2021-22 and the company proposes to pass appropriate entries to close the open items. To the extent of unreconciled balances, Company will include adequate disclosure to in the financial statements.</p> <p>Company will make disclosure relating to pending assessments relating to property tax in the financial statements of the coming years. The Company has already initiated the process of Self-Assessment of property tax through a consultant. The Self-assessment would enable the Company to compute the liability for the period from 2018-19 to 2020-21 and also enable Company to ascertain the probable savings, if any.</p>



**Comments of the Comptroller & Auditor General of India under Sec 143(6)(b) of the Companies Act, 2013 on the Consolidated accounts of ITI Limited for the year ended 31st March 2021 and the Company's reply for the same.**

<i>Comments of C &amp; AG</i>	<i>Company's Reply</i>
<p><b>Comments on Profitability:</b></p> <p>1. Other Expenses (Note No.30)- Rs.11091.58 lakh</p> <p>It was seen that during FY 2019-20, the Company set off expenditure of Rs.1363.39 lakh towards withdrawn public offer against the Securities Premium Account instead of charging it the Profit &amp; Loss Account in contravention of the provisions of Sec 52 of the Companies Act 2013. During the FY 2020-21, out of Rs.1363.39 lakhs, an amount of Rs.165.51 lakh was been reversed as excess expenses booked and so the final expenditure on FPO charged to the account is Rs.1197.88 lakh</p> <p>Since the FPO was not done and was withdrawn, it is not an Issue of Shares for which the Share Premium Account could not be used. Secondly, the Share premium balance is very old and previous issued shares of the Company was utilised, whereas the Companies Act says that the expenses of only those shares which have been issued can be charged to the Share Premium Account</p> <p>This has resulted in overstatement of profit and understatement of Security Premium Account by Rs.1197.88 lakh. The Company may take a considered view to treat and charge off this expenditure in Accounts as Deferred Revenue expenditure over a defined period of time.</p>	<p>The Company acted based on opinions on the matter obtained from two independent professionals. According to these opinions, there is no specific prohibition in utilizing the balance in Securities Premium Account towards the FPO expenses. Further, the section does not prohibit utilizing the balance in Security Premium Account only towards successful issue of shares or debentures.</p> <p>The Company is proposing to refer the case to the Expert Advisory Committee of Institute of Chartered Accountants of India and would revisit the treatment of FPO expenses accordingly in the FY 2021-22.</p>
<p><b>Comment on Financial position:</b></p> <p>1. Unbilled Revenue (Note No.9a)- Rs.171118.91 lakh</p> <p>The Current Assets of ITI Limited include Rs.9771 lakhs as Unbilled Revenue booked by the Company during the years 2017-18 and 2018-19 without raising regular invoices / Bills. The Company has not taken any action in this regard in Financial year 2020-21 also and hence the item cannot be vouched as sage to be included as a Financial / Current Asset.</p>	<p>Out of Rs.9771 lakhs shown under Unbilled Revenue, an amount of Rs.6151 lakhs relate to a single Project in which an arbitration case is currently in progress against a technology partner. The last hearing was held on 08.09.2021 in which oral submissions of both the parties were heard and the matter is now reserved for preparation and pronouncement of award after both the parties file their post hearing written submissions and their respective bill of costs. The Company was unable to raise billing while the arbitration case was pending.</p> <p>Out of the balance unbilled, Rs.221 lakhs have already been billed during the current period and the Company is taking necessary steps to regularize the Unbilled revenue during FY 2021-22.</p>



Comments of C & AG	Company's Reply
<p><b>Comments on Disclosures:</b></p> <p>3. Interest payable on loans Rs.300 crore received by the Company from Government of India has not been provided in the books of accounts as the issue of repayment of loan and interest thereon is under correspondence with the Ministry.</p> <p>4. M/s. Mindarray, a vendor of ITI Lt for Bharat Net phase II in Gujrat discounted a LC provided by ITI Ltd against proforma Invoice of Rs.1207 lakh, by providing suspected fraudulent acknowledgement on behalf of the Company. The Company has initiated legal action for filing a case in court of law for recovery of money and lodged a complaint with Police authorities against M/s. Mindarray.</p> <p>5. There are unreconciled claims on account of Input Tax Credit (ITC) on GST expenses amounting to Rs.300.67 lakhs which the Company has assured that they will be reviewed in the next financial year and take appropriate action either to capitalize or take them to Profit and Loss account.</p> <p>6. The Company has not provided for the property tax payable to BBMP for the period from 2018-19 to 2020-21. Out of the total demand of Rs.3375.88 lakh by BBMP (including interest and penalty payable on the pending property tax claims), the Company has paid Rs.850.35 lakh under protest. Management has contested that since it has considered the demand on higher side, it is taking steps to self-assess the property tax and adjust further amount payable on this account. The Company may compute the liability on this account based on the demand raised by the Corporation and specifically disclose in in the books of accounts.</p>	<p>Company will make suitable disclosure in this regard in the financial statements of the coming years considering the situation prevailing at that time.</p> <p>FIR was lodged and also relevant documents submitted to the Police Officer for further investigation. Company has initiated for mediation proceedings prior to institution of commercial suit. Company will make suitable disclosure in this regard in the financial statements of the coming years considering the situation prevailing at that time.</p> <p>The reconciliation is under process, which would be completed before the end of FY 2021-22 and the company proposes to pass appropriate entries to close the open items. To the extent of unreconciled balances, Company will include adequate disclosure to in the financial statements.</p> <p>Company will make disclosure relating to pending assessments relating to property tax in the financial statements of the coming years. The Company has already initiated the process of Self-Assessment of property tax through a consultant. The Self-assessment would enable the Company to compute the liability for the period from 2018-19 to 2020-21 and also enable Company to ascertain the probable savings, if any.</p>



# ITI PRODUCTS & SERVICES



**Total Solutions For Global Communications**



# ITI ITI LIMITED

(A Government of India Undertaking)

Registered & Corporate Office

ITI Bhavan, Doorvani Nagar, Bengaluru - 560 016

Ph: +91-80-25614466, Fax: +91-80-25617525

Website: [www.itiltd.in](http://www.itiltd.in)

