

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



आईटीआई लिमिटेड

पंजीकृत एवं निगमित कार्यालय
आईटीआई भवन, दूरवाणीनगर,
बैंगलूरु - 560 016 भारत
फोन : +91 (80) 2561 4466
फैक्स : +91 (80) 2561 7525
वेबसाइट : www.ititd-india.com
सी आई एन : L32202KA1950GoI000640

ITI LIMITED

Registered & Corporate Office
ITI Bhavan, Dooravaninagar,
Bengaluru - 560 016, India
Phone : +91 (80) 2561 4466
Fax : +91 (80) 2561 7525
Website : www.ititd-india.com
CIN : L32202KA1950GoI000640

Ref: K/NSE & BSE/2018

Date: 19.05.2018

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400 001

The Manager
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbar- 400051

Sir,

Subject: Audited Financial Results for Year ended 31st March, 2018.

We are enclosing herewith.


1. Audited Financial Results for the quarter and year ended 31.03.2018
2. Statement of Assets and Liabilities for the half year ended on 31.03.2018.
3. Auditors Report on the Audited Financial Results.
4. Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results

Please note that the same has been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 19th May 2018 commenced at 02:30 p.m. and concluded at 09.00 p.m.

This is for your kind information and record please.

Thanking you,

Yours faithfully,
For ITI LIMITED


(S. Shanmuga Priya)
Company Secretary



I T I LIMITED

Reg. & Corporate Office,
ITI Bhavan, Doorvaninagar, Bangalore-560016
Website: www.itiltd-india.com
Email Address: "cosecy_crp@itiltd.co.in"
CIN No: L32202KA1950GOI000640

Statement of Consolidated Audited Financial Results for the Quarter and Year Ended 31st March 2018

₹ in Lakhs except per share data

SL No	Particulars	Quarter Ended		Year ended	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
		Unaudited	Unaudited	Audited	Audited
1	Income				
	Revenue from Operations	78,991	70,013	1,47,515	1,52,812
	Other Income	9,029	18,763	32,745	54,058
	Total Revenue	88,020	88,776	1,80,260	2,06,870
2	Expenses				
	(a) Cost of Materials Consumed & Services	45,937	31,052	83,952	73,466
	(b) Purchase of stock-in-trade	19,180	26,780	23,198	51,219
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(255)	(1,767)	1,177	(1,762)
	(d) Employee benefits expense	4,810	7,780	22,550	30,087
	(e) Finance costs	3,945	4,390	15,341	15,262
	(f) Depreciation and amortisation expense	991	654	2,486	1,894
	(g) Other expenses	2,628	5,691	8,501	10,265
	Total Expenses	77,236	74,580	1,57,204	1,80,231
3	Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (1 - 2)	10,784	14,196	23,056	26,639
4	Prior period Items	-	-	-	-
5	Profit / (Loss) before exceptional, extraordinary items and tax (3 + 4)	10,784	14,196	23,056	26,639
6	Exceptional Items	-	-	-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)	10,784	14,196	23,056	26,639
8	Extraordinary Items	-	-	-	-
9	Profit / (Loss) before tax (7 + 8)	10,784	14,196	23,056	26,639
10	Tax Expense:				
	(1) Current Tax	-	-	-	-
	(2) Deferred Tax	-	-	-	-
11	Profit / (Loss) for the period (9 - 10)	10,784	14,196	23,056	26,639
12	Other comprehensive Income/(Loss)				
	Items not to be reclassified to Profit or Loss in subsequent period	(2,525)	2,507	146	3,646
	Other comprehensive Income/(Loss) for the period	(2,525)	2,507	146	3,646
13	Total comprehensive Income for the period (comprising profit/Loss) and other comprehensive Income for the period (11+12)	8,259	16,703	23,202	30,285
14	Paid up equity share capital (Face value of ₹10/- each)	76,000	56,000	76,000	56,000
15	i) Earnings Per Share (before extraordinary items and prior period items) (of ₹10/- each):				
	(a) Basic	1.00	3.08	3.18	6.77
	(b) Diluted	1.00	3.08	3.18	6.77
	ii) Earnings Per Share (after extraordinary items and prior period items) (of ₹10/- each):				
	(a) Basic	1.00	3.08	3.18	6.77
	(b) Diluted	1.00	3.08	3.18	6.77
	See accompanying note to the Financial Results				






NOTES:

