



ITI LIMITED

64th ANNUAL REPORT
2013-14

ANNUAL REPORT 2013-2014

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BOARD OF DIRECTORS

Shri K.L. Dhingra

Chairman and Managing Director

Shri R.K. Agarwal

Director-Marketing
(upto 30.11.2013)

Shri K. K. Gupta

Director-Production

Shri P. K. Gupta

Director-Marketing
(from 27.03.2014)

Shri S. Gopu

Director-Human Resources
(from 16.04.2014)

Shri N.K. Joshi

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

Shri R.K. Mishra

Deputy Director General (SU)
Department of Telecom
(from 25.7.2014)

Lt. Gen. S.P. Kochhar

AVSM and Bar SM, VSM, ADC
Signal Officer-in-Chief &
Senior Commandant, Army HQ.
(upto 31.08.2013)

Lt.Gen. Nitin Kohli, VSM

Signal Officer-in-Chief
(from 29.10.2013)

Shri Dharendra Singh, IAS (Retd)

Independent Director

Dr. M.J. Zarabi

Independent Director

Prof. Ramesh Bhat

Independent Director

COMPANY SECRETARY

K.T. Mayuranathan

(upto 30.09.2013)

Ms. Sunitha K.S.

(from 01.10.2013)

LEGAL ADVISERS

M/s. Holla & Holla, Advocates

Bangalore & others

AUDITORS

M/s. Sundar Srinii & Sridhar, Bangalore

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

M/s. Habibullah & Co., Mankapur

M/s. Mahadevan & Sivarajan, Palakkad

M/s. Rajesh Srivastava & Associates, Rae Bareli

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

COST AUDITORS

M/s. GNV & Associates, Bangalore

M/s. Aman Malviya & Associates, Lucknow

BANKERS

State Bank of India

State Bank of Patiala

State Bank of Bikaner & Jaipur

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

Bank of Baroda

Central Bank of India

Punjab National Bank

Development Credit Bank Limited

Indus Ind Bank Limited

Axis Bank Limited

Vijaya Bank

Indian Bank

Canara Bank

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

Chairman and Managing Director

Shri R. K. AgarwalDirector-Marketing
(upto 30.11.2013)**Shri K.K. Gupta**

Director-Production

Shri P.K. GuptaDirector-Marketing
(from 27.03.2014)**Shri S. Gopu**Director-Human Resources
(from 16.04.2014)**Shri R. Venkataraman, IRS**

Chief Vigilance Officer

Shri Kanthimathinathan

Finance Manager-IA

K.T. MayuranathanCompany Secretary
(upto 30.09.2013)**Ms. Sunitha K.S**Company Secretary
(from 01.10.2013)**PLANTS / UNITS**

Bangalore Plant

Shri S.S. Chakrabarthy

Addl. General Manager

Srinagar (J & K) Plant

Shri I.A. Khan

Manager

Rae Bareli

Shri K. Alagesan

Addl. General Manager

Naini Plant

Shri Pratap Singh

Addl. General Manager

Palakkad Plant

Shri V.K. Agarwal

Addl. General Manager

Mankapur Plant

Shri Pradeep Pandey

Addl. General Manager

NOTICE

NOTICE is hereby given that the SIXTY FOURTH Annual General Meeting of ITI Limited will be held on 26th September, 2014 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore-560 042 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Balance Sheet as at 31st March 2014, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri K.L. Dhingra (holding DIN:00388194), who retires by rotation and being eligible offers himself for re-appointment as per the terms and conditions stipulated by the Government of India.
3. To appoint a Director in place of Shri K.K. Gupta (holding DIN:03092622), who retires by rotation and being eligible offers himself for re-appointment as per the terms and conditions stipulated by the Government of India.
4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

'RESOLVED to authorize the Board of Directors of ITI Limited to fix the remuneration, reimburse travelling allowance and out of pocket expenses of the Statutory and Branch Auditors of the Company to be appointed by the Comptroller and Auditor General of India for the financial year 2014-2015.'

SPECIAL BUSINESS:

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

'RESOLVED that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Dharendra Singh

(holding DIN:00852815) Independent Director of the Company, who retires by rotation at the Annual General Meeting, be and is hereby appointed as Independent Director of the Company with effect from 26th September 2014 to 2nd October 2015 or until further orders whichever is earlier as per the terms and conditions stipulated by the Government of India.'

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

'RESOLVED that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr M.J. Zarabi (holding DIN:00648928) Independent Director of the Company, who retires by rotation at the Annual General Meeting, be and is hereby appointed as Independent Director of the Company with effect from 26th September 2014 to 2nd October 2015 or until further orders whichever is earlier as per the terms and conditions stipulated by the Government of India.'

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

'RESOLVED that pursuant to the provisions of section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Prof Ramesh Bhat (holding DIN:01958539) Independent Director of the Company, who retires by rotation at the Annual General Meeting, be and is hereby appointed as Independent Director of the Company, with effect from 26th September 2014 to 2nd January 2016 or until further orders whichever is earlier as per the terms and conditions stipulated by the Government of India.'

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

'RESOLVED that Lt Gen Nitin Kohli (holding DIN:06785394) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th October 2013 in terms of Section 260 of the Companies Act, 1956 [corresponding to section 161(1) of the Companies Act, 2013] and Article 70(a) of the Articles of Association of the Company to hold Office upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company not liable to retire by rotation, on the terms and conditions stipulated by the Government.'

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

'RESOLVED that Shri P.K. Gupta (holding DIN: 06896959) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th March 2014 in terms of Section 260 of the Companies Act, 1956 [corresponding to section 161(1) of the Companies Act, 2013] and Article 70(a) of the Articles of Association of the Company to hold Office upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation, on the terms and conditions as stipulated by the Government of India.'

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

'RESOLVED that Shri S. Gopu (holding DIN: 06896926) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th April 2014 in terms of Section 260 of the Companies Act, 1956 [corresponding to section 161(1) of the Companies Act, 2013] and Article 70(a) of the Articles of Association of the Company to hold Office upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation, on the terms and conditions as stipulated by the Government of India.'

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

'RESOLVED that pursuant to section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of M/s GNV & Associates, Cost Accountants and M/s Aman Malviya & Associates, Cost Accountants, Cost Auditors of the Company or the financial year 31st March 2015 as approved by the Board of Directors at their meeting held on 30th May 2014 on the terms and conditions set out in the Explanatory Statement annexed to the Notice, be and is hereby ratified and confirmed.'

Regd. & Corporate Office By Order of the Board
 ITI Bhavan, Doorvaninagar For **ITI LIMITED**
 Bangalore-560 016
 CIN: L32202KA1950GoI000640
 Website: www.itilt-d-india.com
 Email:co.secy_crp@itilt-d.co.in

Place: Bangalore **(SUNITHA K.S.)**
 Date: 4th September 2014 COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE ON BEHALF OF SELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ENCLOSED PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
3. The Register of Members and the Share Transfer Books will remain closed from 18.09.2014 to 26.09.2014 (both days inclusive).
4. Members are requested to advise the Share Transfer Agents, M/s. Integrated Enterprise (India) Ltd. (formerly Alpha Systems Pvt. Ltd.), 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 and their respective Depository Participants immediately of any change in their address.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. In accordance with the relevant provisions of the Companies Act, 2013, Shri K.L. Dhingra, Chairman & Managing Director; Shri K.K. Gupta, Director-Production; Shri Dhirendra Singh, Director; Dr. M. J. Zarabi, Director; and Shri Ramesh Bhat, Director of ITI will retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

Accordingly, the Shareholders are requested to approve the Resolution(s) at Item No.2, 3, 5, 6, and 7.
7. In terms of the provisions of Section 149 of the Companies Act, 2013 (corresponding to Section 224 and Section 619 of the Companies Act, 1956) the remuneration of Auditors appointed by Comptroller and Auditor General of India has to be fixed by the Company in General Meeting or in such other manner as the Company may determine.

Accordingly, the Shareholders are requested to approve the Resolution at Item No. 4 of the Notice.

8. 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.

9. The relevant Statement pursuant to Section 101(1) of the Companies Act, 2013 is annexed as **Annexure- A** to the Notice. Documents relating to any of the items mentioned in the Notice and Statement thereto are open for inspection at the Registered Office of the Company on any working day during business hours.

10. Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for re-appointment are attached herewith.

11. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are given in **Annexure –B** to the Notice.

12. **The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a “Green Initiative” in Corporate Governance**

and allowed companies to send documents to shareholders through electronic mode. Therefore, members are requested to support this initiative by registering/ updating their email addresses by sending a written request duly signed by the shareholder to the Share Transfer Agent at the earliest.

13. Members/their Proxies/Representatives are requested to:-

- i. to bring the Attendance Slip duly filled in and the Annual Report for attending the Meeting.
- ii. quote their Folio/DP and Client ID Numbers in all correspondence.
- iii. note that no briefcase or bag will be allowed to be taken inside the auditorium for security reasons.
- iv. note that no gifts will be distributed at the venue of the AGM.

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar
Bangalore-560 016
CIN: L32202KA1950GoI000640
Website: www.itiltd-india.com
Email:co.secy_crp@itiltd.co.in

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

Place: Bangalore (SUNITHA K.S.)
Date: 4th September 2014 COMPANY SECRETARY

ANNEXURE-A TO THE NOTICE

Statement pursuant to section 102 of Companies Act, 2013

Item No.2:

Brief profile of Shri K. L. Dhingra, pursuant to clause 49 of the listing agreement:-

Shri K L Dhingra took over as Chairman & Managing Director of ITI Limited on 7th April, 2010. He has more than 13 years experience as Board Level Executive and more than 6 ½ years as Chairman cum Managing Director. Prior to his present position as Chairman and Managing Director of ITI Ltd, Bangalore and as Chairman and Managing Director of HUDCO, New Delhi; he has worked as Director (Finance) in Mumbai Railway Vikas Corporation Limited (MRVC), a PSU under the Ministry of Railways and also as Director (Finance) in Indian Rare Earth Limited (IREL), a PSU under the Department of Atomic Energy, for a period totalling about seven years.

Shri K.L. Dhingra is a Master in Commerce (M.Com), Bachelor in Law (LL.B), Master in Business Administration (MBA) from Faculty of Management Studies (FMS), Delhi University. He has acquired additional Banking qualifications from India (CAIIB) and UK (ACIB, London).

Shri K.L. Dhingra is also the Vice Chairman of Standing Conference of Public Enterprises (SCOPE), an Apex body of PSUs for the last more than five years.

Item No. 3:

Brief profile of Shri K. K. Gupta pursuant to clause 49 of the listing agreement:-

Shri K. K. Gupta took over as Director (Production) of ITI Limited on 1st May 2010. Prior to this, he was General Manager, Corporate HR and GSM (South Zone). An Electronics and Telecommunication Engineer, Shri K. K. Gupta joined ITI in 1977 as an Assistant Executive Engineer at the Company's Naini Plant. Shri K K Gupta's 34 years of experience covers the diverse fields of manufacturing telephones and transmission, GSM project and human resources.

Item No. 5 to 7 – Appointment of Independent Directors

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation.

Shri Dharendra Singh, Dr.M.J. Zarabi, Prof. Ramesh Bhat, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, each of these Directors fulfill the conditions specified in the Companies Act, 2013 and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

Brief profile of the Independent Directors pursuant to clause 49 of the listing agreement:

Shri Dharendra Singh, Independent Director

Shri Dharendra Singh, 69 years, is an Independent Director on our Board. He holds a Bachelor of Science degree and a Master's degree in political science from the University of Allahabad and a Master's Diploma in Public Administration from the Indian Institute of Public Administration, New Delhi. A former member of the Indian Administrative Service, he has over forty years of administrative and public sector experience and has served in various capacities with the State Government of Karnataka and the Government of India. He was the Chairman and Managing Director of Vikrant Tyres Ltd and Mysore Electrical Industries; he has served as Secretary in many Union Government Departments.

Dr.M.J. Zarabi, Independent Director

Dr.M.J. Zarabi, 66 years, is an Independent Director on our Board. His doctoral work represented excellence in engineering research for which he was awarded with 'Alumini Model' by IISc., Bangalore. He was the CMD of Semiconductor Complex Ltd. from June 1993 to August 2005. He is/has also been on the Boards of Directors of a few companies. He is/has also been on a number of Committees of Union Government.

Prof. Ramesh Bhat, Independent Director

Prof. Ramesh Bhat, 57 years, is an Independent Director on our Board. His academic and professional work spans over 32 years. He is alumnus of Harvard University and University of Delhi and currently Professor at IIM Ahmedabad. He has researched and taught corporate finance, private equity and health finance for 30 years at IIM Ahmedabad, University of North Carolina at Chapel-Hill USA, IIM Udaipur, IMI New Delhi, NMIMS Mumbai, Institute of Chartered Accounts of India and Shri Ram College of Commerce. He has handled projects focusing on optimizing financial performance, financial analytics, valuation, financial planning and budgeting, health care financing. He is currently on the Board of Corporation Bank.

Consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 to 7 of the Notice for appointment of the Independent Directors.

The Board recommends the resolution for the approval of the members.

Shri Dhirendra Singh, Dr.M.J. Zarabi and Prof. Ramesh Bhat are deemed concerned or interested in the respective resolution relating to their appointment.

Save and except the Independent Directors, no other Director/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution(s) as set out under Item No 5 to 7 of the Notice.

Item No. 8

Lt Gen Nitin Kohli aged 58 years is Signal Officer in Chief & Colonel Commandant (Indian Army). Article 70(a) of the Articles of Association of the Company provides for appointment of Directors by the President from time to time. Accordingly, President of India has appointed Lt Gen Nitin Kohli as Additional Director with effect from 29th October 2013 and holds office till the date of ensuing Annual General Meeting by virtue of section 260 of the Companies Act 1956 (corresponding to section 161(1) of the Companies Act, 2013) read with Articles of Association of the Company.

Brief profile of the Lt Gen Nitin Kohli pursuant to clause 49 of the listing agreement is given below:

Lt Gen Nitin Kohli, Vishisht Seva Medal, Signal Officer in Chief & Colonel Commandant is a 1975 batch officer of Corps of Signals. The General has been the Chief Signal Officer of a prestigious corps in the Jammu & Kashmir and also of a Command in the eastern theatre. The General was also General Officer Commanding of Andhra, Tamil Nadu, Kerala and Karnataka Area from June 2009 to August 2010. General was awarded the General Officer Commanding-in-Chief Commendation Card in 1998, Chief of Army Staff Commendation Card in 2007 and Vishisht Seva Medal in 2011. Prior to taking over as Signal Officer in Chief, the general officer was Director General Manpower Planning & Personnel Services. Apart from the mandatory army courses, the General Officer has attended Defence Services Staff Course at Wellington, the Army Higher Command course at the Army War College, Mhow and National Defence College course, New Delhi. The general has two M Phil degrees in defence and strategic studies from Madras and Indore universities, M Sc (Defence Studies), M Sc (Electronics & Telecom), post graduate diploma in management from Indira Gandhi National Open University and is a member of Institution of Engineers (India), New Delhi.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item

No. 8 of the Notice for appointing Lt Gen Nitin Kohli as Director of the Company not liable to retire by rotation.

The Board recommends adoption of the resolution by the members.

Lt Gen Nitin Kohli is deemed concerned or interested in the respective resolution as it relates to his appointment.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of the notice.

Item No. 9

Shri P. K. Gupta, aged 57 years was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th March 2014 by the President of India. Shri P. K. Gupta holds office till the date of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 [corresponding to section 161(1) of the Companies Act, 2013] and Article 70(a) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for appointment of Shri P K Gupta as Director of the Company liable to retire by rotation.

The Board recommends adoption of the resolution by the members.

Shri P. K. Gupta is deemed concerned or interested in the respective resolution as it relates to his appointment.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9 of the notice.

Brief profile of the Shri P. K. Gupta pursuant to clause 49 of the listing agreement:-

Shri P. K. Gupta designated Director-Marketing, joined ITI as Assistant Executive Engineer at ITI Bangalore in January 1979. He has worked at ITI Naini and ITI Mankapur Plant. He has got diversified experience i.e, IMM, software production, Quality Marketing etc. He is also having rich experience of projects, as he worked in GSM Project at Bhopal, Nagpur and Pune.

Item No 10

Shri S. Gopu, aged 56 years was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th April 2014 by the President of India. Shri S. Gopu will hold office till the date of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 [corresponding to section 161(1) of the Companies Act, 2013] and Article 70(a) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for appointment of Shri S Gopu as Director of the Company liable to retire by rotation.

The Board recommends adoption of the resolution by the members.

Shri S. Gopu is deemed concerned or interested in the respective resolution as it relates to his appointment.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10 of the notice.

Brief profile of the Shri S. Gopu pursuant to clause 49 of the listing agreement:-

Shri S. Gopu took charge as Director (HR) of ITI Limited on 16th April 2014. Prior to this, he was

Additional General Manager, Unit Head of Bangalore Plant, ITI Limited. An Engineering Graduate and Post Graduate Diploma from University of Madras. Shri S. Gopu joined ITI in January 1982 as Assistant Executive Engineer at ITI Bangalore Plant and served for 4 years in Transmission Production. In 1985 he has been posted to ITI Palakkad for the expansion of Palakkad Phase II & III.

Shri Gopu's 32 years experience span, during 1990's he had executed several projects for UNIDO (United Nations Industrial Development Organisation) and UNDP. He was instrumental in getting ISO-14001 for ITI Palakkad Plant first time in ITI Family. He is a Fellow Member of IPE (Indian Institute of Plant Engineers).

Item No. 11

The Board of Directors at its meeting held on 30th May 2014, on the recommendation of the Audit Committee, has appointed M/s GNV & Associates, Cost Accountants, Bangalore and M/s Aman Malviya & Associates, Cost Accountants, Lucknow as Cost Auditors of the Company for the financial year ending 31st March 2015.

M/s GNV & Associates, Cost Accountants, Bangalore being the Lead Cost Auditor for doing the Cost Audit of southern units located at Bangalore, Palakkad and the consolidated audit records of the Company at a remuneration of ₹ 2,24,720/- (including service tax), out of pocket expenses and conveyances expenses etc will be reimbursed extra at actual.

M/s Aman Malviya & Associates, Cost Accountants, Lucknow shall be Cost Auditor of the Company for a remuneration of ₹ 80,000/-(service tax nil) for undertaking the cost audit of the Northern units located at Naini, Rae Bareli, Mankapur and Srinagar. TA and DA will be reimbursed extra at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules 2014, the

remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2015.

The Board recommends adoption of the resolution by the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11 of the notice.

Regd. & Corporate Office ITI Bhavan, Doorvaninagar Bangalore-560 016 CIN: L32202KA1950GoI000640 Website: www.itiltd-india.com Email:co.secy_crp@itiltd.co.in	By Order of the Board For ITI LIMITED
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Place: Bangalore **(SUNITHA K.S.)**

Date: 4th September 2014 COMPANY SECRETARY

ANNEXURE B – INSTRUCTIONS FOR E-VOTING

The instructions for e-voting electronically are as under:

In case of members receiving e-mail:

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

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

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

After entering these details appropriately, click on “SUBMIT” tab.

- (vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for ITI Ltd to vote.
- (x) 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.

- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:
- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (B) The voting period begins on Saturday, 20.9.2014, 10.00 a.m and ends on Monday, 22.9.2014, 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 29.8.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (D) The Company has appointed a Practising Company Secretary as Scrutinizer to scrutinize the e-voting process (including Ballot Form received from the members who do not have access to the e-voting process) in a fair and transparent manner.
- (E) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (F) Members who do not have access to e-voting facility may send duly completed Ballot Form

(enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, at the Registered Office of the Company not later than Monday, 22nd September, 2014 (5.00p.m. IST). Members have the option to request for physical copy of the Ballot Form by sending an e-mail to : cosecy_crp@itilttd.co.in by mentioning their Folio / DP ID and Client ID No. Ballot Form received after this date will be treated as invalid.

- (G) A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- (H) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.itilttd-india.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

Regd. & Corporate Office By Order of the Board
ITI Bhavan, Doorvaninagar For **ITI LIMITED**
Bangalore-560 016
CIN: L32202KA1950GoI000640
Website: www.itilttd-india.com
Email: co.secy_crp@itilttd.co.in

Place: Bangalore **(SUNITHA K.S.)**
Date: 4th September 2014 COMPANY SECRETARY

TEN YEAR DIGEST

₹ in Crores

OPERATING RESULTS	2013-14	2012-13*	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Sales including services	770	921	993	2139	4660	1741	1210	1818	1749	1389
Accretion/(Decretion) to Stock	(2)	(11)	3	(87)	(30)	21	(4)	(21)	(142)	(27)
Value of Production	768	910	996	2052	4630	1762	1206	1797	1607	1362
Other Income	40	33	34	78	376	176	426	173	139	505
Direct Materials	137	235	315	1662	4210	1476	884	1391	1140	1086
Charges on Installation & Maintenance	382	409	422	190	47	75	61	78	75	61
Employees Cost	337	393	402	389	558	401	383	365	382	337
Depreciation	17	18	21	22	24	27	29	38	36	32
Financing Expenses	122	85	85	80	119	292	281	223	225	207
Other Expenses less Charges on Installation & Maintenance	159	163	154	148	479	313	290	239	314	440
Profit	(346)	(360)	(369)	(361)	(431)	(646)	(296)	(364)	(426)	(296)
Prior Period Adjustments	2	48	(1)	3	(28)	(22)	(61)	(40)	(2)	(14)
Extraordinary Items	0	130	-	-	-	-	-	-	-	-
Profit Before Tax	(344)	(182)	(370)	(358)	(459)	(668)	(357)	(404)	(428)	(310)
Provision for Tax / Deferred Tax/FRB	-	-	-	-	-	-	1	1	1	-
Add: Provision for tax of earlier years no longer required	-	-	-	-	-	-	-	-	-	-
Profit after Tax	(344)	(182)	(370)	(358)	(459)	(668)	(358)	(405)	(429)	(310)
Dividend	-	-	-	-	-	-	-	-	-	-

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

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

FINANCIAL POSITION	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Equity	288	288	288	288	288	288	288	288	288	288
Preference Shares	300	300	300	300	300	300	300	300	300	300
Preference Shares - Application Money Received Pending Allotment	0	0	0	0	0	0	0	0	0	0
Reserves & Surplus	2718	2709	2700	2701	2527	73	64	64	64	64
Revaluation Reserves	2374	2390	2406	2424	2448	2473	2499	2527	2654	-
Miscellaneous expenditure not written off	0	0	0	0	0	0	0	0	8	33
Profit and Loss Account-(Debit)	4869	4527	4345	3975	3622	3219	2551	2192	1787	1358
Net Worth Funds with Revaluation Reserve	819	1172	1413	1807	2016	(4)	686	1078	1638	(584)
Net Worth without considering DRE not written off and Revaluation Reserve	(1555)	(1218)	(993)	(617)	(432)	(2477)	(1813)	(1449)	(1008)	(551)
Grant-in-aid	8	12	64	69	75	81	86	91	127	155
Bonds	0	2	2	2	7	456	442	416	409	573
Other borrowings and deferred credit	876	606	483	341	271	1688	1789	1326	1572	1057
Gross Block	3696	3695	3691	3684	3681	3679	3657	3644	3631	932
Depreciation	1243	1210	1175	1137	1089	1040	987	933	768	735
Net Block	2453	2485	2516	2547	2592	2639	2670	2711	2863	197
Capital work-in-progress	21	1	2	7	1	2	1	2	5	4
Assets, Loans and Advances : (Current and Non-Current)										
Inventory	96	105	113	118	284	403	371	425	412	553
Debtors	2152	4067	4268	4979	4921	2268	1825	1708	1662	1420
Others	366	348	333	409	631	350	354	398	522	448
Total	2614	4520	4714	5506	5836	3021	2550	2531	2596	2421

TEN YEAR DIGEST (Contd...)

