ANNUAL REPORT 2017-2018

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BOARD OF DIRECTORS*

Shri K Alagesan
Director- Production /
Additional charge Chairman & Managing Director

Shri Chittaranjan Pradhan
Additional charge Director - Finance

Shri R M Agarwal
Director-Marketing /
Additional charge Director - Human Resources

Shri Rajesh Sharma
Deputy Director General (SU)
Department of Telecommunications

Shri Saday Krishna Kanoria
Independent Director

Smt Asha Kumari Jaswal
Independent Director

Shri Suresh Chandra Panda
Independent Director

Shri Rajen Vidyarthi
Independent Director

Dr. Akhilesh Dube
Independent Director

Shri Mayank Gupta
Independent Director

*As on 13.08.2018

COMPANY SECRETARY

Mrs S Shanmuga Priya

STATUTORY AUDITOR

M/s Sankaran & Krishnan, Bengaluru

BRANCH AUDITORS

M/s R K Chari & Co., Lucknow (Rae Bareli)
M/s Neeraj Prakash & Associates, Allahabad (Naini)
M/s P N G & Co., Faizabad (Mankapur)
M/s Varier & Associates, Palakkad (Palakkad)
M/s Amir Jan & Associates, Srinagar (Srinagar)

COST AUDITORS

M/s GNV Associates, Bengaluru
M/s Aman Malviya & Associates, Lucknow

SECRETARIAL AUDITOR

Shri D Venkateswarlu, Bengaluru

BANKERS

State Bank of India
Bank of Baroda
Central Bank of India
Punjab National Bank
Vijaya Bank
Indian Bank
Canara Bank
Development Credit Bank Limited
Axis Bank Limited
Indus Ind Bank Limited

MANAGEMENT*

CORPORATE OFFICE

Shri K Alagesan
Director - Production/
Additional Charge Chairman and Managing Director
(from 01.06.2018)

Shri R M Agarwal
Director – Marketing (from 27.04.2018) /
Additional Charge Director - Human Resources
(from 02.08.2018)

Shri Chittaranjan Pradhan
Additional Charge Director-Finance
(from 23.03.2018)

Shri A. Gnanasekaran
Chief Vigilance Officer

Shri S V R Murthy
General Manager – IA

Mrs. Malathy Menon
Chief Financial Officer

Mrs.S Shanmuga Priya
Company Secretary

*As on 13.08.2018

PLANTS / UNITS / PROJECTS

Bangalore Plant
Shri Y Muralidhar
Additional General Manager

Srinagar Plant
Shri I A Khan
Chief Manager

Naini Plant
Shri Sanjay Satyapriya
Additional General Manager

Rae Bareli Plant
Shri V B Singh
Additional General Manager

Palakkad Plant
Smt E K Jayashree
Additional General Manager

Mankapur Plant
Shri Rajiv Seth
General Manager

Network Systems Unit
Shri A K Bajoria
Additional General Manager

Research & Development
Shri Y Muralidhar
Additional General Manager

Business Co-ordination Office, New Delhi
Shri Anupam Pandey
Deputy General Manager

NOTICE

NOTICE is hereby given that the Sixty Eighth (68th) Annual General Meeting of ITI Limited will be held on Wednesday, 26th September, 2018 at 11.30 a.m. at ITI Officers Club - New Wing (1st Floor of Shakthi Bakery Building) ITI Township, Doorvani Nagar, Bengaluru - 560 016 to transact the following business:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone and consolidated financial statements of the Company as at 31st March 2018, along with the reports of the Board of Directors and Auditors and comments of Comptroller and Auditor General of India.

2. To appoint a Director in place of Shri R M Agarwal (DIN: 07333145), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri K Alagesan (DIN: 07439659), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to Section 142 of the Companies Act, 2013 the Board of Directors of ITI Limited be and is hereby authorised to fix the remuneration and other terms and conditions, including reimbursement of travelling allowance and out of pocket expenses of Statutory Auditors of the Company appointed by Comptroller and Auditor General of India and Branch Auditors of the Company for the financial year 2018-19".

II. SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order No. F.No. 14-3/2013-PSA (Pt.I) dated 11th December 2017 Shri Chittaranjan Pradhan (DIN: 08094340) be and is hereby appointed as Director of the Company, on the terms and conditions as stipulated by the Government of India."

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

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order no. F.No. E-5-5/2018-PSA dated 17th July 2018 Shri Suresh Chandra Panda (DIN: 05201584), be and is hereby appointed as Independent Director of the Company on the terms and conditions as stipulated by the Government of India, not liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order no. F.No. E-5-5/2018-PSA dated 17th July 2018 Dr. Akhilesh Dube (DIN: 08195896), be and is hereby appointed as Independent Director of the Company on the terms and conditions as stipulated by the Government of India, not liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order no. F.No. E-5-5/2018-PSA dated 17th July 2018 Shri Mayank Gupta (DIN: 03501227), be and is hereby appointed as Independent Director of the Company on the terms and conditions as stipulated by the Government of India, not liable to retire by rotation."

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

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order No. F.No. E-5-5/2018-PSA dated 17th July 2018 Shri Rajen Vidyarthi (DIN: 08196235), be and is hereby appointed as Independent Director of the Company on the terms and conditions as stipulated by the Government of India, not liable to retire by rotation."

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

    "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and in terms of Ministry of Communications order No. F.No. E-5-1/ 2018-PSA dated 01st August 2018, Shri Rajesh Sharma, DDG(SU), DoT (DIN: 08200125), be and is hereby appointed as Government Nominee Director of the Company on the terms and conditions as stipulated by the Government of India, not liable to retire by rotation."

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

    "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made there under the remuneration of Rs.3.16 Lakhs (plus applicable taxes) fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2018-19 be and is hereby ratified".

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar

By Order of the Board
For ITI LIMITED

Place : Bengaluru
Date : 13th August 2018

(S. SHANMUGA PRIYA)
COMPANY SECRETARY

NOTES:

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th September, 2018 to 26th September, 2018, both days inclusive for the purpose of the AGM.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   A person can act as a proxy on behalf of not exceeding fifty (50) Members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carring voting rights. may appoint a single person as a proxy and such person shall not Act as proxy for any other person or shareholder.

   The instrument of proxy in order to be effective should be deposited at the registered office of the company, duly completed and signed, not less than forty-eight hours before the commencement of the meeting. A proxy form for the AGM is enclosed.

3. Corporate Members / FIIs / Financial Institutions intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting, together with their specimen signatures.

4. Members are requested to bring their attendance slips duly mentioning details of their DPID and Client ID/ Folio No and signed.

5. In case of joint holders attending the meeting, only such joint holder who is first/ earlier in the order of names will be entitled to vote at the meeting.

6. Members may note that the Notice of the Annual General Meeting and the Annual Report is available on the Company's website http://www.itiltd-india.com/ for download. The physical copies of such documents are available at the company's registered office in Bengaluru for inspection during normal business hours on all working days upto date of meeting. Members desiring to receive the reports

in physical form, even after registering for e-mail mode, may request for the same, which reports will be dispatched free of cost. For any communication in this regard, members may send their request letter to cosecy_crp@itiltd.co.in / csoffice_crp@itiltd.co.in

7. Members requiring information on the Accounts are requested to write to the Company at least fifteen days before the date of the Meeting so that the required information could be kept ready.

8. Pursuant to provisions of the Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief resume/ profile of the Directors eligible for appointment/ re-appointment vide Item Nos. 2, 3, 5, 6, 7, 8, 9 and 10 are attached here to as Annexure A

9. The relevant statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the meeting is annexed hereto and forms part of the notice.

10. Members may visit the website of the Company www.itiltd-india.com for more information on the Company.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts.

12. The shareholders holding the shares in physical form are requested to update his/her PAN and bank account details with the Company, as mandated by the Securities and Exchange Board of India (SEBI) vide its circular no SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018. A circular in this regard was sent individually to all the shareholders, who have held the shares in physical form. Also, the SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 has mandated that with effect from December 5, 2018, any requests for effecting transfer of securities, shall not be processed unless the securities are held in the dematerialized form with a depository. The members are requested to take note of the same and initiate necessary steps to dematerialise your shares, which are held in physical form.

13. Members are requested to advise the Share Transfer Agents, M/s. Integrated Registry Management Services Private Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 and their respective Depository Participants immediately of any change in their address.

14. To support the Green Initiative, Members are requested to register /update their email addresses with Share Transfer Agent of the Company, for receiving the documents in electronic form. Members holding shares in electronic form may also register/ update their email ids with their depositories. It may also be noted that the shareholders opting to receive communication in electronic mode may also be furnished free of cost, with a copy of the above mentioned documents, upon receipt of request to cosecy_crp@itiltd.co.in.

15. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are appended to this Notice as Annexure-B.

16. Members/ their Proxies/ Representatives are requested to note:-

    i. To bring their copies of Annual report to AGM
    ii. That no brief case or bag will be allowed to be taken inside the auditorium for security reasons.
    iii. That no gifts will be distributed at the venue of the AGM

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar

By Order of the Board
For ITI LIMITED

Place : Bengaluru
Date : 13th August 2018

(S. SHANMUGA PRIYA)
COMPANY SECRETARY

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

Item No. 5 to 11

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

Shri Chittaranjan Pradhan

Shri Chittaranjan Pradhan (DIN: 08094340), was entrusted with additional charge of the post Director (Finance) vide Ministry of Communications order no F. No. 14-3/2013 – PSA (Pt.I) dated 11th December 2017. However, Shri Chittaranjan Pradhan assumed the charge on 23rd March 2018 and was appointed as Additional Director on the Board of the Company and in terms of Section 161 of the Companies Act, 2013, Shri Chittaranjan Pradhan can hold office up to the date of the ensuing Annual General Meeting.

Shri Chittaranjan Pradhan, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as a Director.

Shri Suresh Chandra Panda

The Ministry of Communications vide order No. F. No. E-5-5/ 2018-PSA dated 17th July 2018 has conveyed the approval for the appointment of Shri Suresh Chandra Panda (DIN: 05201584) as Non Official Independent Director with effect from 17th July 2018.

Shri Suresh Chandra Panda was inducted into the Board as an Additional Director and in terms of Section 161 of the Companies Act, 2013 Shri Suresh Chandra Panda can hold office up to the date of the ensuing Annual General Meeting.

Shri Suresh Chandra Panda, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as an Independent Director.

Dr. Akhilesh Dube

The Ministry of Communications vide order No. F. No. E-5-5/ 2018-PSA dated 17th July 2018 has conveyed the approval for the appointment of Dr. Akhilesh Dube (DIN: 08195896) as Non Official Independent Director. However, appointment of Dr. Akhilesh Dube had taken effect from 08th August 2018 i.e date of obtaining DIN.

Dr. Akhilesh Dube was inducted into the Board as an Additional Director and in terms of Section 161 of the Companies Act, 2013 Dr. Akhilesh Dube can hold office up to the date of the ensuing Annual General Meeting.

Dr. Akhilesh Dube, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as an Independent Director.

Shri Mayank Gupta

The Ministry of Communications vide order No. F. No. E-5-5/ 2018-PSA dated 17th July 2018 has conveyed the approval for the appointment of Shri Mayank Gupta (DIN: 03501227) as Non Official Independent Director. However, appointment of Shri Mayank Gupta had taken effect from 13th August 2018.

Shri Mayank Gupta was inducted into the Board as an Additional Director and in terms of Section 161 of the Companies Act, 2013 Shri Mayank Gupta can hold office up to the date of the ensuing Annual General Meeting.

Shri Mayank Gupta, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as an Independent Director.

Shri Rajen Vidyarthi

The Ministry of Communications vide order No. F. No. E-5-5/ 2018-PSA dated 17th July 2018 has conveyed the approval for the appointment of Shri Rajen Vidyarthi (DIN: 03501227) as Non Official Independent Director. However, appointment of Shri Rajen Vidyarthi had taken effect from date of obtaining DIN i.e 08th August 2018.

Shri Rajen Vidyarthi was inducted into the Board as an Additional Director and in terms of Section 161 of the Companies Act, 2013 Shri Rajen Vidyarthi can hold office up to the date of the ensuing Annual General Meeting.

Shri Rajen Vidyarthi, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as an Independent Director.

Shri Rajesh Sharma, DDG (SU) DoT

The Ministry of Communications vide order No. F. No. E-5-1/ 2018-PSA dated 01st August 2018 has conveyed the approval for the appointment of Shri Rajesh Sharma, DDG (Su), DoT (DIN: 08200125) as Government Nominee Director.

Shri Rajesh Sharma was inducted into the Board as Government Nominee Director w.e.f 13.08.2018.

Shri Rajesh Sharma, in the opinion of the Board, fulfills the conditions specified in the Companies Act and the rules made there under for appointment as Government Nominee Director.

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

Notice has been received u/s 160 of the Companies Act, 2013 from members signifying their intention to propose the appointment of Shri Chittaranjan Pradhan, Shri Suresh Chandra Panda, Dr. Akhilesh Dube, Shri Mayank Gupta, Shri Rajen Vidyarthi and Shri Rajesh Sharma as Directors of the Company at the ensuing Annual General Meeting.

Shri Chittaranjan Pradhan, Shri Suresh Chandra Panda, Dr. Akhilesh Dube, Shri Mayank Gupta, Shri Rajen Vidyarthi and Shri Rajesh Sharma are deemed to be interested in the proposed resolution to the extent of their appointment as directors.

None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

Your Directors commend the resolutions as proposed in the notice for approval.

A brief profile of Shri Chittaranjan Pradhan, Shri Suresh Chandra Panda, Dr. Akhilesh Dube, Shri Mayank Gupta, Shri Rajen Vidyarthi and Shri Rajesh Sharma are provided in Annexure A of this Notice.

Item No. 11

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

Accordingly necessary resolution seeking ratification for fixation of remunaration to the Cost Auditor appointed for the year 2018-19 is paced before the members for their approval.

None of the Directors or key managerial personnel of the Company or their relatives are interested in the resulation.

Your Directors commend the resolution as proposed in the notice for member's ratification.

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar

Place : Bengaluru
Date : 13th August 2018

By Order of the Board
For ITI LIMITED

(S. SHANMUGA PRIYA)
COMPANY SECRETARY

Annexure A

BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT / RE-APPOINTMENT

Directors seeking re-appointment in this AGM

1. **Shri R M Agarwal (DIN: 07333145),** aged 56 years is a Post Graduate in Electronics and Communications Engineering and Post Graduate in Business Administration. Shri R M Agarwal assumed charge as Director Marketing on 27th April 2018 prior to which he was Government Nominee Director of our Company (since 08th June 2016). He was also entrusted with additional charge as Director Human Resources with effect from 02nd August 2018.

   He has over 30 years of experience in the field of policy formulation, standardization planning, operation and maintenance of telecom services. In his prior role as DDG-SU, Department of Telecommunications, was primarily responsible for affairs of the PSUs of DoT viz. ITI, TCIL, HPCL and residual works of Tata Communications Limited (formerly VSNL) and HTL. He was also responsible for synergy among all organizations of DoT. His main contribution was to turn around the ITI during this period. Shri R M Agarwal has also contributed extensively in national and international forums like ITU-T, APNIC, ICANN, IPv6 Forum etc. by delivering a number of talks and papers on various important topics. He has also contributed as editor in ITU (T) in the recommendations related to IPTV services in 2009.

   Shri R M Agarwal is not in the Board of any other Company. Shri R M Agarwal is member of subcommittee of Board of Directors viz., Audit Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Shri R M Agarwal attended six out of seven board meetings held during the year under review. Shri R M Agarwal does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Personnel of the Company.

2. **Shri K Alagesan (DIN: 07439659),** aged 59 years is a graduate in Production and holds diploma in Management, Advanced Management and Human Resource Management. He has undergone three months residential training programme at IIM, Bengaluru on General Management. Shri K Alagesan assumed charge as Director Production on 29th January 2016 and prior to becoming Director –Production, he was Unit head of Rae Bareli plant in ITI. Shri K Alagesan was holding additional charge as Director Marketing from 01st January 2017 to 27th April 2018 and also additional additional charge of Director Human Resources from 08th May 2018 to 02nd August 2018. Further, Shri K Alagesan has been entrusted with the additional charge as Chairman and Managing Director of ITI Limited w.e.f. 01st June 2018.

   Shri K. Alagesan has over 35 years of rich experience in ITI Limited and was closely associated in Defense Projects i.e. ASCON Phase I, II, III, and DCN (Defence Communication Network) Project, Manufacturing and Supply of Secrecy Equipment ranging from 16 Kbps to STM IV level. Shri K. Alagesan played a vital role in the implementation of revival plan of the company under which he introduced many new projects like GPON Technology, Optical Fibre, HDPE Duct, 3-D Printing Service, Ruggedized MUX, Radio Modem, Smart Energy Meters etc. He has been leading various defence projects of national importance such as Army Static Communication Network (ASCON), Defence Communication Network (DCN), Network for Spectrum (NFS) and supply of various encryption equipments.

   Shri K Alagesan is in the Board of India Satcom Limited, Joint Venture of ITI Limited. Shri K Alagesan is member of sub-committee of Board of Directors viz., Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Shri K Alagesan attended five out of seven board meetings held during the year under review. Shri K Alagesan does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Personnel of the Company

Directors seeking appointment in this AGM:

1. **Shri Chittaranjan Pradhan (DIN: 08094340),** aged about 50 years holds post-graduation in Science and in Philosophy. Shri Chittaranjan Pradhan is a 1995 batch Senior Administrative Grade (SAG) officer of Indian P & T Accounts and Finance of Government of India and is also the Controller of Communications Accounts (CCA), Tamil Nadu. Shri Chittaranjan Pradhan has been entrusted with additional charge as Director Finance and he has assumed charged with effect from 23rd March 2018.

   With over 22 years of experience in managing the Finance, Accounts and Internal Audit of various organisations like Department of Posts, Departments of Telecom and BSNL. He has played active and important roles in the massive IT Modernisation Project of DoP like Business Process Reengineering (BPR), development of Enterprise Resource Planning (ERP), User Acceptance Testing (UAT) and their implementation. He has been instrumental in the execution of Core Banking Solution (CBS), Core Insurance solution (McMish) and Core System Integrator (CSI) on SAP in DoP and monitored the development and implementation of the Rural ICT (RICT) solution. He has spearheaded designing and development of e-Money Order software in DoP and implementation of universal, primary, secondary and tertiary level bank reconciliation in the Department of Posts including seamless Inter-Governmental Adjustments of receipts and payments of the department.

   Shri Chittaranjan Pradhan is not in the Board of any other Company. Shri Chittaranjan Pradhan has not attended one board meeting held during his tenure. Shri Chittaranjan Pradhan does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Personnel of the Company.

2. **Shri Suresh Chandra Panda (DIN:05201584),** aged about 63 years is an IAS officer of 1981 batch of Assam Meghalaya cadre and retired as Special Secretary & Financial Adviser in the Ministry of Home Affairs on 28th February 2015. Shri Suresh Chandra Panda holds Post-Graduation in Political Science and in Philosophy. He also holds Masters in Business Administration in the field of Public Service from United Kingdom. Before joining IAS, he was an IPS officer of 1978 batch of Uttar Pradesh Cadre, where for his exemplary services, he was decorated with President's Medal.

   Shri Suresh Chandra Panda was a Chief Executive Officer in Prasar Bharati. Shri Suresh Chandra Panda has handled many important Ministries/ Departments and offices in Government of India as well as State Governments of Assam and Odisha. Shri Suresh Chandra Panda has gained wide experience in the whole gamut of public administration and was awarded President's Silver Medal. Besides Shri Suresh Chandra Panda was also Development Commissioner (SEZ), Ministry of Commerce & Industry, Financial Adviser to Ministry of Home Affairs, Ministry of Personnel & Public Grievances, PMO and Cabinet Secretariat.

   Shri Suresh Chandra Panda was appointed as Independent Director of the Company with effect from 17th July 2018. Shri Suresh Chandra Panda is member of subcommittee of Board of Directors viz., Nomination and Remuneration Committee. Shri Suresh Chandra Panda is not in the Board of any other Companies. Shri Suresh Chandra Panda does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Persons of the Company.

3. **Dr Akhilesh Dube (DIN: 08195896),** aged about 61 years holds degree in M.B.B.S, D.orth M.S. Orthopaedics. Dr. Akhilesh Dube has worked as assistant surgeon in Department of Public Health, Government of Madhya Pradesh, as State Coordinator BJP Doctor Cell Chhatisgarh. Further Dr Akhilesh Dube has conducted various health camps in association with various NGO's and is a part of organization called Bare Foot Doctors which has been working with various Tribal groups in uplifting their knowledge.

   Dr Akhilesh Dube was appointed as Independent Director of the Company with effect from 08th August 2018. Dr Akhilesh Dube is not in the Board of any other Company. Dr Akhilesh Dube does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Persons of the Company.

4. **Shri Mayank Gupta (DIN: 03501227),** aged about 54 years is a Graduate in Electrical Engineering. Shri Mayank Gupta is the President of Natraj Group, Krishnanchal Educational & Sports Club, Yoganand Vikas Parishad functioning in the fields of social, cultural activities, Sports and Educational activities. Shri Mayank Gupta is also a Director of EuroKids School, Roorkee.