1	The above financial results for the year ended 31.03.2018 were reviewed by the Audit Committee and upon its recommendations, were approved by the Board of Directors at their meeting held on 19.05.2018																																	
2	The Company adopted Indian Accounting Standards ("Ind AS") effective 1st April 2017 (Transition date being April 1, 2016) and accordingly, the financial results for the year ended March 31, 2018 have been prepared in accordance with the recognition and measurement principles laid down in Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The Ind AS financial results and financial information for the year ended 31st March 2017 presented after incorporating applicable Ind AS adjustments, has not been subject to any limited review or audit. The management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs (Refer to point 2 of our report).																																	
3	Revenue from operations for the period upto June 30, 2017 includes excise duty/service tax. Post the applicability of Goods and Service Tax w.e.f. July 1, 2017, Revenue from operations are disclosed, net of GST. Accordingly Revenue from operations for the quarter and year ended March 31, 2018 are not comparable with the previous periods.																																	
4	Other Income for the quarter and year ended 31.03.2018 includes compensation received from KIADB towards acquisition of land for Metro project. The difference between the receipt of surrender of land and its original cost amounting to for ₹5011.48 for the quarter ended 31st March 2018 and ₹9211.48 for the year have been credited to other income. In addition the amount of ₹13298 lakhs of Grant received from Govt. of India (of which ₹7998 lakhs pertains to previous years) towards salaries, PF and Gratuity has been credited to Other Income. ₹5300 lakhs has been accounted under other operating income as this pertains to current year expenses for the year ended 31.03.2018. Under Ind AS, the same has been reclassified under Other Income.																																	
5	Other Income for the quarter and year ended 31.03.2018 includes ₹21.08 Crores and ₹112.15 Crores respectively, represents, provisions / liabilities written back/ no-longer required related to earlier years.																																	
6	Reconciliation of net profit under the previously applicable Generally Accepted Accounting Principles in India(referred to as the Previous GAAP) and total comprehensive income as reported in these financial results under Ind AS for the quarter and year ended 31st March																																	
₹ in Lakhs																																		
	<table border="1"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Quarter ended (31/03/2017) Unaudited (Note 2)</th> <th style="text-align: center;">Year ended (31/03/2017) Audited (Note 2)</th> </tr> </thead> <tbody> <tr> <td>Profit before Extraordinary Item</td> <td style="text-align: right;">15,232</td> <td style="text-align: right;">13,790</td> </tr> <tr> <td>Add: Extraordinary Item (Government grant earlier grouped as an extraordinary item) now reclassified under following :#</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>1. Other Operating Income</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>2. Other Income</td> <td style="text-align: right;">1,571.00</td> <td style="text-align: right;">16,471</td> </tr> <tr> <td>Profit after tax as per Previous GAAP</td> <td style="text-align: right;">16,803</td> <td style="text-align: right;">30,261</td> </tr> <tr> <td>Actuarial gain /(loss) on Defined Benefit Plan reclassified to Other Comprehensive Income</td> <td style="text-align: right;">(2,507)</td> <td style="text-align: right;">(3,646)</td> </tr> <tr> <td>Prior period Items*</td> <td style="text-align: right;">(100)</td> <td style="text-align: right;">24</td> </tr> <tr> <td>Net profit for the period under Ind AS</td> <td style="text-align: right;">14,196</td> <td style="text-align: right;">26,639</td> </tr> <tr> <td>Add: Other Comprehensive Income @</td> <td style="text-align: right;">2,507</td> <td style="text-align: right;">3,646</td> </tr> <tr> <td>Total Comprehensive income under Ind AS as reported</td> <td style="text-align: right;">16,703</td> <td style="text-align: right;">30,285</td> </tr> </tbody> </table>	Particulars	Quarter ended (31/03/2017) Unaudited (Note 2)	Year ended (31/03/2017) Audited (Note 2)	Profit before Extraordinary Item	15,232	13,790	Add: Extraordinary Item (Government grant earlier grouped as an extraordinary item) now reclassified under following :#	-	-	1. Other Operating Income	-	-	2. Other Income	1,571.00	16,471	Profit after tax as per Previous GAAP	16,803	30,261	Actuarial gain /(loss) on Defined Benefit Plan reclassified to Other Comprehensive Income	(2,507)	(3,646)	Prior period Items*	(100)	24	Net profit for the period under Ind AS	14,196	26,639	Add: Other Comprehensive Income @	2,507	3,646	Total Comprehensive income under Ind AS as reported	16,703	30,285
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	*Prior period expense directly adjusted in opening reserves, not through profit and loss statement.																																	
#	As per Ind AS 20, Government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, shall be recognised in profit or loss of the period in which it becomes receivable. Hence, the grant related to the current reporting period is reflected under "Revenue from operations" and previous period is reflected under "Other Income".																																	
@	Other Comprehensive Income represents actuarial gain on account of remeasurement of net defined liability/asset without considering tax effect thereon, as the Company is incurring losses and has carried forward losses, due to which there is no tax liability.																																	
7	A Limited Review of the above Unaudited Financial Results has been carried out by Statutory Auditors of the Company pursuant to Regulation 33 of SEBI(Listing Obligations and Disclosures Requirements) Regulations,2015.																																	
8	Corresponding Quarter figures have been regrouped/restated wherever necessary.																																	
9	The Company is primarily engaged in the business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated/ancillary services and there are no other reportable segments as per Indian Accounting Standard(Ind AS)																																	
10	The Company is a Sick Company as per provisions of Sick Industrial Companies Act(SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 crore in February, 2014, for revival of ITI under Rehabilitation Scheme.																																	
11	The above results are available at www.itild-india.com and website of stock exchanges at www.bseindia.com and nseindia.com																																	
12	ITI has invested in 49% of Equity Share Capital of its Joint Venture "India Satcom Limited" for the cost of ₹40.55 lakhs. According to Ind AS 28, the consolidation of interest in joint ventures can be done by using "Equity Method", wherein the share of investor in the net worth of investee can be directly taken as value of investment in the books of investor and the difference between old value and new value will be credited/debited to Other Comprehensive income as the investment in equity shares has been classified as "Equity Instruments through Other Comprehensive Income".																																	

Particulars	Quarter ended (31/03/2018)
INVESTOR COMPLAINTS:	
Pending at the beginning of the quarter	Nil
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	Nil

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants
Firm Reg No.:003582S


V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bangalore
Date :19.05.2018


CHITTARANJAN PRADHAN
Director-Finance


For ITI LIMITED
S GOPU
Chairman and Managing Director



Statement of Consolidated Assets and Liabilities

₹ in Lakhs

Particulars	As at	As at
	31/03/2018	31/03/2017
	Audited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant & Equipment	2,58,408	2,47,868
(b) Capital work-in-progress	14,929	10,159
(c) Investment Property	3,559	2,771
(d) Goodwill	-	-
(e) Intangible assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets		
(i) Investments	3,767	4,078
(ii) Trade receivables	588	-
(iii) Loans	18	26
(iv) Others	-	-
(i) Deferred Tax Assets (net)	-	-
(j) Other non current assets	-	-
TOTAL	2,81,270	2,64,902
(2) Current assets		
(a) Inventories	15,590	14,229
(b) Financial Assets		
(i) Investments	-	-
(i) Trade receivables	3,12,374	2,19,595
(iii) Cash and cash equivalents	4,126	2,440
(iv) Bank Balances other than (iii) above	28,349	14,191
(v) Loans	38,548	33,348
(vi) Unbilled Revenue	19,344	3,667
(vii) Others	-	-
(c) Current Tax Assets (Net)	-	-
(d) Other current assets	4,883	2,948
TOTAL	4,23,212	2,90,418
TOTAL	7,04,482	5,55,321
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	76,000	56,000
(b) Other Equity	90,511	53,973
TOTAL	1,66,511	1,09,973
Liabilities		
(1) Non-Current Liabilities		
(a) Government Grants	11,909	12,289
(b) Financial Liabilities		
(i) Borrowings	30,000	30,000
(ii) Trade Payables	-	-
(iii) Others	1,815	1,444
(c) Provisions	6,800	5,831
(d) Deferred Tax Liabilities (Net)	-	-
(e) Other Non-Current Liabilities	-	-
TOTAL	50,524	49,565
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	92,632	87,917
(ii) Trade payables	2,26,165	1,97,600
(iii) Others	82,414	72,359
(b) Provisions	12,006	14,837
(c) Current Tax Liabilities (Net)	-	-
(d) Other current liabilities	74,229	23,070
TOTAL	4,87,447	3,95,783
TOTAL	7,04,482	5,55,321