₹ in Crores

FINANCIAL POSITION	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Liabilities and Provisions (Current and Non-Current);	3393	5227	5335	5911	6136	3523	2305	2425	1846	1581
Working Capital	(1501)	(1259)	(621)	(405)	(300)	(502)	245	106	750	840
Capital Employed (Net Fixed Assets+Working Capital)	952	1226	1895	2142	2292	2137	2915	2817	3613	1037
Sources of Funds:										
Shareholders' Fund	819	1172	1413	1807	2016	(4)	686	1078	1638	(584)
Grant-in-aid	-	-	-	-	-	-	-	-	-	-
Borrowings	876	608	485	343	278	2144	2231	1742	1981	1630
Net Non-Current Liabilities	155	56	-	-	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-	-	-	-	-
Total	1850	1836	1898	2150	2294	2140	2917	2820	3619	1046
Application of Funds:										
Net Fixed Assets	2453	2485	2516	2547	2592	2639	2670	2711	2863	197
Working Capital (Other than Cash Credit)	(625)	(651)	(621)	(405)	(300)	(502)	245	106	750	840
Capital Work in progress	21	1	2	7	1	2	1	2	5	4
Investments	1	1	1	1	1	1	1	1	1	5
Total	1850	1836	1898	2150	2294	2140	2917	2820	3619	1046
FINANCIAL RATIOS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Working Capital Ratios:										
Current Ratio	0.62:1	0.75:1	0.88:1	0.93:1	0.95:1	0.86:1	1.11:1	1.04:1	1.41:1	1.53:1
Working Capital in no. of months of value of Production	N.A	N.A	N.A	N.A	N.A	N.A	2.44	0.71	5.60	7.40
Inventory in no. of months of value of Production	1.50	1.38	1.36	0.69	0.74	2.74	3.69	2.84	3.08	4.87
Debtors(Net of Advances) in terms of months sales and Services	30.22	30.18	30.89	18.12	8.50	7.21	12.84	7.80	9.79	10.62
Working capital to total Assets (%)	N.A	N.A	N.A	N.A	N.A	N.A	8.40	3.76	20.72	80.31
Cost of Direct Material to value of Production incl. Excise Duty (%)	17.84	25.82	31.63	80.99	90.93	83.77	73.30	77.41	70.94	79.74
Cost of Direct Material & Charges on Instn to value of Production incl. Excise Duty (%)	67.58	70.77	74.00	90.25	91.94	88.02	78.36	81.75	75.61	84.21
Growth Ratios:										
Annual growth in value of Production (%)	(15.60)	(8.63)	(51.46)	(55.68)	162.77	46.10	(32.89)	11.82	17.99	26.93
Annual growth in Gross Block excluding Revaluation Reserve (%)	0.10	0.39	0.68	0.29	0.20	2.19	1.31	1.33	4.83	N.A

TEN YEAR DIGEST (Contd...)

₹ in Crores

OTHER STATISTICS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Turnover composition:										
To BSNL/MTNL	260	181	206	1963	4298	1507	806	1525	1448	998
Others	510	740	787	176	362	234	404	293	301	391
Total	770	921	993	2139	4660	1741	1210	1818	1749	1389
Value added	164	166	164	328	335	222	242	328	355	188
No. of Employees as on 31st March	7311	8516	9512	10616	11737	12556	13045	13415	14257	14635
Value Added per Employee (₹)	207241	184158	162957	293473	275800	173431	182918	237063	245743	125938
Value of Production per Employee (₹)	970493	1009541	989666	1835995	3811798	1376509	911565	1298786	1112419	912379

[Figures in brackets indicate negative figures]

FIGURES AT A GLANCE

₹ in Crores

Balance Sheet	As at 31st March 2014	As at 31st March 2013
(a) What the Company owned		
Fixed Assets	3696	3695
Less: Depreciation	<u>1243</u>	<u>1210</u>
Net Block	2453	2485
Capital Work-in-Progress	21	1
Investments	1	1
Current Assets, Loans & Advances	2403	3838
Less: Current Liabilities	<u>3904</u>	<u>5097</u>
	(1501)	(1259)
Add: Non - Current Assets	<u>210</u>	<u>682</u>
	1184	1910
(b) Less: What the Company owed		
Non - Current Liabilities	<u>365</u>	<u>738</u>
(c) Shareholders' Funds [a]-[b]		
	<u>819</u>	<u>1172</u>
Represented by:		
Share Capital	588	588
Reserves & Surplus	2718	2709
Revaluation Reserve	2374	2390
Grant-in-aid	8	12
Less: Profit and Loss Account (Debit)	<u>4869</u>	<u>4527</u>
	231	584
	<u>819</u>	<u>1172</u>

FIGURES AT A GLANCE (Contd...)

₹ in Crores

PROFIT AND LOSS ACCOUNT	For the year ended 31st March 2014	For the year ended 31st March 2013
(a) What the Company earned		
Sales including services(including excise duty and service tax)	770	921
Other Income	40	33
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components	(2)	(11)
	808	943
(b) What the Company incurred		
Materials	519	644
Employees Cost	337	393
Depreciation	17	18
Financing Expenses	122	85
Other Expenses(including excise duty and service tax)	159	163
	1154	1303
(c) Profit (a-b)	(346)	(360)
(d) Prior Period Adjustments	2	48
(e) Profit before extraordinary items and tax	(344)	(312)
(f) Extraordinary items	0	130
(g) Profit before tax	(344)	(182)
(h) Less: Provision for Taxation	0	0
(i) Profit after tax	(344)	(182)

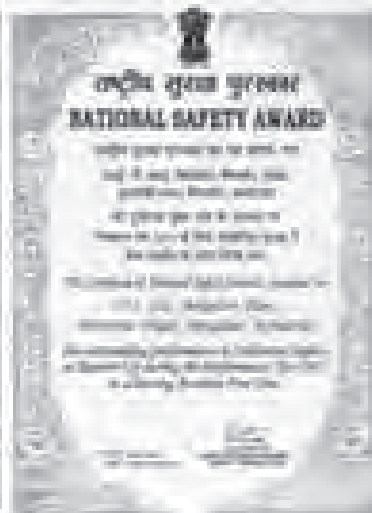
FIGURES AT A GLANCE (Contd...)

₹ in Crores

SOURCES AND APPLICATION OF FUNDS	For the year ended 31st March 2014	For the year ended 31st March 2013
SOURCES OF FUNDS		
1. Depreciation	17	18
2. Increase in Borrowings	270	123
3. Reduction in Working Capital	0	219
4. Revenue Grant in aid received	0	130
5. Capital Grant in aid received	13	10
6. Decrease in Non - Current Assets	472	590
	772	1090
APPLICATION OF FUNDS		
1. Loss After Tax	344	182
2. Increase in Working Capital	29	0
3. Fixed Assets	21	3
4. Capital Grant-in-aid utilised	5	4
5. Revenue Grant-in-aid utilised	0	177
6. Decrease in Non - Current Liabilities	373	724
	772	1090

AWARDS & EVENTS 2013-14

ITI Bags National Safety Awards from Ministry of Labour & Employment on 18th September 2013



World Telecommunication and Information Society Day - 2013 celebrated at ITI Bangalore Plant on 17th May 2013



A High Level Committee Visits Srinagar Plant from on 15th to 16th November 2013



Public Sector Day Celebrations at Corporate Office and Bangalore Plant on 16th April 2014



APEX Meeting Deliberates Key Issues

APEX Meeting was held on 27th & 28th May 2013 at Bangalore Plant



DoT team visits ITI Ltd., Bangalore on 3rd July 2013



DIRECTORS' REPORT

To

The Members

ITI Limited

Your Directors have pleasure in presenting the 64th Annual Report of the Company together with Audited Accounts and Auditors' Report thereon for the year ended 31st March 2014.

1. PERFORMANCE:

The Company has achieved Sales and Production of ₹ 769.90 Crore and ₹ 767.91 Crore respectively during the year 2013-14 against ₹ 921.04 Crore and ₹ 910.16 Crore respectively during the previous year 2012-13. The Company could achieve this turnover in spite of the fact that our major customers BSNL and MTNL have not placed orders like earlier years. The net loss of the Company for the year 2013-14 is ₹ 344.26 Crore against the figure of ₹ 182.06 Crore for the year 2012-13, which however, was after considering a grant of ₹ 177.23 Crore by the Government.

The net loss for the year 2013-14 is the lowest ever loss in the last twelve financial years (if the financial assistance by way of grant from the government is not taken into account).

The contribution (net of material cost) for the year is ₹ 184.99 Crore, which is comparable for that of previous year at ₹ 187.27 Crore.

2. SANCTION OF REVIVAL PROPOSAL :

The Directors are pleased to inform that ITI's Revival Plan has been approved by the Cabinet Committee on Economic Affairs (CCEA) on 12th February 2014. The financial package approved by CCEA includes funding support for ₹ 1892.79 Crore as grant-in-aid towards clearing of part of its liabilities and ₹ 2264 Crore as equity for upgradation and implementation of several projects as part of revival plan. The Government has already approved release of ₹ 460 Crore as first stage disbursement to the Company towards capital expenditure in the recent budget for the year 2014-15.

In the Revival plan, around 18 projects have been identified for implementation. This includes expansion of capacities for manufacturing of existing telecom products like Encryptors for Defence sector, G-PON, DWDM, MLLN, Ethernet, Broadband equipments, SMART cards etc. and also diversified

products like Solar, LED lightings, Data center and Defence projects. These projects are allocated to all the six units of ITI for their revival. The project implementation will be done in three phases. For the implementation of projects in the 1st phase an amount of ₹ 460 crore has already approved by the Government in the recent budget. The amount required for the implementation of projects in 2nd and 3rd phases is expected to be released subsequently. For monitoring of the implementation of the projects, committees have been formed at unit level, corporate level at ITI and at DoT level and also at APEX level.

As part of diversification, all the Units have taken various initiatives for enhancement of production and sales.

Mankapur Unit developed and entered into production of various LED based lighting products. ITI Mankapur executed an order from ONGC under their Corporate Social Responsibility (CSR) "Swach Roshni Abhiyan" Project.

Naini Unit established High Wattage Solar Panels manufacturing line of 280 W SPV panel and tested internally. For commercial orders, IEC Certification is under process.

Rae Bareli Unit developed 'Total Solution for Lightning & Surge Protection Unit (LSPU) and the first lot of 39 units were supplied to Ahmedabad BSNL Gujarat Circle.

Palakkad Unit has established inroads in the Defence manufacturing area by supplying to NPOL (National Physical Oceanographic Laboratory), HVF (Heavy Vehicle Factory) Avadi, etc. The Plant has opened a separate manufacturing area for meeting the requirements of production of Space related products and have supplied to VSSC (Vikram Sarabhai Space Centre) both bare and assembled PCBs.

3. HIGHLIGHTS:

- The turnover for the year 2013-14 is mainly constituted from National Population Register (NPR), GSM-WZ, GSM-SZ, G-PoN, AMC for OCB & ASCON, Defence and IT solutions.
- The Company is executing Turnkey Project of Registrar General of India (RGI) for creation of Multi Purpose National Identification Card under National Population Register (NPR) project for the country.
- Company is executing Restructured Accelerated Power Development Reforms Program (RAPDRP) of value ₹ 307 Crore from Tamil Nadu Electricity Board (TNEB).

PRODUCTION

(₹ in Crore)

Sl. No.	Product/Project	2013-14 (including ED & Service Tax)	2012-13 (including ED & Service Tax)
1	C-DOT Products	0.16	1.61
2	Diversified Products / Cont. Mfg.	16.63	9.37
3	Solar Panel	18.85	22.76
4	PCM MUX	1.33	0.52
5	MLLN	105.45	11.07
6	GSM – WZ (Incl. BTS, RTT, Shelter & AMC)	84.04	61.62
7	GSM – MTNL	0	1.15
8	GSM – SZ	0.96	1.75
9	ADSL – CPE	0	2.89
10	Misc. Services	26.12	24.82
11	Defence / ASCON	69.02	60.96
12	OCB AMC Business	37.82	42.05
13	SIM / USIM / SMART Cards	0.35	26.54
14	NPR/SECC Projects (Data)	234.25	410.14
15	SMPS	1.27	1.65
16	G-PoN	8.77	16.29
17	ROs / CCO / IT	150.27	207.80
18	Data Centre	14.61	18.05
TOTAL (including ED & Service Tax)		769.90	921.04

Projects executed during the year 2013-14:

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

ITI is one among the consortium of three PSUs (other two PSUs being BEL & ECIL) for the execution of prestigious National Population Register (NPR) Project under Ministry of Home Affairs (MHA). The job involves collection of citizen data including biometrics. The above consortium is also executing SECC project for the Ministry of Rural Development.

MLLN (Managed Leased Line Networks):

ITI has successfully rolled out countrywide MLLN network for BSNL in technical collaboration with a technology partner. ITI had received an expansion order from BSNL and the same has been executed during 2013-14.

GSM:

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

G-PON (Gigabit Passive Optical Network):

ITI has been a major supplier of this product to BSNL and MTNL using the imported technology. Some G-PON equipments against the earlier orders have been supplied during 2013-14. Requirements are anticipated for this product in future also for applications like FTTH.

Defence Projects:

ITI is the leader in supplying encryption equipments for the secured communication in the Defence networks. ITI has supplied telecom equipment like Telephones, Ruggedized Telephone Exchanges, Transmission equipments, VSAT etc. to the Defence sector. ITI has also executed ASCON project (Phase I, II, & III) successfully.

Solar Project:

Naini Plant of ITI is having requisite expertise and experience for implementing Solar solutions. ITI has executed solar projects for BSNL as well as UP police. BSNL and other Service Providers are planning to upgrade their outdoor GSM Telecom BTS sites with Solar Power especially in rural areas where grid power supply position is poor. ITI Naini is planning to augment the solar panel manufacturing infrastructure in its plant.

Data Center & IT Projects:

ITI has already established Tier 3+ state-of-art Data center at Bangalore on PPP model. Presently this Data Center is fully booked for co-location services. ITI is also playing a major role in implementing IT projects. The State Governments are pursuing E-Governance projects for taking the benefit of IT to the Village Panchayats and they have made a substantial budget provision for the same. ITI is aggressively pursuing this Market segment. ITI is also executing Accelerated Power Development and Reform Programme (APDRP) of Tamil Nadu state.

Maintenance Contracts:

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

4. FINANCE:

The performance of the Company for the year 2013-2014 as compared to the previous year is as follows:

		(₹. in Crore)	
Sl. No.	Particulars	2013-2014	2012-2013
i.	Sales including services	770	921
ii.	Value of Production	768	910
iii.	Loss before tax	344	182
iv.	Loss after tax	344	182
v.	Financing Expenses	122	85
vi.	Depreciation	17	18
vii.	Capital Employed (Net Fixed Assts + Net Current Assets)	952	1226
viii.	R&D Expenditure	17	18

5. DIVIDEND:

As your Company has incurred a loss, the Directors are not in a position to recommend any dividend for the year 2013-2014.

6. HIGHLIGHTS OF THE PRODUCTION PLANTS AND SERVICE UNITS:

BANGALORE PLANT:

Bangalore Plant achieved a performance of ₹ 51.12 Crore. This performance consist of supply of Defence equipment of ₹ 17.11 Crore, Data Centre services worth ₹ 14.61 Crore, AMC, repair and Miscellaneous products worth ₹ 19.40 Crore.

During the year, the Plant has bagged National Safety Award for the Performance Year 2011 – RUNNER for accident free category on September 18, 2013.

MANKAPUR PLANT:

Mankapur Plant achieved a performance of ₹ 11.27 Crore. The Plant has executed 2.157 Million Nos. of Biometric Data entry against NPR-40 Project worth ₹ 8.29 Crore and Banking/Miscellaneous products worth ₹ 2.98 Crore.

During the year, the Plant has bagged 2 National Safety Awards – Performance Year 2011 – WINNER for ‘Lowest Average Accident Frequency Rate’ Category and Performance Year 2011 – WINNER for ‘Accident Free Year’ Category on September 18, 2013.

RAE BARELI PLANT:

Rae Bareli Plant achieved a performance of ₹ 61.52 Crore; ₹ 8.77 Crore from dispatch of ONT of GPON equipment, ₹ 1.42 Crore from the supply of SMPS & Misc. equipments, ₹ 22.81 Crore worth of GSM Franchisee business and 73.25 lacs nos. of Biometric Entry against NPR-40 project valuing ₹ 28.52 Crore.

NAINI PLANT:

Naini Plant achieved a performance of ₹ 20.60 Crore. The Plant has supplied 131 Nos. of Solar Panel equipment worth ₹18.86 Crore, Misc./ Contract Manufacturing worth of ₹ 0.06 Crore and 4.37 lacs nos. of Biometric Entry against NPR-40 project valuing ₹ 1.68 Crore.

PALAKKAD PLANT:

Palakkad Plant achieved a performance of ₹ 300.60 Crore. The Plant has captured Bio-metric data collection/data entry against NPR/SECC Projects worth ₹ 193.66 Crore, Supply of MLLN & AMC Project worth ₹ 105.45 Crore and Miscellaneous/ Contract Manufacturing worth ₹ 1.49 Crore.

In the Industrial Safety front, consecutively for the second year, Plant was runner up for the Outstanding Safety performance in the large size Engineering Industries Group from National Safety Council, Kerala Chapter and third prize winner from Directorate of Factories, Kerala Government for large scale industries.

SRINAGAR PLANT:

Srinagar Plant achieved a performance of ₹ 0.04 Crore against services.

A high level committee visited Srinagar Plant from 15th to 16th November 2013 comprising Shri K.L. Dhingra, CMD; Shri N.K. Joshi, DDG (SU) and Shri Shahbaz Ali, DDG (TPF) to review the functioning of Srinagar Plant.

The committee in its report recommended short term, mid term and long term measures for revival of the Unit.

Government allocation of ₹ 460 Crore for ITI Ltd under the budget for year 2014-15 includes a provision for Srinagar Unit. The same will be utilised for implementing the recommendations of the Committee.

NETWORK SYSTEMS UNIT:

Network Systems Unit achieved a performance of ₹ 89.73 Crore. The performance mainly comprises of Annual Maintenance Contract for fixed line OCB exchanges worth ₹ 37.82 Crore for BSNL & MTNL and AMC for ASCON worth ₹ 51.91 Crore.

REGIONAL OFFICES

Regional Offices and its Customer Care Organization (CCO) achieved a performance of ₹ 151.59 Crore. This performance consists of ₹ 64.54 Crore supplies of ITI's manufacturing products and other traded products, ₹ 51.17 Crore of Services, ₹ 3.30 Crore by various CCOs and ₹ 32.58 Crore towards IT Projects.

HIGHLIGHTS OF REGIONAL OFFICES

Performance:

- Performance of ROs for the FY 2013-14 is ₹ 151.59 Crore.
- Order bagged in 2013-14 is ₹ 68.82 Crore.
- ₹ 379.35 Crore orders on hand as on 01.04.2014.
- RO-Mumbai collected C-Form worth ₹ 88.57 Crore for other units.
- RO Mumbai realized payment of ₹ 17.59 Crore for other units.

New Projects taken up by ROs in 2013-14 :

- Supply and Implementation of College Management Software - RO Delhi
- Establishment of Police Control Room – RO Lucknow
- NPR project taken up for the state of Meghalaya - RO Kolkata

Big orders successfully completed by ROs in 2013-14

- Supply & Installation of Video Conferencing Systems of value ₹ 6.62 Crore-RO Lucknow
- Supply of Anti Riot Equipments of value ₹ 4.62 Crore to UP Police - RO Lucknow
- e Tendering business of value ₹ 35 Crore - RO Delhi

GSM Projects:

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

7. RATING IN MEMORANDUM OF UNDERSTANDING

The Company's rating for the year 2012-13 is "GOOD" with a Composite Score of 2.94.

This Composite Score is BEST during Eleven years, i.e. 2002-03 to 2012-13.

The Company has signed Memorandum of Understanding with the Administrative Ministry for a Sales Turnover of ₹ 1500 Crore for the Company for the year 2014-15.

8. FUTURE OUTLOOK:

Defence projects

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

Other major projects which have been launched by Indian Army are ASCON Phase IV and Battlefield Management System (BMS). Earlier three phases of ASCON project have been executed by ITI

successfully and ITI is hopeful of getting order for ASCON phase IV project also. ITI has also responded to the RFI against the BMS project and has presented details on BMS solution to the Indian Army.

Solar Project

There has been special emphasis by the Government of India to implement the renewable energy sources including solar to overcome the environmental hazards and meeting the growing energy needs. ITI, having requisite expertise and experience for implementing solar solutions, is planning to augment the solar panel manufacturing infrastructure in its Naini plant and is also planning to install one more manufacturing facility at its Srinagar plant.

Tablet PC manufacturing

Ministry of Human Resources Development has an ambitious plan of distributing Tablet PCs to all students at College level for empowering students to access educational data through internet. Similar programmes are being launched by State Governments also. These devices are also being used by common man for e-enabled applications similar to mobile phones. Since the requirements are huge, ITI is planning to take up manufacture of this product at its various units. ITI has already been qualified for the low cost tablet PC supplies announced by the Ministry of HRD and has been listed by DGS&D.

Core Telecom Products

ITI is pursuing on addressing the core telecom market like GSM, Next Generation Networks (NGN), Long Term Evolution (LTE), and Managed Leased Line Network (MLLN) etc. The LTE technology is expected to be the future technology in mobile communications. ITI is planning to take up manufacturing of these products by entering into collaboration agreements with technology providers.

NFS

The Government funded projects like Network for Spectrum (NFS) require many types of telecom equipments like DWDM, Carrier Ethernet, Microwave, IP-MPLS equipments etc. in huge volumes. ITI is planning to take up manufacture of these products with suitable technology collaborations. In the tender floated by BSNL for laying optical cables under

NFS project, ITI was L1 and has recently received Advance Purchase Order (APO) from BSNL worth ₹ 2111 Crore (excluding AMC) for establishment of optical fiber network in two (out of seven) zones in the Country.

LED Lighting

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

Data Center

Considering the huge scope existing in the market of Data Center particularly in the Government sector, for projects of national importance like NPR, UIDAI and other Projects/Schemes envisaged by Government agencies & PSUs, ITI is planning to establish its own Data Center.

Manufacture of Citizen ID Cards

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

Manufacturing of Li-Ion Batteries

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

9. CONTRIBUTION TO EXCHEQUER:

During the year, your Company has contributed ₹ 45.01 Crore to the exchequer towards duties and taxes.

10. PUBLIC DEPOSITS:

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

11. REVIEW OF ACCOUNTS BY INDIAN AUDIT AND ACCOUNTS DEPARTMENT:

The comments on the accounts for the year 2013-14 by the Comptroller and Auditor General of India is appended.