   Shri Mayank Gupta was appointed as Independent Director of the Company with effect from 13th August 2018. Shri Mayank Gupta is not in the Board of any other Company. Shri Mayank Gupta does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Persons of the Company.

5. **Shri Rajen Vidyarthi (DIN: 08196235),** aged about 53 years, holds graduation in Commerce and Member of Institute of Chartered Accountants of India. Shri Rajen Vidyarthi is a Practicing Chartered Accountant with more than 30 years of experience. Shri Rajen Vidyarthi had been the Chairman of Bareilly Branch of CIRC of ICAI, President of Income Tax Bar Association, Rotary Club, Manav Sewa Club, Vatsalya Divyang Sewa Sansthan of Bareilly.

   Shri Rajen Vidyarthi was appointed as Independent Director of the Company with effect from 08th August 2018. Shri Rajen Vidyarthi is not in the Board of any other Company. Shri Rajen Vidyarthi does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Persons of the Company.

6. **Shri Rajesh Sharma (DIN: 08200125)** aged about 53 years is a Graduate in Electronics & Telecommunications Engineering, holds Post Graduate Diploma in Management and Fellow of Indian Institute of Management in Information Systems area (equivalent to PhD). Shri Rajesh Sharma belongs to the Indian Telecom Service (ITS) of 1988 batch at Department of Telecom (DoT), Ministry of Communications, Government of India. Presently working as Deputy Director General (Service Unit) at Department of Telecom, Govt. of India. Shri Rajesh Sharma has worked in Telecom Engineering Centre (TEC) and Bharat Sanchar Nigam Limited (BSNL) in various positions in Maharashtra & Madhya Pradesh. Shri Rajesh Sharma had worked on deputation at the National e-Governance Division (NeGD) under the Ministry of Electronics & Information Technology (MeITY) as Director (Capacity Building). Shri Rajesh Sharma has experience of more than 25 years in telecom technologies in operation, planning and roll out of wireless, wire line and broadband technologies.

   Shri Rajesh Sharma was appointed a Government Nominee Director. Shri Rajesh Sharma is not in the Board of any other Company. Shri Rajesh Sharma does not hold any shares in the Company and is not related to any of the Directors and Key Managerial Persons of the Company.

ANNEXURE B – INSTRUCTIONS FOR E-VOTING

The instructions for e-voting electronically are as under:
In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on “Shareholders” tab.

(iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”

(iv) Now Enter your User ID

   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

   For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha - numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cutoff date in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

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

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired the option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on 22nd September 2018 at 10.00 AM and ends on 25th September 2018 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(D) Shri D Venkateswarlu, Practicing Company Secretary, Bengaluru, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(E) The scrutinizer shall within a period of not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.

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

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar

By Order of the Board
For ITI LIMITED

Place : Bengaluru
Date : 13th August 2018

(S. SHANMUGA PRIYA)
COMPANY SECRETARY

TEN YEAR DIGEST

₹ in Crore

OPERATING RESULTS	2017-18 **	2016-17 **
Sales including services	1703	1611
Accretion/(Decretion) to Stock	(12)	18
Value of Production	1691	1629
Other Income	381	542
Direct Materials	545	605
Charges on Installation & Maintenance	526	642
Employees Cost	226	301
Depreciation	25	17
Financing Expenses	153	153
Other Expenses less Charges on Installation & Maintenance	367	187
Profit	230	266
Prior Period Adjustments	-	-
Extraordinary Items	-	-
Profit Before Tax	230	266
Provision for Tax/ Deferred Tax/ FRB	-	-
Add: Provision for tax of earlier years no longer required	-	-
Profit after Tax	230	266
Other Comprehensive Income	5	39
Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)	235	305
FINANCIAL POSITION	**2017-18**	**2016-17**
Equity	760	560
Preference Shares *	-	-
Preference Shares - Application	-	-
Money Received Pending Allotment	137	-
Reserves & Surplus	2824	2814
Revaluation Reserves	2339	2348
Miscellaneous expenditure not written off	-	-
Profit and Loss Account-(Debit)	4432	4663
Net Worth Funds with Revaluation Reserve	1628	1059
Net Worth without considering DRE not written off and Revaluation Reserve	(711)	(1289)
Grant-in-aid	-	-

TEN YEAR DIGEST (Contd....)

₹ in Crore

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
1253	620	770	921	993	2139	4660	1741
0	(2)	(2)	(11)	3	(87)	(30)	21
1253	618	768	910	996	2052	4630	1762
598	86	40	33	34	78	376	176
670	185	137	235	315	1662	4210	1476
318	214	382	409	422	190	47	75
332	321	337	393	402	389	558	401
13	15	17	18	21	22	24	27
157	157	122	85	85	80	119	292
124	110	159	163	154	148	479	313
238	(298)	(346)	(360)	(369)	(361)	(431)	(646)
-	1	2	48	(1)	3	(28)	(22)
-	-	-	130	-	-	-	-
238	(297)	(344)	(182)	(370)	(358)	(459)	(668)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
238	(297)	(344)	(182)	(370)	(358)	(459)	(668)
17	-	-	-	-	-	-	-
255							

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
288	288	288	288	288	288	288	288
-	300	300	300	300	300	300	300
-	-	-	-	-	-	-	-
192	192	-	-	-	-	-	-
2769	2735	2718	2709	2700	2701	2527	73
2354	2360	2374	2390	2406	2424	2448	2473
-	-	-	-	-	-	-	-
4929	5166	4869	4527	4345	3975	3622	3219
674	713	819	1172	1413	1807	2016	(4)
(1680)	(1647)	(1555)	(1218)	(993)	(617)	(432)	(2477)
-	4	8	12	64	69	75	81

TEN YEAR DIGEST (Contd....)

₹ in Crore

FINANCIAL POSITION	2017-18	2016-17
Bonds	-	-
Other borrowings and deferred credit	926	879
Gross Block #	2663	2524
Depreciation #	43	18
Net Block	2620	2506
Capital work-in-progress	149	102
Assets, Loans and Advances (Current & Non-Current):		
Inventory	156	142
Debtors	3086	2196
Others	996	566
Total	**4238**	**2904**

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

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

** Employee cost & Other income includes ₹2.86 Crore and ₹33.72 Crore respectively on account of VRS funded from the Government of India.

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

FINANCIAL POSITION	2017-18	2016-17
Liabilities and Provisions (Current & Non-Current) $	4153	3274
Working Capital	(642)	(1054)
Capital Employed (Net Fixed Assets+Working Capital)	1978	1452
Sources of Funds:		
Shareholders' Fund	1628	1059
Borrowings	1226	1179
Net Non-Current Liabilities	199	195
Deferred Tax		-
Total	**3053**	**2433**
Application of Funds:		
Net Fixed Assets	2620	2506
Working Capital (Other than Cash Credit)	283	(176)
Capital Work in progress	149	102
Investments	1	1
Total	**3053**	**2433**

TEN YEAR DIGEST (Contd....)

₹ in Crore

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
-	-	-	2	2	2	7	456
839	921	876	606	483	341	271	1688
3737	3690	3696	3695	3691	3684	3681	3679
1279	1267	1243	1210	1175	1137	1089	1040
2458	2423	2453	2485	2516	2547	2592	2639
92	33	21	1	2	7	1	2
104	93	96	105	113	118	284	403
2743	2219	2152	4067	4268	4979	4921	2268
436	572	366	348	333	409	631	350
3283	**2884**	**2614**	**4520**	**4714**	**5506**	**5836**	**3021**

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
4021	3406	3393	5227	5335	5911	6136	3523
(1478)	(1311)	(1501)	(1259)	(621)	(405)	(300)	(502)
980	1112	952	1226	1895	2142	2292	2137
674	713	819	1172	1413	1807	2016	(4)
1139	1223	876	608	485	343	278	2144
98	131	155	57	-	-	-	-
-	-	-	-	-	-	-	-
1911	**2067**	**1850**	**1837**	**1898**	**2150**	**2294**	**2140**
2458	2423	2453	2485	2516	2547	2592	2639
(640)	(390)	(625)	(650)	(621)	(405)	(300)	(502)
92	33	21	1	2	7	1	2
1	1	1	1	1	1	1	1
1911	2067	1850	1837	1898	2150	2294	2140

TEN YEAR DIGEST (Contd....)

₹ in Crore

FINANCIAL RATIOS	2017-18	2016-17
Working Capital Ratios:		
Current Ratio	0.87:1	0.73:1
Working Capital in no. of months of value of Production	N.A	N.A
Inventory in no. of months of value of Production	1.11	1.05
Debtors(Net of Advances) in in terms of months sales and services	16.31	14.13
Working capital to total Assets (%)	N.A	N.A
Cost of Direct Material to value of Production incl. Excise Duty (%)	32.23	37.14
Cost of Direct Material & Charges on Insttn to value of Production incl. Excise Duty (%)	63.34	76.55
FINANCIAL RATIOS	**2017-18**	**2016-17**
Growth Ratios:		
Annual growth in value of Production (%)	3.81	30.01
Annual growth in Gross Block excluding Revaluation Reserve (%) $	84.09	(87.27)
OTHER STATISTICS	**2017-18**	**2016-17**
Turnover composition:		
To BSNL/MTNL	1188	1083
Others	515	528
Total	**1703**	**1611**
Value added	324	283
No. of Employees as on 31st March	3576	4052
Value Added per Employee (%)	849502	609848
Value of Production per Employee (%)	4433665	3510398

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

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

[Figures in brackets indicate negative figures]

TEN YEAR DIGEST (Contd....)

₹ in Crore

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
0.69:1	0.66:1	0.62:1	0.75:1	0.88:1	0.93:1	0.95:1	0.86:1
N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
1.00	1.81	1.50	1.38	1.36	0.69	0.74	2.74
18.28	38.76	30.22	30.18	30.89	18.12	8.50	7.21
N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
53.47	29.94	17.84	25.82	31.63	80.99	90.93	83.77
78.85	64.56	67.58	70.77	74.00	90.25	91.94	88.02

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
102.75	(19.53)	(15.60)	(8.63)	(51.46)	(55.68)	162.77	46.10
3.98	(0.58)	0.10	0.39	0.68	0.29	0.20	2.19

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
592	239	260	181	206	1963	4298	1507
661	381	510	740	787	176	362	234
1253	620	770	921	993	2139	4660	1741
177	153	164	166	164	328	335	222
5229	6177	7311	8516	9512	10616	11737	12556
310363	226868	207241	184158	162957	293473	275800	173431
2197089	916370	970493	1009541	989666	1835995	3811798	1376509

FIGURES AT A GLANCE

₹ in Crore

BALANCE SHEET	As at 31st March 2018		As at 31st March 2017	
(a) What the Company owned				
Fixed Assets		2663		2524
Less: Depreciation		43		18
Net Block		2620		2,506
Capital Work-in-Progress		149		102
Investments		1		1
Current Assets, Loans & Advances	4232		2904	
Less: Current Liabilities	4875		3958	
		(643)		(1,054)
Add: Non Current Assets		6		1
		2133		1,556
(b) Less: What the Company owed				
Non-Current Liabilities		505		497
(c) Shareholders' Funds [a]-[b]		1628		1,059
Represented by:				
Share Capital		760		560
Reserves & Surplus	2961		2814	
Revaluation Reserve	2339		2348	
Grant-in-aid	0		0	
Less: Profit and Loss Account (Debit)	4432		4663	
		868		499
		1,628		1,059

FIGURES AT A GLANCE (Contd....)

₹ in Crore

PROFIT AND LOSS ACCOUNT	For the year ended 31st March 2018	For the year ended 31st March 2017
(a) What the Company earned		
Sales including services(including excise duty and service tax/GST)	**1,703**	1,611
Other Income	**381***	542*
Increase/(Decrease) in Work-in-Process, Stock-in-Trade and Manufactured Components	**(12)**	18
	2,072	2,171
(b) What the Company incurred		
Materials	**1,071**	1,247
Employees Cost	**226***	301*
Depreciation	**25**	17
Financing Expenses	**153**	153
Other Expenses(including excise duty and service tax/GST)	**367**	187
	1,842	1,905
(c) Profit/(Loss) before tax (a-b)	**230**	266
(d) Less: Provision for Taxation	**0**	0
(e) Profit after tax**	**230**	266
(f) Other Comprehensive Income	**5**	39
(g) Total comprehensive Income for the period (Comprising profit/(Loss) and other comprehensive Income for the period)	**235**	305

* Employee cost & Other income includes ₹2.86 Crore and ₹33.72 Crore respectively on account of VRS funded from the Government of India.

** Profit for the year after Grant In aid of ₹132.98 Crore and ₹360.71 Crore respectively.

FIGURES AT A GLANCE (Contd....)

₹ in Crore

SOURCES AND APPLICATION OF FUNDS	For the year ended 31st March 2018	For the year ended 31st March 2017
SOURCES OF FUNDS		
1. Depreciation	**25**	17
2. Increase in Borrowings	**46**	40
3. Reduction in Working Capital	**0**	0
4. Revenue Grant in aid received	**133**	516
5. Capital Grant in aid received	**337**	80
6. Increase in Non-Current Liabilities	**10**	57
7. Decrease in Non-Current Assets	**6**	800
8. Profit After Tax*	**97**	0
	654	1510
APPLICATION OF FUNDS		
1. Loss After Tax*	**0**	56
2. Decrease in Borrowings	**0**	0
3. Increase in working Capital	**461**	1344
4. Fixed Assets	**190**	76
5. Capital Grant-in-aid utilised	**0**	0
6. Revenue Grant-in-aid utilised	**3**	34
7. Decrease in Non-Current Liabilities	**0**	0
8. Increase in Non-Current Assets	**0**	0
	654	1510

Note:

*Profit of ₹97 Crore and Loss of ₹56 Crore is without Grant In Aid of ₹132.98 Crore and ₹360.71 Crore respectively.

Directors' Report

Dear Shareholders,

Your Board of Directors have pleasure to present the 68th Annual Report of your Company along with its Audited Statements of Accounts for the year ended March 31, 2018, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

PERFORMANCE

The Company has achieved Sales of Rs.1703 Crore during the year 2017-18 against Rs.1611 Crore during the previous year 2016-17. This is remarkably the highest turnover in the past seven years. The Financial Year 2017-18 has been a breakthrough year for ITI and it is a year of turn around for ITI, making profit without grants after a long gap of 16 years.Without the grants from the Government of India, net profit for the period before tax (after exceptional and/or extraordinary items) increased to Rs.102 Crore for the year ended March 31, 2018 as against a loss of Rs.56 Crore for the previous year.

The contribution (net of material cost) for the year 2017-18 is Rs.338 Crore, which is comparable for that of previous year at Rs.298 Crores. The company is making efforts to regain its strong leadership position in the telecommunications domain in the country. The company has plans to keep this profitability going on.

IMPLEMENTATION OF REVIVAL PACKAGE OF ITI LIMITED

The Cabinet Committee on Economic Affairs (CCEA), during February 2014, has approved the Revival plan of ITI of Rs.4156.79 Crores This package consists of Rs.2264 Crore in the form of equity for financial assistance in all the plants of ITI for implementation of new projects and Rs.1892.79 Crore to be financial assistance as grant-in-aid. Out of Rs.2264 Crore, Government has released Rs.192 Crore as first phase disbursement to the Company towards capital expenditure during 2014-15 and Rs.80 Crore has been released during 2016-17.

During the financial year 2017-18, the company received Rs 337 Crore as Capex funds. Rs.137 Crores received on 31st March 2018. Out of the effective capex amount of Rs.200 Crores received during August & September 2017, Rs.189.55 Crores was already utilized for implementation of New projects which was envisaged for the year 2017-18. Further Rs.100 Crore has been allotted in budget as Capex funds for FY 2018-19. The funds allotted has been invested for upgrading the manufacturing infrastructure at various Units of ITI to cater the need of emerging technologies in Telecom industry after studying the products/solutions prevailing now and expected in the Indian telecom market in future. With the upgraded manufacturing infrastructure, ITI has successfully bounced back to its core strength of manufacturing telecom products & solutions and in fact ITI is getting benefits from these as company is already manufacturing different products for different customers.

Under Revival plan, several projects have been implemented at various manufacturing plants of ITI and some projects are under implementation. With the infrastructure established, ITI could successfully manufacture G-PON products. ITI manufactured, supplied, installed & commissioned about 1500 OLT and 40000 ONT to cater for 40000 Gram panchayats for provisioning of high speed broad band connectivity under BharatNet project. Major thrust has been given for the manufacture of encrypted telecommunication equipments required for Defence sector. ITI has received Advance Purchase orders for Design, development, manufacture and supply of Multi Channel Encryption Units (MCEU) under NFS project to Defence. ITI is bidding more tenders for Encryption equipment's for Defence and confident of getting more orders. ITI has also ventured in to diversified products/services/ solutions like OFC /HDPE pipe manufacturing, Smart card manufacturing, radio modem, Antenna, Data Centre services (SaaS, Aadhaar based authentication Services etc..), Digital Mobile wallet, TAG-ITI for cashless transaction, Component screening , manufacturing and supply of avionics modules for ISRO, Set top box, Hand Held Terminals/devices, Mini PC, Smart energy meter etc. Solar panel manufacturing line for 18MW capacity is installed at ITI Naini. Our existing Data Center is being

expanded further to augment 1200 racks and is at the final stages of commissioning. In addition to 3 lines of HDPE manufacturing at Rae Bareli plant, in view of huge requirement, to enhance the capacity one more line of HDPE pipe manufacturing has been commissioned at Palakkad unit. ITI has installed one manufacturing line for Optical Fibre Cable (OFC) at Rae Bareli unit and pilot lot has been produced.

The state of the art infrastructure established under revival package funds provided to ITI by GOI has boosted it's manufacturing strengths to a new high paving way for manufacturing various telecom and allied products to cater for domestic market demands under make in India mission of Govt of India.

HIGHLIGHTS

The turnover for the year 2017-18 is mainly constituted from GPON Project, Network For Spectrum (NFS) project, ROs & CCOs Services, AMC for ASCON, Defense Business & it's AMC, MLLN and SSTP Projects & it's AMC , CDOT AN RAX, SECC, NGN, AMC for GSM-SZ,GSM-WZ, AMC for OCB, Data Centre and IT Solutions, Smart Energy Meter.

The company has been working on very important projects of National Importance. ITI has bagged turnkey orders for Supply, Installation, Commissioning and Maintenance of GPON Equipments covering about 40000 villages from BBNL& BSNL. This project will extend the High Speed broad band services on GPON platform to rural masses. Company has bagged purchase orders to the total value of Rs. 455.78 Crore during the year 2016-17 & 2017-18 from BBNL/BSNL. Out of this, orders worth Rs. 343 Crore have already been executed.

ITI has deployed 400 teams for Installation and Commissioning of this nationwide network penetrating to the uncovered Gram Panchayats in the remote Rural India. ITI is also participating in the tenders of "Bharat Net phase II Project". This project provides Broadband connectivity to 1.5 lakhs Gram Panchayats in India. ITI has recently obtained purchase order worth Rs.110 Crore from BSNL against Bharatnet Phase II. In addition to this, ITI has won three tenders viz MahaNet, GujaratNet and west Bengal tender as part of BharatNet Phase II, which shall amount to total orders worth Rs.5700 Crore.

The other important project being executed is the NFS (Network For Spectrum) project worth Rs. 2985 Crores for the defense forces of India which involves Supply, trenching, laying, Installation, testing and maintenance of Optical Fiber Cable, PLB Duct and accessories for construction of exclusive Optical NLD backbone and Optical access routes on turnkey basis with AMC in the Eastern and North- Eastern region of the country. ITI has won the order for these 2 regions, for deployment of optical fibre for around 13,500 Kms of length. Out of the total of 13500 kms cable laying, nearly 10620 kms have been laid in both regions. So, ITI has already completed 78% of the work and will be completing the entire project by next year end.

On the defense front, the company has won Rs 7800 Crore worth mega tender of Army Static Switched Communication Network (ASCON) Phase IV project from the Ministry of Defence to deploy and maintain Phase IV of the Army's modern communication network across India. The project includes civil works for the infrastructure and optical fiber network, installation, commissioning and maintenance of equipment such as IP MPLS routers, Microwave Radio, Satellite terminals, NMS and testing tools. ITI has also received Advance purchase order for value of Rs 86 Crore from Defense for the supply of encryption products. ITI has also bid for the ASCON encryption tender and hoping to get good orders. In addition, ITI has orders for 2mb BEU and other projects for defense.

ITI has also bagged huge order worth Rs 840 Crore from Energy Efficiency Services Limited (EESL) for supply of Smart Energy Meters and the order is under execution. Further, ITI has also received orders to the total value of Rs. 475 Crore from BSNL for supply, installation and AMC of Broadband Gateway Network (BNG), Anti Denial of Services (DDoS), Radio Modem and WiFi Hotspot.

Further order worth Rs. 5800 Crore for O&M and Sales & marketing of GSM Passive Infrastructure is expected from BSNL. This order is to be executed in 10 years and hence the business per annum will be Rs. 480 Crore Our company order book position is very strong and is expected to reach to a historic mark of Rs.20,000 Crore during 2018-19. ITI is addressing the Bharat Net Phase II projects of Telangana, Rajasthan, Kerala, Orissa and Jharkhand states. ITI is further pursuing many more tenders in the defense sector as well as tenders like Integrated Perimeter Security System (IPSS) of Air Force, Security And Growth for All in the Region (SAGAR) of Navy, IP-MPLS & Unified NMS for NFS project.