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants
Firm Reg No :003582S


V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bangalore
Date : 19.05.2018


CHITTARANJAN PRADHAN
Director-Finance

For **IT LIMITED**

S. GOPU
Chairman and Managing Director

SANKARAN & KRISHNAN

CHARTERED ACCOUNTANTS

197, 'Sai Krupa'
6th 'A' Main
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITI LIMITED

Report on the Consolidated Ind AS Financial Statements:

We have audited the accompanying consolidated Ind AS financial statements of ITI LIMITED its joint venture INDIA SATCOM LIMITED (together referred to as "the Company") and its share of profit of its Associate, comprising of the consolidated Balance Sheet as at 31 March, 2018, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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, including the Ind AS,

- a) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31 March 2018.
- b) in the case of the consolidated statement of profit and loss, of the profit (financial performance including other comprehensive income) for the year ended on that date; and
- c) in the case of the consolidated cash flow statement and statement of changes in equity, of the cash flows and the changes in equity, for the year ended on that date.

Other Matters

- a) The comparative financial information of ITI Limited for the year ended 31 March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor statutory auditors whose report for the year ended 31 March 2017 and 31 March 2016 dated 22nd August 2017 and 30th May 2016 respectively, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
- b) The comparative financial information of the its joint venture viz., INDIA SATCOM LIMITED for the year ended 31 March 2017 and the transition date opening balance sheet



as at 1st April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the other statutory auditors whose report for the year ended 31 March 2017 and 31 March 2016, dated 22nd September 2017 and 30th September 2016, respectively, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us (The comparative financial information for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2016 in respect of its joint venture included in these consolidated Ind AS financial statements, prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us.

- c) The consolidated Ind AS financial statements reflects assets of the joint venture viz., INDIA SATCOM LIMITED of Rs 3767.37 lakhs as "Investment under Equity Method" and includes its joint venture's share of net loss (including Other Comprehensive Income) of Rs 311.00 lakhs, whose financial statements have not been audited by us
- d) These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture is based solely on the reports of the other auditors.
- e) As there is no Going Concern assumption present in Indian Satcom Limited, we consider only Land and Cash & Cash Equivalents as reliable assets for calculation of Net Worth in conservative basis.
- f) The Statutory auditors of joint venture has reported that they are unable to comment on the going concern concept adopted by the company in view of fact that the financial indications suggest that the going concern assumption may no longer apply to the company,

Basis of Qualified Opinion

Qualifications not quantifiable- in the case of ITI Limited: -

- (a) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation (BMTC) to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres, has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 31.16);
- (b) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 31.18)

Our opinion is modified in respect of these matters.



Qualifications quantifiable in the case of ITI Limited

Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.31.22);

Our opinion is modified in respect of these matters.

Opinion – in the case of ITI Limited

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the various matters described in the ‘Basis of Qualified Opinion’ paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its Profit and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to the following matters in the Notes to the Consolidated Financial Statements

- a) The profit for the year has been arrived at after making adjustments for the following items:
 - i) Write-back of liabilities of earlier years amounting to Rs 11214.51 lacs. -Refer Note No. 12 (c)
 - ii) Rs 9211.48 lacs being the difference between the compensation received from KIADB for surrender of land and its original cost. -Refer Note No.12(b)
 - iii) Rs 7998.00 lacs representing grants received related to previous years towards salaries, PF and Gratuity has been credited to Other Income. Refer Note No.12 (d)
 - iv) Rs 154.00 lacs being the profit recognised in Rae Bareli unit regarding transaction of earlier years.
- a) Further the Branch auditors of Rae Bareli Unit has reported that from FY 2012-13 onwards till 31st July 2017 on the basis of provisional invoices for GPON AMC services rendered by a service provider to BSNL for a total amount of Rs. 6151 lacs as the turnover based on the provisional invoice and included under the head “Revenue from Operations” and the same has been included under the head “Unbilled revenue” under the head Current Assets” in the financial statements. -Refer Note No.12 (e)
- b) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments - Refer Note No.1;



- c) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable – (Refer Note No. 31.17);
- d) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, sub-contractors/others, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, Income Tax, GST, TDS, etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation and we are unable to comment on the impact of the same on the accounts of the company (Refer Note 31.4);
- e) The Company is Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of Rs. 4156.79 Crores in February 2014, for Revival of ITI under Rehabilitation Scheme (Refer Note No. 31.15)
- f) Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- g) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the balance sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 31.20)

Our opinion is not modified in respect of these matters.

Other Matters – in the case of ITI Limited

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 266222.77 Lakhs as at March 31, 2018, total revenues of Rs. 95092.32 Lakhs and Profit after tax of Rs. 3271.45 Lakhs for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors.
- b) We have relied on the financial statements of Regional Offices whose financial statements reflect total assets of Rs.46320.79 Lakhs as at March 31, 2018, total revenues of Rs.17599.97 Lakhs and Profit after tax of Rs.586.35 Lakhs for the year ended on that date. These financial statements of ROs have been certified by the Management and furnished to us and our report is based solely on such unaudited financial statements
- c) We draw attention to Note No.31.5 regarding disclosure of segment information as required under Ind AS 108.



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Units not visited by us.
 - c) The reports on the accounts of those Units of the Company audited under Section 143 (8) of the Act by the Unit auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the units not visited by us.
 - e) Except for matters described in the Basis of Qualified opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of Notification No. G S R 463(E) dated June 05, 2015;
 - g) The matters described in the basis of qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

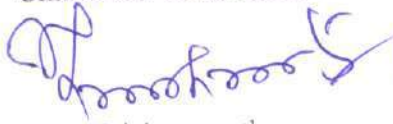


i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31.11(b) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company

As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the ITI Limited

For SANKARAN & KRISHNAN
Chartered Accountants FRN: 003582S



V.V. Krishnamurthy
Partner
Membership No. 027044

Place: Bangalore
Date: 19th May 2018

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ITI LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of ITI LIMITED and its joint venture INDIA SATCOM LIMITED, which are companies incorporated in India, as of that date (together called the Company)

Management's Responsibility for Internal Financial Controls:

The respective Board of Directors of the Company, its joint venture company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the ITI LIMITED.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Disclaimer of Opinion – in case of ITI LIMITED

We have been informed that a report has been obtained from a consultant the company is in the process of implementation a system of internal financial controls over financial reporting as per the provisions Section 143(3) of the Companies Act 2013. In the absence of a detailed verification on the implementation of the report submitted by the consultants, we are unable to determine if the holding has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

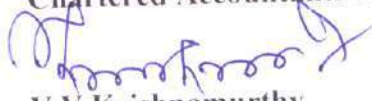
We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a qualified opinion on the financial statements.