12. JOINT VENTURES :

INDIA SATCOM LIMITED

India Satcom Limited (ISL) is a Joint Venture Company incorporated on 5th October, 1987 by ITI, Unit Trust of India (UTI) and Equatorial Pacific International Company (EPIC). Both EPIC and UTI sold their respective stakes in ISL to M/s Chris Tech Systems Pvt. Ltd. (CTSPL) and ITI also took steps to sell its entire 49% equity stake in ISL to CTSPL. The Government of India, Ministry of Communications & IT vide its letter dated 28.01.2011 has not approved the above said sale of 49% ITI's equity stake in ISL to CTSPL, therefore the transfer of ITI shares could not be effected. Now, the shareholders in the Joint Venture are ITI (49%) and CTSPL (51%).

13. QUALITY:

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

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

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

14. MAN POWER:

Employee strength at the end of the year 31st March, 2014 was 7311 out of which 623 were female employees.

As on 31st March 2014, there were 1203 employees belonging to Scheduled Castes and 67 belonging to Scheduled Tribes.

1 Chief Manager on permanent basis, 51 Contract Engineers & 34 Contract Technicians were recruited during the year 2013-2014.

Employees belonging to Physically Challenged Persons numbering 102 and Ex-servicemen category numbering 36 were on the rolls of the company as at the end of the financial year.

15. HUMAN RESOURCE DEVELOPMENT:

Human Resource Development (HRD), keeping in view the initiatives taken for organizational turnaround, diversification and the Company's MOU target on HRM – Training for 2013-14, focused on imparting need based training for executives and non-executives in the areas of New Technology, Information Technology and General Management Development.

To keep pace with the advancements in Telecom & Information Technology, training programmes on the topics like GPON, OFC Networks, Mobile Communications, Cloud Computing, MLLN, Networking, Cyber Security, etc., were organized. Management Development programmes focused on Leadership, Finance, Human Resource, Vigilance, Quality, Personality Development, etc., besides organizing a host of awareness programmes.

The MoU HRM Training performance indicators were to train the company executives and non-executives and impart Risk Management training for senior executives. Following the MoU targets, the company, for knowledge / skill up-gradation of its manpower working at Corporate Office, Corporate marketing – including Regional and sub offices, Manufacturing plants, Network Systems Unit, located across the country, has organized 49 exclusive training programmes covering 1134 executives and 27 training programmes covering 711 non-executives achieving totally 2868 training mandays. Besides, 45 need based awareness training programmes have been organised in the areas of safety, health, energy, environment management etc., by Plant HR (ED) Centres. 1184 personnel have been benefited by these programmes and the company records 1369 training mandays on these awareness programmes. An in-house Training on 'Risk Management' was conducted for senior executives. A group of 23 executives, consisting of DGMs and above, participated in the training.

During the year, the company has sponsored 11 executives/non-executives for external training through renowned organizations / training institutions.

In a nutshell the Company trained 2040 executives, 989 non-executives achieving 2061 and 1176 training mandays respectively.

16. INDUSTRIAL RELATIONS:

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

17. OFFICIAL LANGUAGE:

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

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

In order to enhance the working knowledge of Official Language amongst our employees, officials have

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

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

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

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

A Joint Hindi Fortnight Programme for Bangalore based PSUs / Organisations between 16th September 2013 and 23rd October 2013 was organized by TOLIC (Town Official Language Implementation Committee), Bangalore and various types of competitions were arranged during this occasion.

18. VIGILANCE :

During the year, Vigilance Department functioned effectively and efficiently being a part of Corporate Governance Structure. The prime focus of the vigilance activities was to reduce the pendency of complaints by expediting Investigation. Greater emphasis was laid on preventive vigilance. CVC guidelines and Government policies in this regard have been followed. To achieve the above objectives, periodical inputs were given to the Management regarding review of Administrative expenses, implementation of Rotational Transfers of Executives in sensitive areas in the company.

To improve the transparency and efficiency of the procedures, several System Improvement Measures have been suggested to various departments. Constant and continuous efforts have been made in this direction as a part of Preventive Vigilance.

Logical conclusions on Vigilance Cases were arrived at and Special emphasis was taken to reduce the Pendency of Complaints, MIS Reports were sent to Statutory / Government Agencies like DoT-Vigilance and CVC.

The Company observed Vigilance awareness week from 28th October 2013 to 2nd November 2013 to 5th November 2013 at all Manufacturing Units including its administrative offices, as well as Corporate Office.

Periodical appraisals were also made to the Board of Directors on Vigilance Matters.

The Vigilance department is endeavoring to lay far more emphasis on preventive vigilance, scrutinizing the documents and conducting surprise checks in sensitive departments. These actions had good impact for creating awareness amongst Company Executives on Vigilance aspects of Company Governance.

19. RIGHT TO INFORMATION:

The RTI requests have been on the increase constantly. During the year 2013-14, out of 254 RTI requests, information was provided against 203 requests, 17 requests were rejected and 1 request was transferred to another Public Authority. The RTI returns on a quarterly basis have been submitted to the Ministry for forwarding the same to Central Information Commission and the same is published on our Company website also.

20. ENTERTAINMENT EXPENDITURE AND FOREIGN TRAVEL:

The expenditure on entertainment was NIL. Expenditure on official travel abroad by the officials of the Company amounted to ₹ 0.86 lakh during the year.

21. 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 Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are annexed.

22. PARTICULARS OF EMPLOYEES:

The statement of particulars of employees drawing remuneration of ₹ 60.00 lakhs and above per annum or ₹ 5.00 lakhs and above per month are required to be included in the Directors' report as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Amendment Rules, 2011, are NIL for 2013-2014.

23. AUDITORS:

Pursuant to Section 619(2) of the Companies Act, 1956, M/s. Sundar Srini & Sridhar, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company for the year 2013-2014 by the Comptroller & Auditor General of India.

The following firms of Chartered Accountants were appointed /re-appointed as Branch Auditors for different Plants of the Company for the year 2013-2014:-

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

M/s Mahadevan & Sivarajan, Palakkad
Palakkad Plant

M/s S D M & Co, Srinagar
Srinagar Plant

M/s Habibullah & Co., Gorakhpur
Mankapur Plant

M/s Rajesh Srivastava & Associates, Lucknow
Rae Bareli Plant

24. COST AUDITORS

Your Company has appointed M/s GNV & Associates, Bangalore, as Cost Auditors for the cost audit of south-based units located at Bangalore, Palakkad and also Consolidation for the Company and M/s Aman Malviya & Associates, Lucknow, as branch auditors for the cost audit of North-based units, located at Naini, Rae Bareli, Mankapur and Srinagar for the year 2013-14, with the approval of Board and Ministry of Corporate Affairs.

25. BOARD OF DIRECTORS:

The following changes took place in the Directorate of your Company since the last Report.

Shri R.K. Agarwal ceased to be a Director of the Company on 30th November 2013 on attaining the age of superannuation. In accordance with the requirements of the Companies Act, 1956, Shri P.K. Gupta, Director-Marketing joined on 27th March 2014 and Shri S. Gopu, Director-Human Resources joined on 16th April 2014 will retire by rotation at this Annual General Meeting and eligible, offer themselves for re-appointment.

Lt Gen Nitin Kohli joined the Board on 26th October 2013 will retire at this Annual General Meeting and eligible offer himself for re-appointment as Director not liable to retire by rotation. Shri R.K. Mishra joined as Director not liable to retire by rotation on 25th July 2014 in place of Shri N. K. Joshi.

26. CORPORATE GOVERNANCE:

A report on Corporate Governance along with a Compliance Certificate from the Auditors as prescribed under the Listing Agreement with the Stock Exchanges on which the Company's shares are listed, is annexed to this report.

27. MAJOR ORDERS RECEIVED AFTER 31ST MARCH 2014

ITI Ltd bags the Prestigious Orders against NFS Project

ITI Limited has bagged two advance purchase orders from BSNL amounting to ₹ 2984 Crore.

These orders are part of Network For Spectrum (NFS) project for establishment of Optical Fiber Network through out the country.

ITI is the only Central Public Sector Undertaking to bag two packages out of seven packages for NFS tender against stiff competition from multiple players. These are the biggest orders ITI has ever got by competing in an open tender. These are the first major orders received after the approval of the revival package of ITI, by Cabinet Committee on Economic Affairs (CCEA) and will open the doors for turning around the company.

28. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures.
- (ii) the accounting policies adopted by the Company have been applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2014 and Loss of the Company for the period ended 31st March 2014.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

29. AWARDS

ITI Limited Mankapur Unit has bagged the prestigious "National Safety Awards" from the Ministry of Union Labour & Employment for the performance year 2011 and adjudged winner in two categories of 'Accident Free Year' and 'Lowest Frequency Rate' for the performance year 2011. ITI Ltd., Bangalore Unit is also adjudged runner up in 'Accident Free Year' category for the same year. The awards were received on 18th September 2013.

30. SALES PROMOTION

ITI Limited participated in SES 2013 Exhibition

ITI participated in the 'Strategic Electronics Summit: Defence & Aerospace – SES 2013'. Organized by Electronic Industries Association of India (ELCINA) at HAL Convention Center, Bangalore on 2nd August 2013. ITI displayed SDR systems at the exhibition.

Dr. Ajay Kumar Joint Secretary, Department of Electronic & IT, Shri M.N. Vidyashanker, Secretary IT, Govt of Karnataka, Defence Officials and other PSU Executives visited our stall.

ITI Limited participated in INDIA TELECOM 2013 EXHIBITION at Vigyan Bhavan, New Delhi

ITI participated in India Telecom-2013 Exhibition which was held at Vigyan Bhavan, New Delhi from 5th to 7th December 2013.

Dr. Manmohan Singh, Hon'ble Prime Minister of India, inaugurated the India Telecom 2013 Exhibition. The theme of the event was "Internet of People to Internet of Things: Future of Communication". Inauguration at the Exhibition Venue was done by Shri Kapil Sibal, Hon'ble Minister for Communication and IT & Law and Justice. The other dignitaries present at the ceremony with the Hon'ble Minister were Shri M.F. Farooqui, Secretary, DoT; Smt. Rita Teatota, Addl. Secretary, DoT; Shri Umashankar, Joint Secretary, DoT.

Products Displayed at ITI Stall:

- Tablet PCs
- Field Telephones
- Decorative LED Lights
- Solar Lantern with Panel
- Biometric Hand Held Terminal (with charger)
- Note Counting Machine
- Fake Note Detector

NSIC Buyer Seller Meet-2013

ITI Mankapur has participated in the vendor development programme and Buyer and Seller Meet-2013 organized by NSIC, Kanpur at Feroz Gandhi Inter College, Rae Bareilly. The meet was held on May 15th & 16th, 2013. ITI Mankapur has exhibited Note Counting Machine (both Desk Top and Floor Model), Fake Note Detector, LED Decorative Lights (seven types), LED Bulb and LED Tube lights. There was a very warm response from the visitors to the stall who showed keen interest in our products.

Shri K.H. Muniyappa, Hon'ble Minister of Micro, Small and Medium Enterprises, Govt. of India also visited our stall.

31. EVENTS

Observance of Vigilance Awareness Week - 2013 Celebration

Theme "Promoting Good Governance – Positive Contribution of Vigilance".

As per the directives of CVC, ITI observed the Vigilance Awareness Week from 28th October 2013 to 2nd November 2013, in all the Production Units as well as the Administrative offices of ITI Limited.

The Vigilance Awareness week started with administration of the pledge on 28th October 2013 in all the Units and Administrative offices. At Corporate Office, Shri K. L. Dhingra, CMD, administered the Vigilance pledge both in English and Hindi.

World Telecommunication and Information Society Day - 2013 celebrated at ITI Bangalore Plant

World Telecommunication and Information Society day was celebrated on 17.05.2014 at ITI Bangalore Plant. The Theme for this year's celebration was "BROAD BAND FOR SUSTAINABLE DEVELOPMENT". Shri S. Gopu, Director (HR) welcomed the gathering.

Shri K. L. Dhingra, CMD, presided over the function and emphasized the need of Broadband for sustainable development in his address.

The Chief Guest of the function, Shri D.M. Ezhil Buddhan, GM-Telecom, Broadband Networks, BSNL delivered the Key note address.

National Productivity Week – 2014

National productivity week was observed from 12th to 18th February 2014 at Bangalore plant. During the week, several Posters and Banners on Productivity Week and related messages were displayed all over the Factory premises. Essay and Slogan competitions were held on theme of the Year : "Lean management to enhance productivity." Valedictory function of the Productivity week 2014 was held on 18th February 2014.

Public Sector Day Celebrations at Corporate Office and Bangalore Plant

5th Public Sector Day was celebrated at ITI Corporate Office on 16th April 2014. Shri K.L. Dhingra, CMD, and Vice Chairman, SCOPE addressed the gathering of all functional Directors and Senior Officers of

Corporate Office and explained the importance of the PSU day and the contribution which Public Sector has made in the Economic Development of the Country.

APEX Meeting Deliberates Key Issues

APEX Meeting was held on 27th & 28th May 2013 at Banaglore Plant to deliberate key issues related to Company's Revival, Orders, Financial status, Production targets and Marketing challenges. Shri K.L. Dhingra, CMD, Chaired the Meeting and called upon all the segments of ITI to redouble their efforts in every field to turn around the Company. Functional Directors, Unit Heads, other Senior Officers and representatives from the Employees' Union and Officers' Association of all the Units participated in the deliberations.

DoT team visits ITI Ltd Bangalore

Smt. Rita A Teotia, IAS, Additional Secretary (T), DoT visited ITI Corporate Office on 3rd July 2013, along with Shri V. Uma Shankar, IAS, Joint Secretary (T) DoT, Shri N.K. Joshi, DDG (SU) and Shri R.K. Kaushik Director (PSU IV). Smt. Rita A Teotia, planted a sapling in the garden area of Corporate office in the presence of DoT Team and Shri K.L. Dhingra, CMD ITI Limited.

32. ACKNOWLEDGEMENT:

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

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

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

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

For and on behalf of the
Board of Directors

(K. L. Dhingra)
Chairman and Managing Director

Place: Bangalore
Date: 13th August 2014

ADDENDUM TO THE DIRECTORS REPORT

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

Point No	Statutory Auditors Observations	Company's Remarks
Qualifications quantifiable (i) & 4(ii)	Aggregate inventories as at 31.3.2014 were ₹ 12960.51 lakhs against which provision of ₹ 3339.95 lakhs is held towards non-moving and obsolescence (net inventory ₹ 9620.56 lakhs). In view of Company's production activities having come down substantially and slow movement in the inventory, there is a need for systematic age-wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold/disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements	Inventories are classified as Active, Slow moving, Dormant 1 (not moving for one year and Dormant 2 (not moving for more than 2 years) depending on their movement/usage. Provision for inventory is made after a review by a technical committee for their usefulness in each unit and then approved by the Board of Directors. The inventory available has been reviewed and the existing provision is found to be adequate.
(i) & 4(iii)	In relation to sale of goods & services, scope for improvement in the accounting for contact revenues as also monitoring and recovery of the high level of trade receivables of ₹ 221947.36 lakhs as at 31.3.2014 in relation to gross sales turnover (including taxes) of ₹ 77315.67 lakhs in 2013-14, including timely adjustment of the advances received from the customers, in the absence of which correct position of trade receivables is not arrived at. Against aggregate receivables of ₹ 215164.05 lakhs(of which ₹ 20811.67 lakhs are long term), provision held towards doubtful receivables is ₹ 6783.31 lakhs(of which ₹ 3339.06 lakhs is for long term receivables) and Company follows the practice of making provision for doubtful receivables on a case to case basis(Refer Significant Accounting Policies 17.00). There is a need for systematic age wise segregation, analysis, adjustment of advances received from the customers and reconciliation of the trade receivable accounts. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards doubtful debts and the eventual realizable amount in respect of the trade receivables, as also the possible effect on the financial statements.	As per our Accounting policy, provision for doubtful debts is being made after review on case to case basis. The existing provision is found to be adequate. Efforts are being made to adjust the outstanding advances against the debtors.
(ii)	Pending approval from the Government of India on the nalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation(BMTC)(of the 12.15 acres to be leased, 8.22 acres of land is already in possession of the BMTC), has not been recognised as income. ₹ 285.00 lakhs received earlier from the BMTC is held under deposits(Refer Note 40.16);	The case has been referred to DoT to get approval for leasing the property to BMTC, which is still awaited..

(iii)	Non provision for the interest payable on royalty to C-DoT((Refer Note No. 35) in view of rental dues from the same agency for the premises taken on rent from the Company being more than the royalty amount((Refer Note No. 40.21);	Interest on royalty payable to C-DoT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time from C-DoT on account of rent payable for the Company's premises leased out to them.
(iv)	Interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis(tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues as also non deduction of TDS as per the provisions of Income Tax Act, 1961;	Where sales are accounted based on provisional prices, differential sales are accounted in the year in which prices are firmed up and the differential statutory dues are paid/claimed. All known liabilities have been accounted for. There are no cases of non-deduction of TDS to the best of our knowledge.
Qualifications quantifiable (a)	Non provision of ₹ 6897.31 lakhs towards claims doubtful of recovery comprising of (i) rent of ₹ 5847.90 lakhs on a premises leased out up to the period ended 31.3.2011, rent from 1.4.2011 for the same premises being deferred for recognition on accrual basis due to uncertainty of realization (Refer Note No.40.21); (ii) liquidated damages of ₹ 1049.41 lakhs on a supplier, rejected by the Arbitral Tribunal. Had the said amounts been provided in the accounts, loss for the year would have been higher by ₹ 6897.31 lakhs and consequently reserves & surplus and current assets would be lower by similar amount,	The Company has been vigorously following up with the Ministry / DoT for resolving the pending issue of rent due from C-DoT. Subsequently DoT has informed ITI to present the subject to ITI Board for perusal and for further course of action. Company is of the view that provision for ₹ 5847.90 lakhs at this juncture is not required till the issue is finally settled. As regards LD of ₹ 1049.41 lakhs, the matter is in the Court. After the Court's verdict, suitable action will be taken .Till then, it is felt that no provision is required to be made.
Annexure to Auditor's report 1(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information other than at Bangalore Plant where the records are to be updated in relation to situation and adjustment for revaluation.	Noted for compliance.
1(b)	According to the information and explanations given to us, fixed assets have been physically verified by the management other than at the Bangalore Plant and no material discrepancies were noticed on such verification. At the Bangalore Plant, continuous verification system is said to have been followed. However, documentation does not support comparison of the extent of verification to the total assets and book balance to physical balance, resulting in inability to comment on the reasonableness of the intervals of verification, materiality of discrepancies, if any, and whether the same has been dealt with appropriately in the books.	Noted for compliance.
2(a)	According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support assessment of the reasonableness of the intervals of verification.	Noted for compliance.

2(b)	(b) In our opinion and according to information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business other than at Bangalore Plant wherein documentation does not support comparison of the extent of physical verification to the total inventory as also examination of the adequacy of the system of verification followed.	Noted for compliance.
2(c)	In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the inventory other than at Bangalore Plant wherein documentation does not support comparison of physical balance with book balance resulting in inability to comment on the materiality of discrepancies, if any and whether the same has been dealt with appropriately in the books.	Noted for compliance.
4	In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods & services except for the following areas, wherein internal control systems need to be considerably strengthened, to address weaknesses, continuing or otherwise, therein: (i) Inadequacies in relation to maintenance of fixed asset records, systems of physical verification of fixed assets & inventory, ascertaining discrepancies as also their materiality and proper treatment of the discrepancies as observed.	Noted.
7	The Company has an Internal Audit System, implemented through the in-house Internal Audit Department, which in our opinion requires further strengthening with respect to personnel, scope of the audit, reporting and systematic follow up to make it commensurate with the nature of business and size of the Company.	Efforts are being made to strengthen the Internal Audit Department by increasing the manpower and improve coverage and scope of the internal audit work.
9(a)	The Company has generally been regular in depositing undisputed statutory dues including Provident Fund other than ₹ 1452.81 lakhs and ₹ 7557.22 lakhs pertaining to Naini and Rae Bareli units respectively, Employees State Insurance, Sales Tax & Service Tax other than on sales set up on provisional basis in respect of which tax incidence is not recognised & accounted, Customs Duty, Excise Duty, Cess and other statutory dues. According to the information and explanations given to us, other than to the extent indicated above, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.3.2014 for a period of more than six months from the date they became payable.	Revival package submitted through Operating Agency SBI, has been approved in principle by the Cabinet Committee on Economic Affairs on 12th February 2014. The dues will be cleared once the financial assistance is received from the Ministry. As regards, sales tax and service tax on sales accounted on provisional basis, there are no comments to offer.
10	The accumulated loss of the Company as at 31.03.2014 has exceeded fifty percent of its networth, not considering the revaluation reserve. The Company has incurred cash loss in the financial year under audit and in the immediately preceding financial year.	Noted.

ANNEXURE TO THE DIRECTORS' REPORT

Section 217 (1) (e) of the Companies Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY:

(a) Energy conservation measure taken:

The Company has under taken following energy saving measures:

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

(b) Additional investments : Nil
if any, being implemented for reduction of consumption of energy.

(c) Impact of the measures at (a) : N.A.
& (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

(d) Total energy consumption and : N.A.
consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in schedule thereto.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology absorption as per Form B

FORM – 'B'

Annexure-D

RESEARCH AND DEVELOPMENT (R&D) 2013-14

(i) Specific areas of R&D work.

- a) Design and Development of Secrecy products for various Defence projects.
- b) Design and development of SCADA for various sectors, Wireless, Access, NMS & Telephones
- c) Development of Algorithms
- d) Value addition of the existing products.
- e) Provide Technical Network & security Solution designs.

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

- a) The following R&D Products were productionised, which contributed more than ₹ 17 (Seventeen) Crore to the turnover of the Company:
 - 1) PRIMARY MUX
 - 2) 2/4/8 Mbps BEU
 - 3) IP ENCRYPTOR
 - 4) TELEPHONES & SPARES (Magneto, 5B, Magneto, FAT-2A, Nuthan)
 - 5) Executive Telephone System (ETS -04)
- b) Successfully completed Integration for BEUs & IP Encryptor in DCN Test bed.
- c) Developed one Algorithm for IP Encryptor

(iii) Plan Of Action:

The following products are under development.

- a) Giga Bit Ethernet Encryptor - Design Completed and testing is in progress.
- b) 10 Gig Ethernet IP Encryptor - On study phase
- c) Multi channel Encryption Unit - Starting phase for 1 Gig & OTU-2;
development started for E1/E3 & STM-1/4/16.
- d) Terminal End Secrecy Device. - Trials conducted for defence Customers & Modifications (based on feedback) in progress
- e) Submission of Algorithm for IP Encryptor and evaluation of Algorithm by CPC
- f) Development & Submission of Algorithms for DCN Encryption System to CPC for evaluation

(iv) Future Projects to be considered for Development

- a. IP SCADA
- b. SCADA for Power Sector

(v) R&D Expenditure

a) Capital	₹ 0.33	Crore
b) Revenue	₹ 16.90	Crore
TOTAL	₹ 17.23	Crore

Total R&D Expenditure as percentage of total turnover (including Excise Duty and Service Tax) is around 2.24%.

Technology Absorption, Adaptation and Innovation:**1. Efforts in brief made towards technology absorption, adaptation and innovation:**

- Manufacturing of G-PON equipments based on C-DOT technology.
- Manufacturing of Smart card based Citizen ID cards.
- Manufacturing of Solar panels and LED lighting systems.

2. Benefits derived as a result of the above efforts:

As a result of the above endeavor, ITI has been able to make concerted efforts into diversified products. ITI is already into Mobile equipment manufacturing activities and making forays into wireless Broadband market as well as Next Generation Network environment.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) information may be furnished:

GSM-BTS manufacturing with Alcatel-Lucent Technology has been fully stabilized.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (i) Activities relating to exports, initiative taken to increase exports, development of new Export markets for products and services and export plans:

There had been no significant initiative in export market. Now ITI is trying to address various opportunities in this market also and are hopeful to make break through.