The overall performance of the Company is as follows:

Sl. No.	Products/Projects	2017-18 (Including ED, ST & GST)	2016-17 (Including ED & ST)
1	NFS Project	267.11	700.16
2	ROs/ CCOs/ IT	200.11	190.00
3	Defence Business & AMC/ ASCON AMC/TURNKEY	127.00	181.35
4	MLLN / MLLN AMC/ SSTP	185.66	154.85
5	GSM WZ Projects/ AMC	34.46	81.11
6	GSM SZ AMC	159.59	76.25
7	NPR / SECC Projects (Data Collection)	122.03	70.59
8	NGN / C5/ Ph2/ AMC	3.57	35.86
9	OCB AMC Business	26.73	32.86
10	G – PoN	390.99	22.51
11	Misc. Services	7.80	19.77
12	Data Centre	17.80	19.13
13	Banking/ Div. Prod./ cont.Mfg	4.34	11.23
14	SMPS & Repairs	5.81	5.73
15	SATCOM,PCM MUX & Teleset	2.95	5.24
16	GSM – MTNL	0.00	2.44
17	NPR - Smart Card	0.00	1.61
19	CDOT AN RAX/ Cards/ AMC	12.26	0.00
20	HDPE PIPE Mfg	0.48	0.00
21	3D Printing/Wallet/Adhaar based Business /Set Top Box/ Mini PC /Component Screening/LED Street Lighting	55.84	0.00
22	Solar panel	0.72	0.00
23	NGN Mfg.	55.66	0.00
24	Smart Energy Meter	22.20	0.00
	Total	**1703.11**	**1610.69**

PROJECTS EXECUTED DURING THE YEAR 2017-18

- **Next Generation Network (NGN)**

  ITI Bangalore Plant successfully executed the purchase order worth Rs.59.23 Crore. for NGN products.

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

  ITI Limited is executing the NFS Cable laying Project in Eastern and North Eastern states of the country. Cable laying and services work worth Rs.146.64 Crore by Rae Bareli unit and Rs.120.47 Crore by Mankapur Unit have been completed during the year.

- **Defence projects**

  ITI is the leader in supplying encryption equipments for the secured communication in the Defence networks. In the year 2017-18, ITI had executed orders worth Rs.24.94 Crore for Defence sector through supply of IP encryptors, secrecy Encryptors and AMC of equipment supplied to Defence.

- **Giga-bit Passive Optical Network (GPON)**

  ITI Rae Bareli Plant has executed order worth Rs. 284.31 Crore, Naini Plant has executed order for Rs. 62.29 Crore and NSU Plant has executed order for Rs. 44.39 Crore during the year.

- **Socio Economic &Caste Census (SECC) projects**

  ITI is one among the consortium of three PSUs (other two PSUs being M/s BEL & M/s ECIL) for the execution of prestigious National Population Register(NPR) Project under Ministry of Home Affairs (MHA) and SECC project for the Ministry of Rural Development (MoRD). ITI Palakkad executed total purchase order worth Rs.122.03 Crore against SECC Project during the year.

- **MLLN and SSTP Projects & AMC**

  MLLN equipment provides dedicated Network between two points which carry voice, data and video and BSNL is providing leased circuits to banks and other organizations using MLLN. Palakkad has also implemented Hardware upgrade of SSTP equipment for BSNL & MTNL. Palakkad Plant has executed the orders of MLLN and SSTP Projects & its AMC for total value of Rs.185.66 Crore during the year.

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

  ITI Rae Bareli Plant is manufacturing SMPS systems and executing the orders from BSNL / MTNL. Order value of Rs.5.81 Crore has been executed by Raebareli.

- **Maintenance Contracts for ASCON and OCB Projects**

  ITI had earlier established the ASCON network for Indian Army. ASCON AMC order worth Rs. 99.18 Crore has been executed by NSU. ITI was also the major supplier of fixed line switches to BSNL and MTNL. Currently, ITI has been extending maintenance assistance to BSNL and MTNL for OCB exchanges, OCB order worth Rs. 26.73 Crore has been executed during the year.

- **GSM**

  ITI has implemented GSM Projects in BSNL West Zone and MTNL-Mumbai in technology alliance with M/s Alcatel-Lucent & in South Zone in technology alliance with M/s Huawei. The Annual Maintenance Contract related work have been carried out in these zones for total value of Rs.194.05 Crore.

- **Data Center & IT Projects**

  ITI's state-of-the-art Data Center is currently spread over more than 2, 00,000 Sq. ft. with world class facilities. It has the capability to house thousands of IT Infrastructure equipment and is designed to offer a wide spectrum of core hosting services with best suite of value added services under highly secure and stable environment. The company is providing Aadhar authentication services, e-KYC services, core banking applications, mobile wallet application etc. The turn over achieved during the year with Data Centre Services is Rs.17.80 Crore.

- **E-Tendering Business, Network Management, Contract Manufacturing, CCTV Surveillance Orders**

  Regional Offices of ITI have executed various orders viz. E-Tendering Business, Network Management, CCTV Surveillance Orders, Video Audio Infra, WiFi establishment , ICT based feedback devices and other miscellaneous orders for total value of Rs.200 Crore during the year.

  ITI is also providing manufacturing services in it's plants, viz PCB manufacturing services in Bangalore and Palakkad plants, 3-D printing services in Bangalore Plant, Mechanical fabrication services in all the plants except Palakkad plant, EMI & EMC testing services in Bangalore plant etc. Our renewed infrastructure is capable of taking up manufacturing any type of electronic and communication products.

FINANCE

The performance of the Company for the year 2017-18 as compared to the previous year is as follows

(Rs.in Crore)

Sl. No.	Particulars	2017-18	2016-17
i	Sales including services	1703	1611
ii	Value of Production	1691	1629
iii	Loss/Profit before tax	230	266
iv	Loss/Profit after tax	230	266
v	Other Comprehensive Income	5	39
vi	Total Comprehensive Income	235	305
vii	Financing Expenses	153	153
viii	Depreciation	25	17
ix	Capital Employed (Net Fixed Assets + working capital)	1978	1452
x	R&D Expenditure	15	16

SHARE CAPITAL

The Cabinet Committee on Economic Affairs (CCEA), on 24th February 2014 has approved financial assistance, based on the recommendations of Board for Reconstruction of Public Sector Enterprises (BRPSE) to an extent of Rs.4156.79 Crore for the revival of the Company. The fund infusion will be capital grant of Rs.2264 Crore in the form of equity and the balance amount of Rs.1892.79 Crore in the form of grant-in-aid.

The Company has received Rs.100 Crore during July 2017 and Rs.100 Crore during September 2017 and Rs.137 Crore during March 2018 from Ministry of Communications for meeting the expenditure towards CAPEX for implementation of various projects in its various plants. During the year under review, the Company has allotted 20,00,00,000 equity shares of Rs.10 each at par to President of India. Accordingly, the paid up Equity Share Capital as on 31st March 2018 was Rs.760,00,00,000.

The Government of India vide letter no. 20-36/2012- FAC-II dated 20-07-2016 has communicated the approval of Cabinet Committee on Economic Affairs to transfer requisite number of shares of President of India to Special National Investment Fund to meet SEBI's 10% Minimum Public Shareholding requirement. Accordingly, during the year under review, 2,72,00,000 equity shares of Rs.10 each are transferred from President of India to Special National Investment Fund (SNIF) and 3,37,00,000 equity shares of Rs.10 each are yet to be transferred to SNIF to meet SEBI's minimum 10% Public Shareholding requirement.

During the year under review, the Company has not granted stock options or sweat equity. As on 31st March 2018, none of the Directors of the Company hold any shares of the Company.

DIVIDEND

As your Company still have accumulated losses the Directors are not in a position to recommend any dividend for the year 2017-18.

HIGHLIGHTS OF THE PRODUCTION PLANTS AND SERVICE UNITS

BANGALORE PLANT

Bangalore plant achieved a turnover of Rs.301.80 Crore (with ED & service tax) during the year 2017-18 registering a profit of Rs.45.15 Crore.

Major Projects / Orders completed in FY 2017-18

The supply consisted of NGN SKD manufacturing worth Rs.55.66 Crore. Under services, the unit executed Rs.159.59 Crore for GSM-SZ AMC, Installation and Commission of NGN for BSNL worth Rs.1.57 Crore, NGN AMC worth Rs.2.00 Crore, SaaS Business worth Rs.0.72 Crore and the Unit generated revenue of Rs.17.80 Crore from Data Centre Business.

The Unit also has executed Defense orders worth Rs.24.94 Crore, and C-DOT ANRAX orders worth Rs.12.26 Crore for BSNL.

Unit supplied LED equipments worth Rs.21.60 Crore. Revenue of Rs.2.83 Crore was generated from Contract Manufacturing, 3D Printing and Reliability Lab services.

Revenue of Rs.7.36 Lakhs was earned by providing In-plant Training for 535 Students during the Financial Year.

Future Outlook

AS part of new revival projects, establishment of Data Centers at Bangalore & Naini, Construction of EMI/ EMC Chamber, advanced ESS (Environmental Stress Screening) and CATH (Combined Altitude Temperature and Humidity) Chamber, etc. are under implementation/ installation.

Development of Radio Modem, CLIP phones, Antenna is being validated by BSNL for TSEC.

Bangalore plant established the production facilities for upcoming projects of Multi-channel Encryption Units (MCEU), Radio Modem, Smart Energy Meter, etc.

Bangalore plant is also venturing into new Point to Multipoint Communication, Smart city / IOT projects.

Efforts are being undertaken to get In-house Reliability Engineering Laboratory NABL Accreditation to bring excellence and competency in Environmental Testing. Steps are being taken to get NABL Accreditation for Central Instruments Cell (CIC) and IGI labs also.

Quality Management System

Bangalore plant has up-graded its Quality Management System to the latest standard of ISO 9001:2015 and the certification was awarded by NVT QC.

PMKVY

Bangalore plant has set up a State of art Skill Development center called the Pradhan Mantri Kausal Vikas Yojna (PMKVY) Center of Excellence to cater to the skill development of the needy to impart Hands on Training as per the Qualification Packs envisaged by National Skill Development Corporation under TSSC (Telecom Sector Skill Council). 71 students have been trained on the OFC splicing technique. 'Train the Trainer' program which includes Domain skills on OFS and OFT and Platform skills was successfully conducted at ITI BGP's CoE for a week so that similar kind of Skill Development initiatives can be taken at their parent plant. 5 officials from Srinagar Unit attended the training.

IoT

Bangalore plant has set up a Centre of Excellence for showcasing and development of solutions for the Internet of Things (IoT), namely Smart Environment, Smart Lighting, Smart Home/office, Smart Health, Intelligent Transport System, SCADA Solutions, Water, Gas, & Electricity, RFID Based solutions, etc.

IoT has been actively pursuing Smart city project opportunities and is in the process of participating in the upcoming major smart city tenders for the role of Master System Integrator involving many IoT verticals.

IoT Bangalore plant has partnered with C-DAC Bengaluru in the field of ICT Technology. Currently working on the following Initiatives:

1. Actively working for pilot implementation of Smart Post Box for Dept. of Post Karnataka circle.

2. Actively working with Dept. of Agriculture, Karnataka circle for pilot implementation of smart agriculture project for Proactive measures for pest attacks & irrigation schedules for crops like Paddy, Ground Nut.

3D printing

3D printing is a revolutionary manufacturing method by which we can create various types of three Dimensional (Solid) parts for R&D Prototype, Medical purpose, etc. Bangalore Plant has procured Poly Jet 3D Printer which is capable of producing prototypes with different materials using a CAD file.

Reliability Engineering Laboratory

New state of the art environmental testing chambers added to the existing facility include ESS (Environmental Stress Screening) which is a Rapid Temperature Cycling chamber that can swing from -70 to +200 deg. C with 15 degree ramp per minute and which can take care of stringent requirements of Defense and Aerospace customers.

HALT/HASS (Highly Accelerated Life Test/Highly Accelerated Stress Screening) chamber is also installed which will eliminate the defects in the design stage used for Defense customers. This chamber can cater to Temperature, Humidity and vibration requirements all rolled into one.

Another feather in the cap is the Random Vibration and Sinusoidal Vibration facilities which work from 5 Hz to

2000 Hz on all X, Y and Z axes. The lab is generating sizeable revenue using this facility catering to external customers.

Workshop on 'Internet of Things – Working Solutions'

A one-day workshop on 'Internet of Things - Working Solutions' was jointly organized by ITI Limited and C-DAC (Centre for Development of Advanced Computing) at Centre of Excellence (COE), Skill Development Centre, ITI Limited, Bangalore plant on July 25, 2017. The workshop was aimed to generate synergy between the organizations to create IoT infrastructure for the society. The IoT segment is expected to benefit the Nation through utilizing the maximum business potential in the coming days.

ITI participated in Vendor Development & Investors Summit, Karnataka

Karnataka Government in association with Confederation of Indian Industries (CII) organized a Vendor Development & Investors Summit, Karnataka, at Bengaluru International Exhibition Centre (BIEC) from November 23 to 24, 2017. The focus of the summit was to provide a platform for CPSUs, SPSUs, Mega and Large units for identification of vendors in terms of production capacity and quality standards based on six key sectors namely aerospace and defence equipment, automobile, biotech, agriculture, textile and innovation and start-ups.

ITI Limited showcased various products, posters and banners viz. ETS-04 Telephone, Nutan Telephone, Radio Modem, GPON ONT, Smash PC, SMT assembled cards, 3D printed components, ITI TAG Wallet & Swachh Feedback Device at the exhibition. Shri R.V.Deshpande, Minister for Medium and Large Industries, Dr.Mohana Kumari, Minister for Small scale industries and other delegates visited ITI stall and appreciated the products of ITI.

FIGI Symposium – 2017, Bengaluru

The Financial Inclusion Global Initiative (FIGI) was launched earlier this year by the International Telecommunication Union (ITU), the World Bank Group (WBG) and the committee on payments and market infrastructures (CPMI).

The theme of the first edition of the Financial Inclusion Global Initiative (FIGI) symposium, hosted by the Ministry of Communications, India is "Innovative approaches to digital financial inclusion challenges".

The event was held between 29th November to December 1, 2017 over a period of 3 days. The event brought together telecom/ICT and financial regulators, policymakers, digital financial services providers, payment system organizations and other DFS stakeholders from around the world.

ITI's Participation included a setting up of a stall to showcase ITI's manufacturing capabilities. Various officials from Department of Telecommunications, Kenyan delegates etc. had visited ITI stall. The following are some of the highlights from the FIGI symposium:

- The FIGI symposium was inaugurated by Shri Manoj Sinha, Honorable Minister of state for communications (I/C) & Minister of state for Railways, Govt. of India on 30th November.
- Smt. Aruna Sundararajan, Secretary (Telecom) and also TRAI Chairman, MeiTY, ITU and World Bank officials were among the dignitaries present.

Inauguration of New Facilities

The following New facilities are added on in BG Plant.

- PCB Photo Image Transfer Area,
- Injection Moulding Facility
- New DG Set with underground fuel tank and centralized air facilities

Enterprise Resource Planning (ERP)

ITI Limited has launched Infor ERP application at ITI Bangalore Plant on February 1, 2018. As a part of centralized ERP system, Bangalore Plant is the first plant of ITI Limited to implement ERP and to go live on Infor ERP application. Infor ERP is an enterprise resource planning software providing manufacturing companies with a complete planning system that covers full business processes from planning and purchasing to sales and customer services. Some of the major benefits of implementing ERP application include increased productivity, efficiency, decrease costs and streamline processes in the organization.

GPON Manufacturing

Bangalore Plant has established the GPON OLT manufacturing set up and repair facility for ONT. Around 100 nos. of ONTs have been repaired using this repair facility inhouse.

MoUs signed during the year

Bangalore Plant has signed MoU for development of Face Recognition System, ICT Technologies which includes Smart Post Box and Smart Agriculture Project.

Dealer's Possession License

Bangalore Plant has obtained DPL (Dealer's Possession License) from Wireless Planning Commission which is a mandatory requirement for importing any RF equipment. This was obtained to import Point to Multipoint Microwave and other RF equipment which will enable to address various requirements of customers relating to current technologies.

Tenders Addressed

IP Encryptors, 1 Gigabit Encryptor, Bulk Encryption Unit(BEU), Telephone-5C, PCM MUX, ETS 04, RADIO MODEM IN ISM BAND, CDOT ANRAX Control Cards, ARC Cards, ARI Cards, Hyper-Converged Infrastructure (HCI), Contract manufacturing for BHEL, BEL, C-DAC, C-DOT, LRDE, ISRO etc.

Measures taken for energy conservation

Energy Consumption for the year is 2,276,267 units, With the upgraded infrastructure for Electronic Manufacturing in place and Rs.3000 Crore worth of tenders on the anvil, the plant is all set for a historic turn around.

RESEARCH & DEVELOPMENT:

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

Major Products / systems developed in Financial Year 2017 -18:

R&D developed products in the following areas:

- **Encryption Systems for Defence**
- **Network solutions for Communication Network**
- **Power supply modules**

R&D carried out study on new technologies in the area of Satellite receivers, Mobile encryption, SIP Phones / VoIP phones, Electronic Voting Systems, IoT products for Smart Cities etc.,

The successful products Solutions developed in Financial Year 2017-18 are:

- **Encryption Products:**
  - Terminal end Secrecy Device (TESD) for Defence Communication Network of Defence
  - Internet Protocol (IP) Encryptors for satellite security
  - Next generation Network (NGN) Bulk Encryption Units (BEU) for Media Security
  - Multi Channel Encryption Units (MCEU)for Network for Spectrum (NFS) net work
  - Encryptors for ASCON Ph IV network

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

- **Network solution for DCN network of Defence**

New Initiatives undertaken in Financial Year 2017-18:

In the year 2017 -18 R&D initiated development of new products like IRNSS receivers for Defence in association with ISRO, Development of Ballot systems, Sub products for Smart City IoT products like Smart Post Box etc.,

R&D developed products were productionised by Bangalore plant worth Rs12.80 Crores in Financial Year 2017-18.

MANKAPUR PLANT

a. Prestigious NFS project for package F for construction of exclusive optical NLD backbone and optical access route on turnkey basis for Defense network allocated to ITI Mankapur is worth Rs.826.88 Crore excluding AMC. Out of this, cable laying and services work worth Rs.110.53Crore have been completed in FY 2017-18 and cable co-laying work of worth Rs.9.94 Crore was also done.

b. Mankapur Plant including GSM WZ & MTNL has achieved a turnover of Rs.156.12 Crore (including ED & Service Tax).

c. The Plant has upgraded its infrastructure under revival plan and the manufacturing for ONT 11 (GPON equipment) commenced in February 2017. This year 21060 Nos of ONT11 with enclosures had been produced and delivered to RBL unit against BBNL, BSNL and BBNL Add on orders besides completing the supplies of ONT11 against previous balance order.

d. Unit has started business of ONT TITLI, a CPE and a humble beginning has been made in the year executing order worth Rs.0.05 Crores.

e. ITI Mankapur is organizing “Finishing School” for the engineering under graduates pursuing higher studies or skill development. Under Finishing School project towards the knowledge based activities, ITI Mankapur earned revenue of approx. Rs.0.13 Crore while imparting training on technical innovation and skill up gradation to the engineering students from various reputed Engg. Colleges and Polytechnics of the country, for their better career opportunities.

f. Measures taken for energy conservation:

1. Retrofit replacement of 18 Watt LED tube light in place of 40 watts FTL’s. (Conventional tube lights).

2. Replacement of 20 Watt lamps in place of 40-watt fluorescent Tube lights in street lighting.

3. Complete shut off 3x620 TR centrifugal air conditioning plant after commissioning energy efficient VRF air conditioning package units in production area.

4. Close monitoring of daily power consumption of factory and colony

5. The energy conservation efforts have resulted in a saving of approx. Rs.48.37 lakhs in 2017-18 in comparison with 2016-17.

RAE BARELI PLANT

Rae Bareli Plant achieved a performance of Rs.443.55 Crore, during the year 2017-18 by execution of NFS Order, GPON equipment supplies, supply of SMPS equipments, HDPE Pipe and GSM Franchise business.

Major Orders received up to 31st March 2017

As part of revival plan, Raebareli plant has upgraded the infrastructure and manufacturing facilities for manufacture of GPON Equipment, SMPS, HDPE and OFC.

GPON Project: Giga-bit Passive Optical Network (GPON) is a family of products for high speed broadband communication through fibre backbone. It caters to variety of services, like voice, video, data, internet etc. Active transmission equipment in GPON network consists mainly of Optical Line Termination (OLT) and Optical Network Unit (ONT).

ITI has received four Purchase orders amounting to Rs 455.78 Crorefrom BBNL &BSNL for supply, installation and commissioning of GPON Equipments. Against these orders, supply of ONT, OLT, Splitters, accessories and IT equipments, were allocated to Raebareli Plant.

ITI Raebareli plant has supplied 40341nos of ONT and 1551 nos of OLT till 31st March, 2018.

PLB HDPE PIPE Project: PLB HDPE (Permanently Lubricated High Density Poly-ethylene) Pipe is used for laying of optical fiber cable (OFC) underground.

ITI Raebareli has set up three lines of PLB HDPE Pipe manufacturing and obtained TSEC. The plant has supplied HDPE Pipe to BSNL against an educational order.