Opinion – in the case of INDIA SATCOM LIMITED

The system of internal financial controls over financial reporting with regard to its joint venture INDIA SATCOM LIMITED has been audited by other auditors who have reported that joint venture has established adequate internal financial control over financial reporting and were operating effectively as at March 31, 2018

For SANKARAN & KRISHNAN
Chartered Accountants FR No.: 003582S



V.V. Krishnamurthy
Partner
Membership No. 027044



Place : Bangalore
Date : 19th May 2018

Annexure -C

Directions under Section 143(5) of the New Companies Act, 2013 issued by the Comptroller and Auditor General of India to the Statutory Auditors of ITI Limited, for conducting audit of accounts for the year 2017-18.


S.No.	Area	Auditor Comment
a)	Whether the Company has clear title / lease deeds for Freehold and Leasehold respectively? If not Please state, the area of Freehold and Leasehold land for which title / lease deeds are not available.	<p>As per the information furnished by the Company and the reports of the respective Branch Auditors, our comments are as below:</p> <p>i) Bangalore: - ITI is in possession of 435 acres of land at K.R. Puram. Out of which Company is having title deeds for an area of approximately 375 acres. For balance area action has been taken to obtain the title deeds. The land is not Freehold Land. However, record of rights exists with the Company for use of land. At Magrath Road, ITI is having land 0.77 acres of land which is freehold land. The title deed is available. At Electronic City, The Company is having 54.25 acres of land for which land title is available with the company. The land is freehold land.</p> <p>ii) Palakkad: - The Company has clear Title/Lease deeds for freehold and leasehold land respectively except in respect of land admeasuring 77 acres which has been resumed by Govt of Kerala and is under adjudication before apex court.</p> <p>iii) Mankapur: - Mankapur unit has 161.27 (113.05+48.22) acres of land which is acquired by the ITI by the order of commissioner. Revenue/ mutation records is with the management. Secondly, 191.03 acres of land has been purchased from private owners out of which title deed of 41.77 acres land are not available with the management. Further it is advised that management should properly check all the documents related to the title deeds in an</p>



		<p>organised manner with the help of any civil lawyers for establishing the clear ownership of land to ITI.</p> <p>There is no leasehold land as with the Mankapur unit as informed to us.</p> <p>iv) Raebareli: - We have verified the lease deed of 9.68 acres from UPSIDC which was in the name of the company. Rest of the land title deeds are maintained at corporate office, hence could not be verified by us.</p> <p>v) Naini: -As per information and explanations given to us, ITI Complex land (174.69 acres) was handed over to the ITI Ltd. Naini by District Industrial Officer in 1969. The title deed of this land is still not transferred in the name of M/s ITI Ltd.</p>
b)	Whether there are any cases of waiver /write off Debts/loans/Interest etc., if yes, the reasons therefore and the amount involved.	No Such Cases
c)	Whether proper records are maintained for inventories lying with third parties & assets received as gift(s) from Govt. or other authorities	Proper records are being maintained for the inventories lying with third parties and assets received as gift/grant(s) from Govt or other authorities. However, during the year, there is no case of assets received as gift/grant(s) from Govt. or other authorities.

**For Sankaran & Krishnan
Chartered Accountants**

Firm Registration No: 003582S





**V.V.Krishnamurthy
Partner**

Membership No: 027044

Place: Bangalore

Date: May 19, 2018



ITI LIMITED
Reg. & Corporate Office,
ITI Bhavan, Doorvaninagar, Bangalore-560016
Website: www.itilt-d-india.com
Email Address: "cosecy_crp@itilt-d.co.in"
CIN No: L32202KA1950GOI000640

Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March 2018

₹ in Lakhs except per share data

SL No	Particulars	Quarter Ended			Year ended	
		31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
		Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income					
	Revenue from Operations	78,991	25,097	70,013	1,47,515	1,52,812
	Other Income	9,029	10,608	18,783	32,745	54,058
	Total Revenue	88,020	35,705	88,776	1,80,260	2,06,870
2	Expenses					
	(a) Cost of Materials Consumed & Services	45,937	17,051	31,052	83,952	73,466
	(b) Purchase of stock-in-trade	19,180	1,289	26,780	23,198	51,219
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(255)	(1,078)	(1,767)	1,177	(1,762)
	(d) Employee benefits expense	4,810	4,975	7,780	22,550	30,087
	(e) Finance costs	3,945	3,719	4,390	15,341	15,262
	(f) Depreciation and amortisation expense	991	515	654	2,486	1,694
	(g) Other expenses	2,628	1,610	5,691	8,501	10,265
	Total Expenses	77,236	28,081	74,580	1,57,204	1,80,231
3	Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (1 - 2)	10,784	7,624	14,196	23,056	26,639
4	Prior period Items	-	-	-	-	-
5	Profit / (Loss) before exceptional, extraordinary items and tax (3 + 4)	10,784	7,624	14,196	23,056	26,639
6	Exceptional Items	-	-	-	-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)	10,784	7,624	14,196	23,056	26,639
8	Extraordinary Items	-	-	-	-	-
9	Profit / (Loss) before tax (7 + 8)	10,784	7,624	14,196	23,056	26,639
10	Tax Expense:					
	(1) Current Tax	-	-	-	-	-
	(2) Deferred Tax	-	-	-	-	-
11	Profit / (Loss) for the period (9 - 10)	10,784	7,624	14,196	23,056	26,639
12	Other comprehensive Income/(Loss)					
	Items not to be reclassified to Profit or Loss in subsequent period	(2,447)	968	2,574	457	3,873
	Other comprehensive Income/(Loss) for the period	(2,447)	968	2,574	457	3,873
13	Total comprehensive Income for the period (comprising profit/Loss) and other comprehensive Income for the period (11+12)	8,337	8,592	16,770	23,513	30,512
14	Paid up equity share capital (Face value of ₹10/- each)	76,000	76,000	56,000	76,000	56,000
15	i) Earnings Per Share (before extraordinary items and prior period items) (of ₹10/- each):					
	(a) Basic	1.01	1.17	3.09	3.23	6.77
	(b) Diluted	1.01	1.17	3.09	3.23	6.77
	ii) Earnings Per Share (after extraordinary items and prior period items) (of ₹10/- each):					
	(a) Basic	1.01	1.17	3.09	3.23	6.77
	(b) Diluted	1.01	1.17	3.09	3.23	6.77
	See accompanying note to the Financial Results					