- (ii) Total Foreign Exchange earning and outgo:

Earnings : ₹ NIL Crore

Outgo : ₹ 44.81 Crore

Registered Office:
ITI Bhavan,
Doorvaninagar,
Bangalore - 560 016

For and on behalf of the
Board of Directors

Place: Bangalore
Date: 13th August 2014

K. L. Dhingra
Chairman and Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholder value and discharge of social responsibility. The Company has complied with guidelines on Corporate Governance for CPSEs. In pursuance of Listing Agreement with the stock exchanges, the report on Corporate Governance is as follows:

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholder value and discharge of social responsibility. The Company has complied with guidelines on Corporate Governance for CPSEs. In pursuance of Listing Agreement with the stock exchanges, the report on Corporate Governance is as follows:

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:-

The Company strongly believes that good Corporate Governance practices should be enshrined in all activities of the Company to ensure efficient conduct of the affairs of the Company, discharging social responsibilities as a corporate citizen, customer satisfaction, enhancing shareholder value etc.

ITI Limited, therefore committed to the highest standards of corporate governance, follows the basic tenets of integrity, transparency, accountability, high degree of disclosures and responsibility in all its activities and has put in place systems of good Corporate Governance.

2. BOARD OF DIRECTORS:-

As on 31st March 2014, Board of Directors comprises of Chairman & Managing Director, 3 Full Time Directors, 1 Part-time Director from Ministry of Communications & IT, 1 Part-time Director from Ministry of Defence, Government of India and 3 Independent Directors.

During the year, 7 Board Meetings were held on 11.04.2013, 25.05.2013, 9.07.2013, 06.08.2013, 07.11.2013, 09.12.2013 and 10.02.2014.

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

Name of the Directors	Category Of Director-Ship	Meeting held during respective tenure of Director	No. of Board Meeting attended	Attendance at last AGM	Number of Other Directorship	No. of Committees in which Chairman / Member
Shri .K. L. Dhingra	CMD	7	7	Yes	1	--
Shri R.K. Agarwal (upto 30.11.13)	D-M	5	5	Yes	--	--
Shri K.K Gupta	D-P	7	7	Yes	1	1
Lt.Gen.S.P. Kochhar (upto 31.08.2013)	Govt. Nominee	4	No	No	2	-
Shri N.K. Joshi	Govt. Nominee	7	7	No	2	--
Lt.Gen.Nitin Kohli (from 29.10.2013)	Govt. Nominee	3	1	No	2	--
Shri Dharendra Singh	Independent Director	7	6	No	3	1
Dr.M.J.Zarabi	Independent Director	7	6	No	-	1
Prof. Ramesh Bhat	Independent Director	7	6	No	3	1

3. CODE OF CONDUCT :

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

4. AUDIT COMMITTEE:

The terms of reference of the Audit Committee are as per guidelines set-out in the Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The Audit Committee was last reconstituted on 22.08.2013. The Company's Audit Committee consists of three Independent Directors and one Whole-time Director. Shri Ramesh Bhat, Independent Director as the Chairman of Audit Committee and Shri Dhirendra Singh, Shri K.K. Gupta, and Dr.M.J. Zarabi as members of the Committee. In addition, the Statutory Auditors of the Company, the Head of Finance, Internal Auditor and other Executives who are considered necessary generally attend these meetings. The Company Secretary is the Secretary to the Audit Committee. Chairman of the preceding Audit Committee attended the Annual General Meeting of the Company held on 27.09.2013.

The Committee oversees, inter alia, the financial reporting system and disclosure requirements. The Committee also reviews periodically the financial accounts, compliance with Accounting standards, internal control systems, financial and risk management policies of the Company.

During the year-ended 31.03.2014 the Audit Committee met 4 times on 28.05.2013, 06.08.2013, 07.11.2013, and 10.02.2013.

The attendance of Chairman & Members of the Audit Committee in these meetings was as follows:

Name	Meeting held during respective tenure of Director	No. of meetings attended
Shri Dhirendra Singh	4	3
Dr.M.J.Zarabi	4	4
Prof. Ramesh Bhat	4	4
Shri K.K.Gupta	4	4

5. REMUNERATION COMMITTEE / REMUNERATION POLICY

Being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India through administrative Ministry and hence, the Company has not constituted any Remuneration Committee.

The remuneration paid to Whole-time Directors for the financial year 2013-14 are as follows:

(Remuneration in ₹)

Staff No	Name of the Director	Salary	P.F. Contribution	Perquisites	Total
00001	K.L. Dhingra	1708716	204612	253224	2166552
00002	Ravi Khandelwal (29.04.2013)	131208	15709	19473	166390
19968	K.K. Gupta	1112311	122632	152034	1386977
19970	Rajni Kumar Agarwal (upto 30.11.2013)	672184	80372	99628	852184

Part-time Government Directors (non-executive Directors) are not paid any remuneration. They are also not paid sitting fees for attending Board/Committee meetings. However, the Independent Directors are paid sitting fees of ₹ 3000/- for attending Board/Committee Meetings. An amount of ₹ 90,000/- has been paid as sitting fee to the Independent Directors during the year for attending the Board and Committee Meetings.

6. SHARES AND BONDS TRANSFER COMMITTEE:

The Shares and Bonds Transfer Committee was reconstituted comprising of Shri K.L. Dhingra as Chairman and Shri K.K. Gupta, Director-Production as member.

The Shares and Bonds Transfer Committee approves transfer/transmission of shares/bonds/split/consolidation proposals and other related work. Company Secretary is the Compliance Officer.

The Company has a shareholders base of 39,877. During the year 1 complaint in the nature of non-receipt of dividend warrants, non-receipt of share certificates after effecting transfer, requests for issue of duplicate share certificates, non-receipt of Annual Report were received from the shareholder and it has been resolved to the satisfaction of the shareholder.

7. GENERAL BODY MEETINGS:

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

YEAR	DATE	TIME	VENUE
2010-2011	28.09.2011	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE
2011-2012	28.09.2012	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE
2012-2013	27.09.2013	11.30 A.M.	BANGALORE TAMIL SANGAM, BANGALORE

All the resolutions, including special resolutions, set out in the respective notices of last three Annual General Meetings were passed by the shareholders. No resolution were put through postal ballot last year.

8. DISCLOSURES:

- (i) There were no transactions of material nature with the directors or the management or their relatives during the year.
- (ii) There were no cases of non-compliance by the Company and no penalties/strictures were imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.

9. MEANS OF COMMUNICATION:

The quarterly and annual financial results of the Company are sent to the Stock Exchange by means of facsimile transmission/e-mail and letter by courier immediately after they have taken on record by the Board. For the year April 2013 to December 2013 the three quarter unaudited results and the fourth quarter January 2014 to March 2014 audited results are published in the Business Standard, Financial Express, -Sanjevani and Rajasthan Patrika. Press releases are also being sent to the Stock Exchange and posted on Company's website www.itild-india.com.

The Company's website contains separate section for Investor under the heading Financial Information wherein Company's Annual Report, Quarterly financial results and shareholding pattern are available on the website in downloadable form.

No presentation has been made to institutional investors or analysts.

10. GENERAL SHAREHOLDERS INFORMATION:

The 64th Annual General Meeting of the members of the company is scheduled to be held on Friday, the 26th September 2014 at 11.30 A.M. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore - 560 042.

The company's financial year is divided into 4 quarters, viz.

FIRST quarter	1ST APRIL TO 30TH JUNE
SECOND quarter	1ST JULY TO 30TH SEPTEMBER
THIRD quarter	1ST OCTOBER TO 31ST DECEMBER
FOURTH quarter	1ST JANUARY TO 31ST MARCH

The share transfer books would remain closed during the period from 18.09.2014 to 26.09.2014 (both days inclusive).

The Company's shares are listed at Bombay Stock Exchange Ltd., Mumbai, The National Stock Exchange of India Ltd and Bangalore Stock Exchange Ltd, Bangalore. Your Company has remitted the Listing fees for the year 2013-2014 to the above Stock Exchanges. Scrip Code of Bombay Stock Exchange is - Scrip Code:523610.

11. STOCK MARKET PRICE DATA FOR THE YEAR 2013-2014:

The market quotation of Company's shares on Bombay Stock Exchange is as follows:

MONTH	HIGH	LOW
APRIL 2013	21.30	16.10
MAY 2013	21.00	16.75
JUNE 2013	18.35	14.80
JULY 2013	18.40	14.20
AUGUST 2013	15.70	12.39
SEPTEMBER 2013	16.64	12.55
OCTOBER 2013	18.15	14.20
NOVEMBER 2013	17.30	15.05
DECEMBER 2013	18.05	15.15
JANUARY 2014	17.85	14.85
FEBRUARY 2014	18.18	14.55
MARCH 2014	17.40	15.55

For any assistance regarding share transfers, transmissions, change of address, non-receipt of dividends, duplicate, missing share certificates and other relevant matters, the Registrars and Share Transfer Agents of the Company at the following address may be contacted:

M/s Integrated Enterprises (India) Ltd.

(formerly M/S Alpha Systems Pvt. Ltd.)

30, Ramana Residency,

4th Cross, Sampige Road,

Malleswaram, Bangalore 560 003.

Phone No.080- 23460815-818

Fax: 080 23460819 E-Mail: alfint@vsnl.com

12. ITI CODE FOR PREVENTION OF INSIDER TRADING:

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

13. SHARE TRANSFER SYSTEM:

All kinds of Investors' related services, both for physical and electronic segments are handled by M/s Integrated Enterprises (India) Ltd. (formerly Alpha Systems Private Ltd.), Registrar and Share Transfer Agent at their address mentioned above. Transfer of dematerialized shares is done through the depositories with no involvement of the Company. As regards transfer, transmission of shares held in physical form, the transfer documents can be lodged with Registrar., afterwards they will send memorandum of transfer to the Company for approval. The Share Transfer Committee of the Company considers the same once in a fortnight and conveys its approval to the Registrars, who despatch the duly transferred share certificates to the shareholders concerned.

As on 31st March 2014, a total of 28800000 shares of the Company, which forms 100% of the disinvested portion of 10.00% (2,28,00,000) of the share capital of the company stands dematerialized. The shares held by President of India (258887500) and Governor of Karnataka (3,12,500) are in physical form aggregating to 0.11%.

14. SHAREHOLDING PATTERN (EQUITY):

Name	No. of Shares of ₹ 10/- each	Amount ₹	Percentage
President of India (Gol)	258887500	2588875000	89.89
Governor of Karnataka (GoK)	312500	3125000	0.11
General Public (Disinvested portion)	28800000	288000000	10.00
TOTAL	288000000	2880000000	100.00

15. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014:

Sl. No	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	34808	86.13	5710820	1.98
2	501-1000	3137	7.76	2688059	0.93
3	1001-2000	1334	3.30	2116324	0.73
4	2001-3000	396	0.98	1030983	0.36
5	3001-4000	175	0.43	630047	0.22
6	4001-5000	180	0.45	868727	0.30
7	5001-10000	218	0.54	1615807	0.56
8	10001& above	167	0.41	273339233	94.91
	TOTAL	40415	100.00	288000000	100.00

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE, OPPORTUNITIES, THREATS AND FUTURE OUTLOOK

The Indian telecommunications industry is one of the fastest growing in the world. The industry has witnessed consistent growth during the last year on account of several factors, like, increased use of wireless network for broadband connectivity, launch of 4G networks by operators, growth of e-commerce etc. The market is also abuzz with high speed broadband connectivity to villages on pan India basis to provide e-governance solutions to rural masses.

According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 933 million, with a tele-density of 75.23% at the end of March 31, 2014. The booming domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new service. The 'Indian Telecom Industry' services are not confined to basic telephone but it manufactures a vast range of telecom equipment using state-of-the-art technology. Government's initiatives to boost indigenous manufacturing through new policies like National Telecom Policy 2012, National Policy on Electronics 2012 and Preferential Market Access Policy will drive electronics manufacturing in the country.

Customers are now at their peaks on choice of operators and the various kinds of services they desire. To remain competitive, telecom Companies have to transform their operations, re-engineer business processes and deploy flexible technology architecture that can accommodate business and regulatory demands easily. Broadband and wireless networks, as well as the likely convergence of various technologies and standards, will drive the telecom market growth in India in the coming years.

With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/service outlets, the Company offers complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment. ITI has also diversified its manufacturing base into Solar power solutions, LED Lighting systems, Smart card related products etc.

Opportunities and Threats:

Government has approved a revival plan for ITI with a funding support of ₹ 4156.79 Crore. This package consists of ₹ 2264 Crore towards up-gradation of manufacturing infrastructure in all the plants of ITI and implementation of new projects. Government's this support will help ITI for a turnaround within a period of two years. Infusion of capex will help ITI again to go into manufacturing in a big way.

ITI is looking at Defence market as a great opportunity for its business. With greater thrust towards domestic manufacturing of Defence equipments, ITI proposes taking up manufacturing of new products for Defence like, Software Defined Radio (SDR), High Frequency Radio Handsets, TR modules for RADAR, Electronic Fuzes, equipments for Army Wide Area Network (AWAN Phase II) etc. ITI is also looking at the opportunities of mega projects like, ASCON Phase IV, Battlefield Management System etc. of the Indian Army.

ITI is having requisite expertise and experience in the manufacturing of solar panels which form part of the solar power solutions. Considering the thrust towards green energy, there are ample opportunities in this market.

The projects like Network for Spectrum (NFS) and National Optical Fiber Network (NOFN) are huge opportunities in the broadband communication. In addition to the mega networks of optical fiber, these projects will require several types of broadband communications equipments, like GPON, Radio, Access products etc. ITI is gearing up to be a major player in these projects.

Considering the huge scope for Data Center business, particularly in the Government sector, for projects of national importance like NPR, UIDAI and other Projects/Schemes envisaged by Government agencies & PSUs, ITI is planning to establish its own Data Center.

As an extension of NPR project, ITI is also looking at the huge opportunity of manufacturing SMART card based resident/citizen identity cards.

ITI's efforts towards diversification into manufacturing Solar power based products, LED lighting systems, business with PSUs etc. along with identification of new business avenues like setting up of ITI's own Data Centre, manufacturing of Tablet PCs, thrust towards more Defence products etc. under the revival plan should help ITI to achieve higher revenues in the coming years.

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

- Intense competition due to large number of international players.
- Open market competition with MNCs like ZTE, Huawei, Alcatel-Lucent, Nokia, Ericsson, Siemens etc.
- Rising prices of Input.
- Keeping pace with technology change

Future Outlook:

The drive towards making India a manufacturing hub by the Government and the Government's revival package give ample scope for ITI to utilize its core strength of manufacturing in diversified business fields. The focus will be on manufacturing products/ execution of turnkey service projects in the following markets:

- Communications for Defence
- Turnkey projects like NFS, NOFN etc.
- Smart Card products
- Solar, LED Lighting Systems
- Data Centre applications

II. RISK MANAGEMENT

Telecom Sector is witnessing a rapid change both in market and technology fronts.

Your Company continues to believe that managing risk is critical for its growth and sustenance. The Company has adopted a Risk Management framework, which comprises the risk organization structure, procedures and the risk management policies. The Company is constantly monitoring and assessing the internal as well as external risk factors associated with its day to day business operations and financial management and thereby effectively mitigating possible risks associated therewith. The Company's business, operating results and financials are subject to various risks and uncertainties. Some of them are as Changes in Economy, Financial Risk, Interest Risk, change in market and technology etc.

Your Company has laid focus on Risk assessment for all projects thereby improving project performance and avoiding uncertainties.

III. HUMAN RESOURCES

As at 31st March, 2014, your Company had a total strength of 7311 as compared to 8516 at the end of the previous year.

IV. INTERNAL CONTROL MEASURES

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

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

V. FINANCIAL PERFORMANCE

Your Company has achieved a sales turnover of ₹ 770 Crore for the year ended 31st March, 2014, as compared to ₹ 921 Crore in the previous year.

VI. CAPITAL STRUCTURE :

The Authorised Share Capital of the Company is ₹ 700,00,00,000 (Rupees Seven Hundred Crore only) divided into 30,00,00,000 equity shares of ₹ 10/- each and 4,00,00,000 Redeemable Cumulative Preference Shares of ₹ 100/- each.

The paid up Share Capital of the Company comprises of ₹ 288 Crore as Equity Shares and ₹ 300 Crore as Preference Shares.

VII. CAUTIONARY STATEMENT

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

DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31st March, 2014.

For ITI LIMITED

Place : Bangalore
Date : 13th August 2014

K. L. Dhingra
Chairman and Managing Director

CEO CERTIFICATION

To

The Board of Directors of ITI Ltd.

Dear Sirs,

SUB: CEO CERTIFICATION

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

We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report of ITI Limited for the year ended March 31, 2014 and that to the best of our knowledge and belief, we state that:

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

Place : Bangalore

Date : 13th August 2014

K. L. Dhingra

Chairman and Managing Director

CERTIFICATE OF CORPORATE GOVERNANCE

To

The Members of ITI Limited.

We have examined the compliance of conditions of Corporate Governance by ITI Ltd., for the year ended on 31st March, 2014 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

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

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

1. Company does not have the required strength of Independent Directors whereas it should have ensured that half of its board of directors should comprise of Independent Directors, as it has an executive chairman.
2. Company has not constituted remuneration committee as stipulated under the listing agreement due to fixation of remuneration by department of public enterprises.
3. Based on the certificate received from the share transfer agents of the Company, we have to state that no investor grievance is pending for period exceeding one month.

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

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

For **Sundar Srini & Sridhar**

Chartered Accountants

Firm Registration No: 004201S

Sd/-

(S. SRIDHAR)

PARTNER

Membership No: 025504

Place: New Delhi

Date: 13th August 2014

Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

1.00 Basis of Preparation of Financial Statements

1.01 The Financial Statements have been prepared as a going concern, under the historical cost convention modified by accounting for fixed assets acquired free of cost or by gift, at the market value at the time of such acquisition and revaluation of certain fixed assets, on accrual basis of accounting, unless otherwise stated, in compliance with all material aspects with the Accounting Standards notified by Companies (Accounting Standards) rules 2006 (as amended) and all the relevant provisions of the Companies Act, 1956 read with General Circular No. 15/2013 dated 13th September 2013, issued by Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013.

1.02 The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

2.00 Fixed Assets

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

2.02 Fixed Assets acquired free of cost or gifted to ITI are stated at Market Value which is credited to the Capital Reserve, at the time of acquisition less accumulated depreciation and impairment losses.

2.03 Any Capital Grant-in-Aid given for a specific project by any agency is initially credited to Grant-in-Aid (Capital) and this amount is adjusted to the statement of Profit and Loss over the useful life of the assets.

2.04 Expenditure on development of leasehold land is capitalised as Land Development Expenditure and is amortized over a period of 5 years, commencing from the year in which such expenditure is incurred.

2.05 Capital work in progress is stated at the amount expended up to the date of Balance Sheet.

2.06 In the event of revaluation of entire class of fixed assets, if the revalued amount is greater than the carrying amount of the fixed asset, such difference is taken to the revaluation reserve. If the revalued amount is lower than the carrying amount of the fixed asset and if the class of the asset has already been revalued, difference is set off against the amount available under the revaluation reserve for the same class of asset and excess thereof is charged to the statement of Profit and Loss.

3.00 Inventories

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

3.02 Raw materials and production stores with ancillaries and fabricators are valued at lower of cost at the time of such issue and net realizable value, after providing for obsolescence, if any.

3.03 Manufactured items in Stock and Stock-in-Trade are valued at lower of cost excluding interest charges, administration overheads and sales overheads and at the net realisable value, after providing for obsolescence, if any.

3.04 Work-in-process

- (i) Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration overheads and sales overheads or at the net realisable value, after providing for obsolescence, if any.
- (ii) Work-in-process (Installation) is valued at lower of cost as recorded in the Work Orders and net realizable value, after providing for obsolescence, if any.

3.05 Precious metals scrap is valued at net realizable value and brought to books at the year end.

4.00 Tools and Gauges

4.01 Expenditure on special purpose tools and fixtures is initially capitalized at cost and then amortized over production on a systematic basis, based on technical assessment.

4.02 Loose tools are charged to revenue at the time of issue.

5.00 Investments

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

6.00 Intangible Assets

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

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

7.00 Depreciation

7.01 Depreciation is charged on Straight Line Method in accordance with the useful life of the asset as assessed by the Management. However the rates of depreciation adopted in the books are not less than the rates specified in Schedule-XIV of the Companies Act, 1956.

7.02 Depreciation on additions and deletions to fixed assets during a year is provided on pro rata basis as follows:

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

7.03 Intangible assets are amortized and charged to revenue based on the economic benefits drawn by the company over the useful life not exceeding ten years based on techno commercial assessment.

7.04 In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Difference between depreciation on the asset based on revaluation and that on original cost, is transferred from revaluation reserve to the Statement of Profit and Loss.

8.00 Prior period items

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

9.0 Foreign currency transactions

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

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

10.00 Revenue Recognition

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

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

Revenue Recognition on Construction / Turnkey Contracts

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

11.00 Other Income

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

12.00 Warranty Liability

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

13.0 Government Grants

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

14.0 Employee Benefits

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

15.0 Borrowing Cost

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

16.0 Impairment of Assets

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

17.0 Current Tax and Deferred Tax

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

18.0 Trade Receivables

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

19.00 Provisions / Contingencies:

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

20.00 Earnings Per Share:

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

For the purpose of calculating diluted 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.