Optical Fiber Cable(OFC) Project: An optical fiber cable is a cable containing one or more optical fibers that are used to carry light. The optical fiber elements are typically individually coated with plastic layers and contained in a protective tube suitable for the environment where the cable will be deployed. Different types of cable are used for different applications.

Fiber optic cables find many uses in a wide variety of industries and applications. Some uses of fiber optic cables include Medical, Defense/Government, Data Storage, Telecommunications, Networking, Industrial/ Commercial, FTT-X technology.

ITI Raebareli has established Optical Fiber Cable (OFC) manufacturing plant and completed pilot production. TSEC activities are under finalization and bulk production will start after completion of TSEC.

FUTURE OUTLOOK

Li-Ion Battery for Telecom application Project: Lithium is a good conductor of electricity and can combine with many other metals to form alloys. Lithium ion batteries provide more and more energy in a smaller container. Lithium-ion batteries have many applications like cell phones, FTTX installations, remote terminals (such as in FTTX installations), access networks, BTS (Base Transceiver Stations) for wireless networks, cable networks, central offices, fuel cell powered system cars, artificial pacemakers, PCs, laptops, audio players, clocks, toys, cameras, automobiles etc.

ITI has entered into agreement with M/s EXICOM for implementation of this project. ITI will be fully responsible for marketing, manufacturing, installation and maintenance support.

PALAKKAD PLANT

I. Performance

ITI Palakkad Plant has achieved a turnover of Rs. 364.43 Crores during the year 2017-18 registering a profit of Rs. 43.53 Crores.

II. Projects –BSNL and MTNL

MLLN and SSTP projects

ITI Palakkad has been awarded with two MLLN orders worth Rs.130 Crore and Rs. 40 Crore from BSNL for the supply , installation & commissioning of VMUX/DXC equipments. The supplies against both the orders are completed. Installation & commissioning of the equipments are in progress.

ITI Palakkad received and executed SSTP Upgrade Project worth Rs.7 Crore for MTNL AMC orders worth Rs.44 Crore of MLLN and SSTP projects were successfully executed. 24 x 7 technical support has been provided to BSNL and MTNL for MLLN, SSTP and OCB projects.

III. Revival Projects

ITI Palakkad has ventured into the following projects as part of the capex investments made under revival plan of ITI.

a. Component Screening

ITI has set up the infrastructure to carry out Component Screening facility in a fully air conditioned ESD protected area of 7000 sq.feet exclusively dedicated to the screening and burn-in of all active and passive electronic components and electronic assemblies set up to meet the requirements of VSSC as well as other defense organizations like NPOL, DRDO, BEL, BHEL, ECIL, HAL etc.

As on date, ITI Screening facility is accredited for total 11 types of items by VSSC (4 types of active components, 1 type of passive component and 6 types of sub assemblies). ITI is expected to get accreditation from VSSC for the Test set up made for Test & Evaluation (T&E) of 5 types of sub-assemblies for which evaluation successfully completed by VSSC. Development of test setup for T & E facility of another 9 more assemblies are in progress. Efforts are in progress at various stages for getting the accreditation for the screening of another 8 active components also.

Purchase orders worth Rs. 88 lakhs received from VSSC, out of which more than 50% is executed successfully. More orders are awaited from VSSC for this project.

b. HDPE manufacturing

ITI Palakkad has commissioned machines for one line of HDPE manufacturing. Pilot production of samples for 8 colours (2km each) for TSEC qualification completed TSEC Certification is under progress Monthly Manufacturing Capacity is 375 KM. The requirements against available orders for ASCON and BharathNet can be partially met with the installed capacity.

c. Smart Banking Card Project

ITI Palakkad has been certified by National Payment Corporation of India (NPCI) for Rupay Card Personalization. With this, ITI Ltd has earned the privilege as the first PSU to get accredited for Rupay Card personalization.

The plant is now modernized with state of the art infrastructure in line with technical specifications for Payment Card Industry (PCI). The infrastructure includes modern manufacturing equipments for Smart Card Assembly and personalization for milling & embedding, personalization etc, having monthly production capacity of approximately 12 Lakhs banking cards (Debit/Credit). The physical security is ensured by installing Security & Surveillance systems as per PCI specifications and logical data security is established through a dedicated network with all security features.

d. Mini PC

ITI Palakkad has developed Mini PC branded as "SMAASH PC", which is having unique features such as smart performance, low power consumption, sleek design and operating in a silent environment. Trade mark is registered and CE, FCC and ROHS Certifications received and trying for BIS and Energystar.

The Plant has supplied Mini PCs to MG University of Kerala and Calicut University. As part of marketing effort, sample PCs have been positioned at various state government offices in Kerala. Marketing efforts are continuing for more orders.

e. Repair Centre Upgradation

The repair centre is augmented with additional automated test accessories to carry out the repair activities for the current products such as MLLN, OCB etc. as part of the AMC support with BSNL/MTNL ITI is earning an annual revenue of approximately Rs.40 Crore as part of AMC every year.

As required by VSSC, Palakkad Plant is also setting up a full fledged Test Lab for RF and other packages. With these infrastructures, testing of RF packages, Power modules, DC-DC converters and other direct flight packages are identified as the new business area, against which the test set up is completed and evaluated successfully by VSSC. Purchase orders worth Rs.1.83 Crore are received from VSSC.

f. PCB Upgradation

The PCB plant of ITI Palakkad was upgraded with most modern equipments for manufacturing upto 10 Layers as per the LCSO/VSSC specifications to meet all the high quality PCB requirements for industries such as VSSC, HAL, BEL etc. We are planning to manufacture the PCBs of Smart Energy Meter at our PCB plant.

g. Smart Energy Meter

ITI has been awarded with the letter of award (LOA) from Energy Efficiency Services Limited (EESL) for the manufacturing, supply and maintenance of 25 Lakhs GPRS based Smart energy meters complying to IS 16444 technical specifications. Type approval for the new product as per EESL specification is in progress at CPRI, Bengaluru.

h. Set Top Boxes

ITI has signed a MoU with Broadcast Engineering Corporation India Ltd (BECIL) for the technology transfer and manufacturing of Set Top Boxes with design from M/s Bydesign. ITI has completed the pilot manufacturing of two models of set top boxes of different chip modules. Type approval has been obtained for both the models.

i. Hand Held Devices

ITI is in the process of identifying partners for technology transfer and manufacturing of POS payment terminals.

Additional Skill Acquisition Programme

Kerala Government has selected ITI as one of the Training Service Provider of ASAP Scheme (Additional Skill Acquisition Programme) for providing training on training on Computer Hardware and Pick & Place (SMT). During 2017-18, we have completed one batch for each course, with revenue of Rs. 4.2 lakhs for two batches. A new batch for PCB Course will commence from next June 2018.

Energy Conservation

Towards Energy saving front, the plant has replaced all HPSV lamps by LED Lighting (Yearly savings of 48,180 Units and Rs.2,56,595/-), replaced higher Capacity Condenser Water Pumps and Cooler Tower Fans with Low power Condenser water pump and cooling tower fans suitable for our Centralized Air-conditioning Plant (savings of 7311KWh, and Rs.38,017/-is achieved during the last 3 months) and switching off the light in production Hangers during Lunch Break resulted in savings of Rs.18,900/- per year We are discussing with EESL for replacing all fluorescent lights and fans with energy efficient electric appliances supplied by EESL which in turn will result in savings of approximately 16 Lakhs.

Water Conservation

As part of conserving water, the plant implemented Rain Water harvesting by collecting rain water into a storage area of capacity 2 Lakh Litres. Also on experimental basis, plant has implemented drip irrigation system for garden by saving approximately 3000 liters of water daily.

Corporate Social Responsibility

As part of Corporate Social Responsibility, ITI Palakkad is making charity contributions by sponsoring student's scholarships for financially backward bright students, making contributions to charitable institutions etc.

Certifications

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

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

Accolades

In the Industrial Safety front, ITI Palakkad have won First Prize for the Outstanding Safety performance in the large size Engineering Industries Group from National Safety Council Kerala Chapter during 2017-18

NAINI PLANT

ITI Naini has diversified the business from Transmission equipment to Renewable Energy (Solar) business segment. Naini Plant has achieved the Turn over of Rs.63.11 Croreduring FY 2017-18 through supply of SPE systems for GPON Project and Supply of Roof Top Solar Power Plant.

Major orders executed by NainiPlant

Solar

Under BharatNet Phase-I, Rural masses of India are being digitally connected through the High Speed Broad Band services on GPON platform. ONT which is Broadband Access equipment is a part of the GPON equipment and will be installed in Gram Panchayats. To provide uninterrupted power supply to ONT, SPE (Solar Power Equipment) is also required for each ONT and ITI Naini has produced & supplied 35300 SPEs amounting to Rs.62.29 Crorefor the year 2017-18 and completed the orders.

ITI Naini had received a Work Order of Rs.75 lakhs from M/s L&T construction for Supply & Installation of Roof Top Solar Power Plant at Safdarganj Hospital, New Delhi and completed the job.

ITI Naini has taken initiative for development of solar products like Charge Controller, LED Street Lights and other LED based lighting products for Home Appliances.

Under Revival Plan Phase II, ITI Naini has augmented SPV Module Manufacturing Capacity by installing State of the Art 18 MWp Automatic SPV Module Manufacturing Line, to 23 MWp. This will enable to manufacture IEC Certified module ranging from 30 Wp to 300 Wp.

ITI has bagged an order for installation of Roof Top Solar Power Plant for capacity 10 MWp in UP & 2.293 MWp in Karnataka from Solar Energy Corporation of India (SECI),a PSU under Ministry of New and Renewable Energy (MNRE). A consortium agreement has been signed with M/s Cambridge Energy Resources (CER), Gurugram, Haryana, for this project. ITI also signed MOU with CER Renewtec (CER_RT) assign of CER for implementation of the project. The 10 MWp Power plant will be installed at ITI, Naini and 2.293 MWp plant is proposed for ITI, Bangalore.

Data Center

Purchase order has been placed to M/s Trimax for design and implementation of Data Center (Disaster Recovery Site). Structure stability test, Roads & APRON surrounding building & Anti-termite treatment of the identified building has been done.

Quality

ITI Naini has upgraded to ISO 9001:2015 from ISO 9001:2008 in the month of Nov 2017 and Certificate is valid upto 30th Nov. 2020. Similarly up-gradation of ISO 14001:2004 to ISO 14001:2015 is under process. ITI Naini already acquired ISO 18001: 2007 certification for Occupational Health and Safety Services (OHSAS)

Training

15 days Skill Development Training Program of Solar Module Assembly Technician was conducted for 4 batches and 90 trainees were trained & revenue of approximately Rs 2.06 Lakhs generated and an amount of Rs.1.0 Lakh spent for conducting on-line exam for trainees through TSSC. Six months specialized industrial training conducted for 80 trainees. 4/6 weeks

Vocational/summer trainees conducted for 281 Degree/ Diploma/MBA students & revenue of Rs.5.62 generated. Four In-house training programs organized for total 123 training man-days with in the training budget of Rs 0.25 Lakh (For In-House & External Training Program). In-plant training for 206 trainees conducted in 7 batches and revenue of rupees 34,400/ generated. 33 trade apprentices engaged for one year trade apprentice at stipend of rupees 6348/ per month per candidates.

Energy Conservation

During the year 2017-18, 8632 KWh saving in consumption was achieved as an Energy Conservation Measure.

SRINAGAR PLANT

Srinagar plant is gearing up to venture in to the skill development activitites for the benefit of local youth, State Govt. employees and other sections of the Society, under the skill India mission from Govt.of India. During the Financial Year 2017-18. Some area of the Plant is renovated to set up Skill Development Centre. Five employees of the plant were deputed to ITI Limited Bangalore for receiving the training in OFC-Domain & Platform skills under the TSSC accreditation. In addition to above, few more employees of the plant have also been given acquaintance of the basic assembly and testing of Solar SPV Panels/Modules at ITI Limited Naini plant. The Expertise will be utilized in the skill Development of customers at Srinagar plant.

The Plant also actively participated in Swachhta Mission of GOI and spent Lacs of Rupees during FY 2017-18.

NETWORK SYSTEMS UNIT (NSU)

Highlights of NSU Unit for the year 2017-18:

This non production Unit is having its core strength in execution of Turn key projects of communication networks and AMC. It has a track record of steady growth and continuous profitability.

- In the Financial year 2017-18, NSU has given its best ever performance by achieving the turnover of Rs.173.98 Crore and registering a profit of Rs.20 Crore.
- Revenue from AMC for ASCON projects Rs.99.18 Crore continued to be a major contributor while AMC for OCB of BSNL and MTNL contributed Rs.26.73 Crore.
- In the current fiscal due to reduction in OCB Exchanges capacities and changes in contract values resulted lower turnover in OCB AMC segment, but at the same time, the unit clocked one of its best turnover in recent years by implementing one of the Govt. of India's prestigious project -GPON Installation and commissioning under Bharatnet Phase - 1 to the tune of Rs.44.39 Crore. The unit is set to migrate from ISO 9001-2008 to ISO 9001-2015 certification standards, shortly.

HIGHLIGHTS OF REGIONAL OFFICES (ROs)

Performance:

- Performance of ROs for the FY 2017-18 is Rs.200 Crores. higher than the last fiscal (Rs.190 Crores)
- ROs have reported overall profit of Rs.5.86 Crores, higher than the last fiscal (Rs.2.78 Crores)

- Orders bagged by ROs in FY 2017-18 amounts to approx. Rs.229.68 Crores.

New Major Projects taken up in 2017-18:-

RO- Delhi:

- Integrated University Management System (IUMS) for Universities of approx value Rs.15 Crore
- CCTV Surveillance Systems for Delhi Police, MHA, ICMR< Guru Jambeshwar University Hisar and Co-Operative Bank, Shimla of total approx. value Rs.10.5 Crore.
- Wi Fi Zones establishment for Dept. of Higher Education, Haryana of approx.Value Rs.4 Crore.
- Networking Solutions for Guru Jambeshwar University, Hisar of approx value Rs.2 Crore.

ROs- BANGALORE, BHUBANESHWAR, CHENNAI, DELHI, HYDERABAD, MUMBAI:

- Deployment of ICT based Feedback devices for community & public toilets under SBM (Swaccha Bharat Mission)

RO- Lucknow:

- Audio Video Streaming (Broadcasting system) for UP Vidhan Sabha of approx total Value Rs.4.4 Crore
- CCTV Surveillance systems for UP Police& UP Vidhan Sabha of approx value Rs.5 Crore
- GIS based project for UP BOCW (Buildings & other construction workers), Welfare Board of approx value Rs.12.6 Crore.
- Infrastructure creation for Smart Class Rooms at Manipur University of approx. Value Rs.2.39 Crore.

RO-Mumbai:

- Soft Asset Geo Fencing & Manpower tracking system for Nagpur Municipal Corp., of approx value Rs.12 Crore Big orders successfully completed in 2017-18
- e- Tendering business of approx. Value Rs.36 Crore - RO Delhi, Bangalore, Kolkata, Bhubaneswar & Mumbai
- RO LKO has successfully completed CCTV Surveillance work (Rs.2.28 Crore) & ICT Infrastructure projects (Rs.5.6 Crore.)
- RO Delhi has completed Integrated University Management Systems (IUMS) Orders (Rs.16 Cr), CCTV Surveillance Work orders (Rs.18 Cr) and establishing of Wi-Fi zones (Rs.4.10 Cr).

Future Prospects:

- ROs are focusing to explore, address and grab new business opportunities in the Field of IoT, Smart City, Smart Cards, Smart lighting / Smart Buildings, e-MarketPlace, Geo Fencing & Manpower Tracking / Vehicle Tracking etc.
- Integrated Command & Control Centers for Smart City components
- GIS Survey / GIS mapping for Buildings & Other Construction Workers Welfare Board & Local Bodies.
- CCTV Surveillance, ICT Infrastructure, ERP Solutions, Solar Power Plants etc.

7. RATING IN MEMORANDUM OF UNDER STANDING

The company's rating for the year 2016-17 is "Good" with a composite score of 57.85. The company has signed Memorandum of Understanding with the Administrative Ministry for sales turnover of Rs.2700 Crore (at Good level) for the year 2018-19.

FUTURE OUTLOOK:

Company has undertaken many initiatives/ projects so as to boost turnover and the revival activity which is already in process.

- **G-PON Products Manufacturing:**

  ITI had participated in GPON turnkey project tenders for BharatNet phase I project for providing high speed Broad band connectivity to 1 lakh Gram panchayats across the country and successful in securing orders from the BBNL and BSNL. ITI successfully manufactured, supplied, installed and commissioned about 1500 OLT units and 40,000 ONTs. ITI is expected to get some more orders

under BharatNet Ph I project. ITI is manufacturing these products at Rae Bareli and Mankapur plant from component level with C-DOT as the technology provider. In view of huge requirement of OFC deployment for Govt of India under BharathNet project there would be corresponding requirements of GPON solution. ITI is also aggressively bidding for BharatNet Ph II project and expected to get orders for which ITI will manufacture and supply GPON products. Bangalore plant has also geared up for manufacturing GPON products to meet the expected additional requirements.

- **HDPE pipe and Optical fibre cable manufacturing:**

  Laying of optical fibre cable (OFC) underground is to be carried out through PLB HDPE (Permanently lubricated high density Poly ethylene) Pipe only. The demand for HDPE Pipes has risen due to several Government projects like NFS, BharatNet etc. Also there is huge requirement of OFC /HDPE in ASCON project. As per Govt. of India initiative for "DIGITAL INDIA" programme, optical fibre network is to be established for high speed internet access across the country. Hence, there is huge demand of PLB HDPE pipes. Apart from BSNL and BBNL, other service providers are also requiring such type of PLB HDPE pipes for their telecom service. ITI has established 3 lines of HDPE manufacturing at Rae Bareli unit and one manufacturing line at Palakkad unit. One manufacturing line of OFC has been commissioned at Rae Bareli unit. The capacity installed will be used to meet the requirements of ASCON and BharatNet Ph II orders on ITI.Pilot production of OFC and HDPE pipes have been done by ITI. HDPE pipe supplied to BSNL against educational order.

- **Encryption Products for Defence:**

  The encryption products for Defence communication networks are being designed by our R&D and manufactured, supplied & maintained by ITI from long time. ITI has been the pioneer in this field. The products have evolved over the years in tune with the evolution in the digital communication technology. There are major requirements of encryption products for Defence for their NFS network, ASCON network etc. Company has received the advance purchase orders for design, manufacturing and supply of Multi-Channel encryption Unit (MECU) under NFS project valued about Rs.86 Crores. Company is participating in tenders for defence and expected to get more business.

- **BharatNet Phase II project:**

  Under BharatNet Phase II project for providing high speed Broad band connectivity to 1.5 lakh Gram panchayats across the country, ITI is addressing tenders from BSNL, BBNL and other state Government aggressively for securing business. ITI is having all the products for end to end connectivity required like GPON (OLT&ONT), Solar Panels, OFC, HDPE pipe, Wi-Fi solution. All these products are manufactured and supplied by ITI.

- **Manufacture of smart Energy Meters.**

  As a part of diversification, ITI has entered into IoT and Smart City business. In this regard, ITI has tied up with many start-ups and Companies for Smart business verticals of IoT and Smart City for addressing the business opportunities in this sector. One of the Smart solution is Smart Energy Meters wherein the legacy energy meters will be replaced by smart energy meters. These meters records energy consumption and has a facility to store the data and reproduce whenever required. These meters enable a two-way communication between the meter and the central system. The meters have a feature of monitoring the quality of power also. These meters are popular among residential as well as the industrial customers.The Smart Meters play a vital and crucial role in Smart Grid with special focus in distribution side. It is one of the pillar technologies in the Smart Grid. The existing meters, both electromechanical and Electronic meters, doesn't have essential features like theft detection, power outage, communication to utility, load connect / disconnect etc.

  ITI had participated in a tender for a project of designing, engineering, manufacturing, testing, inspection, supply of smart meters to M/s. Energy Efficiency Services Limited (EESL), a Public sector Undertaking under Ministry of Power, Government

of India. ITI stood L1 and got contract for supply of 25 lakh energy meters in phases over next three years.

ITI will manufacture these meters and supply using our existing infrastructure and also by establishing new additional infrastructure specifically required for manufacture of smart meters. The order value is Rs.840 Crore. There is huge requirement of such meters in the country. This project is a stepping stone for ITI for taking up for other projects in IoT/ smart city projects in the days to come.

- **Manufacture of Smart Cards:**

As an extension of National Population Register project, which is under execution by ITI as a consortium partner with BEL and ECIL, ITI is looking at the huge opportunity of manufacturing Smart card-based identity cards for the citizens in the Country. In addition, there are opportunities regarding supply of smart cards for unorganized workers, driving licences, motor vehicle registration etc. ITI is already having smart card manufacturing facility at its Palakkad plant. and same has been augmented to take manufacture of various types of smart cards. In view of GOI Digital India mission, smart cards assumes significant role in cash less transactions across the country in every sector and there will be huge demand for the same.