NOTES:

1	The above financial results for the year ended 31.03.2018 were reviewed by the Audit Committee and upon its recommendations, were approved by the Board of Directors at their meeting held on 19.05.2018	
2	The Company adopted Indian Accounting Standards ("Ind AS") effective 1st April 2017 (Transition date being April 1, 2016) and accordingly, the financial results for the year ended March 31, 2018 have been prepared in accordance with the recognition and measurement principles laid down in Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The Ind AS financial results and financial information for the year ended 31st March 2017 presented after incorporating applicable Ind AS adjustments, has not been subject to any limited review or audit. The management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs (Refer to point 2 of our report).	
3	Revenue from operations for the period upto June 30, 2017 includes excise duty/service tax. Post the applicability of Goods and Service Tax w.e.f. July 1, 2017, Revenue from operations are disclosed, net of GST. Accordingly Revenue from operations for the quarter and year ended March 31, 2018 are not comparable with the previous periods.	
4	Other Income for the quarter and year ended 31.03.2018 includes compensation received from KIADB towards acquisition of land for Metro project . The difference between the receipt of surrender of land and its original cost amounting to for ₹5011.48 for the quarter ended 31st March 2018 and ₹9211.48 for the year have been credited to other income. In addition the amount of ₹ 13298 lakhs of Grant received from Govt. of India (of which ₹7998 lakhs pertains to previous years) towards salaries, PF and Gratuity has been credited to Other Income. ₹5300 lakhs has been accounted under other operating income as this pertains to current year expenses for the year ended 31.03.2018. Under Ind AS, the same has been reclassified under Other Income.	
5	Other Income for the quarter and year ended 31.03.2018 includes ₹21.08 Crores and ₹112.15 Crores respectively, represents, provisions / liabilities written back/ no-longer required related to earlier years.	
6	Reconciliation of net profit under the previously applicable Generally Accepted Accounting Principles in India(referred to as the Previous GAAP) and total comprehensive income as reported in these financial results under Ind AS for the quarter and year ended 31st March 2017 is as under:	
₹ in Lakhs		
Particulars	Quarter ended (31/03/2017) Unaudited (Note 2)	Year ended (31/03/2017) Audited (Note 2)
Profit before Extraordinary Item	15,299	14,017
Add: Extraordinary item (Government grant earlier grouped as an extraordinary item) now reclassified under following #	-	-
1. Other Operating Income	-	-
2. Other Income	1,571.00	16,471
Profit after tax as per Previous GAAP	16,870	30,488
Actuarial gain /(loss) on Defined Benefit Plan reclassified to Other Comprehensive Income	(2,574)	(3,873)
Prior period Items*	(100)	24
Net profit for the period under Ind AS	14,196	26,639
Add: Other Comprehensive Income @	2,574	3,873
Total Comprehensive income under Ind AS as reported	16,770	30,512
*Prior period expense directly adjusted in opening reserves, not through profit and loss statement.		
#	As per Ind AS 20, Government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, shall be recognised in profit or loss of the period in which it becomes receivable. Hence, the grant related to the current reporting period is reflected under "Revenue from operations" and previous period is reflected under "Other Income".	
@	Other Comprehensive Income represents actuarial gain on account of remeasurement of net defined liability/asset without considering tax effect thereon, as the Company is incurring losses and has carried forward losses, due to which there is no tax liability.	
7	A Limited Review of the above Unaudited Financial Results has been carried out by Statutory Auditors of the Company pursuant to Regulation 33 of SEBI(Listing Obligations and Disclosures Requirements) Regulations,2015.	
8	Corresponding Quarter figures have been regrouped/restated wherever necessary.	
9	The Company is primarily engaged in the business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated/ancillary services and there are no other reportable segments as per Indian Accounting Standard(Ind AS) 108.	
10	The Company is a Sick Company as per provisions of Sick Industrial Companies Act(SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 crore in February, 2014, for revival of ITI under Rehabilitation Scheme.	
11	The above results are available at www.itild-india.com and website of stock exchanges at www.bseindia.com and nseindia.com	

Particulars	Quarter ended (31/03/2018)
INVESTOR COMPLAINTS:	
Pending at the beginning of the quarter	Nil
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	Nil

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants
Firm Reg No.:003582S



V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bangalore
Date :19.05.2018

CHITTARANJAN PRADHAN
Director-Finance

For ITI LIMITED

S. GOPU
Chairman and Managing Director



Statement of Assets and Liabilities

₹ in Lakhs

Particulars	As at	As at
	31/03/2018	31/03/2017
	Audited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant & Equipment	2,58,408	2,47,868
(b) Capital work-in-progress	14,929	10,159
(c) Investment Property	3,559	2,771
(d) Goodwill	-	-
(e) Intangible assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets	-	-
(i) Investments	41	41
(ii) Trade receivables	588	-
(iii) Loans	18	26
(iv) Others	-	-
(i) Deferred Tax Assets (net)	-	-
(j) Other non current assets	-	-
TOTAL	2,77,543	2,60,865
(2) Current assets		
(a) Inventories	15,590	14,229
(b) Financial Assets	-	-
(i) Investments	-	-
(ii) Trade receivables	3,12,374	2,19,595
(iii) Cash and cash equivalents	4,126	2,440
(iv) Bank Balances other than (iii) above	28,349	14,191
(v) Loans	38,548	33,348
(vi) Unbilled Revenue	19,344	3,667
(vii) Others	-	-
(c) Current Tax Assets (Net)	-	-
(d) Other current assets	4,883	2,948
TOTAL	4,23,212	2,90,418
TOTAL	7,00,755	5,51,283
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	76,000	56,000
(b) Other Equity	86,784	49,935
TOTAL	1,62,784	1,05,935
Liabilities		
(1) Non-Current Liabilities		
(a) Government Grants	11,909	12,289
(b) Financial Liabilities	-	-
(i) Borrowings	30,000	30,000
(ii) Trade Payables	-	-
(iii) Others	1,815	1,444
(c) Provisions	6,800	5,831
(d) Deferred Tax Liabilities (Net)	-	-
(e) Other Non-Current Liabilities	-	-
TOTAL	50,524	49,565
(2) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	92,632	87,917
(ii) Trade payables	2,26,165	1,97,600
(iii) Others	82,414	72,359
(b) Provisions	12,006	14,837
(c) Current Tax Liabilities (Net)	-	-
(d) Other current liabilities	74,229	23,070
TOTAL	4,87,447	3,95,783
TOTAL	7,00,755	5,51,283