21.00 Segment Reporting:

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

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

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

sd/-
SUNITHA K.S.
Company Secretary

sd/-
K.K.GUPTA
Director-Production

sd/-
K.L. DHINGRA
Chairman and Managing Director

Place: Delhi
Date: 30/05/2014

Balance Sheet as at 31st March, 2014

₹ in Lakhs

Particulars	Note No.	As at 31.03.2014		As at 31.03.2013
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	1	58800.00		58800.00
(b) Reserves and Surplus	2	23079.09		58441.11
(c) Money received against share warrants	3	0.00	81879.09	0.00
				117241.11
(2) Share application money pending allotment	4		0.00	0.00
(3) Non-Current Liabilities				
(a) Long-term borrowings	5	0.00		0.00
(b) Trade Payables	6	25596.47		60657.33
(c) Other Long term liabilities	7	500.73		514.36
(d) Long term provisions	8	10437.53	36534.73	12652.63
				73824.32
(4) Current Liabilities				
(a) Short-term borrowings	9	87592.68		60582.17
(b) Trade payables	10	203442.63		202428.67
(c) Other current liabilities	11	66023.46		213812.53
(d) Short-term provisions	12	33285.50		32873.02
Total			390344.27	509696.39
Grand Total			508758.09	700761.82
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	13	245129.27		248250.99
(ii) Intangible assets	14	156.78		313.56
(iii) Capital work-in-progress	15	2114.55		132.30
(iv) Intangible assets under development	16	0.00		0.00
(b) Non-current investments	17	40.55		40.55
(c) Deferred tax assets (net)	18	0.00		0.00
(d) Long term loans and advances	19	194.83		191.80
(e) Trade receivables	20	20811.67	268447.65	67973.62
				316902.82
(2) Current assets				
(a) Current investments	21	0.00		0.00
(b) Inventories	22	9620.56		10490.71
(c) Trade receivables	23	194352.38		338758.72
(d) Cash and cash equivalents	24	3233.97		1687.43
(e) Short-term loans and advances	25	33069.00		32874.21
(f) Other current assets	26	34.53		47.93
Total			240310.44	383859.00
Grand Total			508758.09	700761.82

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

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

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

sd/-
SUNITHA K.S.
Company Secretary

sd/-
K.K.GUPTA
Director-Production

sd/-
K.L. DHINGRA
Chairman and Managing Director

Place: Delhi
Date: 30/05/2014

Profit and Loss Statement for the year ended 31st March, 2014

₹ in Lakhs

Particulars	Note No.	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Income			
I. Revenue from operations	27	70872.17	84326.01
II. Other Income	28	3706.76	3188.81
III. Total Revenue (I + II)		74578.93	87514.82
IV. Expenses:			
Cost of materials consumed	29	7923.97	15379.27
Purchase of Stock-in-Trade	30	5771.26	8109.43
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	31	198.49	1088.45
Installation & Maintenance Charges		38153.18	40926.04
Employee benefit expense	32	33731.63	39275.39
Finance costs	33	12231.40	8479.93
Depreciation and amortization expense	34	1721.86	1832.43
Other expenses	35	9477.69	8405.02
Total Expenses*		109209.48	123495.96
Less: Transfer to Capital Account	36	0.00	0.00
IV(A) Prior period adjustments(Net)	37	204.74	4775.15
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV-IV(A))		(34425.81)	(31205.99)
VI. Exceptional Items	38	0.00	0.00
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(34425.81)	(31205.99)
VIII. Extraordinary Items	39	0.00	13000.00
IX. Profit/(Loss) before tax (VII + VIII)		(34425.81)	(18205.99)
X. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
XI. Profit/(Loss) for the period from continuing operations (IX-X)		(34425.81)	(18205.99)
XII. Profit/(Loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discontinuing operations		0.00	0.00
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		0.00	0.00
XV. Profit/(Loss) for the period (XI + XIV)		(34425.81)	(18205.99)
XVI. Earning per equity share before extraordinary items			
Basic & Diluted(in ₹)		(12.88)	(11.76)
Earning per equity share after extraordinary items			
Basic & Diluted(in ₹)		(12.88)	(7.25)

*Includes expenditure on R&D ₹1690.45 lacs(previous year ₹1770.05 lacs) under various heads.

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

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

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

sd/-
SUNITHA K.S.
Company Secretary

sd/-
K.K.GUPTA
Director-Production

sd/-
K.L. DHINGRA
Chairman and Managing Director

Place: Delhi
Date: 30/05/2014

Notes to the Financial Statements

₹ in Lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Note No.1		
a) SHARE CAPITAL		
l) Equity		
a) Authorised 30,00,00,000 equity shares of ₹10 each	30000.00	30000.00
b) Issued 28,80,00,000 equity shares of ₹10 each	28800.00	28800.00
c) Subscribed and Fully Paid-up * 28,80,00,000 equity shares of ₹10 each	28800.00	28800.00
d) Subscribed & not fully paid up	-	-
e) Par value per share	-	-
f) Calls un paid	-	-
g) Forfeited shares	-	-
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	As at 31.03.2014	As at 31.03.2013
Number of shares outstanding O.B	288000000	288000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	288000000	288000000
i) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of Equity share is entitled to one vote per share.		
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
j) List of share holders holding more than 5% shares		
<u>Name</u>	<u>No.of shares held</u>	<u>No.of shares held</u>
1. President of India	259200000	267465690
* Government of India has disinvested 7% of the Equity shares to Financial Institutions,Banks,Mutual Funds and Employees.		
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
ll) Preference Shares		
<u>Authorised</u>		
40000000 Preference Shares of ₹100 each		
-8.75% Cumulative Redeemable Preference Shares	40000.00	40000.00
<u>a) Issued</u>		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00
<u>b) Subscribed and Fully Paid-up</u>		
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00
c) Subscribed & not fully paid up	-	-
d) Par value per share(₹100)	-	-
e) Calls un paid	-	-
f) Forfeited shares	-	-
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	As at 31.03.2014	As at 31.03.2013
Number of shares outstanding O.B	10000000	10000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	10000000	10000000
h) The rights and preferences and restrictions attaching to the above class of shares		
- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
<u>Name</u>	<u>No.of shares held</u>	<u>No.of shares held</u>
Mahanagar Telephone Nigam Ltd.	10000000	10000000
j) During last 5 years:		
i) Aggregate number of shares allotted without being received in cash	-	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	-	-
iii) Aggregate number and class of shares brought back	-	-
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:		
	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
a) On 8.75% Cumulative Preference Shares from 2002-03	10500.00	9625.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints		
Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹10000 Lakhs	10000.00	10000.00
<u>-7% Cumulative Redeemable Preference Shares</u>		
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	20000.00	20000.00
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	20000.00	20000.00
c) Subscribed & not fully paid up	-	-
d) Par value per share(₹100)	-	-
e) Calls un paid	-	-
f) Forfeited shares	-	-
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
Number of shares outstanding O.B	20000000	20000000
Add issues during the year	-	-
Less: Buy back/forfeiture during the year	-	-
Number of shares outstanding C.B	20000000	20000000
h) The rights and preferences and restrictions attaching to the above class of shares		

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.		
- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.		
i) List of share holders holding more than 5% shares	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
<u>Name</u>	<u>No. of shares held</u>	<u>No. of shares held</u>
Bharat Sanchar Nigam Ltd.	20000000	20000000
j) During last 5 years:		
i) Aggregate number of shares allotted with out being received in cash	-	-
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	nil	nil
iii) Aggregate number and class of shares brought back	nil	nil
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears:		
	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
On 7.00% Cumulative Preference Shares from 2003-04	15400.00	14000.00
(The figures indicated are excluding Dividend Distribution Tax)		
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints	<u>As at 31.03.2014</u>	<u>As at 31.03.2013</u>
Redemption installments due from 31 st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹ 20000 Lakhs	20000.00	20000.00
Cumulative Redeemable Preference shares amounting to ₹ 30000 Lakhs overdue for redemption are continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company.		

Note No. 2RESERVES AND SURPLUSa) Capital Reservesi) Free Land Gifted

O.B As per last B/S

Additions	25.30		25.30	
Total	<u>0.00</u>		<u>0.00</u>	
Deductions	25.30		25.30	
Closing balance	<u>0.00</u>	25.30	<u>0.00</u>	25.30

ii) Free Equipment gifted

Opening balance as per last B/S

Less-Transfer to P&L	531.17		624.91	
Closing Balance	<u>93.74</u>	437.43	<u>93.74</u>	531.17

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<u>iii) Capital Grant in aid</u>		
As per last Balance Sheet	269900.00	268900.00
Transfer from Grant in aid (capital)	1370.00	1000.00
Closing Balance	271270.00	269900.00
<u>b) Capital Redemption Reserve</u>		
O.B as per last B/S	0.00	0.00
Additions	0.00	0.00
Total	0.00	0.00
Deductions	0.00	0.00
Closing balance	0.00	0.00
<u>c) Securities premium reserve</u>		
O.B as per last B/S	29.61	29.61
Additions	0.00	0.00
Total	29.61	29.61
Deductions	0.00	0.00
Closing balance	29.61	29.61
<u>d) Debenture redemption reserve</u>		
Opening balance as per last B/S	210.00	210.00
Less-Transfer to General Reserve	210.00	0.00
Closing Balance	0.00	0.00
<u>e) Revaluation reserve</u>		
<u>i) Revaluation reserves- Land</u>		
Opening balance as per last B/S	227611.21	227611.21
Less-Reversal on sale of land	0.00	0.00
Closing Balance	227611.21	227611.21
<u>ii) Revaluation reserves - Building</u>		
Opening balance as per last B/S	11407.06	12995.12
Less-Transfer to P&L	1576.93	1588.06
Closing Balance	9830.13	11407.06
<u>f) Other Reserves</u>		
<u>i) General reserve:</u>		
Opening balance as per last B/S	0.00	0.00
Add: Transfer from Bonds Redemption Reserve	210.00	0.00
Less-Transfer to P&L	0.00	0.00
Less-Transfer to Surplus	210.00	0.00
Closing Balance	0.00	0.00
<u>ii) Profit on Sale of Fixed Assets</u>		
Opening balance as per last B/S	166.79	166.79
Less-Transfer to Surplus	166.79	0.00
Closing Balance	0.00	166.79

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
<u>iii) Sale of Technical know-how</u>		
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
<u>iv) Industrial Housing subsidy</u>		
As per last Balance Sheet	6.78	6.78
Less-Transfer to P&L	<u>0.00</u>	<u>0.00</u>
Closing Balance	6.78	6.78
<u>v) Investment assurance reserve</u>		
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
<u>g) Surplus</u>		
As per last Balance sheet	(452704.79)	(434498.80)
Add: Profit/(Loss) for the year	(34425.81)	(18205.99)
Add: Transfer from General Reserve	210.00	0.00
Add: Transfer from Profit on Loss of sale of fixed assets	<u>0.00</u>	<u>0.00</u>
Total	(486920.60)	(452704.79)
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>
Closing Balance	(486920.60)	(452704.79)
<u>h) Grant-in-Aid</u>		
<u>i) Grant-in-aid (Capital) :</u>		
As per last Balance Sheet	1254.48	1723.26
Add: Receipts during the year	<u>1370.00</u>	<u>1000.00</u>
Total	2624.48	2723.26
Less: Transfer to revenue GIA/Capital reserves	1370.00	1000.00
Less: Transfer to Profit & Loss Account	<u>468.75</u>	<u>468.78</u>
Closing Balance	785.73	1254.48
<u>ii) Grant-in-aid (Revenue)</u>		
As per last Balance Sheet	0.00	4723.44
Add : Receipts during the year	<u>0.00</u>	<u>13000.00</u>
Total	0.00	17723.44
Less: Transfer to Profit & Loss Account	<u>0.00</u>	<u>17723.44</u>
Closing Balance	0.00	0.00
Total Grant-in-Aid	<u>785.73</u>	<u>1254.48</u>
TOTAL RESERVES AND SURPLUS	<u>23079.09</u>	<u>58441.11</u>

Note No.3

Money received against share warrants

0.00

0.00

Note No.4

Share application money pending allotment

0.00

0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Note No.5		
<u>NON-CURRENT LIABILITIES</u>		
<u>LONG TERM BORROWINGS</u>		
i) <u>SECURED LOANS</u>		
Floating Rate Bonds	0.00	0.00
Term Loans from Banks	0.00	0.00
Others	0.00	0.00
TOTAL	0.00	0.00
ii) <u>UNSECURED LOANS</u>		
Loan from Government of India	0.00	0.00
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
TOTAL	0.00	0.00
G.TOTAL	0.00	0.00
Note No.6		
<u>Trade Payables-Non current</u>		
For goods supplied		
- Micro small and medium enterprises	0.00	0.00
- Others	25139.93	59825.85
TOTAL	25139.93	59825.85
For Expenses and Services	138.48	142.68
For Other Liabilities	318.06	688.80
TOTAL	25596.47	60657.33
Note No.7		
<u>Other Long Term Liabilities</u>		
Security deposit received	500.73	514.36
Others	0.00	0.00
G.TOTAL	500.73	514.36

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Note No.8		
<u>For privilege Leave</u>		
As per Last Balance Sheet	12343.74	12309.05
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	(1970.32)	285.74
Less: Payments	203.03	251.05
TOTAL	10170.39	12343.74
<u>For sick Leave</u>		
As per Last Balance Sheet	308.89	360.01
Add: Provision for the year	(41.75)	(51.12)
Less: Payments	0.00	0.00
TOTAL	267.14	308.89
ii) Others	0.00	0.00
G. TOTAL	10437.53	12652.63
Note No.9		
<u>CURRENT LIABILITIES</u>		
<u>i) Short term borrowings</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. (Limit ₹ 96760 lakhs, P.Y. ₹ 84500 lakhs)	87592.68	60582.17
<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
TOTAL	87592.68	60582.17
Note No.10		
<u>Trade Payables</u>		
<u>For goods supplied</u>		
- Micro small and medium enterprises	10.37	2.68
- Others	124972.99	112632.05
TOTAL	124983.36	112634.73
<u>For Expenses and Services</u>		
For Other Liabilities(Including Excise duty on Stock-in-Trade ₹ 0.00 Lakhs P.Y. ₹ 0.00 Lakhs)	50984.36	66340.14
For goods received and in transit adv as per contra in Note No. 22	27474.91	23453.80
For goods received and in transit adv as per contra in Note No. 22	0.00	0.00
TOTAL	203442.63	202428.67
Deposits, fallen due and not claimed for refunds, is shown as current liabilities as at 31/03/2014	28.04	28.04

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

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
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 31.03.2014.	0.00	0.00
(b) Interest due thereon remaining unpaid on 31.03.2014.	0.00	0.00
(c) The amount of interest paid and principal paid beyond the appointed day during the financial year 2013-14.	0.00	0.00
(d) Amount of interest due and payable for delay in payments(which have been paid beyond the appointed day during the F.Y.2013-14) but without adding interest under the MSMED Act, 2007.	0.00	0.00
(e) Amount of interest accrued and remaining unpaid on 31.03.2014.	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
Note No.11		
Other current liabilities		
<u>current maturities of long term debts</u>		
<u>"I" series Bonds of ₹.1000000/- each:</u>		
-6.40% Issues in March 2004 redeemable at par in March 2009(with put/call option after 3 years from the date of allotment)*	0.00	210.00
Period of continuing default in the repayment of loans: 36 Months		
Interest Accrued and due on Bonds	0.00	18.00
Period of continuing default in the repayment of interest: 36 Months		
Secured by first charge on all fixed assets of the company both movable and immovable present and future and ranking pari passu in favour of bond holders.Charges are created in favour of Canara Bank as agents and trustees of Bond holders.		
<u>Current maturities of finance lease obligations</u>	0.00	0.00
Interest Accrued but not due on Borrowings	0.00	0.00
Interest Accrued and due on Borrowings	0.00	0.00
<u>Income received in advance</u>	0.00	0.00
<u>Unpaid matured deposits and interest accrued thereon</u>	0.00	0.00
Unpaid matured debentures and interest accrued thereon	0.00	0.00
For Expenses and Services	3695.00	3101.59
For Other Liabilities (including Excise Duty on Stock in Trade ₹ 0.44 Lakhs Previous year ₹ 190.54 lakhs)	1917.36	1863.07
Other payables	42834.07	38469.66
Duties & Taxes	147.79	157.73
Advances from Customers	13526.79	165801.80
Unclaimed Dividend	0.00	0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Interest accrued but not due on Loans	0.00	0.00
Apprentices Security Deposit	8.15	8.01
Deposits from Contractors	3894.30	4182.67
TOTAL	66023.46	213812.53
Note No.12		
SHORT TERM PROVISIONS		
<u>For Taxation</u>		
As per last Balance Sheet	53.75	53.75
Add: Provisions during the year	0.00	0.00
Less: Adjustments of provisions relating to earlier years	0.00	0.00
Total	53.75	53.75
<u>For gratuity</u>		
As per Last Balance Sheet	27834.58	24512.00
Add: Provision for the year	95.93	2941.47
Less: Transfer to gratuity trust	0.00	0.00
Add: Transfer from gratuity trust	6287.14	5401.98
Add: Transfer from Corporate	0.00	0.00
Less: Payments	6287.21	5020.86
Total	27930.44	27834.59
<u>For privilege Leave</u>		
As per Last Balance Sheet	4623.48	3844.46
Less : Transfer to Corporate	0.00	0.00
Add: Provision for the year	2853.93	2908.08
Less: Payments	2385.09	2129.06
Total	5092.32	4623.48
<u>For sick Leave</u>		
As per Last Balance Sheet	100.54	46.45
Add: Provision for the year	2.82	54.17
Less: Payments	0.00	0.08
Total	103.36	100.54
<u>For L L T C provision</u>		
As per Last Balance Sheet	260.67	437.12
Add: Provision for the year	(67.43)	(32.74)
Less: Payments	87.61	143.72
TOTAL	105.63	260.66
G.TOTAL	33285.50	32873.02

Notes to the Financial Statements (Contd...)

Note No.13

Fixed Assets

Tangible assets

PARTICULARS	GROSS BLOCK AT COST						AS AT 31.03.2014
	AS AT 31.03.2013	ADDITIONS DURING THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	
		Acquisitions through business combination	Others				
TANGIBLE ASSETS	1	2	3	4=1+2+3	5	6	7=4-5-6
LAND							
-FREE HOLD	228601.50	0.00	0.00	228601.50	0.00	0.00	228601.50 *
-LEASE HOLD	142.82	0.00	0.00	142.82	0.00	0.00	142.82 ****
ASSETS GIVEN ON LEASE	7.53	0.00	0.00	7.53	0.00	0.00	7.53
LAND DEVELOPMENT	21.37	0.00	0.00	21.37	0.00	0.00	21.37
BUILDING	52985.19	0.00	11.99	52997.18	0.00	0.00	52997.18 **
PLANT& MACHINERY	79480.11	0.00	92.47	79572.58	8.00	0.00	79564.58 ***
OFFICE M/C & EQPT	2476.26	0.00	8.41	2484.67	0.00	0.08	2484.59
FURNITURE FIXTURE& FITTINGS	1988.69	0.00	0.00	1988.69	0.00	6.45	1982.24
VEHICLES	918.86	0.00	6.44	925.30	0.00	0.00	925.30
TOTAL	366622.33	0.00	119.31	366741.64	8.00	6.53	366727.11
PREVIOUS YEAR	366222.97	0.00	406.20	366629.17	6.83	0.00	366622.34

- Company has not adopted the enhanced estimated useful life of the asset, suggested by registered valuer as this would have resulted in not complying with the requirement of charging minimum depreciation contemplated by schedule XIV of Companies Act, 1956. Consequently company charged off ₹1670.67 Lakhs (Previous year ₹1681.80 Lakhs) as depreciation on revalued asset for the year. However this has no effect on the losses of the year, as this amount is transferred from the revaluation reserve.
- There is a charge of ₹ 7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
- Factory building is on the leased land, measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
- With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

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

Notes to the Financial Statements (Contd...)

₹ in Lakhs

DEPRECIATION									
UPTO 31.03.13	FOR THE YEAR		SUB TOTAL	ASSETS" SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	Impairment loss/ Reversal of Impairment Loss	UPTO 31.03.2014	Net Carrying Value as at 31.03.2014	Net Carrying Value as at 31.03.2013
8	9	10	11=8+9+10	12	13	14	15=11-12-13-14	16=7-15	17
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	228601.50	228601.50
23.55	0.00	0.27	23.82	0.00	0.00	0.00	23.82	119.00	119.27
7.53	0.00	0.00	7.53	0.00	0.00	0.00	7.53	0.00	0.00
21.37	0.00	0.00	21.37	0.00	0.00	0.00	21.37	0.00	0.00
39068.61	0.00	1824.04	40892.65	0.00	(0.04)	0.00	40892.69	12104.49	13916.58
74041.32	0.00	1362.93	75404.25	7.53	0.00	0.00	75396.72	4167.86	5438.79
2422.48	0.00	22.33	2444.81	0.00	(1.16)	0.00	2445.97	38.62	53.78
1923.96	0.00	15.77	1939.73	0.00	1.14	0.00	1938.59	43.65	64.73
862.54	0.00	8.62	871.16	0.00	0.00	0.00	871.16	54.14	56.32
118371.36	0.00	3233.96	121605.32	7.53	(0.06)	0.00	121597.85	245129.26	248250.97
115018.97	0.00	3353.40	118372.37	1.02	0.00	0.00	118371.35	248250.99	251204.00

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (Contd...)

Note No.14**Intangible assets**

PARTICULARS	GROSS BLOCK AT COST						
	AS AT 31.03.2013	ADDITIONS DURING THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	AS AT 31.03.2014
		Acquisitions through business combination	Others				
INTANGIBLE ASSETS	1	2	3	4=1+2+3	5	6	7=4-5-6
INTERNALLY GENERATED ASSETS							
PROJECT DEVELOPMENT EXS	1347.26	0.00	0.00	1347.26	0.00	0.00	1347.26
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EXTERNALLY GENERATED ASSETS							
TECHNICAL KNOWHOW	1567.77	0.00	0.00	1567.77	0.00	0.00	1567.77
OTHERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	2915.03	0.00	0.00	2915.03	0.00	0.00	2915.03
PREVIOUS YEAR	2915.03	0.00	0.00	2915.03	0.00	0.00	2915.03

Notes to the Financial Statements (Contd...)