- **Li-Ion Batteries for Telecom applications:**

Long life, low maintenance & High energy density back up power solutions using Li-Ion technology have been proved in all fields of consumer electronics like PCs, Mobile phones, Tablet PCs etc. They also make inroads into other applications of Telecom industry like powering GSM towers. ITI has entered into TOT for supply of Li-Ion batteries with focus on meeting needs of Telecom applications like GSM BTS sites. ITI is planning to take up assembling of Li-Ion batteries , specifically for supplying to the BTS sites. Further there is a huge requirement of such batteries in E – Vehicle sector in the country. The Indian automobile industry is one of the largest growing markets of the world and contributes highly in the country's manufacturing facilities. Not only this, the automotive industry in India is further expected to pull up the share of manufacturing in India's GDP to 25% by 2022 from 15% currently, with production of Electric Vehicles in the country. However, India's electric vehicle industry is a very new when compared with the other international markets. There is a growing demand for Li – Ion batteries in the country.

- **Component Screening Project:**

Component Screening is a Project suggested by VSSC (ISRO) for ITI Palakkad to take up for meeting their requirement of approximately 5 Lakhs screened components per year. Screened Components are required regularly for VSSC for their space missions. Basic component screening facility has already been established in the plant. Further the Component Screening infrastructure has been upgraded to cater for new components and also for meeting needs of Component Screening for defence requirement.

- **Data Centre and IT Business:**

Currently ITI has been operating a tier 3 Data Centre in its Bangalore plant. The Company is already providing IT solutions like e-Banking, Aadhaar based authentication etc. on SaaS basis from the Data Centre.Looking into high demand for data Centre business and the expected growth in India, under the revival plan, our existing Data Centre is being expanded to level of Tier III plus to cater for 1200 racks. With 1000 Racks at Bangalore Plant and 200 Racks at Naini Plant are planned as disaster recovery site.

- **Wi-Fi products:**

Wi-Fi products have revolutionized the way we communicate. In addition to low power Wi-Fi products in residences, Wi-Fi hot spots are coming up all around the country. Further, Wi-Fi products are also expected to be part of the Digital India programme to connect every citizen to Broadband network and also in setting up of Smart Cities. ITI is addressing the business opportunity in Wi-Fi vertical for BSNL and BBNL.

- **Managed Leased Line Network (MLLN) Equipments:**

  ITI has been the leader in supplying MLLN products and services, including turnkey solutions for supply, installation, integration, commissioning, operation and maintenance of Network Equipment to BSNL since 2002-03. The existing MLLN networks has been installed and maintained by ITI till date. Currently, ITI has signed agreements for supply of IP based MLLN technology.

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

  Contract manufacturing for PSUs is an existing activity in ITI. ITI is already executing job works for PSUs like, BHEL, BEL, VSSC, NPOL etc. With upgradation of infrastructure in ITI, there is more scope for getting new business in the area of contract manufacturing which is being pursued.

- **IOT and Smart City**

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

PROPOSAL FOR FURTHER PUBLIC OFFER

The Cabinet Committee on Economic Affairs (CCEA) at its meeting held on 21st March 2018 approved the Further Public Offer of ITI ("FPO") consisting of Issue of 18 Crore fresh equity shares of the face value of Rs 10 each at a price to be determined through a book building process in order to raise working capital for new projects, reduce its debt obligations and to meet SEBI's requirement of Minimum 25% Public shareholding.

Additional equity shares not exceeding 5% of the Fresh Issue to Public (18 Crore equity shares) will be reserved for the employees of the Company. The eligible employees and retail investors may be offered shares at a discount of 5% on the Issue Price subject to the decision of a FPO committee and Board. After the FPO the Government of India will continue to hold 75% of the equity shares of the Company.

ITI has appointed M/s. Cyril Amarchand Mangaldas as the Domestic legal counsel and M/s Clyde & Co., as International Legal Counsel and M/s. BOB Capital Markets Limited, Karvy Investor Services Limited and PNB Investment Services Limited as the Book Running Lead Managers for the FPO. M/s Karvy Computershare Private Limited has been appointed as the Registrar & Transfer Agents for the FPO. M/s Concept Communications Limited has been appointed as the advertising agency for the FPO.

CONTRIBUTION TO EXCHEQUER

During the year, your company has contributed Rs.33585.18 Lakhs to the exchequer towards duties and taxes.

PUBLIC DEPOSITS

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

REVIEW OF ACCOUNTS BY INDIAN AUDIT AND ACCOUNTS DEPARTMENT

The "Nil" comments on the accounts for the year 2017-18 by the Comptroller and Auditor General of India is appended.

JOINT VENTURES

INDIA SATCOM LIMITED (ISL)

ISL was incorporated in the year 1987 and the present shareholding of ITI in ISL is 49% of its sharecapital with M/s. Chris Tech Systems Pvt Limited holding 51% of its sharecapital. Consequent to the delay in final disposal of the case initiated by Karnataka Industrial Area Development Board (KIADB) which is pending before Hon'ble High Court of Karnataka, ISL could not proceed with its revival operations through land development.

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

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

QUALITY

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

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

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

The five manufacturing plants at Bangalore, Palakkad, Mankapur, Rae-Bareli and Naini have been accredited with ISO 9001-2015. The periodical Surveillance Audit & Recertification Audits have been conducted successfully. Keeping in tune with the Global concern for Environmental Management, Mankapur, Raebareli, Naini and Palakkad plants have already obtained ISO 14001-2015 EMS certifications. ITI Bangalore Plant is in the process of getting certification with the latest standard. The guidance and support to all the units for training implementation surveillance audits and recertification audits of ISO 9001-2015 and EMS 14001-2015 are provided by Corporate Quality Assurance.

Reliability engineering laboratory of ITI Bangalore Plant has been upgraded with static of the art test chambers to meet customer requirements.

TelecomTesting Centre, the first of its kind in ITI history, will be launched shortly. This centre will cater to the defence and telecom customer requirements and will consist of

1) EMI/EMC test Lab
2) SAP Lab
3) Safety Lab
4) Security Lab

MANPOWER

Employee strength at the end of the year 31st March, 2018 was 3576 out which 463 were female employees.

As on 31.03.2018, there were 598 employees belonging to Scheduled Castes and 53 belonging to Scheduled Tribes.

157 Officials on Tenure basis, 64 Contract Technicians, 11 Contract Operators and 5 Experts were recruited during the year 2017-2018.

Employees belonging to Physically Challenged Persons numbering 46 and Ex-servicemen category numbering 9 were on the rolls of the company as at the end of the financial year.

INDUSTRIAL RELATIONS

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

No. of complaints received during the year 2017-2018 is NIL.

HUMAN RESOURCE DEVELOPMENT

To keep pace with the latest trends in Telecom Technologies, company has rededicated the EDCs to strategize HR interventions with focus on company's business objectives, employee-centered Technological and Managerial, Skill Development, Quality and Customer Relations. The Company's HRD initiatives were prioritised on New Telecom Technology, Telecom Manufacturing, Information Technology and Talent Management-Development of leadership and managerial skills, besides planning a score of social awareness training initiatives. On new telecom front, IT and talent management, training was organized on core areas.

During the year 2017-18 the company organised 110 in-house training programmes and nominated suitable executives for the need based external training programmes. Total 1856 (Male 1608 & Female 248) employees have been trained and achieved 4291 training man-days.

To develop leadership and managerial skills of managers, company organised two MDPs at IIMK, wherein more than 50 executives have been trained, thus achieved 250 training man-days. Further, 61 officials have been nominated for external training programmes, organised by Premier Institutions like IITs/ IIMs in the most important areas and achieved 177 training man-days under RDC scheme of DPE.

The company has excelled on the MoU commitment with respect to HRD System and consecutively secured 'Excellent Rating' for the year 2017-18 also.

OFFICIAL LANGUAGE

All Units / Offices have established "Check-points" in their departments to make effective implementation of the Official Language Policy. Monitoring is being done by the respective Official Language Implementation Committees constituted in every Unit / Office.

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

In order to enhance the working knowledge of Official Language of our employees, they have been sent to various Training Programs organized by the government for imparting training in Hindi awareness, Hindi typing and Hindi Stenography as per our requirement. However, the Official Language Cells of the different Units / Offices have also conducted internal training programs. Besides, employees were encouraged to take part in Hindi Prabodh, Praveen & Pragya examinations for which financial incentives have also been sanctioned.

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

After reviewing our quarterly reports, regular appreciation letters have been received from Dy. Director-OL, Official Language Department DoT, New Delhi as well as Dy. Director (Implementation), Regional Implementation Office, Bengaluru.

ITI Limited, Registered and Corporate Office, Bengaluru, was awarded Second prize for the best official language performance award for the year 2016-17 by Chairman, Town Official Language Implementation Committee (Enterprise), Bengaluru on 25th July, 2017 at BEL, Officer's Club, Bengaluru Complex, Jalhalli.

A Joint Hindi Fortnight Program for Bengaluru based PSUs / Organisations was organized by TOLIC (Town Official Language Implementation Committee) Bengaluru between 10.07.2017 & 16.08.2017. Various types of competitions were arranged during this period. On this occasion many officers/Non-officers of ITI Limited, Bengaluru based Units / Offices also participated in these competitions and more than 03 Officers / Non-Officers have got the prizes. Valedictory function was held on 19.12.2017 and cash prizes and certificates to the wining participants were given by President, TOLIC.

"Hindi Fortnight" was celebrated and various Hindi Workshops were organised for encouraging progressive use of Hindi during 2017-18. Bilingual (i.e. English and Hindi) website of company is being regularly updated.

VIGILANCE

Vigilance Department focused on the preventive vigilance activities in order to bring more transparency

and efficiency in the organization during the year 2017-18. CVC guidelines and Government policies in this regard have been strictly followed.

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

The Company celebrated Vigilance Awareness Week from 30th October 2017 to 4th November 2017 in all manufacturing units, business establishments and corporate office. As an outreach activity, Seminar and Integrity pledge was organized at Lucknow Public School, Rae Bareli on 01st November 2017 & at Kendriya Vidyalaya, Rae Bareli on 02nd November 2017 to create awareness on corruption and on the role of preventive vigilance to combat corruption. More than 200 students from each school participated., Debate/ speech Competition was conducted amongst students. In all other Manufacturing Units viz., Naini, Mankapur, Palakkad, Units have conducted Vigilance Awareness Week - 2017 programme. The Observance covered Pledge taking ceremony, Holding Essay/ Quiz/ Drawing Competitions, arranging Valedictory Function on the Concluding Day of the Vigilance Observance Week.

To address the grievances of intending bidders the issue of appointment of IEM was taken up by Chief Vigilance Officer with the management and Company appointed Shri Venugopal K Nair, IPS (Retd) as Independent External Monitor (IEM) during November, 2017.

Vigilance Department has deployed a fully functional Online Vigilance Clearance System in the company to achieve a paperless, time saving system for providing vigilance clearance. The system architecture is designed by Corporate Vigilance.

The Vigilance department is putting emphasis on preventive vigilance like implementation of Integrity Pact, E-procurement, conducting CTE type examination, publishing of tenders & POs in website, surprise checks in sensitive departments and checking of Annual Property Return etc.

RIGHT TO INFORMATION

During the year 2017-18, 384 RTI requests have been received. Information was provided for 382 RTI applications for year 2017-18. The Central Information Commission has launched an online RTI Portal for filing online RTI request for seeking information for convenience of the applicants. Out of 382 RTI replies,reply/information was provided online for 43 cases. Quarterly online RTI returns were uploaded on the CIC portal and same information is submitted to Ministry of Communications and also published on our Company website. With a view to achieve total transparency, the requests and responses are being uploaded on our website by FAA/ CPIO/ Public Information Officers of Units under specific links provided to each Unit. All cases referred to CIC by the applicants as second appeals have been successfully addressed and complied in totality to CIC decisions.

AUDITORS

- **STATUTORY AUDITORS**

  M/s. Sankaran & Krishnan, Chartered Accountants Bengaluru were appointed by Comptroller and Auditor General of India as Statutory Auditors for the year 2017-18.

- **BRANCH AUDITORS**

  The following firms of chartered Accountants were appointed as Branch Auditors for different plants of the Company for the year 2017-18

S.No.	Unit	Name of Auditor
1	Bangalore	M/s Sankaran & Krishnan, Bengaluru
2	Naini	Neeraj Prakash & Associates, Allahabad
3	Rae Bareli	M/s R K Chari & Co., Lucknow
4	Mankapur	M/s P N G & Co., Faizabad
5	Palakkad	M/s Varier & Associates, Palakkad
6	Srinagar	M/s Amir Jan & Associates, Srinagar

- **COST AUDITORS**

  M/s GNV Associates, Cost Accountants, Bengaluru was appointed as Cost Auditors for the year 2017-18 for the cost audit of south-based units located at Bangalore, Palakkad and also consolidation for the Company and M/s. Aman Malviya & Associates, Lucknow as Branch auditors for the Cost Audit of North based units located at Naini, Rae Bareli, Mankapur and Srinagar.

- **SECRETARIAL AUDITOR**

  The Company has appointed Shri D Venkateswarlu, Company Secretary in practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the year 2017-18 and reply to the observations of the Secretarial Auditor are appended as an Annexure to this Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, the Company has engaged M/s Gowthama & Company, Bengaluru (Firm Registration No. 005917S) Chartered Accountants for reviewing and installing adequate Internal Financial Controls and to ensure proper and adequate systems for compliance with the provisions of all applicable laws. An internal audit mechanism is in place for conducting extensive audit of various operational and financial matters. C&AG conducts audit. An independent Audit Committee of the Board of Directors also examines internal/ statutory audit observations and provides guidance based on the same. The Audit Committee also looks into the internal control system, Company procedures and internal audit performance and reports to the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Corporate Social Responsibility is an initiative brought in by the Ministry of Corporate Affairs whereby corporates earning adequate and consistent profits are mandated to serve society by contributing at least 2% of average net profits of the Company during three immediately preceding financial year in various activities as defined in Schedule VII of the Companies Act 2013.

Accordingly during the financial years 2015-16, 2016-17 and 2017-18, the Company has earned net profit of Rs.251.19 Crores, Rs.304.88 Crores and Rs.230.56 Crores respectively which is inclusive of grant in aid (Rs.494.02 Crores, Rs 360.71 Crores and Rs 132.98 Crores respectively) received from Government of India. The grant in aid has been given to the Company for specific purpose and cannot be used for allocation for CSR activities. However, for the financial year 2017-18 the company has earned operational profit of Rs 97.58 Crores excluding grant in aid.

Hence as required under section 135 of the Companies Act, 2013, the company has constituted CSR Committee and the company shall spend the mandated amount in areas identified by the CSR Committee in the upcoming financial year. However, the Company has set up Hospitals, Schools and Playgrounds at Townships of Manufacturing Units for the benefit of employees and the local community.

BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility report for the year forms part of the Annual Report.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 13th August 2018, the Board of ITI, comprises of Ten Directors of whom three are Whole Time Directors, one Government Nominee Director and Six Non Official Part Time Directors (Independent Directors)

INDEPENDENT DIRECTORS

As on 31st March 2018, Shri Saday Krishna Kanoria and Smt Asha Kumari Jaswal were the independent Directors of the Company.

The Government of India, vide letter No. F.No. E-5-5/2018-PSA dated 17th July 2018, appointed five independent Directors on the Board of the Company viz., Shri K R Shanmugam, Shri Suresh Chandra Panda, Dr. Akhilesh Dube, Shri Mayank Gupta and Shri Rajen Vidyarthi. Shri Suresh Chandra Panda's appointment has taken effect from 17th July 2018. Dr. Akhilesh Dube's and Shri Rajen Vidyarthi's appointment has taken effect from 08th August 2018. Shri Mayank Gupta's appointment has taken effect from 13th August 2018. However Shri K R Shanmugam has to obtain Director Identification Number and his appointment will take effect from date of obtaining the same.

The terms and conditions of the Independent Directors are posted on the website of the Company. Independent Directors shall not be liable to retire by rotation. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013. For the year under review, a separate meeting of Independent Directors was held on 13th February 2018 in which all the Independent Directors were present.

GOVERNMENT NOMINEE DIRECTORS

Lt General A R Prasad, AVSM, VSM, ADC, Signal Officer in Chief and Senior Colonel Commandant, Ministry of Defence, Government Nominee Director, retired from service by superannuation on 31st July 2018

Shri R M Agarwal, Former DDG (SU) DOT Government Nominee Director has been appointed as Director Marketing and assumed charge on 27th April 2018.

Shri Rajesh Sharma, Deputy Director General (SU), Department of Telecommunications was appointed as Government Nominee Director.

CHANGES IN FUNCTIONAL DIRECTORS

Shri S.Gopu, Director-HR was granted additional charge of Chairman and Managing Director w.e.f. 01st January 2017. Shri S Gopu was appointed as Chairman and Managing Director with effect from 23rd January 2018. The detailed Terms and Conditions of appointment of Chairman and Managing Director was received vide Ministry of Communications letter No. F.No. E-14-4/2018-PSA dated 06th April 2018. Shri S Gopu retired from services by superannuation on 31st May 2018.

Shri K Alagesan, Director-Production was entrusted with additional charge of Director Marketing from 01st January 2017 to 27th April 2018, additional charge of Director Human resources from 08th May 2018 to 02nd August 2018. At present, holds the additional charge of Chairman and Managing Director with effect from 01st June 2018.

Dr Janaki Anathakrishnan, Director Finance / Chief Financial Officer was prematurely terminated on her own request and repatriated to her parent cadre (IP&T Accounts & Finance Services). Dr Janaki Anathakrishnan was relieved from duty on 12th December 2017

Shri Chittaranjan Pradhan (IP &T AFS-1995), a SAG level officer in Department of Telecommunications, took over additional charge as Director Finance with effect from 23rd March 2018.

Shri R M Agarwal, former Government Nominee Director, Ministry of Communications has been appointed as Director Marketing with effect from April 27,2018. Shri R M Agarwal has been entrusted with additional charge as Director Human Resources with effect from August 02,2018

Smt Malathy Menon has been appointed as Chief Financial Officer with effect from 14th December 2017. Mrs S Shanmuga Priya continues as Company Secretary of the Company. Chief Financial Officer and Company Secretary continues to be Key Managerial Personnel along with the Functional Directors of the Company.

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

Shri K Alagesan and Shri R M Agarwal, Directors retires by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

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

NUMBER OF MEETINGS OF BOARD

During the year, 7 meetings of the Board were held on 25.05.2017, 28.05.2017*, 22.08.2017, 13.09.2017, 14.12.2017, 13.02.2018, 27.03.2018. * The meeting held on 25.05.2017 was adjourned to 28.05.2017

PARTICULARS OF EMPLOYEES

There were no employees of the Company who received remuneration in excess of the limits prescribed under Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate section 'Management Discussion and Analysis Report' has been included in the Annual Report and the same forms part of the Directors' Report.

CORPORATE GOVERNANCE REPORT

The report on Corporate Governance on the compliance of Corporate Governance conditions stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the DPE guidelines on corporate

governance forms part of Directors report. The Certificate on the Compliance of above Corporate Governance Conditions from Practising Company Secretary also forms part of Directors' report.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report, which is also available on Company's website at http://www.itiltd-india.com/investor_information.

RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Related Party Transactions which is also available on Company's website at http://www.itiltd-india.com/investor_information.

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

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

The Authorised share capital of the Company was amended from Rs.1200 Crore (divided into Equity Share capital of Rs.800 Crore and Redeemable Cumulative Preference Share capital of Rs 400 Crore) to Rs. 3500 Crore (divided into Equity Share capital of Rs.2800 Crore and Redeemable Cumulative Preference Share capital of Rs.700 Crore). The shareholders have approved the same in the Extra Ordinary General Meeting held on April 05, 2018.

The capital clause of the Memorandum of Association and the entire set of Articles of Association of the Company has been amended and approved in the Extra Ordinary General Meeting on 05.04.2018

The Company has allotted 13,70,00,000 equity shares of Rs.10 each at par to President of India during May 19, 2018 against the CAPEX infusion of Rs.137 Crore by the Government of India, as part of revival package.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

(a) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at 31st March 2018 and of the profit of the company at that date;

(c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the annual financial statements have been prepared on a going concern basis; and

(e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

ENTERTAINMENT EXPENDITURE AND FOREIGN TRAVEL

The expenditure on entertainment was Rs.4.67 lakhs. Expenditure on official travel abroad by the officials of the Company amounted to Rs.3.24 lakhs during the year.

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

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

AWARDS

ITI Limited receives Certificate of Appreciation for BharatNet Phase I

A Certificate of Appreciation was awarded to ITI Limited in recognition of its significant contribution as 'best performing equipment supply partners' to achieve BharatNet Phase I target for connecting over one lakh Gram Panchayats. The certificate was presented by Shri Manoj Sinha, Hon'ble Minister of State for Communications to Shri S. Gopu, CMD, ITI Limited at a felicitation function organized by the Department of Telecommunications (DoT) at India Habitat Center, New Delhi on January 8, 2018.

National Safety Awards Conferred on ITI Raebareli Plant

ITI Raebareli plant has been conferred with the National Safety Awards for the Performance Year 2015 for Outstanding Performance in Safety at industrial establishments for maintaining consistent safety standards. The National Safety Awards and Certificates were received by Shri S P Gupta, AGM-RB, Unit Head from Shri Santosh Kumar Gangwar, Union Minister of State for Labour & Employment on September 17, 2017 at Plenary Hall, Vigyan Bhawan, New Delhi. ITI's customary practice of maintaining 'Safety First' at its establishments has been recognized by Government of India. Raebareli plant has received the Awards and Certificates in two categories - 'Runner-UP' for achieving Lowest Average Frequency Rate of Accident and 'Runner-UP' for achieving Accident Free Year during the Performance Year 2015.