As per our report of even date
For SANKARAN & KRISHNAN
Chartered Accountants
Firm Reg No.:003582S



For ITI LIMITED

CHITTARANJAN PRADHAN

Director-Finance

S GOPU

Chairman and Managing Director

V.V. Krishnamurthy
Partner
M. No. 027044
Place: Bangalore
Date: 19.05.2018

SANKARAN & KRISHNAN CHARTERED ACCOUNTANTS

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Independent Auditor's Report

TO THE MEMBERS OF ITI LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of ITI LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income) and, the Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Rai Bareli, Naini, Mankapur, Palghat and Srinagar.

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis of Qualified Opinion

Qualifications not quantifiable

- (a) No provision for the permanent diminution in the value of the Investment of Rs 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company has been ascertained as required by Accounting Standard 13 on 'Accounting for Investments' read with in the Significant Accounting Policy No.5, in view of the negative net worth and Statutory Auditors of the JV in their Report for the year ended 31.03.2018 have expressed their inability to comment on the going concern concept adopted by the said JV.
- (b) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation (BMTC) to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres, has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 31.16);



- (c) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 31.18)

Our opinion is modified in respect of these matters.

Qualifications quantifiable

Non-provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from premises leased out to C-DOT upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization (Refer Note No.31.22);

Our opinion is modified in respect of these matters.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the various matters described in the 'Basis of Qualified Opinion' paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its Profit and its cash flows for the year ended on that date

Emphasis of matter

We draw attention to the following matters in the Notes to the Financial Statements

- a) The profit for the year has been arrived at after making adjustments for the following items:
- i) Write-back of liabilities of earlier years amounting to Rs 11214.51 lacs. -Refer Note No. 12 (c)
 - ii) Rs 9211.48 lacs being the difference between the compensation received from KIADB for surrender of land and its original cost. -Refer Note No.12(b)
 - iii) Rs 7998.00 lacs representing grants received related to previous years towards salaries, PF and Gratuity has been credited to Other Income. Refer Note No.12 (d)
 - iv) Rs 154.00 lacs being the profit recognised in Rae Bareli unit regarding transaction of earlier years.
- a) Further the Branch auditors of Rae Bareli Unit has reported that from FY 2012-13 onwards till 31st July 2017 on the basis of provisional invoices for GPON AMC services



rendered by a service provider to BSNL for a total amount of Rs. 6151 lacs as the turnover based on the provisional invoice and included under the head "Revenue from Operations" and the same has been included under the head "Unbilled revenue" under the head Current Assets" in the financial statements. -Refer Note No.12 (e)

- b) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments - Refer Note No.1;
- c) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable – (Refer Note No. 31.17);
- d) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, sub-contractors/others, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, Income Tax, GST, TDS, etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation and we are unable to comment on the impact of the same on the accounts of the company (Refer Note 31.4);
- e) The Company is Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of Rs. 4156.79 Crores in February, 2014, for Revival of ITI under Rehabilitation Scheme (Refer Note No. 31.15)
- f) Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered. (Refer Note 31.19)
- g) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the balance sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 31.20)

Our opinion is not modified in respect of these matters.

Other Matters

- a) We did not audit the financial statements of five Units whose financial statements reflect total assets of Rs. 266222.77 Lakhs as at March 31, 2018, total revenues of Rs. 95092.32 Lakhs and Profit after tax of Rs. 3271.45 Lakhs for the year ended on that date. These financial statements are audited by the respective Unit Auditors appointed by the Comptroller & Auditor General of India whose reports have been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such other auditors.



- b) We have relied on the financial statements of Regional Offices whose financial statements reflect total assets of Rs.46320.79 Lakhs as at March 31, 2018, total revenues of Rs.17599.97 Lakhs and Profit after tax of Rs.586.35 Lakhs for the year ended on that date. These financial statements of ROs have been certified by the Management and furnished to us and our report is based solely on such unaudited financial statements
- c) We draw attention to Note No.31.5 regarding disclosure of segment information as required under Ind AS 108.

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

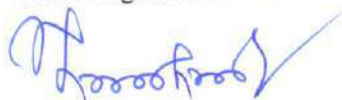
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Units not visited by us.
 - c) The reports on the accounts of those Units of the Company audited under Section 143 (8) of the Act by the Unit auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the units not visited by us.
 - e) Except for matters described in the Basis of Qualified opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of Notification No. G S R 463(E) dated June 05, 2015;
- g) The matters described in the basis of qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31.11(b) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company
3. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company – Reference Annexure C attached.

For Sankaran & Krishnan
Chartered Accountants
Firm Registration No: 03582S



V.V.Krishnamurthy
Partner

Membership No: 027044
Place: Bangalore
Date: May 19, 2018



Annexure - A to the Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets on the basis of available information.

(b) According to the information and explanations given to us and on the basis of the Report of the Other Auditors, fixed assets at all other locations have been physically verified by the management periodically in a phased manner and no material discrepancies were noticed on such verification.
- ii. According to the information and explanations given to us, inventories have been physically verified by the management at reasonable intervals. According to the information and explanations given to us and based on the Report of the Other Auditors, no material discrepancies were noticed on physical verification of the inventories at the locations where Management had carried out physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore paragraph 3(iii) of the Order is not applicable to the Company.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans provided to the parties covered under Section 186.