₹ in Lakhs

DEPRECIATION									
UPTO 31.03.13	FOR THE YEAR		SUB TOTAL	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST- MENTS	Impairment loss/ Reversal of Impairment Loss	UPTO 31.03.2014	Net Carrying Value as at 31.03.2014	Net Carrying Value as at 31.03.2013
	Acquisitions through business combination	others							
8	9	10	11=8+9+10	12	13	14	15=11-12-13-14	16=7-15	17
1347.26	0.00	0.00	1347.26	0.00	0.00	0.00	1347.26	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1254.21	0.00	156.78	1410.99	0.00	0.00	0.00	1410.99	156.78	313.56
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2601.47	0.00	156.78	2758.25	0.00	0.00	0.00	2758.25	156.78	313.56
2444.70	0.00	156.77	2601.47	0.00	0.00	0.00	2601.47	313.56	470.33

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Note No.15		
<u>CAPITAL WORK-IN-PROGRESS</u>		
Capital Work-in-Progress at Cost	2036.43	152.16
Less: Provision	0.44	113.95
Total	2035.99	38.21
Materials with Contractors	28.93	28.93
Less : Provision	28.93	28.93
Total	0.00	0.00
<u>Machinery at Cost</u>		
In-Transit	6.58	6.58
Awaiting Acceptance / Installation	78.07	93.60
Total	84.65	100.18
Less:Provision	6.09	6.09
TOTAL	78.56	94.09
G.TOTAL	2114.55	132.30
Note No.16		
Intangible assets under development	0.00	0.00
Note No.17		
<u>NON- CURRENT INVESTMENTS</u>		
<u>Investment in Equity instruments</u>		
Fully Paid at Cost (unquoted)	40.55	40.55
16,21,800 Equity Shares of ₹ 10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares(extent of investment 49%)	0.00	0.00
TOTAL	40.55	40.55
Note No.18		
Deferred tax assets(net)	0.00	0.00
TOTAL	0.00	0.00
Note No.19		
Long term loans and advances		
<u>Secured and considered good:</u>		
Capital Advances	1.07	0.77
Security Deposits/ Margin money	0.00	0.00
Loans and advances	0.00	0.00
<u>Considered Doubtful:</u>		
Capital Advances	28.40	28.40

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Security Deposits	0.00	0.00
Loans and advances	0.00	0.00
Total	29.47	29.17
less: provision	28.40	28.40
TOTAL SECURED LOANS & ADVANCES		1.07
<u>Un Secured and considered good:</u>		0.77
Capital Advances	1.62	1.62
Security Deposits	0.59	0.59
Loans and advances	18.76	16.03
<u>Considered Doubtful:</u>		
Capital Advances	0.00	0.00
Security Deposits	173.89	173.89
Loans and advances	0.00	0.00
Total	194.86	192.13
less: provision	1.10	1.10
Loans and advances due from related parties:		
ISL	0.00	0.00
TOTAL UNSECURED LOANS& ADVANCES	193.76	191.03
TOTAL LOANS AND ADVANCES	194.83	191.80
Note No.20		
<u>Long Term trade Receivables</u>		
<u>Secured</u>		
- Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
- Others not exceeding 6 months	0.00	0.00
Total	0.00	0.00
less: Provision	0.00	0.00
	0.00	0.00
<u>Un Secured</u>		
- Long term Trade Receivables(Outstanding for a period exceeding 6 months from the date they become due for payment) Considered Good	20811.67	67973.62
Considered Doubtful	3339.06	3443.73
- Others not exceeding 6 months	0.00	0.00
Total	24150.73	71417.35
less: Provision	3339.06	3443.73
	20811.67	67973.62
G.Total	20811.67	67973.62

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Note No.21		
CURRENT ASSETS		
Current investments	0.00	0.00
Note No.22		
INVENTORIES		
(Valued as per Accounting Policy No.3.00)		
Stocks & Stores as taken and certified by Management		
a) Raw material and Production stores	5604.23	6097.21
Less: Provision for Obsolescence	1549.89	1587.37
	4054.34	4509.84
b) Material issued against Fabrication Contracts	100.21	100.44
Less: Provision	95.47	95.47
	4.74	4.97
Non-Production Stores	769.32	866.17
Less: Provision for Obsolescence	251.55	251.55
	517.77	614.62
d) Work-in-Process Production	2487.10	2685.01
Less: Provision	273.76	273.76
	2213.34	2411.25
e) Work-in-Process Installation	0.00	0.00
Less: Provision	0.00	0.00
	0.00	0.00
f) Manufactured Components	1228.41	1224.22
Less: Provision	33.86	33.86
	1194.55	1190.36
g) Finished Goods		
Stock-in-Trade	1540.13	1545.04
(includes ₹ Nil Lakhs, items despatched to customers awaiting billing(Previous year ₹137.89 Lakhs)		
Excise Duty thereon	52.99	36.85
	1593.12	1581.89
Less: Provision	1044.61	1044.61
	548.51	537.28
h) Stock Reconciliation Account	8.58	6.73
Less: Provision	8.58	6.73
	0.00	0.00
i) Goods Pending Inspection / Acceptance	265.28	16.61
j) Material-in-Transit Advances		
Considered Good	777.06	1201.99
Considered Doubtful	82.23	82.23
	859.29	1284.22
Less: Provision	82.23	82.23
	777.06	1201.99

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
k) Material received and In-Transit Advances payable as per contra in Schedule 6.1	44.17	3.79
l) Tools and Gauges	0.80	0.00
TOTAL	9620.56	10490.71
<u>DETAILS OF INVENTORY</u>		
a) Raw material and Production stores	9102.79	9876.09
b) Others	517.77	614.62
<u>Note No.23</u>		
<u>Trade Receivables(Current)</u>		
<u>Secured</u>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Other for a period of not exceeding 6 months; Considered Good	0.00	0.00
	0.00	0.00
Less:Provision	0.00	0.00
	0.00	0.00
	0.00	0.00
<u>Un Secured</u>		
Outstanding for a period exceeding 6 months from the date they become due for payment		
Considered Good	183478.26	292564.78
Considered Doubtful	3444.25	3447.35
	186922.51	296012.13
Other for a period of not exceeding 6 months: Considered Good	10874.12	46193.94
	197796.63	342206.07
Less:Provision	3444.25	3447.35
	194352.38	338758.72
TOTAL TRADE RECEIVABLES	194352.38	338758.72

(During the year 2013-14 an amount of ₹ 148081 Lakhs lying under advance from customers (BSNL) has been netted off against Debtors.)

Note No. 24**Cash and cash equivalents**

a) Cash-on-Transit	0.00	0.00
b) Cash on hand	26.37	290.52
c) Cheques & Stamps on Hand	0.95	0.53
<u>d) Balance with Banks :</u>		
- On Current Account	3106.10	1295.91
- On Current Account (Apprentices)	0.00	5.39

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Unpaid Dividend	0.00	0.00
Security deposits/others	0.00	0.00
LC Margin money	0.00	0.00
On Savings Account(Apprentices Security Deposits)	11.68	5.93
On short term deposit (margin money)	83.06	89.15
On current Account(Margin money)	0.00	0.00
On Fixed Deposit Account- More than 12 months maturity	5.81	0.00
On Fixed Deposit Account- Less than 12 months maturity	0.00	0.00
TOTAL	3233.97	1687.43

Note No. 25

Short-term loans and advances

Secured Advances recoverable in cash or in kind or for value to be received

Vehicles	0.03	0.03
House building	0.11	0.23
Deposits with Customs Department	7.57	8.69
Deposits with Excise Authorities	3092.65	3052.40
Other Deposits (includes ₹ 0.00 lakhs of National saving Certificates.Previous year ₹ 0.00 lakhs)	2693.05	2378.49
Less: Provision	250.65	250.65
TOTAL	5542.76	5189.19
Un secured Advances recoverable in cash or in kind or for value to be received		
Considered Good	12459.27	13211.93
Considered Doubtful	792.73	792.72
	13252.00	14004.65
Less: Provision	1612.49	1612.48
Claims and Expenses Recoverable - Inland	11639.51	12392.17
Considered Good	14358.95	14008.41
Considered Doubtful	678.67	678.67
	15037.62	14687.08
Less: Provision	678.67	678.67
	14358.95	14008.41

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	As at 31.03.2014	As at 31.03.2013
Claims and expenses recoverable - Foreign		
Considered good	46.08	87.79
Considered doubtful	1204.32	1181.42
	<u>1250.40</u>	<u>1269.21</u>
Less: Provision	<u>1204.32</u>	<u>1181.42</u>
	46.08	87.79
Advance for Civil Works/ Capital Goods		
Considered good	0.00	5.37
Considered doubtful	0.00	0.00
	<u>0.00</u>	<u>5.37</u>
Less: Provision	<u>0.00</u>	<u>0.00</u>
	0.00	5.37
Payment of Advance tax (Net of refunds)	345.84	164.49
Vehicle advance	0.00	0.00
Other Deposits	1069.95	967.63
Less: Provision	<u>5.35</u>	<u>5.35</u>
	1064.60	962.28
Interest accrued but not due on short term deposits	71.26	64.51
TOTAL	<u>27526.24</u>	<u>27685.02</u>
TOTAL SHORT TERM LOANS AND ADVANCES	<u>33069.00</u>	<u>32874.21</u>

Claims and expenses recoverable - inland- includes ₹1690.20Lakhs(previous year ₹1690.20 Lakhs) recoverable from M/s HCL Infosystem Ltd . as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.

Note No. 26Other current assets

Taxes & Duties in put	18.97	34.94
WCT Recoverable	<u>15.56</u>	<u>12.99</u>
Total	<u>34.53</u>	<u>47.93</u>

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Note No. 27		
I. REVENUE FROM OPERATIONS		
i) Sale of Products (Incl. Excise duty and net of Sales tax)	14633.88	22131.88
-Sale of Finished Goods ₹ 7376.84 Lacs(P.Y. ₹ 5424.39 Lacs)		
-Sale of Traded Goods ₹ 7257.04Lacs (P.Y. ₹ 16707.49 Lacs)		
ii) Sale of services(Incl. Service Tax)	62355.81	69972.53
iii) Other Operating Revenues:		
a) Sale of Scrap	224.01	0.78
b) Income from DLRC Project	101.97	94.61
c) Non competing fee	0.00	0.00
TOTAL	77315.67	92199.80
<u>less: Excise Duty</u>	<u>723.70</u>	<u>467.50</u>
<u>Less: Service Tax</u>	<u>5719.80</u>	<u>7406.29</u>
Total Revenue from operations-Net	70872.17	84326.01
Sales accounted on provisional basis/prices for supply of 'various equipments. Variation, if any, will be accounted on the determination of final prices. Impact on profit is not ascertainable. Where firm rates for sales are not established accounting for refund/adjustment of Excise Duty/Sales Tax is on provisional basis. The aggregate provisional sales during the Year is ₹ Nil lakhs as against ₹ 4749 lakhs of the previous year. The reversal of the provisional sales relating to previous years during the Year is ₹ Nil.	0.00	4749.00
Construction/ Turnkey Contracts:		
The company for the financial year 2013-14(p.y.2012-13) has recognised revenue on Construction/ Turnkey contracts based on stage of completion as determined with respect to completion of physical proportion of the contract as certified and furnished by Company's Engineers. Consequently,		
i. The contract revenue recognised in the period based on the above	0.00	6206.79
ii. Aggregate amount of cost incurred upto reporting date *	343057.35	837926.37
iii. Profit (net of loss, if any) recognised upto reporting date	1780.76	(100463.51)
iv. Amount of advance received	148081	149633.54
v. Amount of retention money, if any	0.00	0.00
vi. Sundry Debtors as at the end of the period pertaining to the contracts	288490.45	326945.92
vii. Contract Work-in-Progress as at 31st March 2014	0.00	0.00
* Includes allocation of Overheads made by Mankapur and Raebareli Plants.		

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
<u>Sales under broad heads</u>		
1. NPR	958.66	2631.10
2. Electronic Switching Equipments	298.57	2496.93
3. MLLN	0.00	0.00
4. SIM Card	0.00	(1.10)
5. Transmission Equipment	982.60	404.18
6. Telephone	479.90	267.54
7. STM	0.00	0.00
8. DWDM	0.00	0.00
9. SOLAR PANEL	1686.44	2276.04
10. SWAN	0.00	1402.03
11. APDRP	0.00	7078.58
12. IT PRODUCTS	0.00	1095.76
13. Others	10227.71	4480.82
TOTAL	14633.88	22131.88
<u>Service Income under broad heads</u>		
1. AMC	11347.00	12597.58
2. SSTP	0.00	329.09
3. NPR & SECC	23425.00	40998.28
4. Data Center	1461.00	1805.11
5. IT	3258.00	3783.03
6. Others	22864.81	10459.44
TOTAL	62355.81	69972.53
<u>Earnings in Foreign Currency</u>		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
Total	0.00	0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Note No.28		
II- OTHER INCOME		
a) Interest Income		
i) Interest on Inter Corporate Advances	0.00	0.00
ii) Interest - Others	99.13	51.47
Total	99.13	51.47
b) Dividend from Non-Trading Investments	0.00	0.00
c) Net Gain/Loss on Sale of Investment	0.00	0.00
<u>d) Other Non-operating income (Net of expenses directly attributable to such income)</u>		
i) Profit on Sale of Assets	103.90	1.02
Less: Transfer to Capital Reserves	0.00	0.00
TOTAL	103.90	1.02
ii) Commission	0.00	0.00
iii) Rent	1534.72	1403.83
iv) Lease Rent	0.00	0.00
v) Transport Charges	3.98	6.13
vi) Sale of Scrap	61.56	29.00
vii) Water Charges/Electricity Charges	126.30	118.21
viii) Forfeited Bank Guarantee	50.98	0.00
ix) Excess Provision Withdrawn	105.41	297.00
x) Reimbursement of VRS	0.00	0.00
xi) Withdrawal of Liability no Longer Required	33.62	28.90
xii) Waiver of Liquidated Damages	11.24	0.00
xiii) Compensation for Srinagar Loss	893.83	550.07
xiv) Waiver of Interest Charges	0.00	0.00
xiii) Misc. Income	213.34	231.45
xiv) Transfer from Revenue Grant-in-Aid	0.00	160.63
xv) Revenue Grant-in-Aid - VRS	0.00	2.95
xvi) Revenue Grant-in-Aid - Others	0.00	0.00
xvii) Transfer from Capital Grant-in-Aid	468.75	308.15
TOTAL(i to xvii)	3607.63	3137.34
e) Adjustment to the carrying value of investments(write back)	0.00	0.00
f) Net gain /loss on foreign currency translation and transaction(other than considered as finance cost)	0.00	0.00
G.TOTAL	3706.76	3188.81

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Note No.29		
Consumption of Raw Materials & Production Stores		
Opening Stock	6333.08	6105.26
ADD: Prior Period Adjustment due to Price Revision	0.00	0.00
Purchases/Transfers	7489.02	15768.49
Material for Installation & Maintenance	0.00	0.00
TOTAL	13822.10	21873.75
Less: Closing Stock	5704.44	6333.08
Issue to Revenue and Others	278.21	211.18
Material Transferred to Other Units	0.00	0.00
TOTAL	5982.65	6544.26
Add: Stores Indirect expenses relating to RM & Prodn. Stores	84.52	49.78
CONSUMPTION	7923.97	15379.27

Rawmaterials consumed under broad heads

<u>particulars</u>	<u>Amount</u>	<u>Amount</u>
1. Electronic Goods & Components	7923.97	14554.33
2. MNIC	0.00	824.94
Total	7923.97	15379.27

Value of Imports on CIF basis

				<u>Current Year</u>	<u>Previous Year</u>
	CIF value	Custom Duty	Other Charges	TOTAL	TOTAL
Raw Materials and Production Stores	7237.96	907.57	27.90	8173.43	1716.53
Components and Spare Parts	11.58	0.23	0.39	12.20	25.66
Material in transit	503.62	264.37	0.00	767.99	809.34
Capital Goods	113.92	2.56	0.72	117.20	158.81
TOTAL	7867.08	1174.73	29.01	9070.82	2710.34

Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption.

<u>Particulars</u>	<u>Current Year</u>		<u>Previous Year</u>	
	₹ Lakhs	%	₹ Lakhs	%
Imported	3465.09	13.22	3901.06	18.45
Indigenous	22754.68	86.78	17245.07	81.55
Total	26219.77	100.00	21146.13	100.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Note No.30		
Purchase of Stock-in-Trade	5771.26	8109.43
<u>Goods purchased under broad heads</u>		
<u>Particulars</u>	<u>Amount</u>	<u>Amount</u>
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	1666.13	1978.68
5. SSTP	0.00	0.00
6. CDMA	0.00	(31.07)
7. SMPS	0.00	6.18
8. ASCON	290.57	405.29
9. GSM	0.00	2850.61
10. IT	0.00	0.00
11. APDRP	0.00	0.00
10. Others	3814.56	2899.74
TOTAL	5771.26	8109.43

Note No.31

Changes in inventories of Finished Goods, Work-in-Progress
and Stock-in-Trade

Accretion/(Decretion) to WIP

WIP - Production :

Closing Balance	2487.25	2685.01
Less: Opening Balance	2685.01	3239.16
TOTAL	(197.76)	(554.15)
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00	0.00
TOTAL	(197.76)	(554.15)

WIP - Installation:

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

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
<u>Accretion/(Decretion) to Manufacturing Components</u>		
Closing Balance	1228.41	1224.21
Less: Opening Balance	1224.22	1469.52
TOTAL	4.19	(245.31)
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/	0.00	0.00
Grossing up of Provision		
TOTAL	4.19	(245.31)
<u>WIP - Installation:</u>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	162.36
TOTAL	0.00	(162.36)
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/	0.00	0.00
Grossing up of Provision/effects of WIP		
TOTAL	0.00	(162.36)
<u>Accretion/(Decretion) to Stock-in-Trade</u>		
<u>Stock-in-Trade :</u>		
Closing Balance	1540.13	1545.04
Less: Opening Balance	1545.05	1671.67
Total	(4.92)	(126.63)
Add: Write Off during the Year	0.00	0.00
Less: Prior Period Adjustments due to Price Revision/	0.00	0.00
Grossing up of Provision		
TOTAL	(4.92)	(126.63)
<u>Stock of Scrap</u>		
Closing Balance	0.00	0.00
Less: Opening Balance	0.00	0.00
ADD : Prior Period Adjustments	0.00	0.00
TOTAL	0.00	0.00
G.TOTAL	(198.49)	(1088.45)
Note No.32		
EMPLOYEE BENEFIT EXPENSES:		
i) SALARIES & WAGES :		
Salaries & Wages	27989.15	28302.65
Less: Other Revenue Accounts	0.00	0.00
TOTAL	27989.15	28302.65
Bonus	0.55	0.68
Incentive	88.35	27.58
G.TOTAL	28078.05	28330.91

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
<u>ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:</u>		
Provident Fund & Pension Fund	3222.78	3252.51
Employees State Insurance	6.17	11.69
Gratuity Trust Fund	95.93	2941.47
Leave Salary- PL	883.61	3193.82
Sick Leave	(38.93)	3.05
Deposit Linked Insurance/Group Insurance	29.47	38.50
TOTAL	4199.03	9441.04
<u>iii) WORKMEN AND STAFF WELFARE EXPENSES</u>		
Welfare Expenses - Canteen	276.93	281.50
Welfare Expenses - Education	292.57	258.12
Medical Expenses	859.09	896.53
LTC/LLTC	(67.43)	(32.74)
Uniforms	8.37	9.26
Others	85.02	87.82
TOTAL	1454.55	1500.49
<u>iv) VOLUNTARY RETIREMENT SCHEME</u>		
VRS Payments	0.00	2.95
G.TOTAL	33731.63	39275.39
Compensation to employees of the company opted for Voluntary Retirement during 2012-13 has been charged off to the Profit & Loss account and the like amount has been withdrawn from Grant in Aid received from GOI and has been credited to Profit and Loss account .	0.00	2.95
<u>Remuneration paid to Key Management Personnel</u>		
	2013-14	2012-13
<u>[As required under AS-18]</u>	₹	₹
Shri. K.L.Dhingra - CMD - Salary and Perquisites	2166552.00	2137482.00
Shri Rajni Kumar Agarwal - Director (Marketing) - Salary and Perquisites	852184.00	1224293.00
Shri. Ravi Khandelwal -Director (Finance) -Salary and Perquisites	166390.00	1943516.00
Shri K.K.Gupta - Director (Production) - Salary and Perquisites	1386977.00	1222656.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014		For the year ended on 31.03.2013	
<u>DISCLOSURE REPORT UNDER AS15 [REVISED 2005]</u>				
<u>Defined Benefit Plan</u>				
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.				
	Gratuity		Privilege Leave Encashment	
<u>I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</u>	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Discount Rate	8.70%	7.80%	8.70%	7.80%
Salary escalation rate	10.00%	13.00%	10.00%	13.00%
Attrition rate	14.17%	10.24%	14.17%	10.24%
Expected rate of return on Plan Assets	10.35%	10.35%	0.00%	0.00%
In the following tables, all amounts are in Rupees, unless otherwise stated				
<u>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:</u>				
PVO as at the beginning of the period	40649.58	39786.00	16967.23	16153.52
Interest Cost	2925.47	3152.22	1221.85	1271.95
Current service cost	1175.14	1248.98	452.87	422.95
Past service cost - (non vested benefits)	0.00	0.00	0.00	0.00
Past service cost - (vested benefits)	0.00	0.00	0.00	0.00
Benefits paid	(6287.00)	(5402.00)	(2604.99)	(2378.90)
Actuarial loss/(gain) on obligation (balancing figure)	(2902.76)	1864.37	(774.28)	1497.71
PVO as at the end of the period	35560.44	40649.58	15262.68	16967.23
<u>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</u>				
Fair value of plan assets as at the beginning of the period	12815.00	15274.00	0.00	0.00
Expected return on plan assets	1001.00	1068.70	0.00	0.00
Contributions	0.00	0.00	(2604.99)	2378.90
Benefits paid	(6287.00)	(5402.00)	(2604.99)	(2378.90)
Actuarial gain/(loss) on plan assets [balancing figure]	101.00	1874.30	0.00	0.00
Fair value of plan assets as at the end of the period	7630.00	12815.00	0.00	0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014		For the year ended on 31.03.2013	
	Gratuity		Privilege Leave Encashment	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
<u>IV. ACTUAL RETURN ON PLAN ASSETS</u>				
Expected return on plan assets	1001.00	1068.70	0.00	0.00
Actuarial gain (loss) on plan assets	101.00	1874.30	0.00	0.00
Actual return on plan assets	1102.00	2943.00	0.00	0.00
<u>V. ACTUARIAL GAIN / LOSS RECOGNIZED</u>				
Actuarial gain / (loss) for the period - Obligation	2902.76	(1864.37)	(774.28)	(1497.71)
Actuarial gain / (loss) for the period- Plan Assets	101.00	1874.30	0.00	0.00
Total (gain) / loss for the period	(3003.76)	(9.92)	(774.28)	1497.71
Actuarial (gain) / loss recognized in the period	(3003.76)	(9.92)	(774.28)	1497.71
Unrecognized actuarial (gain) / loss at the end of the year	0.00	0.00	0.00	0.00
<u>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</u>				
Present value of the obligation	35560.44	40649.58	15262.68	16967.23
Fair value of plan assets	7630.00	12815.00	0.00	0.00
Difference	27930.44	27834.58	15262.68	16967.23
Unrecognised transitional liability	0.00	0.00	0.00	0.00
Unrecognised past service cost - non vested benefits	0.00	0.00	0.00	0.00
Liability recognized in the balance sheet	27930.44	27834.58	15262.68	16967.23
<u>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</u>				
Current service cost	1175.14	1248.98	452.87	422.95
Interest Cost	2925.47	3152.22	1221.85	1271.95
Expected return on plan assets	(1001.00)	(1068.70)	0.00	0.00
Net actuarial (gain)/loss recognised in the year	(3003.76)	(9.92)	(774.28)	1497.71
Transitional Liability recognised in the year	0.00	0.00	0.00	0.00
Past service cost - non-vested benefits	0.00	0.00	0.00	0.00
Past service cost - vested benefits	0.00	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	95.86	3322.58	900.45	3192.91
<u>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</u>				
Opening net liability	27834.58	24512.00	16967.23	16153.52
Expense as above	95.86	3322.58	900.45	3192.61
Contribution paid	0.00	0.00	(2604.99)	(2378.90)
Closing net liability	27930.44	27834.58	15262.68	16967.23
<u>IX. AMOUNT FOR THE CURRENT PERIOD</u>				
Present Value of obligation	35560.44	40649.58	15262.68	16967.23
Plan Assets	(27930.44)	12815.00	0.00	0.00
Surplus (Deficit)	(29595.67)	(27834.58)	(15262.68)	(16967.23)
Experience adjustments on plan liabilities -(loss)/gain	(554.52)	(621.11)	(1324.95)	(763.59)
Experience adjustments on plan assets -(loss)/gain	101.00	1874.30	0.00	0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014		For the year ended on 31.03.2013	
	Gratuity		Privilege Leave Encashment	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)				
Government of India Securities	0.00%	0.00%	0.00%	0.00%
State Government Securities	0.00%	0.00%	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%	0.00%	0.00%
Funds managed by Insurer	41.00%	55.00%	0.00%	0.00%
Others - PSU Bonds	59.00%	45.00%	0.00%	0.00%
Total	100.00%	100.00%	0.00%	0.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	26600.00	26600.00	-	-
The obligation for Compensated absence of Sick Leave is a non contributory defined benefit scheme. The Obligation for Sick Leave is recognized based on Actuarial Valuation which is unfunded.	<u>Sick Leave</u>			
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	<u>31/03/2014</u>	<u>31/03/2013</u>		
Discount Rate	8.70%	7.80%		
Salary escalation rate	10.00%	13.00%		
Attrition rate	14.17%	10.24%		
Expected rate of return on Plan Assets	0.00%	0.00%		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:	<u>2013-14</u>	<u>2012-13</u>		
PVO as at the beginning of the period	409.44	406.46		
Interest Cost	31.94	34.55		
Current service cost	43.71	30.17		
Past service cost - (non vested benefits)	0.00	0.00		
Past service cost - (vested benefits)	0.00	0.00		
Benefits paid	0.00	0.00		
Actuarial loss/(gain) on obligation (balancing figure)	(114.58)	(61.73)		
PVO as at the end of the period	370.51	409.44		