ITI Limited receives Indywood Excellence Awards 2017

ITI Limited was awarded Indywood Built in India Excellence Awards 2017 in the category of Public Sector - Telecommunications at Ramoji Film City, Hyderabad on December 4, 2017. Smt Sandhya Puttyah Jugnauth, Senior Cultural Officer, Ministry of Arts and Culture, Mauritius presented the trophy and certificate to Shri S. Gopu, CMD ITI Limited. The award was presented to ITI Limited in recognition of efforts made by the organization to boost the concept of 'Make in India' towards the development of telecommunication sector. Indywood Built In India Excellence Awards 2017 was organized as a part of Project Indywood, a US$10 Billion Project to be initiated by a consortium of 2000 Indian Corporate and Multi-Millionaires.

आईटिआई लिमिटेड, निगमित कार्यालय कोवर्ष 2016-17 के लिए राजभाषा में श्रेष्ठ कार्य-निष्पादनहेतु शील्ड एवं प्रशस्ति पत्रकी प्राप्ति।

आईटिआई लिमिटेड, निगमित कार्यालय को राजभाषा में श्रेष्ठ कार्य-निष्पादन पूरस्कार योजना के अंतर्गत वर्ष 2016-17 के लिए राजभाषा कार्यन्वयन में श्रेष्ठ कार्य निष्पादन हेतु नगर राजभाषा कार्यान्वयन समिति (उपक्रम), बेंगलूरु, चयनित मूल्यांकन समिति के सहमति से अध्याक्ष (नराकास) एवं के आईओसीएल के अध्यक्ष एवं प्रबंध निदेशक दूवारा पुरस्कार प्रदान किया गया।

Shri S. Gopu, CMD receives India's Best HR Leaders in PSUs Award

Shri S. Gopu, CMD, ITI Limited received India's Best HR Leaders in PSUs Award from ASIA PACIFIC HRM CONGRESS, TIMES ASCENT hosted by World HRD Congress, Times ASCENT group on September 19, 2017 at Vivanta By Taj, Yeshwantpur, Bengaluru. The award was presented to Shri Gopu in recognition of best HR practices, contributions to future technology challenges & innovations and benchmarking talent and services for an organized cause.

Shri S. Gopu, CMD, ITI receives Pride of Karnataka Awards 2017

Shri S. Gopu, CMD, ITI Limited was honoured with Pride of Karnataka Awards 2017 for Corporate Excellence presented by CMO Asia held at M. S Ramaiah University of Applied Sciences, Bengaluru on 11th November 2017. Shri Gopu was presented the award in recognition of his success from innovative, effective practices and contribution towards development of telecommunication sector.

National Institute of Personnel Management confers 'NIPM LIFE TIME ACHIEVEMENT AWARD 2017' to Shri S. Gopu, CMD, ITI Limited

Shri S. Gopu, CMD, ITI was conferred with 'NIPM LIFE TIME ACHIEVEMENT AWARD 2017' for Government Administration by National Institute of Personnel Management (NIPM), Palghat Group, Kerala Chapter at the 'NIPM AWARD NITE 2018' held at Lead College of Management, Dhoni, Palakkad on January 20, 2018. The prestigious award was presented by Retired Justice, Shri Chettur

Shri N Sivasailam, Additional Secretary, DoT visits ITI Raebareli Plant

Shri N Sivasailam, IAS, Additional Secretary (T), DoT visited ITI Raebareli Plant facilities on September 10, 2017.

Smt Asha Kumari Jaswal, Independent Director visits ITI Bangalore Plant

Smt Asha Kumari Jaswal, Independent Director visited ITI Bangalore Plant facilities on 24th May 2017.

ITI Limited inks MoU with Department of Telecommunications, Government of India

ITI Limited has signed a Memorandum of Understanding (MoU) with Department of Telecommunications (DOT), GoI for the year 2017-18. Ms. Aruna Sundararajan, IAS, Telecom Secretary and Chairman (Telecom Commission), DoT, Ministry of Communications & IT, Government of India and Shri S. Gopu, Chairman and Managing Director, ITI Limited signed and exchanged the MoU on June 30, 2017.

ITI Limited participates in Global Exhibitions on Services 2017

ITI Limited participated in e-bharat expo pavilion, Digitally Empowering Society - 3rd Global Exhibition on Services (GES 2017) from April 17th to 20th, 2017 at India Expo Centre & Mart, Greater Noida organized by Ministry of Commerce & Industry, Government of India in association with Services Export Promotion Council (SEPC) & Confederation of Indian Industry (CII).

ITI participates in Vendor Development & Investors Summit, Karnataka

ITI Limited participated in the Vendor Development & Investors Summit, Karnataka held at Bengaluru International Exhibition Centre (BIEC) from November 23 to 24, 2017. ITI Limited showcased various products viz. ETS-04 Telephone, Nutan Telephone, Radio Modem, GPON ONT, Smash PC, SMT assembled cards, 3D printer, ITI TAG Wallet & Swachh Feedback Device at the exhibition. Shri R.V. Deshpande, Minister for Medium and Large Industries, Dr Mohana Kumari, Minister for Small scale industries and other delegates visited ITI stall and appreciated the products of ITI.

ITI participates in Financial Inclusion Global Initiative (FIGI) Symposium

ITI Limited participated in the Symposium on Financial Inclusion Global Initiative (FIGI) held in Bengaluru from November 29 to December 1, 2017. Department of Telecommunications (DoT), Ministry of Communications hosted the first edition of FIGI with the theme “Innovative approaches to digital financial inclusion challenges.” During the symposium ITI Limited showcased its products and manufacturing capabilities. Shri Manoj Sinha, Hon’ble Minister of State for Communications, Ms Aruna Sundararajan, IAS, Telecom Secretary, TRAI Chairman, MeiTY, ITU and World Bank officials and delegates visited ITI stall and appreciated the products.

ITI Limited participates in India Electronics Week 2018 Expo

ITI Limited participated in the 'India Electronics Week 2018 Expo' organized by Electronics For You (EFY) Group supported by the Ministry of Electronics and Information Technology (MeitY) at Karnataka Trade Promotion Organization (KTPO), White Field, Bengaluru from February 7- 9, 2018. In the expo, ITI Limited showcased its products viz., SWACHH Feedback Device, Radio Modem, Smart Energy Meter, CLIP Phone, ISM Band Antennas, SMAASH Mini PC, ONT, NUTAN Phone and ETS04 phone. The visitors appreciated ITI's products and contract manufacturing services of 3D Printing, SMT Assembly and IoT Applications.

Department of Telecommunications Organizes Release of Strategic Plan for Synergy among PSU's

To create synergies among the seven PSU's of DoT, the department has unveiled a strategic plan at National Media Centre, New Delhi on February 22, 2018. During the event, MoUs were signed and exchanged between various PSUs under the strategic plan. Amongst them are MoUs between ITI, CDOT and TCIL pertaining to export of products, with CDOT for transfer of technology for manufacture of Terabit Router and with CDOT & MTNL for joint execution of Internet of Things and Smart City projects with TCIL (TTL) for OFC business.

(L to R) Shri R M Agarwal, DDG (SU), DoT along with Shri S. Gopu, CMD, ITI Limited, Shri PK Purwar, CMD, MTNL, Shri Sanjay Singh, CMD, BBNL, Shri A Seshagiri Rao, CMD, TCIL and Shri Anupam Shrivastava, CMD, BSNL.

ITI holds Vendors' Meet for Fibre Infrastructure Projects

ITI Limited organized Vendors' Meet for Fibre Infrastructure Projects at Bangalore Plant on December 27, 2017 as per the guidance of Department of Telecommunications. The meet was organized for vendors to partner with ITI Limited to supply and laying HDPE duct and optical fiber cable and meet the requirements of the BharatNet project as well as ASCON project of Army as per the Digital India initiative of GoI.

ITI Commemorates 126th Birth Anniversary of Dr B R Ambedkar

Shri S. Gopu, CMD, ITI Limited released a book on Dr Ambedkar's life-conscientious statesman during the 126th birth anniversary celebrations of Dr B R Ambedkar at ITI Bangalore Plant.

ITI Limited Celebrates World Telecommunication and Information Society Day 2017

Shri S. Gopu, CMD, ITI Limited speaking on the occasion of 152nd World Telecommunication and Information Society Daycelebrationsin the presence of Dr. Sarat Chandra Babu T, Executive Director, C-DAC, Bengaluru at ITI Bangalore Plant on May 17, 2017.

ITI Limited Celebrates 3rd International Day of Yoga

ITI Limited observed the 3rd International Day of Yoga with enthusiasm across all the Units/Plants focused on the theme 'Yoga for Health' on June 21, 2017.

Shri S. Gopu, CMD, ITI Limited, Dr. Janaki Ananthakrishnan, Director (Finance), Shri Arun Kumar M, Executive Director-R&D, Shri S S Chakrabarti, GM-NS Unit and Shri Y Muralidhar, AGM-BG & R&D, Unit Head, Senior Officers and Employees participated in the yoga session at ITI Bangalore Plant.

Shri J Premchand, GM-PKD, Unit Head, Senior Officers and Employees participated in the yoga session at ITI Palakkad Plant.

ITI observes National Productivity Week

ITI Limited observed National Productivity week across its Plants/Units with the National Productivity Council (NPC) theme 'Industry 4.0, Leapfrog Opportunity for India' from February 12 - 18, 2018. Shri K Alagesan, Director (Production) speaking on the occasion of valedictory function in the presence of Guest of Honor, Shri H R Prabhu, Regional Director, NPC, Bengaluru and Shri Y Muralidhar, AGM-BG & R&D, Unit Head, senior officers, employees of Bangalore Plant, Corporate Office and NS Unit on February 19, 2018.

ITI Limited Observes National Safety Day

Shri Rajiv Seth, GM-MKP, Unit Head felicitated the winners of essay writing competitions during the National Safety Day celebrations on 4th March 2018 at ITI Mankapur Plant.

ITI Limited Celebrates International Women's Day 2018

Shri Y Muralidhar, AGM-BG & R&D, Unit Head inaugurated the International Women's Day celebrations on 8th March 2018 at ITI Bangalore Plant

Shri S. Gopu, CMD, ITI Limited speaking on the occasion of International Women's Day valedictory function in the presence of Shri K Alagesan, Director (Production), Shri Y Muralidhar, AGM-BG & R&D, Unit Head, Chief Guest Smt Renuka Gopu and Dr. Padma Alagesan on March 16, 2018 at ITI Bangalore Plant

ACKNOWLEDGEMENT

The Board of Directors are extremely grateful for the continued patronage and support received from Ministry of Communications, Ministry of Defence and various other agencies in Central and State Governments, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Cost Auditors, Internal Auditors, Suppliers, Sub-contractors, Company's Bankers and our valued customers including BSNL BBNL, MTNS, EESL, etc.

The Board also places on record its appreciation for the contribution and support extended by all employees of ITI Ltd. Your Directors express their appreciation and gratitude to all the shareholders/investors for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

For and on behalf of the Board of Directors
(K Alagesan)
Director Production/
Addl Charge Chairman and Managing Director

Place: Bengaluru
Date: 13th August 2018

ADDENDUM TO THE DIRECTORS' REPORT

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

Point No.	Statutory Auditor's Observations	Company's Remarks
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.	The assets of the JV company (Land), which has been revalued by the SBI panel valuer carries a value very much more than the cost of the investment. Hence the investment of Rs.40.55 lakhs has been shown at cost.
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 Bengaluru 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);	The case has been referred to DoT to get approval for leasing the property to BMTC, which is yet to be finalized.
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)	Efforts are being made by the company regarding the settlement of KPTC land issues at the earliest.
Qualifications quantifiable:		
a)	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);	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.

REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR

Secretarial Auditor's Observations	Company's explanation
Pursuant to Section 149 (4) of the Act every listed public Company shall have at-least one-third of the total number of Directors as Independent Directors.However, the company is having only two Independent Directors on its Board for the Financial Period under review.	The Company is a Government Company and as per Articles of Association of the Company, the power to appoint Directors including Independent Directors vests with the President of India.
Composition of Board of Directors of the company is not in accordance with Clause 49 of the Listing Agreement and Regulation 17 of LODR as only two Independent Director is there on the Board.	The Ministry of Communications, vide order No. F. No. E-5-5/ 2018-PSA dated 17th July 2018 has appointed Five Independent Directors on the Board of the Company. The Composition of Board of Directors is now in accordance with the provisions of Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

For and on behalf of the Board of Directors
(K Alagesan)
Director Production/
Addl Charge Chairman and Managing Director

Place: Bengaluru
Date: 13th August 2018

ANNEXURE TO THE DIRECTORS' REPORT

Form AOC-1

Statement containing salient features of the financial statement of Joint Ventures

Part "A": Subsidiaries –Not applicable

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture

Sl.No	Name of Joint Ventures	India Satcom Limited
1	Latest audited Balance Sheet Date	31.03.2018
2	Shares of Joint Ventures held by the company on the year end	16,21,800 equity shares of Rs.10 each
3	Amount of Investment in Associates/Joint Venture	Rs.40.55 lakhs
4	Extend of Holding%	49%
5	Description of how there is significant influence	Investment in the equity to the extent of 49% paid up capital
6	Reason why the associate/ joint venture is not consolidated	N.A
7	Net worth attributable to shareholding as per latest audited Balance Sheet without revaluation reserve	Rs.(1511.28) lakhs
8	Profit/Loss for the year	
	i) Considered in Consolidation	Yes
	ii) Not Considered in Consolidation	N.A

Business Responsibility Report

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L32202KA1950GoI000640
2.	Name of the Company	ITI Limited
3.	Registered address	ITI Bhavan, Doorvani Nagar, Bengaluru -560 016
4.	Web site	www.itiltd-india.com
5.	E-mail id	cosecy_crp@itiltd.co.in
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Turnkey execution of Manufacturing, Supplying and Communication systems
8.	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	The Company is engaged in the business of (a) manufacturing of GPON equipments (b) design and manufacturing of encryption products for Indian Defence (c) turnkey project execution of optical communication network (supply and installation of telecom equipment, supply of fiber and HDPE duct, laying of fiber and maintenance of network)
9.	Total number of locations where business activityis undertaken by the Company a. Number of International Locations (Provide details of major 5)	None

	b. Number of National Locations	Manufacturing Units at: Bengaluru (Karnataka), Palakkad (Kerala), Rae Bareli, Mankapur, Naini (Uttar Pradesh), Srinagar (Jammu & Kashmir) Network System Unit (Installation and Maintenance Services): Bengaluru Regional / Marketing offices at : Bengaluru, Mumbai, New Delhi, Chennai, Kolkata, Bhubaneshwar, Lucknow and Hyderabad Local/Area Marketing Offices at: Thiruvananthapuram, Kochi, Pune, Nagpur, Ahmedabad, Ranchi, Dimapur, Raipur, Guwahati, Jaipur, Chandigarh, Bhopal, Trichy, Madurai, Coimbatore, Patna and Dehradun
10.	Markets served by the Company – Local/State/ National/International	National

Section B: Financial Details of the Company

1.	Paid up Capital(INR)	Rs.760 Crore for 2017-18
2.	Total Turnover(INR)	Rs.1703 Crore for 2017-18
3.	Total profit after taxes(INR)	Rs.102 Crore for 2017-18 (without Grant in Aid)
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Company was under loss for sixteen years for the period prior to 2017-18. (Even though Company showed profit for the earlier two years, 2015-16 and 2016-17, it was on account of Government Grants and not operating profit). Hence, there was no amount allocated under CSR until 2017-18.
5.	List of activities in which expenditure in 4 above has been incurred:-	Not Applicable

Section C: Other Details

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

Section D: BR Information

1.	**Details of Director/Directors responsible for BR**	
(a)	Details of the Director/ Directors responsible for implementation of the BR policy/policies	
1. 2. 3.	DIN Name Designation	DIN : 07439659 Name : Shri K Alagesan Designation : Chairman and Managing Director Email ID : cmd@itiltd.co.in
(b)	Details of the BR head	The Board has not assigned responsibilities specifically to any Director to function as the BR head.

2. Principle-wise (asper NVGs) BR Policy/policies (Reply in Y/N)

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

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N.A	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
		The policies has been formulated in consultation with functional heads								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	N.A	Y	Y
		Various policies conform to different applicable statutes/ guidelines/ rules etc. issued by Government of India and other Regulatory authorities, and updated from time to time. Industry practices, national/ international standards are kept in view while formulating polices.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
		Different policies are approved by the Board/ Competent Authorities as per delegation of power.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N.A	Y	Y
		Chairman & Managing Director								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: http://www.itiltd-india.com/investor_information								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies have been communicated to the stakeholders by uploading on the Company's above mentioned website.								
8	Does the company have in-house structure to implement the policy/ policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								

10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by the Comptroller & Auditor General, C&AG Audit, Cost Audit, Internal Audit,Secretarial Audit, Energy Audit, Safety Audit, Quality Audit, Environmental management system audit etc. These audits ensure compliance to various internal and external policies.

ITI does not advocate influencing the public & regulatory policies for its gain, hence no policy is proposed. If required, the Company may approach the appropriate authorities through Trade and Industry Chambers and Association and other such collective platforms.

3. Governance related to BR

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

Chairman and Managing Director to review the BRR annually.

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

Yes. The Company publishes BR Report annually as part of its annual report. The same can be viewed at http://www.itiltd-india.com/investor_information

Section E: Principle-Wise Performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

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

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

During the financial year 2017-18, 6 investor complaints have been received by the Company and through SEBI SCORES Platform, NSE and BSE and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority basis.Vigilance Department of the Company had 4 complaints at the begining of the year, received during the year 5, complaints disposed off during the year are 8 and balance complaints pending as on 31st March 2018 is 1 (one), 88% is disposed off.

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

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

(a) ITI has established solar panel manufacturing infrastructure to produce solar panels which is an environmental friendly energy source.

(b) ITI is executing a service project in which the cleanliness in public toilets installed in various municipalities is monitored wirelessly thus enabling the municipal agencies to improve the sanitation in public places. This is a project under Swachh Bharat mission of Government of India.

(c) ITI has established a Data Centre and is offering Software services, like Core banking solutions, Aadhaar authentication services etc. under

Government of India's Digital India Mission, the whole objective of these projects being creation of paperless, cash less society and these are projects which address environmental issues to certain extent.

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

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The solar plant established by ITI is new and its commercialization is expected to begin in this financial year. The product does not use water in its manufacturing process, but, uses electrical power for the production of solar panels. However, the panels when used to generate power using sun light have a life of above 25 years, thus contributing significantly for environmental friendly process of power generation.

   The sanitation project under Swachh Bharat mission requires very less power for the small equipment installed in the public toilets to give a feedback on the cleanliness of the toilets. The feedback information is transferred through internet to centralized location for Municipalities to take further action. As such no water is used in this project and the amount of electrical power used is negligible.

   The Data Centre uses electrical power for running of its central controllers consisting of IT equipments, like servers, routers and switches. However, there are no systems available to measure the advantages achieved through this facility or other software solutions offered by ITI on environmental improvements.

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

   The Company has been following approved criteria for the selection of vendors to ensure sustainable sourcing which inter alia includes vendors having ISO 9000 certification, vendors approved by regulatory bodies, various authorized dealers of the manufacturer, ability to provide materials as per laid down specification and other requirements, ability to supply materials as per stipulated delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance, a vendor is removed/suspended from approved vendor list based on his average performance over the period of evaluation, vendors list is reviewed and updated once in a year.

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

   The Company complies with the Public Procurement Policy of the Government in procurement of goods from Micro, Small & Medium Enterprises (MSME)s.

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

   Due to the nature of the products of the company and the waste generated, mechanism to recycle is not available. The integration and testing facility does not produce any hazardous waste. However, in specific areas of production, like production printed circuit boards, company has suitable treatment plants such that polluted liquid with chemicals are treated as per Pollution Control Board specifications before letting out the waste liquid. Similarly, all ITI plants have treatment plants for the waste water drained out from wash rooms, kitchen etc.

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

1. Total number of employees: 3150 (permanent employees)
2. Total number of employees hired on temporary / contractual basis: 426
3. The number of permanent women employees: 370
4. The number of permanent employees with disabilities: 46
5. Do you have an employee association that is recognized by management?: Yes, ITI has 7-Employee Unions, 1 Employee Association recognised by the Management & 6 Officer Associations not recognised by the Management.

6. What percentage of your permanent employees is members of this recognized employee association?: 100%

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the year

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

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

Permanent Employees : 55%

Permanent Women Employees : 67%

Casual/Temporary/Contractual Employees : 28.6%

Employees with Disabilities : 6.5%

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

1. Has the company mapped its internal and external stakeholders?

Yes.

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

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

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

The Company follows the reservation policy for SC/ ST at the time of their appointment and promotion.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

The environment policy of the Company covers only the company.

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

The company does not have separate policy to address global issues such as climate change, global warming etc. However, the Company has a detailed manual which describe the common procedures to be established for the effective implementation of

the environmental management system meeting the requirements of the international standards ISO14001:2004.