- v. The Company has not accepted deposits from public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.
- vi. We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the company examined by us and on the basis of Report of the Other Auditors, in our opinion, the Company is not regular in depositing undisputed statutory dues including Provident Fund employees' state insurance, TDS, sales-tax, service tax, duty of customs duty, excise duty, GST, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of Rs.819.77 lakhs, Rs 9221.64. lakhs, Rs 4327.65 lakhs and Rs 1419.33 lakhs pending as arrears pertaining to Provident Fund in the books of Naini, Raebareli, Mankapur and Bangalore Plant units respectively, and further a sum of Rs.57.13 lakhs pending as arrears towards U.P Trade Tax on Sales in the books of Raebareli which are not disputed and are outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the Report of the Other Auditors, statutory dues that have not been deposited with the appropriate authorities on account of any dispute are as follows:

Sl. No.	Name of the statute	Nature of dues	Amount in Rs. Lakhs	Period to which the dispute relates	Forum where the dispute is pending
1.	Central Excise Act, 1944	Nil rate of duty availed on Software disputed by CE dept (Net of Pre deposit Rs.200.00 lakhs)	637.00	2003-2005	Custom Excise & Service Tax Appellate Tribunal



2.	Central Excise Act, 1944	ED Demanded on R&D prototype modules for field trail. Stay extended (net of pre deposit Rs.30.00 lakhs)	299.00	2006-07	Custom Excise & Service Tax Appellate Tribunal
3.	Central Excise Act, 1944	Duty Short paid	0.99	1998-99	Custom Excise & Service Tax Appellate Tribunal
4.	Central Excise Act 1944	Nil Rate of Duty availed on software disputed by Central excise dept (Net of Pre deposit Rs. Rs.14.00)	496.76	2001-2002 2002-2003	Custom Excise & Service Tax Appellate Tribunal
5.	Central Excise Act 1944	CENVAT Credit	376.00	2007-2008	Custom Excise & Service Tax Appellate Tribunal
6.	Central Excise Act 1944	110%/115% demanded on transfer of purchased items to sister units	108.28	2007-2008	Custom Excise & Service Tax Appellate Tribunal
7.	UP VAT	Sales Tax	264.89	1986-1989	UP Government
8.	UP VAT	Sales Tax	15.32	1989-1996	UP Government
9.	UP VAT	Sales Tax	158.12	1987-1989 1996-1998 2000-2002	UP Government
10.	UP VAT	Sales Tax	429.96	1987-1989 1996-1998 2000-2002	Member Tribunal
11.	Income Tax Act, 1961	Penalty/Additional fees For TDS	19.48	2007-2016	CPC (TDS)
12.	Finance Act, 1994	Service Tax	8435.14	2009-10 to 2013-14	Tribunal Allahabad
13.	Finance Act, 1994	Service Tax	1992.19	2009-10 to 2013-14	Tribunal Allahabad



14.	Central Sales Tax, 1956	Demand of Additional Tax against Form C	1013.98	2005-2006	Addl Commissioner, Appeals Commercial Tax, Allahabad
15.	Central Sales Tax, 1956	Demand of Additional Tax against Form C	2.64	2007-08	Dy. Commissioner sector 14, Commercial Tax, Allahabad
16.	Central Sales Tax, 1956	Demand of additional Tax Against Form C/F	9.23	2008-09	Addl Commissioner, Appeals Commercial Tax, Allahabad
17.	Central Sales Tax, 1956	Addl. Commissioner Appeals Commercial Tax Allahabad	7.48	2009-10	Joint Commissioner, Commercial Tax, Allahabad
18.	Central Sales Tax, 1956	Demand of Additional Tax Against Form C/F	60.57	2010-11	Dy. Commissioner sector 14, Commercial Tax, Allahabad
19.	Central Sales Tax, 1956	Remand Order against appeal granted	10.96	2011-12	Addl Commissioner, Appeals Commercial Tax, Allahabad
20.	Central Sales Tax, 1956	Remand Order against appeal granted	96.17	2012-13	Dy. Commissioner sector 14, Commercial Tax, Allahabad
21.	Central Sales Tax, 1956 UP – VAT	Demand of Tax	86.75	2013-14	Addl Commissioner(Appeals), Commercial Tax, Allahabad
22.	CESTAT- UPVAT	Demand Claim	27.50	2017-18	Appeal filed with Tribunal
23.	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
24.	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad



25.	CST	Sales Tax	400.08	2003-04	KVAT – Appeal
26.	CST	Sales Tax	111.20	2013-14	DC- Appeal
27.	CST	Sales Tax	13.25	2014-15	DC- Appeal
28.	CST	Sales Tax	13.56	2015-16	DC- Appeal
29.	CST	Sales Tax	250.00	2016-17	DC- Appeal
30.	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
31.	Central Excise Act, 1944	Provision for obsolescence	52.28	2011-2012	Commissioner of Central Excise, Calicut
32.	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
33.	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut
34.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
35.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
36.	Sales Tax Act	Sales Tax	506.70	2000-2001 2001-2002 2003-2004 2005-2006	Trade Tax Tribunal, Lucknow
37.	Sales Tax & Entry Tax Act	Sales Tax	226.23	1998-1999 2000-2005 2006-2009	Additional Commissioner (TradeTax) Lucknow
38.	Sales Tax Act	Sales Tax	0.93	2000-2001	Dy. Commissioner (Trade Tax) RBL



39.	Sales Tax	Sales Tax	185.23	2009-2013	Additional Commissioner (TradeTax) Lucknow
40.	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	827.55	2008-09 to 2017-18	High Court of Karnataka
41.	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-14	Commercial Tax Officer, Thirpunithura
42.	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-15	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
		Total	17725.91		

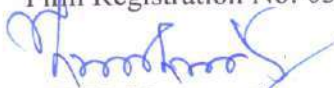
- viii. According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or Government.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No.G S R 463(E) dated June 05, 2015.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in



compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For Sankaran & Krishnan
Chartered Accountants
Firm Registration No: 03582S



V.V.Krishnamurthy
Partner

Membership No: 027044
Place: Bangalore
Date: May 19, 2018



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of ITI Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section



143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



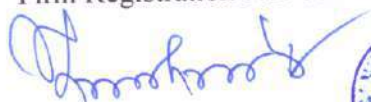
Disclaimer of Opinion

We have been informed that a report has been obtained from a consultant and the company is in the process of implementation a system of internal financial controls over financial reporting as per the provisions Section 143(3) of the Companies Act 2013 . In the absence of detailed verification on the implementation of the report submitted by the consultants, we are unable to determine whether the Company has established adequate internal financial control over financial reporting for the year under consideration as at March 31, 2018.

The system of internal financial controls over financial reporting with regard to the Units of the Company have not been audited by the respective statutory auditors of the Units and we are unable to determine if the Units have established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a qualified opinion on the financial statements.