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
	<u>Sick Leave</u>	
<u>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS</u>		
<u>- RECONCILIATION OF OPENING AND CLOSING</u>	<u>2013-2014</u>	<u>2012-2013</u>
<u>BALANCES:</u>		
Fair value of plan assets as at the beginning of the period	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions	0.00	0.00
Benefits paid	0.00	0.00
Actuarial gain/(loss) on plan assets [balancing figure]	0.00	0.00
Fair value of plan assets as at the end of the period	0.00	0.00
<u>IV. ACTUAL RETURN ON PLAN ASSETS</u>		
Expected return on plan assets	0.00	0.00
Actuarial gain / (loss) on plan assets	0.00	0.00
Actual return on plan assets	0.00	0.00
<u>V. ACTUARIAL GAIN / LOSS RECOGNIZED</u>		
Actuarial gain / (loss) for the period - Obligation	114.58	61.73
Actuarial gain / (loss) for the period- Plan Assets	0.00	0.00
Total (gain) / loss for the period	(114.58)	(61.73)
Actuarial (gain) / loss recognized in the period	(114.58)	(61.73)
Unrecognized actuarial (gain) / loss at the end of the year	0.00	0.00
<u>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</u>		
Present value of the obligation	370.51	409.44
Fair value of plan assets	0.00	0.00
Difference	370.51	409.44
Unrecognised transitional liability	0.00	0.00
Unrecognised past service cost - non vested benefits	0.00	0.00
Liability recognized in the balance sheet	370.51	409.44
<u>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</u>		
Current service cost	43.71	30.17
Interest Cost	31.94	34.55
Expected return on plan assets	0.00	0.00
Net actuarial (gain)/loss recognised in the year	(114.58)	(61.73)
Transitional Liability recognised in the year	0.00	0.00
Past service cost - non-vested benefits	0.00	0.00
Past service cost - vested benefits	0.00	0.00
Expenses recognized in the statement of profit and loss	(38.93)	2.98

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Sick Leave			
	For the year ended on 31.03.2014	For the year ended on 31.03.2013		
<u>VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</u>	<u>2013-2014</u>	<u>2012-2013</u>		
Opening net liability	409.44	406.46		
Expense as above	(38.93)	2.98		
Contribution paid	0.00	0.00		
Closing net liability	370.51	409.44		
<u>IX. AMOUNT FOR THE CURRENT PERIOD</u>				
Present Value of obligation	370.51	409.44		
Plan Assets	0.00	0.00		
Surplus (Deficit)	(370.51)	(409.44)		
Experience adjustments on plan liabilities -(loss)/gain	85.86	78.76		
Experience adjustments on plan assets -(loss)/gain	-	-		
<u>X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)</u>				
Government of India Securities	0.00%	0.00%		
State Government Securities	0.00%	0.00%		
High Quality Corporate Bonds	0.00%	0.00%		
Equity shares of listed companies	0.00%	0.00%		
Property	0.00%	0.00%		
Special Deposit Scheme	0.00%	0.00%		
Funds managed by Insurer	0.00%	0.00%		
Others - PSU Bonds	0.00%	0.00%		
Total	0.00%	0.00%		
<u>XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</u>				
The obligation for Leave Travel Concession is a non contributory defined benefit scheme. The Obligation for LTC Availment & LLTC Encashment is recognized based on Actuarial Valuation which is unfunded.				
			<u>LTC availment</u>	<u>LTC Encashment</u>
<u>I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</u>	<u>31/03/2014</u>	<u>31/03/2013</u>	<u>31/03/2014</u>	<u>31/03/2013</u>
Discount Rate Year 1	8.70%	7.70%	0.00%	7.70%
Discount Rate Year 2	0.00%	0.00%	0.00%	0.00%
Attrition rate	14.17%	10.24%	-	-
Present Value Obligation	105.62	147.27	-	113.41

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Note No.33		
<u>FINANCE COSTS</u>		
Cash Credit	10713.78	7238.53
Public Deposits	0.00	0.00
Bonds	0.00	0.00
Term Loan	0.00	0.00
Others	1132.26	933.97
ii) Bank charges	385.36	307.43
iii) Government Guarantee Fee	0.00	0.00
iv) Expenses on Issue of Bonds/Loans	0.00	0.00
v) Net gain/loss from foreign currency translations & transactions	0.00	0.00
TOTAL	<u>12231.40</u>	<u>8479.93</u>
<p>In respect of interest charged by Banks in excess of State Bank Advance Rate (SBAR) w.e.f. 01.04.2009, aggregate refund received upto 31.03.2014 is ₹ 1424.03 Lakhs (refund received during 2013-14 is ₹ 209.72 Lakhs) from State Bank of India, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Canara Bank, Bank of Baroda, Central Bank of India, Vijaya Bank, Development Credit Bank Ltd., AXIS Bank Ltd.. The remaining Banks viz, Punjab National Bank, Indus Ind Bank Ltd. and Indian Bank are expected to refund interest charged in excess of SBAR w.e.f. 01.04.2009 during 2014-2015.</p>		
Note No.34		
<u>DEPRECIATION AND AMORTIZATION EXPENSES:</u>		
Fixed Assets	3390.74	3510.17
Tools and Gauges	1.79	4.06
TOTAL	<u>3392.53</u>	<u>3514.23</u>
Less: Transfer from Revaluation Reserve	<u>1670.67</u>	<u>1681.80</u>
Net Depreciation	<u>1721.86</u>	<u>1832.43</u>
Note No.35		
<u>OTHER EXPENDITURE:</u>		
DRE Written off	0.00	0.00
VRS Expenditure	0.00	0.00
<u>MANUFACTURING EXPENSES:</u>		
Cosumption of Stores and Spares	230.97	330.32
Power and Light	2091.46	2062.25
Water Charges	242.24	210.76

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013	
REPAIRS AND MAINTENANCE:			
i)Plant Machinery and Equipment	136.53	147.63	
ii)Vehicles	35.29	36.45	
iii)Buildings	599.78	420.09	
iv)Other Equipments	185.39	216.89	821.06
Cost and Expenses on Tools		1.03	7.33
Experimental Work and Training Expenses		10.59	11.19
Expenses on Minor Equipment & Work		0.02	0.26
Royalty		0.00	5.08
Scrap and Salvages		5.67	0.44
Factory Expenses		200.59	170.86
TOT CHARGES:			
i)Technical Assistance	0.00	0.00	
ii)Technical Knowhow fee	0.00	0.00	
iii)Documentation Charges	0.00	0.00	
iv)Training Assistance	0.00	0.00	
v) Others	0.00	0.00	0.00
Liquidated Damages		1783.17	372.16
Demurrage Charges		1.04	2.24
Net gain /loss on foreign currency translation and transaction(other than considered as finance cost)		935.29	445.45
TOTAL MANUFACTURING EXPENSES		6459.06	4439.40
ADMINISTRATION EXPENSES:			
Rent	254.62	278.02	
Rates and Taxes	177.95	82.57	
Insurance	70.21	104.82	
TRAVELLING EXPENSES			
-Inland	516.09	468.78	
-Foreign	0.86	0.74	
Legal fees	75.87	59.89	
Postage, Telegram, Telex Expenses	36.16	39.22	
Telephone and Trunk Call Charges	99.82	97.55	
REMUNERATION TO AUDITORS:			
-Audit Fees	5.07	3.78	
- For Taxation Matters	0.67	0.66	
- For Company Law Matters	0.00	0.00	
- For Management Services	0.00	0.00	
- For Reimbursement of Expenses	0.75	1.02	
- For Other Services	13.63	0.98	
CISF/ Private Security Expenses	585.33	517.84	

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
Printing, Stationary and Duplicating Charges	68.15	66.82
Transport Expenses	618.28	548.29
News Papers, Magazines & Periodicals	24.95	27.54
Mechainised Accounting Expenses	0.59	0.00
Lease Charges	0.00	0.00
Licence fee/Segment Charges	1.10	0.54
Office Expenses	285.85	226.92
Provision for Obsolescence of RM Stores	0.00	0.00
Obsolete RM & Production Stores Write off	0.00	0.00
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	22.89	1262.12
Bad Debts Write off	0.00	0.00
Claims and Expenses Charge off	0.00	0.00
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED	1.65	0.22
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
TOTAL ADMINISTRATION EXS	2860.49	3788.32
SELLING EXPENSES		
Selling Agency Commission	8.64	4.84
Advertisement Expenses	27.82	16.98
Exhibition and Publicity Expenses	3.28	10.73
Packing Expenses	67.45	55.70
Forwarding Expenses	19.25	52.17
Discount Allowed	0.00	0.00
Warrenty Expenses	26.35	33.31
Sales Promotion Expenses	0.64	1.44
Entertainment Expenses	(0.85)	(1.28)
Cost of Tender Forms	5.56	3.41
TOTAL SELLING EXPENSES	158.14	177.30
TOTAL OTHER EXPENSES	9477.69	8405.02

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.

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	For the year ended on 31.03.2014	For the year ended on 31.03.2013
<u>Expenditure in Foreign Currency :</u>		
Royalty	0.00	0.00
Knowhow	0.00	0.00
Professional / Consultation Fees	0.00	0.00
Interest	0.00	0.00
Others	0.69	546.10
	<u>0.69</u>	<u>546.10</u>
Note No.36		
TRANSFER TO CAPITAL ACCOUNT	0.00	0.00
CAPITAL WIP:	0.00	0.00
OTHER ASSETS	0.00	0.00
TOTAL	<u>0.00</u>	<u>0.00</u>
Note No.37		
<u>PRIOR PERIOD ADJUSTMENTS(NET)</u>		
<u>INCOME</u>		
Sales & Services	37.95	(8.71)
Withdrawal of Liability no Longer Required	0.00	0.00
Interest	0.00	0.00
Others	166.79	4720.49
TOTAL	<u>204.74</u>	<u>4711.78</u>
<u>EXPENDITURE</u>		
Consumption of Raw material and Production Stores	0.00	(63.54)
Interest	0.00	0.00
Depreciation	0.00	0.00
Others	0.00	0.17
TOTAL	<u>0.00</u>	<u>(63.37)</u>
NET PRIOR PERIOD ADJUSTMENTS	<u>204.74</u>	<u>4775.15</u>
Note No.38		
<u>EXCEPTIONAL ITEMS</u>		
VRS Payments	<u>0.00</u>	<u>0.00</u>
Note No.39		
Extra Ordinary Items	<u>0.00</u>	<u>(13000.00)</u>

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Current Year		Previous Year	
	2013-14		2012-13	

Additional Disclosures**Note No. 40**

1 Corporate information:

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

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

3 As per the Presidential directives and Tripartite agreement on wage settlement with employees, wage revision arrears for the period from 01.01.1997 to 31.03.2000 is to be paid by the Company in a phased manner on the improvement of profitability position and also generation and availability of funds. Since the company has already been declared by BIFR as a sick company and the condition for payment of wage revision arrears as per directives/agreement aforesaid are not prevalent, company has not provided any liability for payment of arrears of wage revision for this period amounting to ₹ 16500 lakhs. This amount has been included in the Rehabilitation Scheme approved by CCEA.

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, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are not less than as stated, if realized in the ordinary course of the business.

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

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

	2013-14		2012-13	
	ISL	ITI-C	ISL	ITI-C
Purchase of goods\Services	0.00	0.00	0.00	0.00
Sale of goods\Services	0.00	0.00	0.00	0.00
Amount Outstanding:				
- Due from the related party	0.00	47.90	0.00	47.90
- Due to the related party	0.00	0.00	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	47.90	0.00	47.90
Written Off during the Year	0.00	0.00	0.00	0.00

7 a) Earnings Per Share before Extraordinary items :

Profit before Extraordinary items	(34425.81)	(31205.99)
(-) Preference Dividend	2275.00	2275.00
Dividend tax	386.64	386.64
Profit available to equity shareholders	(37087.45)	(33867.63)
No. of Shares at beginning of the year	288000000	288000000
No. of Shares	288000000	288000000
Earning per equity share before extraordinary items: Basic & Diluted(in ₹)	(12.88)	(11.76)

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Current Year 2013-14	Previous Year 2012-13
b) Earnings Per Share after Extraordinary items :		
Profit after tax	(34425.81)	(18205.99)
(-) Preference Dividend	2275.00	2275.00
Dividend tax	386.64	386.64
Profit available to equity shareholders	(37087.45)	(20867.63)
No. of Shares at beginning of the year	288000000	288000000
No. of Shares	288000000	288000000
Earning per equity share after extraordinary items: Basic & Diluted(in ₹)	(12.88)	(7.25)
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 Accounting Standard (AS)-22 "Accounting for Taxes on Income"	
9	The Company has not provided for ₹ 2685 Lakhs being penalty on non payment of guarantee fee to the Government of India, since the Ministry of Communications & IT has agreed in principle to waive the same as part of the Company revival package.	
10	JOINT VENTURES:	
	The financial reporting of interests in Joint Ventures as per AS-27:	
	(a) India Satcom Limited	
	No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067	
	Company's stake in equity participation	49% 49%
	Place of incorporation of JV-India	
	(b) ITI Communications Pte Limited	
	No.5, Shenton way, #27-01, UIC Building, Singapore-068808	
	Company's stake in equity participation	49% 49%
	Place of incorporation of JV-Singapore	
	Aggregate amount of the assets	- 13353.33
	Aggregate amount of the liabilities	- 13353.33
	Aggregate amount of the income	- 3.84
	Aggregate amount of the expenses	- 372.59
	(Above figures are for ISL only and does not include that of ITI-C, Singapore, which is in the process of liquidation)	
	(Bank account of ISL in SBI-IFB became NPA during September 2009 and referred to Stressed Asset Management Branch of SBI. Under the securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 (SARFAESI), SBI has taken possession of the property of ISL factory at Bangalore in May 2011.	
	The accounts of ISL for the year 2013-14 is yet to be received).	
11	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	
	0.00	0.00
	Commitments in respect of other contracts not provided for-	
	0.00	0.00

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Current Year 2013-14	Previous Year 2012-13
12 Contingent Liability in respect of		
- Outstanding letters of credit & guarantees	22094.07	44008.37
- Sales Tax demand /Service Tax/Income Tax	3392.32	3077.91
- Non receipt of C/D forms	2884.37	2179.31
- Disputed Excise Duty Demand/CENVAT Disallowance	2529.81	2387.47
- ESI demand	0.00	0.00
- Demand of interest & penalty by KVAT	13.66	445.43
- Claims against the Company not acknowledged as debts	3725.72	3635.77
Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.		
13 Other Income includes compensation relating to Srinagar unit losses for the years 2013-14 awaiting reimbursement from Ministry of Communications & IT.	893.83	550.07
14 Value of Imported Raw Materials, Store and Spare parts consumed and Value of Indigenous Materials Consumed and percentage of each to the total consumption		
	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
	%	%
Imported	3465.09	13.22
Indigenous	<u>22754.68</u>	<u>86.78</u>
Total	<u>26219.77</u>	<u>100.00</u>
15 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening and closing stock-in-trade.		
16 Of the 12.15 acres of land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), 8.22 acres is already 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 is held under deposits.		
17 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose for which compensation is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land has been withdrawn from Freehold Land under fixed assets and compensation amount due is held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting adjustments will be carried out.		
18 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land and the same is not revalued.		
19 Land Measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala.		

Notes to the Financial Statements (Contd...)

₹ in lakhs

Particulars	Current Year 2013-14	Previous Year 2012-13	
20 <u>Value of Imports on CIF basis</u>			
Raw Materials and Production Stores	8173.43	1716.53	
Components and Spare Parts	12.20	25.66	
Material in transit	767.99	809.34	
Capital Goods	<u>117.20</u>	<u>158.81</u>	
TOTAL	<u>9070.82</u>	<u>2710.34</u>	
21 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 ₹ 3015.18 lakhs for the financial years 2011-12,2012-13 & 2013-14 on accrual basis is deferred, which is in conformity with Accounting Standard 9.			
22 Performance Indicators - Ratios			
- Sales to Total Assets	Times	0.12	0.13
Sales incl. ED / Total Assets (Net Fixed Assets + Investments + Gross Current Assets)			
- Operating Profit to Capital employed	[%]	-ve	-ve
Profit before tax / (Share holders' funds + Loan funds)			
- Return on Net Worth	[%]	-ve	-ve
(Profit after tax / Share holders' funds)			
- Profit to Sales	[%]	-ve	-ve
(Profit before tax to sales incl. ED & Service Tax)			
23 Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.			
24 Figures in brackets indicated in the Accounts reflect negative balances.			

As per our report of even date

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

Chartered Accountants

Firm Reg No.: 004201S

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

sd/-
SUNITHA K.S.
Company Secretary

sd/-
K.K.GUPTA
Director-Production

sd/-
K.L. DHINGRA
Chairman and Managing Director

Place: Delhi
Date: 30/05/2014

ENCLOSURE

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

	SUPPLIERS NAME	Amount in ₹
1	CRYSTALONICS DISPLAYS (P) LTD	243.70
2	FASTENERS & INDUSTRIAL COMPONENT	25175.97
3	M R ENGINEERS	41169.80
4	PROTECTRON ELECTROMECH (P) LTD	428.35
5	SRI KUMAR PACKING PRODUCTS	16807.42
6	UNIVERSAL AGENCIES	26141.85
7	KARNATAKA DISABLED & ENGG	827869.29
8	KARNATAKA ENGINEERING AND INDU	2463.00
9	INDUSTRIAL AIDS	47370.50
10	INCAP LTD	2576.35
11	M J ENTERPRISES	6122.55
12	TELECOMMUNICATION CABLE & COND	32360.00
13	TELECOM CABLE INDUSTRIES	7966.00
	TOTAL	1036694.78

REVENUE EXPENDITURE ON AMENITIES 2013-14

₹ in Crores

PARTICULARS	TOWNSHIP	TRANSPORT	MEDICAL	CANTEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETABLES FARMS, PARKS ETC.	2013-14	2012-13
Pay and Allowances	3.14	3.61	5.39	2.31	0.17	0.42	15.04	15.81
Uniforms	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.04
Grants	0.00	0.00	0.00	0.00	3.00	0.00	3.00	2.64
Supplies and Other Services	0.03	2.63	8.21	2.49	0.00	0.08	13.44	13.78
Power, light & water	7.46	0.26	0.29	0.21	0.02	0.02	8.26	7.27
Transport Charges	0.01	2.43	0.00	0.00	0.00	0.00	2.44	2.34
Rent, Rates, Taxes and Insurance	1.50	0.62	0.00	0.00	0.00	0.00	2.12	2.07
Maintenance and repairs	1.20	0.34	0.18	0.02	0.01	0.24	1.99	2.09
Depreciation - Buildings	0.19	0.01	0.02	0.04	0.06	0.00	0.32	0.35
Depreciation-Plant, Machinery, Equipment & Vehicles	0.16	0.04	0.01	0.01	0.02	0.00	0.24	0.21
General Overheads	0.01	0.05	0.05	0.04	0.00	0.00	0.15	0.17
	13.71	9.99	14.15	5.12	3.28	0.76	47.01	46.77
LESS :								
Recoveries/adjustments								
Rent	11.32	0.00	0.00	0.00	0.00	0.00	11.32	10.01
Power, Light & Water	1.23	0.00	0.00	0.00	0.00	0.00	1.23	1.14
Transport Charges	0.00	0.22	0.00	0.00	0.00	0.00	0.22	0.24
Capitation & other Recoveries	0.00	0.00	0.38	0.00	0.00	0.00	0.38	0.60
Sales proceeds	0.00	0.00	0.00	0.26	0.02	0.00	0.28	0.39
Indirect expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	12.55	0.22	0.38	0.26	0.02	0.00	13.43	12.38
Net Expenditure	1.16	9.77	13.77	4.86	3.26	0.76	33.58	34.39
Interest on Capital outlay notional	1.30	0.39	0.29	0.23	0.16	0.01	2.38	2.39
TOTAL EXPENDITURE	2.46	10.16	14.06	5.09	3.42	0.77	35.96	36.78
Previous year	2.46	10.22	14.93	5.22	3.05	0.90	36.78	44.02

CAPITAL EXPENDITURE ON AMENITIES 2013-14

GROSS BLOCK AT COST					
PARTICULARS	AS AT 31/03/2013	ADDITIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUSTMENTS	AS AT 31/03/2014
	1	2	3	4	5=1+2-3-4
TOWNSHIP	1097.21	0.04	0.00	0.00	1097.25
TRANSPORT	5.85	0.07	0.00	0.00	5.92
MEDICAL	7.70	0.04	0.00	0.00	7.74
CANTEEN	6.45	0.00	0.00	0.00	6.45
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.41	0.00	0.00	0.00	13.41
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05
TOTAL	1130.67	0.15	0.00	0.00	1130.82

CAPITAL EXPENDITURE ON AMENITIES 2013-14

₹ in Crores

DEPRECIATIONS						
UPTO 31-03-2013	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUSTMENTS	UPTO 31-03-2014	AS AT 31-03-2014	AS AT 31-03-2013
6	7	8	9	10=6+7-8-9	11=5-10	12
102.45	1.10	0.00	0.00	103.55	993.70	994.76
5.60	0.06	0.00	0.00	5.66	0.26	0.26
3.23	0.08	0.00	0.00	3.31	4.43	4.43
2.59	0.16	0.00	0.00	2.75	3.70	3.87
5.21	0.17	0.00	0.00	5.38	8.03	8.21
0.03	0.00	0.00	0.00	0.03	0.02	0.02
119.11	1.57	0.00	0.00	120.68	1010.14	1011.55

CASH FLOW STATEMENT FOR THE YEAR 2013-14

₹ in Lakhs

	FOR THE YEAR ENDED 31st MARCH 2014	FOR THE YEAR ENDED 31st MARCH 2013
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX	(34425.81)	(18205.99)
ADJUSTMENT FOR:		
DEPRECIATION	1721.86	1832.43
FINANCING CHARGES	12231.40	8479.93
PROFIT ON SALE OF INVESTMENTS	0.00	0.00
INTEREST/DIVIDEND RECEIVED	(99.13)	(51.47)
LOSS ON SALE OF ASSET	0.00	0.00
PROFIT ON SALE OF ASSET	(103.90)	(1.02)
TRANSFER FROM GRANT-IN-AID	(468.75)	(471.73)
TRANSFER FROM GRANT-IN-AID(Prior period adj.)	(166.79)	(4720.49)
NON-CASH EXPENDITURE	<u>28.56</u>	<u>1262.56</u>
OPERATING CASH PROFIT	13143.25	6330.21
BEFORE WORKING CAPITAL CHANGES	(21282.56)	(11875.78)
ADJUSTMENT FOR:		
TRADE AND OTHER RECEIVABLES	191542.33	16976.49
INVENTORIES	862.69	766.70
TRADE PAYABLES	(183652.22)	(10718.30)
DIRECT TAXES PAID	(181.35)	(87.83)
CASH GENERATED FROM OPERATIONS	8571.45	6937.06
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(12711.11)	(4938.72)
EXTRAORDINARY ITEMS	<u>0.00</u>	<u>13000.00</u>
NET CASH FROM OPERATING ACTIVITIES [A]	<u>(12711.11)</u>	<u>(17938.72)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS INCLUDING		
CAPITAL WORK-IN-PROGRESS	(2094.49)	(354.91)
SALE OF FIXED ASSETS	103.90	1.02
INVESTMENTS	0.00	0.00
INTEREST RECEIVED	<u>99.13</u>	<u>51.47</u>
NET CASH USED IN INVESTING ACTIVITIES [B]	<u>(1891.46)</u>	<u>(302.42)</u>