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

   Yes

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

   ITI complies with the requirements of ISO 14001 environmental standards and meet all the statutory & regulatory requirements of environmental aspects in its manufacturing processes. Further, as mentioned under Principle 1 and 2, ITI is executing a project for centralized collection of details regarding cleanliness in public toilets in municipalities wirelessly which is part of Swachh Bharat mission.

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

   As mentioned under Principle 1 and 2, ITI has installed a solar panel manufacturing plant in one of its units. Company is already following ISO 14000 specifications with respect to its manufacturing processes. Further, ITI has implemented various energy conservation measure viz. installation of solar power plant, electrification of new buildings is carried out with LED lights, replacement of conventional discharge lamp street lights with LED lights etc.

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

   Yes. The manufacturing plants have certificates from Pollution Control Boards.

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

   In financial year 2017-18, there are no pending CPCB/ SPCB show cause/ legal notices.

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

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   (a) Standing Conference of Public Enterprises (SCOPE)

   (b) Confederation of Indian Industry(CII)

   (c) Associated Chambers of Commerce and Industry of India (ASSOCHAM)

   (d) Electronic Industries Association of India (ELCINA)

   (e) Federation of Karnataka Chambers of Commerce and Industry (FKCCI)

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

   No

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

   The Company aims for community development through in-house team.

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

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

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

   The Company is engaged in Community development projects. The Company has allowed the general public to use the road, free of cost, which runs in the middle of its township in Bengaluru. The Company runs Snehalaya - School for Differently abled children in Bengaluru. The Company runs schools at its Bengaluru and Mankapur plant where nearly 4500 children from local community including employee's children are getting benefitted. In majority of township near manufacturing units, spacious parks, playgrounds, community halls are maintained by the Company for the usage of local community.

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

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

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

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

   The Company's customers are large corporate houses, corporations both national or Ministries of the Central Government. Resolving after sales services requests by customer is a continuous process and ITI has dedicated team for the same. During the year under review the Company has not received any Complaints.

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

   The Company displays product information relevant to our customers for identification of the product. We do not sell products for general public.

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

   No cases have been filed by any stakeholders against the Company regarding unfair trade practices during the year under review.

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

   No. The Company, however, ensures that complaints, if any, received from any stakeholders are promptly attended to.

For and on behalf of the Board of Directors

(K ALAGESAN)
Director Production/
Addl Charge Chairman and Managing Director

Date : 13th August 2018
Place : Bengaluru

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

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

A. CONSERVATION OF ENERGY:

(a) Energy conservation measure taken:

The Company has under taken following energy saving measures:

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

(b) Steps taken by Company for utilizing alternate sources of energy and

(c) Capital investment on energy conservation equipments.

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

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D) 2017-18

(i) Efforts made towards Technology Absorption

Specific areas of R&D work

a) Design and Development of Secrecy products for various Defence projects.

b) Design and development of power supply and IOT products

c) Development of Encryption Algorithms

d) Support for legacy secrecy products supplied and networks executed to Defence

e) Value addition of the existing products.

f) Provide Network and Security Solution designs.

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

a) The following R&D Products were productionised, which contributed for more than Rs.30 Crore (Rupees Thirty Crore) turnover to the Company.

1) PRIMARY MUX and Spares
2) Terminal End Secrecy Device (TESD)
3) SCADA
4) FIELD TELEPHONES (Teleset 5 C)/Nutan
5) Executive Telephone System (ETS-04)
6) 2 MBps BEU

b) 1 G Encryptor development completed and the product is in production line.

c) MCEU (Multi Capacity Encryption Unit) is completed is ready for production against an order worth Rs.87 Crores for NFS project.

d) STM-16/64 Encryptor for MCEU, development completed and successfully conducted the BSNL / NFS Evaluation. Now the product is ready for marketing.

e) OTU - 1 & OTU- 2 Encryptors for ASCON PH 4 development is completed and ready for marketing.

(iii) Imported Technology

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

(iv) PLAN OF ACTION

a) The following products are under development

FAX Encryptor for Para military forces

H/W & S/W Encryptors for Data at Rest and Data in Motion.

IRNSS receivers

Smart Post office Box for IoT

b) Upgradation of R&D infrastructure as part of ITI's Revival Plan

Procurement of Instruments and Software tools are completed. Infrastructure renovation is in progress

c) Future Projects to be considered for Development

a) Encryption for Mobile Handset

b) Electronic Voting Machine and VVPAT

c) Software Defined Radio (SDR)

d) IRNSS – Indian Regional Navigational Satellite System-Receiver

e) IOT products

f) Charge Control Unit (CCU) for Solar Panels

(v) R&D Expenditure

a)	Capital	Rs.7.76 Crore
b)	Revenue	Rs.15 Crore
	TOTAL	Rs.22.76 Crore

Total R&D Expenditure as a percentage of total turnover (Excluding Excise Duty and Services Tax) 1.60%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(ii) Total Foreign Exchange earning and outgo

Earnings : NIL

Outgo : 130.30 Crore

For and on behalf of the Board of Directors

(K ALAGESAN)
Director Production/
Addl Charge Chairman and Managing Director

Date : 13th August 2018
Place : Bengaluru

ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. OUR CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

The Board of Directors has a combination of Executive (Functional) and Non- Executive Directors. As on 31st March 2018, the Board of Directors comprised of 3 Functional Directors, 2 Part time Official Government Nominee Directors and 2 Part time Non-Official Independent Directors.

During the year under review, Shri S Gopu, Director HR was appointed as Chairman and Managing Director with effect from 23rd January 2018. Shri K Alagesan, Director Production continued to hold additional charge as Director Marketing with effect from 01st January 2017. Shri Chittaranjan Pradhan has been appointed as Director Finance with effect from 23rd March 2018 in the place of Dr Janaki Ananthakrishnan.

During the year under review, 7 Board Meetings were held on 25th May, 2017, 28th May, 2017*, 22nd August, 2017,13th September, 2017, 14th December , 2017, 13th February, 2018, 27th March, 2018. (*Adjourned Meeting of May 25, 2017)

As on 31st March 2018, the composition of Directors, their attendance at the Board meetings during the financial year and at the last Annual General Meeting as also number of other Directorships / committee membership held by them are as follows:

Name of the Directors (Director Identification Number)	Category Of Directorship	Meeting held during respective tenure of Director	No. of Board Meeting attended	Atten-dance at last AGM	Number of Other Director ship	No. of Commit-tees in which Chairman / Member
Shri S. Gopu[1] (DIN: 06896926)	Chairman & Managing Director / Addl. Charge Director Human Resources	7	7	Yes	1	0
Shri K Alagesan[2] (DIN: 07439659)	Director Production / Addl. Charge Director Marketing	7	5	No	1	1
Dr. Janaki Ananthakrishna (DIN: 07247256)	Director Finance (Resigned on 12.12.2017)	4	3	Yes	--	0
Shri Chittaranjan Pradhan[3] (DIN: 08094340)	Addl. Charge Director Finance (from 23.03.2018)	1	0	N.A	--	0
Shri R. M. Agrawal (DIN : 07333145)	Government Nominee Director	7	6	No	1	2
Lt. Gen. A. R. Prasad (DIN : 07699668)	Government Nominee Director	7	4	No	--	0
Shri Saday Krishna Kanoria (DIN: 00623266)	Independent Director	7	7	Yes	1	2
Smt. Asha Kumari Jaswal (DIN: 07786698)	Independent Director (from 06.04.2017)	7	7	No	--	1

[1] Shri S.Gopu, Director Human resource was appointed as Chairman and Managing Director w.e.f 23rd January 2018 and relinquished his position as Chairman & Managing Director on 31st May 2018 on attaining age of superannuation.

[2] Shri K. Alagesan, Director Productioncontinued to hold additional charge as Director Marketing since 01st January 2017. He was granted additional charge as Director-Human Resource w.e.f 08th May 2018 and additional charge of Chairman and Managing Director from 01st June 2018.

[3] Shri Chittaranjan Pradhan was granted additional charge as Director Finance w.e.f 23rd March 2018.

Note:

a. Details of other Directorship and committee membership are reckoned as on 31-03-2018.

b. Chairmanship/ membership of the Audit Committee and the Stake holders Relationship Committee are only reckoned with.

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

d. None of the Directors/ Key Managerial Personnel's are interse related as on 31-03-2018.

e. Directors do not have any peculiar relationships or transactions with the Company.

3. AUDIT COMMITTEE

As on 31st March 2018, the Audit Committee consists of Shri Saday Krishna Kanoria, Independent Director as Chairman, Shri R M Agarwal and Smt. Asha Kumari Jaswal as members.

Director Finance/ CFO as permanent invitee and Company Secretary to act as Secretary of the Committee.

Shri Saday Krishna Kanoria Independent Director, Chairman of Audit Committee attended the Annual General Meeting on 27th September 2017.

The terms of reference of the Audit Committee are in compliance with the Section 177 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance.

During the year ended 31st March 2018 the Audit Committee met 7 times on 24th May 2017, 28th May 2017*, 22nd August 2017, 13th September 2017, 14th September 2017, 13th February 2018, 27th March 2017. (*adjourned meeting of 24th May 2017)

The details of attendance of members for the Audit Committee meetings held during the year 2017-18 are as under:

Name	Meeting held during respective tenure of Director	No. of meetings attended
Shri Saday Krishna Kanoria	7	7
Shri R M Agarwal	7	6
Smt. Asha Kumari Jaswal	7	7

4. NOMINATION AND REMUNERATION COMMITTEE

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

As on 31st March 2018, the Composition of Nomination and Remuneration Committee was Shri Saday Krishna Kanoria as Chairman, Shri R M Agrawal, Lt Gen A R Prasad and Smt. Asha Kumari Jaswal as Members.

The terms of reference of the Nomination and Remuneration Committee are in compliance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance.

The Company being Government Company as per the Companies Act, 2013 the terms of reference to the Committee is limited to Senior Management i.e one level below board and as per DPE guidelines for payment of performance related pay. Accordingly, the need to meet for the Committee does not arise.

ITI is a Central Public Sector Undertaking, where appointment of Executive Directors including Chairman and Managing Director is contractual in nature and their appointment is as per directives of Government of India.

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

As the appointment of all Directors (Executive, Non-Executive and Independent) is made by Government of India, the Company has not laid down any criteria for evaluation of performance of Independent and Board of Directors.

REMUNERATION OF DIRECTORS

(i) Remuneration to Whole-time Directors

The remuneration paid to Whole-time Directors for the financial year 2017-2018 are as follows:

(in Rs)

Staff No.	Name of the Director	Salary	P.F. Contribution	Total	Perquisites
20036	Shri S. Gopu	1253805.00	149400.00	1403205.00	185490.00
20050	Dr. Janaki Ananthakrishnan	1825510.00	0.00	1825510.00	271376.00
00971F	Shri K. Alagesan	1297848.50	143283.00	1441131.50	177846.00
	Shri Chittaranjan Pradhan	0.00	0.00	0.00	0.00

Neither there was payment of commission to the Board of Directors nor any stock option scheme offered to them during the year. The service contracts, notice period, severance fees etc. of the Directors are as per the terms of appointment made by Government of India.

(ii) Part-time Government Directors' compensation

Part-time Government Directors are not paid any remuneration including sitting fee for attending Board/ Committee meetings.

(iii) Independent Directors' compensation

The Independent Directors are paid sitting fees of Rs.3000/- for attending Board/Committee meetings. The details of sitting fees paid to Independent Directors during the year under review are as follows:

Name of the Director	Board meeting	Committee Meetings
Shri Saday Krishna Kanoria	21000	21000
Asha Kumari Jaswal	21000	21000

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

In terms of the provisions of the Companies Act, 2013, the Company constituted Stakeholders Relationship Committee to look in to the redressal of Stakeholders/Investors grievance pertaining to transfer, transmission of shares, non-receipt of annual reports, issue of duplicate share certificates and miscellaneous issues.The Committee oversees and reviews the performance of Registrar and Share Transfer Agent and action taken by the Company.

As on 31st March 2018, the Committee comprised of Shri Saday Krishna Kanoria, Independent Director as Chairman, Shri R M Agarwal and Shri K. Alagesan as its Members.The Company Secretary is the Compliance Officer.

The Company addresses all complaints, suggestions and grievances of the investors expeditiously.

Transfer requests are attended promptly and as on 31st March 2018, there were no pending share transfers. As per information received from our Registrar and Share Transfer Agent there were 6 complaints received during the year under the review and the same were resolved.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the guidelines issued by the Department of Public Enterprises on implementation of CSR activities by Public Sector Undertakings and Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (CSR) has been

constituted. As on 31st March 2018, committee comprised of with Shri S Gopu, Director – HR as its Chairman and Shri K Alagesan, Director Production and Shri Saday Krishna Kanoria, Independent Director as members.The terms of reference conform to the requirements of the provisions of Companies Act, 2013

7. INDEPENDENT DIRECTORS' MEETING

During the year under review, Independent Directors meeting was held on 13th February 2018.

8. TRAINING OF BOARD MEMBERS

At the time of induction of a new Director, a welcome letter is addressed to him/her along with the compliances required from him/her under the Companies Act, 2013, SEBI (LODR) Regulation 2015 and other applicable regulations. Relevant Disclosures are taken from the Director and the management of the Company familiarises the new Director about the Company, its operations, various policies and processes of the Company, various divisions of the Company and their roles and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practices and orientation programmes etc. conducted by various Institutes of repute. Details of training imparted to Directors during 2017-18 are uploaded in the website of the Company at http://www.itiltd-india.com/investor_information

9. CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all Board members, Key Managerial Personn and senior management of the Company as per SEBI (LODR) Regulations 2015 and DPE Guidelines. A copy of the Code has been placed on the Company's website www.itiltd-india.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct as on 31st March 2018. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

10. ITI CODE FOR PREVENTION OF INSIDER TRADING

In accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has put in place an "ITI code of conduct to Regulate, Monitor and Report Trading by Insiders and for fair disclosure" in dealing with the Securities of ITI. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company's shares/ derivatives during the closure of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Directors/ Advisors/ Officers/ designated employees are also required to disclose related information periodically as defined in the Code. The Code of Conduct and Fair Disclosure Procedure has been posted in the Company's website www.itiltd-india.com

11. WHISTLE BLOWER POLICY

ITI has "Whistle Blower Policy" for reporting to management any instances of unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct. ITI has provided opportunities to encourage employees to become whistleblowers, to report to competent authorities, details of any violation of rules, regulations and unethical conduct. The Directors and Senior Management are bound to maintain confidentiality of such reporting and ensure that the whistle blowers are afforded protection against harassment and not subjected to any discriminatory practices. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

12. DISCLOSURES

(a) During the year under review Company did not enter into any contracts, arrangements, and transactions with any related party which are not at arm's length basis. No materially significant related party transactions are entered into that may have

potential conflict with the interests of Company at large. The policy on Related Party Transactions is available at http:/www.itiltd-india.com/Financial information/Related Party Transaction Policy

(b) There were no cases of non-compliance by the Company and no penalties/strictures were imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.

(c) The Company has an independent Vigilance Department, headed by a Chief Vigilance Officer. Drop Boxes' have been kept at various places in the Company, where in employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual orsuspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.The Company has adopted Whistle Blower policy, as part of vigil mechanism for reporting to the management instances of unethical behavior, actual or suspected, fraud, or violation of the matters concerning the Company.

13. GENERAL BODY MEETINGS

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

Year	Date &Time	Venue
2014-2015	23rd September, 2015 at 11:30 A.M.	Bangalore Tamil Sangam, Bengaluru
2014-2015*	09th January 2015 at 11.30 A.M	Bangalore Tamil Sangam, Bengaluru
2015-2016	21st September, 2016 at 11:30 A.M.	Bangalore Tamil Sangam, Bengaluru
2016-2017	27th September, 2017 at 11:30 A.M.	Bangalore Tamil Sangam, Bengaluru

All the resolutions, set out in the respective notices of last three Annual General Meetings were passed by the shareholders. No Special Resolution was passed in previous three Annual General Meetings. No resolution was put through postal ballot during year under review. Any decisions on matters requiring approval of shareholders through Postal Ballot system will be obtained as per procedures laid down in the Act.

14. MEANS OF COMMUNICATION

The quarterly and annual financial results of the Company are sent to the Stock Exchanges pursuant to the requirements under SEBI (LODR) Regulations, 2015 immediately after the Board has taken them on record. The quarterly financial results are generally published in Business Standard/ Financial Express (in English), Sanjevani (in Kannada) and Dakshin Bharat Rashtramath (in Hindi). The financial results are also made available in the Company's website-http://www.itiltd-india.com/investor_information. The Company has been filing all corporate announcements, quarterly results, shareholding pattern, and other information with the Stock Exchanges in terms of the SEBI (LODR) Regulation 2015. The Company's official news releases, besides all the events/ information as per the provisions of SEBI Listing regulations are being displayed on the website of the Company. Press releases are also being sent to the Stock Exchanges and posted on the Company's website. No presentation has been made to institutional investors or analysts.

15. GENERAL SHAREHOLDERS INFORMATION

The 68th Annual General Meeting of your company is scheduled to be held on Wednesday, the 26th September 2018 at 11.30 A.M. at ITI Officers Club - New Wing (1st Floor of Shakthi Bakery Building) ITI Township, Doorvani Nagar, Bengaluru - 560 016

Financial Calendar

Results for the quarter ending	in the Month of
30th June 2017	September 2017
30th September 2017	December 2017
31st December 2017	February 2018
Year Ending 31st March 2018	May 2018

Listing on Stock Exchanges and payment of listing fees

Company's equity shares are presently listed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid listing fee up to the year 2018-19 to BSE and NSE.

Stock code

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

The details of high / low market prices of the shares of the Company during each month on BSE and NSE are as under–

Month	BSE (Rs.per share		NSE (Rs.per share)	
	High	Low	High	low
Apr-17	117.90	68.65	118.00	113.20
May-17	116.60	69.40	76.45	74.10
Jun-17	110.50	73.55	92.80	88.40
Jul-17	106.40	89.55	100.90	98.30
Aug-17	101.70	72.25	101.60	97.65
Sep-17	157.00	90.60	150.75	135.55
Oct-17	164.90	129.05	156.75	151.75
Nov-17	161.80	138.70	146.10	138.50
Dec-17	151.50	121.60	140.20	137.10
Jan-18	154.80	108.85	122.35	113.55
Feb-18	132.40	95.10	119.80	114.50
Mar-18	125.90	107.00	117.40	111.50

Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 20th September 2018 to 26th September 2018 (both days inclusive)

Registrar and Share Transfer Agent

M/s. Integrated Registry Management Services Private Limited, a SEBI registered Category I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. The RTA's address is given below to forward all share transfer / transmission /split / consolidation/ issue of duplicate certificates / change of address requests as well as all dematerialization / rematerialisation requests and related matters as well as all complaints:

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

Phone No.: 080-23460815-818,

Fax : 080-23460819

E-Mail : irg@integratedindia.in

Share Transfer System

The share transfer requests lodged with the Company/ Share transfer agent are processed by the Company's Share Transfer Agent. Transfer of dematerialized shares is done through the depositories. With a view to expedite the process of transfer and transmission of shares in physical mode, the Board of Directors has authorised the Registrar and Share Transfer Agent to process the transfer and transmission. The details of transfers etc. are sent to the compliance officer for ratification. A summary of transfer / transmission of securities so approved are placed at the Board meetings. For matters regarding shares transferred in physical form, share certificates, change of address, etc., the shareholders should communicate with the Share Transfer Agent.

Shareholding Pattern (Equity) as on 31.03.2018

Name	No. of Shares of Rs.10/- each	Amount Rs.	Percentage
President of India	70,36,87,500	703,68,75,000	92.59
Governor of Karnataka	3,12,500	31,25,000	0.04
Special National Investment Fund (SNIF)	3,57,80,690	35,78,06,900	4.71
General Public	202,19,310	20,21,93,100	2.66
Total	**76,00,00,000**	**760,00,00,000**	**100.00**

Distribution of Shareholding as on 31.03.2018

Sl.No	Description	Holders	% of Holders	Holdings	% of Holdings
1	1-500	43521	88.61	5887369	0.77
2	501-1000	3154	6.42	2609863	0.34
3	1001-2000	1317	2.68	2049299	0.27
4	2001-3000	399	0.81	1030964	0.14
5	3001-4000	178	0.36	644479	0.08
6	4001-5000	166	0.34	786079	0.10
7	5001-10000	215	0.44	1537993	0.20
8	10001 & above	165	0.34	745453954	98.09
	TOTAL	**49115**	**100.00**	**760000000**	**100.00**

Dematerialization of shares and liquidity

The Company's shares are admitted in to both the depositories i.e. National Securities Depository Limited ('NSDL') 55,17,10,018 shares and Central Depository Services (India) Limited ('CDSL') 72,60,418 shares are dematerialized.

The Company has a shareholders base of 49115.

99.87% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL

The Company's shares are being traded under International Securities Identification Number (ISIN)–INE 248A01017

Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity

No GDRs/ ADRs/ Warrants or any convertible instruments have been issued by the Company and hence there would not be any impact on the equity.

Plant Locations

ITI Limited has Bangalore Plant in the State of Karnataka, Palakkad Plant in the State of Kerala, Rae Bareli Plant, Naini Plant and Mankapur Plant in the State of Uttar Pradesh and Srinagar Plant in state of Jammu and Kashmir.