For Sankaran & Krishnan
Chartered Accountants
Firm Registration No: 003582S



V.V.Krishnamurthy
Partner
Membership No: 027044
Place: Bangalore
Date: May 19, 2018



Compliance Certificate

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2018 in accordance with the directions / sub – directions issued by the C & AG of India under Section 139 of the Companies Act, 2013 and certify that we have complied with all the directions / sub – directions issued to us.

For Sankaran & Krishnan
Chartered Accountants
Firm Registration No: 003582S



V.V.Krishnamurthy
Partner

Membership No: 027044
Place: Bangalore
Date: May 19, 2018



Annexure -C

Directions under Section 143(5) of the New Companies Act, 2013 issued by the Comptroller and Auditor General of India to the Statutory Auditors of ITI Limited, for conducting audit of accounts for the year 2017-18.

S.No.	Area	Auditor Comment
a)	Whether the Company has clear title / lease deeds for Freehold and Leasehold respectively? If not Please state, the area of Freehold and Leasehold land for which title / lease deeds are not available.	<p>As per the information furnished by the Company and the reports of the respective Branch Auditors, our comments are as below:</p> <p>i) Bangalore: - ITI is in possession of 435 acres of land at K.R. Puram. Out of which Company is having title deeds for an area of approximately 375 acres. For balance area action has been taken to obtain the title deeds. The land is not Freehold Land. However, record of rights exists with the Company for use of land. At Magrath Road, ITI is having land 0.77 acres of land which is freehold land. The title deed is available. At Electronic City, The Company is having 54.25 acres of land for which land title is available with the company. The land is freehold land.</p> <p>ii) Palakkad: - The Company has clear Title/Lease deeds for freehold and leasehold land respectively except in respect of land admeasuring 77 acres which has been resumed by Govt of Kerala and is under adjudication before apex court.</p> <p>iii) Mankapur: - Mankapur unit has 161.27 (113.05+48.22) acres of land which is acquired by the ITI by the order of commissioner. Revenue/ mutation records is with the management. Secondly, 191.03 acres of land has been purchased from private owners out of which title deed of 41.77 acres land are not available with the management. Further it is advised that management should properly check all the documents related to the title deeds in an</p>



		<p>organised manner with the help of any civil lawyers for establishing the clear ownership of land to ITI.</p> <p>There is no leasehold land as with the Mankapur unit as informed to us.</p> <p>iv) Rachareli: - We have verified the lease deed of 9.68 acres from UPSIDC which was in the name of the company. Rest of the land title deeds are maintained at corporate office, hence could not be verified by us.</p> <p>v) Naini: -As per information and explanations given to us, ITI Complex land (174.69 acres) was handed over to the ITI Ltd. Naini by District Industrial Officer in 1969. The title deed of this land is still not transferred in the name of M/s ITI Ltd.</p>
b)	Whether there are any cases of waiver /write off Debts/loans/Interest etc., if yes, the reasons therefore and the amount involved.	No Such Cases
c)	Whether proper records are maintained for inventories lying with third parties & assets received as gift(s) from Govt. or other authorities	Proper records are being maintained for the inventories lying with third parties and assets received as gift/grant(s) from Govt or other authorities. However, during the year, there is no case of assets received as gift/grant(s) from Govt. or other authorities.

For Sankaran & Krishnan
Chartered Accountants

Firm Registration No: 003582S

V.V. Krishnamurthy

V.V. Krishnamurthy
Partner

Membership No: 027044

Place: Bangalore

Date: May 19, 2018



ANNEXURE I

Statement Of Impact Of Audit Qualifications For The Financial Year Ended March 31st, 2018

(Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016)

(In Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Audited figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	1,81,161.68	1,81,161.68
2	Total Expenditure	1,57,648.48	1,63,536.93
3	Net Profit/(Loss)	23,513.20	17,624.75
4	Earnings per share	3.23	2.31
5	Total Assets	7,00,755.00	6,94,866.55
6	Total Liabilities	5,37,970.90	5,37,970.90
7	Net worth	-71,123.87	77,012.32
8	Any other financial item(s) (as felt appropriate by the management)		

Qualification No. 1

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>No provision for the permanent diminution in the value of the Investment of Rs 40.55 lakhs in the unquoted equity shares of a Joint Venture(JV) Company has been ascertained as required by Accounting Standard 13 on 'Accounting for Investments' read with in the Significant Accounting Policy No.5, in view of the negative net worth and Statutory Auditors of the JV in their Report for the year ended 31.03.2018 have expressed their inability to comment on the going concern concept adopted by the said JV.</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management's estimation on the impact – Rs. 40.55 lakhs,</p> <p>(ii) Reasons – The assets of the JV company (Land), which has been revalued by</p>



	<p>the SBI panel valuer carries a value very much more than the cost of the investment. Hence the investment of Rs.40.55 lakhs has been shown at cost.</p> <p>(iii) Auditors' comments – Refer to the comments made in the details of qualification</p>
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Qualification No. 2

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation(BMTC) (to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres), has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 40.17)</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management's estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.</p> <p>(iii) Auditors' comments – Nil</p>


Qualification No. 3

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p>Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 40.19)</p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	<p>Audit Qualification –Not Quantified</p> <p>(i) Management's estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – efforts are being made by the company regarding the settlement of KPTC land issues at the earliest.</p> <p>(iii) Auditors' comments – Refer to the comments made in the details of qualification</p>



Qualification No. 4

II	Audit Qualification
a.	<p>Details of Audit Qualification</p> <p><i>Non provision of Rs 5847.90 lakhs towards claims doubtful of recovery, being rent receivable from on a premises leased out upto the period ended 31.3.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainty of realization</i></p>
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification – Repetitive
d.	<p>Audit Qualification – Quantified</p> <p>(i) Management’s estimation on the impact – cannot be quantified</p> <p>(ii) Reasons – The company has been rigorously following on with the DoT for resolving the pending issue of the rent due from C-DoT. Subsequently, DoT has informed ITI to present the subject to ITI Board for perusal for the further course of action. Company is of the view that provision for Rs.5847.90 Lakhs at this juncture is not required till the issue is finally settled.</p> <p>(iii) Auditors’ comments – Refer to the comments made in the details of qualification.</p>

To be signed by:	
CEO/Managing Director	
Director Finance	
Audit Committee Chairman	
Statutory Auditor	

Place: Bangalore
Date: May 19, 2018