₹ in Lakhs

	FOR THE YEAR ENDED 31st MARCH 2014	FOR THE YEAR ENDED 31st MARCH 2013
(C) CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM LONG TERM BORROWINGS	27010.51	12282.64
GRANT-IN-AID RECEIVED	1370.00	14000.00
FINANCING EXPENSES	<u>(12231.40)</u>	<u>(8479.93)</u>
NET CASH USED IN FINANCING ACTIVITIES [C]	16149.11	17802.71
NET INCREASE IN CASH AND CASH EQUIVALENTS	[A+B+C] 1546.54	(438.43)
CASH AND CASH EQUIVALENTS AS AT 01-04-2013	1687.43	2125.86
[OPENING BALANCE]		
CASH AND CASH EQUIVALENTS AS AT 31-03-2014	3233.97	1687.43
[CLOSING BALANCE]		

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

sd/-
SUNITHA K.S.
Company Secretary

sd/-
K.K.GUPTA
Director-Production

sd/-
K.L. DHINGRA
Chairman and Managing Director

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

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

Place: Delhi
Date: 30/05/2014

Independent Auditor's Report

To the members of ITI limited

Report on the financial statements

We have audited the accompanying financial statements of ITI Limited ("the Company") which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit & Loss and the Cash flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Qualifications not quantifiable

- (i) Our comments on the adequacy of provision on non-moving and slow moving inventories and on trade receivables in paras 4.(ii) & (iii) in the Annexure to this report containing a statement on the matters specified in paragraphs 4 and 5 of the Companies(Auditor's Report) Order, 2003;
- (ii) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation(BMTC)(of the 12.15 acres to be leased, 8.22 acres of land is already in possession of the BMTC), has not been recognised as income. ₹ 285.00 lakhs received earlier from the BMTC is held under deposits(Refer Note 40.16);
- (iii) Non provision for the interest payable on royalty due to C-DoT(Refer Note No. 35) in view of rental dues from the same agency for the premises taken on rent from the Company being more than the royalty amount (Refer Note No. 40.21);
- (iv) Interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis(tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues as also non deduction of TDS as per the provisions of Income Tax Act, 1961;

Qualifications quantifiable

- (i) Non provision of ₹ 6897.31 lakhs towards claims doubtful of recovery comprising of (i) rent receivable of ₹ 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011, rent from 1.4.2011 for the same premises being deferred for recognition on accrual basis due to uncertainty of realization (Refer Note No.40.21); (ii) liquidated damages of ₹ 1049.41 lakhs on a supplier, rejected by the Arbitral Tribunal. Had the said amounts been provided in the accounts, loss for the year would have been higher by ₹ 6897.31 lakhs and consequently reserves & surplus and current assets would be lower by similar amount,
 - (ii) Provision of ₹176.61 Lakhs for work in progress Inventories in respect of the items pertaining to phased out projects and also not usable, has not been made which has resulted in the understatement of the Loss by ₹ 176.61 lacs and overstatement of current assets to the same extent,
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
 - b) In the case of Statement of Profit and Loss, of the loss for the year ended on that date;
 - c) In the case of Cash flow Statement, of cash flows for the year ended on that date.
- Emphasis of matter**
- On the following Notes on financial statements, without qualifying our opinion, we draw attention of members:
- (a) Cumulative Redeemable Preference Shares amounting to ₹ 30000.00 lakhs overdue for redemption continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company(Refer Note No. 1);
 - (b) Dues to micro, small and medium enterprises being disclosed to the extent to which such enterprises are identified by the Company (Refer Note No. 10)
 - (c) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments (Refer Note No. 13);
 - (d) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable(Refer Note No. 40.17);
 - (e) Wage arrears of ₹ 16500.00 lakhs to the employees arising as per the Presidential directives and Tripartite agreement on wage settlement with the employees for the period 1.1.1997 to 31.3.2000 having not been provided in view of the same having to be paid by the Company in a phased manner on the improvement of profitability position and on declaration of the Company by the BIFR as a Sick Company and conditions for payment of arrears being not prevalent (Refer Note No. 40.3);
 - (f) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, materials with fabricators, sub contractors/ others, material in transit, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, TDS etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation. (Refer Note 40.4);
 - (g) Penalty of ₹ 2685 Lakhs for non payment of guarantee fee to the Government of India, having not been provided for, since the Ministry of Communications and IT has agreed in principle to waive the same as part of Company revival package (Refer Note No. 40.9);
 - (h) Land measuring 5 acres being used by Karnataka Power Transmission Corporation Limited (KPTCL) has not been revalued (Refer Note 40.18);
 - (i) Validity of Claims recoverable from MTNL Delhi & MTNL Mumbai Against LD Damages for ₹ 183.23 lakhs and ₹ 82.90 lakhs respectively;

- (j) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the balance sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 40.19)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act,

1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

- e) Provisions of Section 274(1)(g) of the Companies Act, 1956 is not applicable to a Government Company. Hence, reporting on any Director being disqualified under Section 274(1)(g) of the Companies Act, 1956 to get appointed as a Director does not arise.

Other Matters

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of ₹ 2,30,518 Lakhs as at March 31, 2014, total revenues of ₹ 45,430 Lakhs and Loss after tax of ₹ 33,941 Lakhs for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.
- b) We have relied on the unaudited financial statements of certain Regional Offices whose financial statements reflect total assets of ₹ 11,266 Lakhs as at March 31, 2014, total revenues of ₹ 6,748 Lakhs and Loss after tax of ₹ 356 Lakhs for the year ended on that date. These unaudited financial statements of ROs have been furnished to us by the Management and our report is based solely on such unaudited financial statements.

Our opinion is not qualified in respect of other matters.

For **Sundar Srini & Sridhar**

Chartered Accountants

Firm Registration No: 004201S

Sd/-

(S. SRIDHAR)

Partner

Membership No: 025504

Place: New Delhi

Date: 30.05.2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT:

The Annexure referred to in our report to the members of ITI Limited ('the company') for the year ended 31st March, 2014.

We report that:

1.

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information other than at Bangalore Plant where the records are to be updated in relation to situation and adjustment for revaluation.

(b) According to the information and explanations given to us, fixed assets have been physically verified by the management other than at the Bangalore Plant and no material discrepancies were noticed on such verification. At the Bangalore Plant, continuous verification system is said to have been followed. However, documentation does not support comparison of the extent of verification to the total assets and book balance to physical balance, resulting in inability to comment on the reasonableness of the intervals of verification, materiality of discrepancies, if any, and whether the same has been dealt with appropriately in the books.

(c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year to affect the going concern status.

2.

(a) According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals other than at Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support assessment of the reasonableness of the intervals of verification.

(b) In our opinion and according to information and explanations given to us, the procedure for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business other than at Bangalore Plant wherein documentation does not support comparison of the extent of physical verification to the total inventory as also examination of the adequacy of the system of verification followed.

(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the inventory other than at Bangalore Plant wherein documentation does not support comparison of physical balance with book balance resulting in inability to comment on the materiality of discrepancies, if any and whether the same has been dealt with appropriately in the books.

3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured/unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, comments on clauses (iii)(b) to (d) and (f) to (g) of paragraph 4 of the of the Order do not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods & services except for the following areas, wherein internal control systems need to be considerably strengthened, to address weaknesses, continuing or otherwise, therein:

(i) Inadequacies in relation to maintenance of fixed asset records, systems of physical verification of fixed assets & inventory, ascertaining discrepancies as also their materiality and proper treatment of the discrepancies as observed in paras 1 & 2 above;

- (ii) Aggregate inventories as at 31.3.2014 were ₹ 12960.51 lakhs against which provision of ₹ 3339.95 lakhs is held towards non-moving and obsolescence (net inventory ₹ 9620.56 lakhs). In view of Company's production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/ usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold/disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements
- (iii) In relation to sale of goods & services, scope for improvement in the accounting for contact revenues as also monitoring and recovery of the high level of trade receivables of ₹ 221947.36 lakhs as at 31.3.2014 in relation to gross sales turnover (including taxes) of ₹ 77315.67 lakhs in 2013-14), including timely adjustment of the advances received from the customers, in the absence of which correct position of trade receivables is not arrived at. Against net aggregate receivables of ₹ 215164.05 lakhs (of which ₹ 20811.67 lakhs are long term), provision held towards doubtful receivables is ₹ 6783.31 lakhs (of which ₹ 3339.06 lakhs is for long term receivables) and Company follows the practice of making provision for doubtful receivables on a case to case basis (Refer Significant Accounting Policies 17.00). There is a need for systematic age wise segregation, analysis, adjustment of advances received from the customers and reconciliation of the trade receivable accounts. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards doubtful debts and the eventual realizable amount in respect of the trade receivables, as also the possible effect on the financial statements.
5. According to the information and explanations given to us, the Company has no transactions that need to be entered in the register to be maintained as per Section 301 of the Companies Act, 1956. Consequently, need for comment on clause (v)(b) of paragraph 4 of the Order does not arise.
 6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Rules framed there under. In respect of deposits accepted in the past while the deposit scheme was in vogue, repayment of matured deposits aggregating ₹ 28.04 lakhs to the depositors is pending on account of orders/directions of the Judicial Authority for non refund and consequently money is not deposited in the Investors Education & Protection Fund.
 7. The Company has an Internal Audit System, implemented through the in-house Internal Audit Department, which in our opinion requires further strengthening with respect to personnel, scope of the audit, reporting and systematic follow up to make it commensurate with the nature of business and size of the Company.
 8. Maintenance of cost records by the Company has been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and on a broad review of the books/ records, we are of the opinion that prima facie, the prescribed cost records have been maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.

9. (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund other than ₹ 1452.81 lakhs and 7557.22 lakhs pertaining to Naini and Rae Bareli units respectively, Employees State Insurance, Sales Tax & Service Tax other than on sales set up on provisional basis in respect of which tax incidence is not recognised & accounted, Customs Duty, Excise Duty, Cess and other statutory dues. According to the information and explanations given to us, other than to the extent indicated above, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.3.2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, disputed statutory dues aggregating ₹ 9100.19 lakhs have not been deposited on account of disputed matters pending before the appropriate authorities as under:

(₹ in lakhs)					
Sl. No.	Name of the statute	Nature of dues	Amount	Period to which the dispute relates	Forum where the dispute is pending
1	Central Excise Act, 1944	ED demanded on R & D prototype modules for field trial is correct or not?	354	2006-07	Central Excise & Service Tax Appellate Tribunal
2		Nil rate of duty availed on software disputed by the CE Dept.	529.09	2001-03	
3		Dispatches of Software(CNMS & DCME)	7.4	2007-08	
4		CENVAT credit availed on import of IFWT and Power Supply Units, denied by the CE Dept	564.21	2007	
5		110/115% demanded on transfer of purchased items to sister units	162.38	2007	
6		ED demanded on insurance, freight and amount of credit notes.	71.55	2007	
7		CENVAT credit availed on scrap and write off cases disallowed	16.75	2005	
8		Nil rate of duty availed on Software disputed by CE dept	837.00	2003-05	
9	UP VAT	Sales Tax – Mankapur Unit	264.89	1986-89	UP Government
10		Sales Tax	15.32	1989-95	Committee Formed by UP Govt as directed by the High Court
11		Sales Tax	158.12	1987-89 1991-93 2000-02	Lucknow Bench of Allahabad High Court

12		Sales Tax	81.91	1988-89 2003-04 2005-06 2010-11	Additional Court(Appeals) Sales Tax, Gonda
13		Sales Tax	429.96	1987-88 1988-89 1994-95 2006-07	Member Tribunal
14		Service Tax	3.52	2012-13	Commissioner (Appeals) Allahabad
15	Central Sales Tax, 1956	Demand of Additional Tax against Form C – Naini	1013.98	2005-06	Addl Commissioner, Appeals Commercial Tax, Allahabad
16		Demand of Additional Tax against Form C	50.26	2007-08	
17		Demand of Additional Tax against Form C/F	298.1	2006-07	
18		Demand of Additional Tax against Form C/F	142.72	2009-10	
19	CST	Sales Tax – Palakad	97.7	2006-07	DC (Appeals) Ernakulam
20	Central Excise, 1944	Excise duty	91.65	2004-05	Central Excise & Service Tax Appellate Tribunal
21		Excise duty	68.07	2001-02	Commissioner (Appeals), Kochi
22		Excise duty	5.15	2002-03	
23		Service Tax	109.44	2010-11	Show cause notice by CCE, Calicut
24		Provision for obsolescence	52.28	2011-12	Show cause notice by CCE, Calicut
25		Service Tax	140.34	2011-12	Show cause notice by CCE, Calicut
26	Central Excise	Interest on ED	1.61	2003-04	Commissioner (appeals) Kochi
27	Service Tax	Denial of service Tax Credit on Input Services	161.27	2011-12	Commissioner Calicut
28	Service Tax	CENVAT Credit on Manpower supply	2.76	2012-13	Commissioner Calicut

29	Service Tax	CENVAT Credit on Manpower supply	2.69	2012-13	Commissioner (appeals) Kochi
30	Sales Tax	Sales Tax -Raebareli	291.62	2000-01 2001-02 2003-04 2005-06	Trade Tax Tribunal Lucknow
31	Sales Tax & Entry Tax	Sales Tax	234.05	1998-99 2000-01 2001-02 2002-03 2003-04 2004-05 2006-07 2007-08 2008-09	Additional Commissioner (Trade Tax) Lucknow
32	Sales Tax	Sales Tax	0.93	2000-01	Dy. Commissioner (Trade Tax) RBL
33	Sales Tax	Sales Tax	574.12	2009-10	Dy. Commissioner (Trade Tax) RBL
34	UP VAT	Sales Tax	160.06	1987-89	Additional Court(Appeals) Sales Tax, Gonda
				1994-95	
				2006-07	
				2008-10	
35	UP VAT	Sales Tax	268.36	2000-02 2003-04	Trade Tax Tribunal, Lucknow
36	UP VAT	Sales Tax/Entry Tax	466.27	1998-99	Additional Commissioner Appeal, Lucknow
				2000-08	
37	UP VAT	Sales Tax	0.93	2000-01	Deputy Commissioner, Rae Bareli
38	Central Sales Tax, 1956	Demand of Additional Tax against Form C	464.81	2006-07	Addl Commissioner, Appeals Commercial Tax, Allahabad
	Central Excise	Service Tax	4.44	2011-12	Show cause notice by CCE, Calicut
39	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	734	2008-09 to 2011-12	High Court of Karnataka
40	Service Tax	Short Payment of service tax	166.48	2004 to 2008	Commissioner of Central Excise Chennai
		Total	9100.19		

10. The accumulated loss of the Company as at 31.03.2014 has exceeded fifty percent of its net worth, not considering the revaluation reserve. The Company has incurred cash loss in the financial year under audit and also in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. There are no dues to financial institutions.
12. According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently, comment on clause (xii) of paragraph 4 of the Order does not arise.
13. The Company is not a chit fund company, nidhi, mutual benefit fund/society. Consequently, need for comment on clauses (xiii)(a) to (d) of paragraph 4 of the Order do not arise.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Consequently, need for comment on clause (xiv) of paragraph 4 of the Order does not arise.
15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from Banks or financial institutions. Consequently, need for comment on clause (xv) of paragraph 4 of the Order does not arise.
16. According to information and explanations given to us, the Company has not availed any term loan during the year. Consequently, need for comment on clause (xvi) of paragraph 4 of the Order does not arise.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, need for comment on clause (xviii) of paragraph 4 of the Order does not arise.
19. The Company has not issued any debentures during the year. Consequently, need for comment on clause (xviii) of paragraph 4 of the order does not arise.
20. The Company has not raised monies by way of public issue during the year. Consequently, need for comment on clause (xx) of paragraph 4 of the Order does not arise.
21. According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year under audit except a fraud as reported by the Branch Statutory Auditors of Palakkad unit. The said auditors have reported that "According to the information and explanation given to us, during the year a fraud has been reported by the company involving an amount of ₹ 2453 lakhs by M/s Netwing Technologies Pvt Ltd, a service Provider of the Company in the implementation of SECC Project in Palakkad Unit. The Unit has made equal provision as there is no Insurance Cover".

For **Sundar Sridhar & Sridhar**

Chartered Accountants

Firm Registration No: 004201S

Sd/-

(S. SRIDHAR)

Partner

Membership No: 025504

Place: New Delhi

Date: 30.05.2014

Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of ITI Limited, Bangalore for the year ended 31st March 2014.

The preparation of financial statements of ITI Limited, Bangalore for the year ended 31st March 2014 in accordance with the financial reporting frame work prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30th May 2014.

I, on behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of ITI Limited, Bangalore for the year ended 31st March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to enquiries of the statutory auditor 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 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Balance Sheet

Assets

Current Assets

- (i) **Short term loans and Advances (Note No.25) ₹ 330.69 crore Claims and expenses recoverable Inland Considered Goods – ₹ 143.59 crores.**

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

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

Place : Delhi
Date : 17th September 2014

Sd/-
(R.B.Sinha)
Director General of Audit (P&T)

ADDENDUM TO THE DIRECTORS' REPORT

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

Comments of C & AG	Company's Reply
<p>A. Comment on Balance Sheet</p> <p>Assets</p> <p>Current Assets</p> <p>(i) Short term loans and Advances (Note No. 25) ₹ 330.69 crore Claims and expenses recoverable Inland Considered Goods – ₹ 143.59 crores.</p> <p>The above is overstated by ₹16.90 crore due to inclusion of amount recoverable from M/s HCL Infosystems Limited as conditional reimbursement as per the agreement between ITI and HCL. As per the agreement, the conditional reimbursement was to be paid by M/s HCL in case orders were placed by M/s ITI on M/s HCL. Since ITI had not placed any order, accounting for income based on agreement alone was not correct. This has also led to understatement of expenditure and losses by the same amount.</p>	<p>The Company would like to inform that regular meetings are taking place between ITI and M/s HCL Infosystems Ltd.,</p> <p>Some amounts are also due to M/s HCL. It is assured that the amount of ₹ 16.90 Crs. will be recovered from the amount payable to M/s HCL.</p> <p>In view of the above the query may please be dropped.</p>



ATTENDANCE SLIP

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

I hereby record my presence at the 64th Annual General Meeting held on Friday, the 26th September, 2014 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore-560 042.

Name of Member :

Name of Proxy

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

Folio No. / Client ID No. :

No. of Shares :

Address :

Member's / Proxy's Signature



PROXY FORM

Form No MGT- 11

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

ITI LIMITED

REGISTERED & CORPORATE OFFICE

ITI BHAVAN, DOORVANINAGAR: BANGALORE – 560 016.

CIN:L32202KA1950GoI000640

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

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

1. Name : _____

Address : _____

Email_id : _____

Signature : _____, or failing him
2. Name : _____

Address : _____

Email_id : _____

Signature : _____, or failing him
3. Name : _____

Address : _____

Email_id : _____

Signature : _____

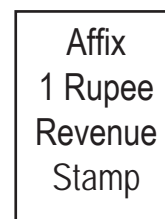
as my/ our proxy to vote for me /us and on my/our behalf at the 64TH d Annual General Meeting of the Company to be held on Friday, the 26th September 2014 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

SI No	Resolution(s)
1	Adoption of the Directors' Report, the Balance Sheet as at 31st March 2014, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2	Re-appointment Shri K.L.Dhingra, Director who retires by rotation
3	Re-appointment Shri K.K.Gupta, Director who retires by rotation
4	Fixation of remuneration of Statutory and Branch Auditor
5	Appointment of Shri Dharendra Singh as an Independent Director
6	Appointment of Dr M J Zarabi as an Independent Director
7	Appointment of Shri Ramesh Bhat as an Independent Director
8	Appointment of Lt Gen Nitin Kohli as Director not liable to retire by rotation
9	Appointment of Shri P K Gupa as Director liable to retire by rotation
10	Appointment of Shri S Gopu as Director liable to retire by rotation
11	Ratification of remuneration payable to the Cost Auditors

Signed this _____ day of _____ 2014.

Signature of shareholder: _____

Signature of Proxy holders (s): _____



Notes:

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

Form No. MGT-12**Polling Paper**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

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

BALLOT PAPER

SI No	Particulars	Details
1	Name of the First Named Shareholder (In block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of share	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

SI No	Particulars	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of the Directors' Report, the Balance Sheet as at 31st March 2014, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.			
2.	Re-appointment of Shri K L Dhingra, Director who retires by rotation			
3.	Re-appointment Shri K.K.Gupta, Director who retires by rotation			
4.	Fixation of remuneration of Statutory and Branch Auditors			
5.	Appointment of Shri Dharendra Singh as an Independent Director			
6.	Appointment of Dr M J Zarabi as an Independent Director			
7.	Appointment of Shri Ramesh Bhat as an Independent Director			
8.	Appointment of Lt Gen Nitin Kohli Director not liable to retire by rotation			
9.	Appointment of Shri P K Gupa as Director liable to retire by rotation			
10.	Appointment of Shri S Gopu as Director liable to retire by rotation			
11.	Ratification of remuneration payable to the Cost Auditors			

Place:

Date

(Signature of the shareholder)

IN RETROSPECT

ITI signs MoU with Department of Telecommunications



Shri M.F. Farooqui, Secretary Department of Telecommunications and Shri K.L. Dhingra, Chairman and Managing Director, ITI Ltd., signed the MoU on 27th March, 2014. The MoU envisages ITI's significant role in the field of Telecommunications, to pursue opportunities of indigenous telecom equipments manufacturing arising out of Government's National Telecom Policy and Preferential Market Access and also to play an important role in the GOI funded projects of National importance like National Optical Fiber Network (NOFN) and Network for Spectrum (NFS).

ITI signs MoU with Telecom Sector Skill Council



ITI Ltd. has signed a Memorandum of Understanding (MoU) with Telecom Sector Skill Council (TSSC), a society registered under the Societies Registration Act, on 6th March 2014 at New Delhi. Shri K.L. Dhingra, CMD, ITI Ltd. and Lt. Gen. (Retd.) S. P. Kochhar, CEO, TSSC signed the MoU for joint development of Telecom Skills and Telecom Competency in the Country with special focus on Technology in the Telecom Industry.

BSNL CMD visits ITI



Shri R.K. Upadhyay, Chairman and Managing Director, BSNL visited ITI Limited, Bangalore on 27th December 2013 along with Shri R.K. Misra, Chief General Manager, Karnataka Telecom Circle and Shri P. Nagaraju, Principal General Manager, Bangalore Telephone District. This is the first ever visit of the CMD of the biggest sibling of the DoT family to ITI in the recent years.



**ITI Limited participated in INDIA TELECOM 2013 EXHIBITION
at Vigyan Bhawan, New Delhi**



Shri K.L. Dikrgra, CMD ITI Ltd with Shri Pradeep Pandey, AGM-Marketing, Shri K. Abgeshan, AGM- Rae Bareilly and other ITI Team Members in INDIA TELECOM 2013 EXHIBITION at Vigyan Bhawan, New Delhi.

ITI Limited participated in SFS 2013 Exhibition



Shri Reddappa Chetty, DGM-R&D is explaining the ITI products to Shri MN. Vidyashankar, Secretary IT, Govt. of Karnataka at HAL Convention Centre, Bangalore.

To :

If undelivered please return to:



ITI LIMITED

Registered & Corporate Office: ITI Bhawan, Doorwananagar, Bangalore-560 016, Karnataka, India.
Ph.: +91(80) 22614466, Fax: +91(80) 2261 7525. Website: <http://www.iti-ltd-india.com>