Address for correspondence with the Company

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

Green Initiative

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

In accordance with MCA Circular No.17 /2011 dated 21.04.2011, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA/ DP. This would enable the Company to send notices and documents to the shareholders through email. There are about 33761 shareholders consented to receive the notice, annual reports, etc., in e-mode.This will help them in receiving all communications from the Company electronically at their registered e-mail addresses on time and avoid loss due to postal delay /non-receipt. This will also save a lot of paper, reduce carbon footprint and save enormous amount of postage expenses to your Company.

16. COMPLIANCE

Your Company submits quarterly Corporate Governance compliance reports as per prescribed format to the Ministry of Communications and Stock Exchanges within 15 days from the close of quarter. As required under the SEBI (LODR) Regulations 2015 with the Stock Exchanges, the Certificate on compliance of conditions of Corporate Governance from Practicing Company Secretary by the Company is attached

DPE Grading

Your Company submits a grading report on the compliance with the Corporate Governance with Ministry of Communications on quarterly and annual basis. As per the grading report, your Company was rated as 'Excellent' with a composite score of 90% for the year 2017-18

For and on behalf of the Board of Directors
(K Alagesan)
Director Production/
Addl Charge Chairman and Managing Director

Place: Bengaluru
Date: 13th August 2018

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

1.	CIN	L32202KA1950GoI000640
2.	Registration Date	25.01.1950
3.	Name of the Company	ITI Limited
4.	Category/Sub-category of the Company	Public Limited Company / Government Company Company Limited by Shares
5.	Address of the Registered office & contact details	ITI Bhavan, Doorvani Nagar, Bengaluru -560 016 Ph: 080-25617486, FAX : 080-25618286 Email : cosecy_crp@itiltd.co.in Website : www.itiltd-india.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bengaluru – 560 003 Ph: 080-23460815. Fax-080-23460819 Email: irg@integratedindia.in

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(A) Category-wise share holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-		
b) Central Government or State Government.	530887500	312500	531200000	94.86	703687500	312500	704000000	92.63	-2.23
c) Bodies Corporates	-	-	-	-	-	-	-	-	
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	**530887500**	**312500**	**531200000**	**94.86**	**703687500**	**312500**	**704000000**	**92.63**	**-2.23**
(2) Foreign							-	-	-
a) NRI-Individuals	-	-	-	-	-	-	-	-	
b) Other Individuals	-	-	-	-		-			
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
Total Share-holding of Promoter (A)= (A)(1)+(A) 2)	**530887500**	**312500**	**531200000**	**94.86**	**703687500**	**312500**	**704000000**	**92.63**	**-2.23**
B. Public Share Holding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	15000	-	15000	0.00	-
b) Banks/FI	82692	21700	104392	0.02	152229	21700	173929	0.02	0.00
c) Central Government	8580690	-	8580690	1.53	35780690	-	35780690	4.71	3.18
d) State Government	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-

f) Insurance Companies	1142157	800	1142957	0.20	0	800	800	0.00	-0.20
g) FIIS	264406	-	264406	0.05	290011	-	290011	0.04	-0.01
h) Foreign Venture	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B) (1):	**10069945**	**22500**	**10092445**	**1.80**	**36237930**	**22500**	**36260430**	**4.77**	**2.97**
2) Non Institutions									
a) Bodies corporates									
i) Indian	2310938	28000	2338938	0.42	1946127	28000	1974127	0.26	-0.16
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 Lakhs	10131454	637866	10762136	1.92	12656276	602364	13258640	1.74	-0.18
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 Lakhs	3347660	-	3347660	0.6	2993694	-	2993694	0.39	-0.21
c) Others (specify)									
NRI	260978	14200	275178	0.05	340994	64200	405194	0.05	-0.00
Clearing Member	1937443	-	1937443	0.35	1107715	-	1107715	0.15	-0.20
Trust	46200	-	46200	0.01	200	-	200	0.00	-0.01
SUB TOTAL (B)(2) :	**18034673**	**672882**	**18707555**	**3.34**	**19045006**	**694564**	**19739570**	**2.60**	**-0.74**
Total Public Shareholding (B)= (B) (1)+(B) (2)	**28104618**	**695382**	**28800000**	**5.14**	**55282936**	**717064**	**56000000**	**7.37**	**2.23**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**558992118**	**1007882**	**560000000**	**100.00**	**758970436**	**1029564**	**760000000**	**100.00**	

B) Shareholding of Promoter

Sl No.	Shareholder's Name	Shareholding at the beginning of the year i.e.,01-04-2017			Shareholding at the end of the year i.e., 31-03-2018			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	President of India	530887500	94.80	-	703687500	92.59	-	-2.21
2	Governor of Karnataka	312500	0.06	-	312500	0.04	-	-0.02
	Total	**531200000**	**94.86**	-	**704000000**	**92.63**	-	**-2.23**

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

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year 01.04.2017		Date	Increase/ Decrease in share holding	Reason	Cumulative shareholding during the year 31.03.2018	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	President of India	530887500	94.80	01.04.2017	-	-	530887500	94.80
				25.08.2017	-19200000	Transfer	511687500	91.37
				13.09.2017	100000000	Preferential allotment	611687500	92.68
				08.12.2017	-8000000	Transfer	603687500	91.47
				14.12.2017	100000000	Preferential allotment	703687500	92.59
				31.03.2018	-	-	703687500	92.59
2.	Governor of Karnataka	312500	0.11	31.03.2018	-	-	312500	0.04

D) Shareholding Pattern of top ten Shareholders

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

Sl No	For each of top 10 shareholders	Shareholding at the beginning of the year 01.04.2017		Date	Increase/ decrease In share holding	Reason	Cumulative shareholding during the year 31.03.2018	
		No. of shares	% of total shares of the company				No of shares	% of total shares of the company
1.	Special National Investment Fund	8580690	1.53	01.04.2017	0		8580690	1.53
				25.08.2017	19200000	Transfer	27780690	4.96
				08.12.2017	8000000	Transfer	35780690	5.42
				31.03.2018			**35780690**	**4.71**
2.	Life Insurance Corporation of India	1142157	0.20	01.04.2017			1142957	
				01.12.2017	-161569	Transfer	981388	0.15
				08.12.2017	-415800	Transfer	565588	0.09
				15.12.2017	-226872	Transfer	338716	0.04
				22.12.2017	-250000	Transfer	88716	0.01
				29.12.2017	-87916	Transfer	800	0.00
				31.03.2018	**0**		**800**	**0.00**
3.	Dilipkumar Lakhi	338792	0.06	01.04.2017	NO MOVEMENT DURING THE YEAR			
				31.03.2018	**0**		**338792**	**0.04**
4.	Vangaveti Sadasiva Prasad	290693	0.05	01.04.2017	0		290693	0.05
				07.04.2017	-160555	Transfer	130138	0.02
				14.04.2017	-50919	Transfer	79219	0.01
				21.04.2017	-34454	Transfer	44765	0.01
				28.04.2017	15515	Transfer	60280	0.01
				05.05.2017	-785	Transfer	59495	0.01
				12.05.2017	-605	Transfer	58890	0.01
				19.05.2017	61120	Transfer	120010	0.02
				26.05.2017	-22493	Transfer	97517	0.02
				02.06.2017	-58015	Transfer	39502	0.01
				09.06.2017	6120	Transfer	45622	0.01
				16.06.2017	-2533	Transfer	43089	0.01
				23.06.2017	-25000	Transfer	18089	0.00
				04.08.2017	-18056	Transfer	33	0.00
				18.08.2017	381	Transfer	414	0.00
				25.08.2017	11455	Transfer	11869	0.00
				30.09.2017	20269	Transfer	32138	0.00
				06.10.2017	-15053	Transfer	17085	0.00
				13.10.2017	-16085	Transfer	1000	0.00
				27.10.2017	4300	Transfer	5300	0.00
				03.11.2017	-300	Transfer	5000	0.00

				10.11.2017	-4005	Transfer	995	0.00
				17.11.2017	63436	Transfer	64431	0.01
				24.11.2017	-61251	Transfer	3180	0.00
				01.12.2017	21786	Transfer	24966	0.00
				08.12.2017	13687	Transfer	38653	0.01
				15.12.2017	21321	Transfer	59974	0.01
				22.12.2017	-51998	Transfer	7976	0.00
				29.12.2017	33003	Transfer	40979	0.01
				05.01.2018	-36072	Transfer	4907	0.00
				12.01.2018	-2886	Transfer	2021	0.00
				19.01.2018	8582	Transfer	10603	0.00
				25.01.2018	-4850	Transfer	5753	0.00
				02.02.2018	4277	Transfer	10030	0.00
				09.02.2018	-9541	Transfer	489	0.00
				16.02.2018	428	Transfer	917	0.00
				23.02.2018	89363	Transfer	90280	0.01
				02.03.2018	-84196	Transfer	6084	0.00
				09.03.2018	17000	Transfer	23084	0.00
				16.03.2018	-23084	Transfer	0	0.00
				31.03.2018			**0**	**0.00**
5.	Indigo Advisory Private Limited	271735	0.05	01.04.2017	0		271735	0.05
				07.04.2017	2705	Transfer	274440	0.05
				14.04.2017	-50000	Transfer	224440	0.04
				21.04.2017	-68757	Transfer	155683	0.03
				28.04.2017	-155683	Transfer	0	0.00
				12.05.2017	200	Transfer	200	0.00
				31.03.2018	**0**		**200**	**0.00**
6.	Reliance Securities Limited	250000	0.04	01.04.2017			250000	0.04
				28.04.2017	-100000	Transfer	150000	0.03
				02.06.2017	50000	Transfer	200000	0.04
				09.06.2017	-200000	Transfer	0	0.00
				15.09.2017	29000	Transfer	29000	0.00
				22.09.2017	-29000	Transfer	0	0.00
				24.11.2017	67	Transfer	67	0.00
				01.12.2017	59	Transfer	126	0.00
				08.12.2017	40	Transfer	166	0.00
				15.12.2017	65	Transfer	231	0.00
				22.12.2017	325	Transfer	556	0.00
				29.12.2017	305	Transfer	861	0.00
				30.12.2017	-45	Transfer	816	0.00
				05.01.2018	-100	Transfer	716	0.00
				12.01.2018	508	Transfer	1224	0.00
				19.01.2018	3	Transfer	1227	0.00

				25.01.2018	581	Transfer	1808	0.00
				02.02.2018	-145	Transfer	1663	0.00
				09.02.2018	-123	Transfer	1540	0.00
				16.02.2018	841	Transfer	2381	0.00
				09.03.2018	9	Transfer	2390	0.00
				16.03.2018	65	Transfer	2455	0.00
				23.03.2018	274	Transfer	2729	0.00
				31.03.2018	**-200**	**Transfer**	**2529**	**0.00**
7.	SMC Global Securities Ltd	225128	0.04	01.04.2017			225128	0.04
				07.04.2017	88450	Transfer	313578	0.06
				14.04.2017	-80268	Transfer	233310	0.04
				21.04.2017	-192073	Transfer	41237	0.01
				28.04.2017	-10560	Transfer	30677	0.01
				05.05.2017	1507	Transfer	32184	0.01
				12.05.2017	-4834	Transfer	27350	0.00
				19.05.2017	-1118	Transfer	26232	0.00
				26.05.2017	7456	Transfer	33688	0.01
				02.06.2017	-3521	Transfer	30167	0.01
				09.06.2017	-2432	Transfer	27735	0.00
				16.06.2017	-2058	Transfer	25677	0.00
				23.06.2017	-372	Transfer	25305	0.00
				30.06.2017	782	Transfer	26087	0.00
				07.07.2017	968	Transfer	27055	0.00
				14.07.2017	-1618	Transfer	25437	0.00
				21.07.2017	2026	Transfer	27463	0.00
				28.07.2017	49868	Transfer	77331	0.01
				04.08.2017	3967	Transfer	81298	0.01
				11.08.2017	-30926	Transfer	50372	0.01
				18.08.2017	-24245	Transfer	26127	0.00
				25.08.2017	7656	Transfer	33783	0.01
				01.09.2017	-1761	Transfer	32022	0.01
				08.09.2017	5997	Transfer	38019	0.01
				15.09.2017	7525	Transfer	45544	0.01
				22.09.2017	3642	Transfer	49186	0.01
				30.09.2017	-6599	Transfer	42587	0.01
				06.10.2017	1484	Transfer	44071	0.01
				13.10.2017	4056	Transfer	48127	0.01
				20.10.2017	-5075	Transfer	43052	0.01
				27.10.2017	-11698	Transfer	31354	0.00
				03.11.2017	2655	Transfer	34009	0.01
				10.11.2017	-1489	Transfer	32520	0.00
				17.11.2017	2280	Transfer	34800	0.01
				24.11.2017	-805	Transfer	33995	0.01
				01.12.2017	23104	Transfer	57099	0.01
				08.12.2017	-20626	Transfer	36473	0.01

				15.12.2017	1521	Transfer	37994	0.00
				22.12.2017	10219	Transfer	48213	0.01
				29.12.2017	-3549	Transfer	44664	0.01
				30.12.2017	-100	Transfer	44564	0.01
				05.01.2018	9721	Transfer	54285	0.01
				12.01.2018	-5356	Transfer	48929	0.01
				19.01.2018	-3333	Transfer	45596	0.01
				25.01.2018	-1179	Transfer	44417	0.01
				02.02.2018	5983	Transfer	50400	0.01
				09.02.2018	-70	Transfer	50330	0.01
				16.02.2018	-6284	Transfer	44046	0.01
				23.02.2018	-7626	Transfer	36420	0.00
				02.03.2018	-1844	Transfer	34576	0.00
				09.03.2018	167	Transfer	34743	0.00
				16.03.2018	16506	Transfer	51249	0.01
				23.03.2018	-18835	Transfer	32414	0.00
				31.03.2018	**377**	**Transfer**	**32791**	**0.00**
8.	EMKAY Global Financial Services Limited A/C Securities	201330	0.04	01.04.2017			201330	0.04
				07.04.2017	-197501	Transfer	3829	0.00
				14.04.2017	4300	Transfer	8129	0.00
				21.04.2017	66880	Transfer	75009	0.01
				28.04.2017	-33445	Transfer	41564	0.01
				05.05.2017	-21540	Transfer	20024	0.00
				12.05.2017	12575	Transfer	32599	0.01
				19.05.2017	-9575	Transfer	23024	0.00
				26.05.2017	11562	Transfer	34586	0.01
				02.06.2017	-901	Transfer	33685	0.01
				09.06.2017	2202	Transfer	35887	0.01
				16.06.2017	-4118	Transfer	31769	0.01
				23.06.2017	165	Transfer	31934	0.01
				30.06.2017	-3595	Transfer	28339	0.01
				07.07.2017	10001	Transfer	38340	0.01
				14.07.2017	30570	Transfer	68910	0.01
				21.07.2017	-45831	Transfer	23079	0.00
				28.07.2017	1995	Transfer	25074	0.00
				04.08.2017	650	Transfer	25724	0.00
				11.08.2017	-1100	Transfer	24624	0.00
				18.08.2017	4250	Transfer	28874	0.01
				25.08.2017	-3760	Transfer	25114	0.00
				01.09.2017	-2885	Transfer	22229	0.00
				08.09.2017	49910	Transfer	72139	0.01
				15.09.2017	-5872	Transfer	66267	0.01
				22.09.2017	32934	Transfer	99201	0.02

				30.09.2017	-28747	Transfer	70454	0.01
				06.10.2017	19205	Transfer	89659	0.01
				13.10.2017	-79400	Transfer	10259	0.00
				20.10.2017	13150	Transfer	23409	0.00
				27.10.2017	-7786	Transfer	15623	0.00
				03.11.2017	-4375	Transfer	11248	0.00
				10.11.2017	32675	Transfer	43923	0.01
				17.11.2017	-24630	Transfer	19293	0.00
				24.11.2017	990	Transfer	20283	0.00
				01.12.2017	-1290	Transfer	18993	0.00
				08.12.2017	18640	Transfer	37633	0.01
				15.12.2017	12471	Transfer	50104	0.01
				22.12.2017	28670	Transfer	78774	0.01
				29.12.2017	1206	Transfer	79980	0.01
				05.01.2018	-59621	Transfer	20359	0.00
				12.01.2018	5308	Transfer	25667	0.00
				19.01.2018	12987	Transfer	38654	0.01
				25.01.2018	-4356	Transfer	34298	0.00
				02.02.2018	14440	Transfer	48738	0.01
				09.02.2018	-24800	Transfer	23938	0.00
				16.02.2018	6915	Transfer	30853	0.00
				23.02.2018	12175	Transfer	43028	0.01
				02.03.2018	1390	Transfer	44418	0.01
				09.03.2018	-10425	Transfer	33993	0.00
				16.03.2018	-2519	Transfer	31474	0.00
				23.03.2018	-4090	Transfer	27384	0.00
				31.03.2018	**14236**	**Transfer**	**41620**	**0.01**
9.	Madhu Jayakumar Vadera	200000	0.04	01.04.2017			200000	0.04
				14.04.2017	-50000	Transfer	150000	0.03
				28.04.2017	-50000	Transfer	100000	0.02
				05.05.2017	-50000	Transfer	50000	0.01
				12.05.2017	-50000	Transfer	0	0.00
				31.03.2018	**0**	**0**	**0**	**0.00**
10.	LTS Investment Fund LTD	200000	0.04	01.04.2017			200000	0.04
				07.04.2017	90000	Transfer	290000	0.05
				28.04.2017	-100000	Transfer	190000	0.03
				12.05.2017	79034	Transfer	269034	0.05
				19.05.2017	-153320	Transfer	115714	0.02
				26.05.2017	-115714	Transfer	0	0.00
				31.03.2018	**0**	**0**	**0**	**0.00**

E) Shareholding of Directors and Key Managerial Personnel

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

Note : None of the Directors and KMPs hold any shares of the Company as on 31.03.2018

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	87916.91	30000	Nil	117916.91
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	756.20	Nil	756.20
Total (i+ii+iii)	**87916.91**	**30756.20**	**Nil**	**118673.11**
Change in Indebtedness during the financial year				
* Addition (Interest accrued but not due)	Nil	300.00	Nil	300.00
Addition	4715.32	Nil	Nil	4715.32
Reduction	Nil	Nil	Nil	Nil
Net Change	**4715.32**	**300.00**	**Nil**	**5015.32**
Indebtedness at the end of the financial year				
i) Principal Amount	92632.23	30000	Nil	122632.23
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	1056.20	Nil	1056.20
Total (i+ii+iii)	**92632.23**	**31056.20**	**Nil**	**123688.43**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		Shri S Gopu	Dr. Janaki Ananthakrishnan	Shri K Alagesan	Shri Chittaranjan Pradhan	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1217715	1554134	1263286	0.00	4035135
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	185490	271376	177846	0.00	634712
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	others, specify…					
5	Others, please specify (Co PF)					
	Total	**1403205**	**1825510**	**1441132**	**0.00**	**4669847**

B. Remuneration to other Directors

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Shri Saday Krishna Kanoria	Smt. Asha Kumari Jaswal	
	Fee for attending board /committee meetings	42000	42000	84000
	Commission	-		
	Others, please specify	-		
	Total (1)	42000	42000	84000
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	-	-	
	Commission	-	-	
	Others, please specify	-	-	
	Total (2)	-	-	
	Total (B)=(1+2)	42000	42000	84000
	Total Managerial Remuneration	N.A	N.A	N.A
	Overall Ceiling as per the Act	N.A	N.A	N.A

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CS	CFO	CFO	Total
			Mrs .S Shanmuga Priya	Dr. Janaki Ananthakrishnan (Upto 12.12.2017)	Mrs M Malathy (From 14.12.2017)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	670758	1554134	341532	2566424
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	102504	271376	11709	385589
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-				
2	Stock Option					
3	Sweat Equity					
4	Commission	-				
	- as % of profit	-				
	others, specify…	-				
5	Others, please specify	-				
	Total	**-**	**773262**	**1825510**	**353241**	**2952013**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OFOFFENCES

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

For and on behalf of the Board of Directors
(K Alagesan)
Director Production/
Addl Charge Chairman and Managing Director

Place: Bengaluru
Date: 13th August 2018

Annexure to Directors' Report
Form No. MR-3
Secretarial Audit Report for the financial year ended 31st March 2018

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

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

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

Management's Responsibility for Secretarial Compliances:

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

Auditor's Responsibility:

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2018(Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ITI Limited for the financial year ended on 31st March 2018 according to the provisions of:

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

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company:-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take overs) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were reported during theyear.**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were reported during the year.**

   f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorised Category I Registrar and Share TransferAgent.**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- **No de-listing was done during the year**

   h. The Securities and Exchange Board of India (Buy back of Securities) Regulations,1998;- **No buy - back was done during the year.**

6. Other laws as may be applicable specifically to the Companyare:

   - Department of Public Enterprises (DPE) Guidelines on Corporate Governance
   - The Telecom Regulatory Authority of India Act, 1997
   - The Information Technology Act, 2000

Having regard to the compliance system prevailing in the Company and on the basis of presentation/ certificates made by the heads of the departments and the compliance certificates made by the heads of the departments and submitted to the secretarial department of the Company, we report that the Company has substantially complied with the provisions of other applicable laws relating to maintenance of Labour laws, Environmental Laws, etc. to the extent of their applicability to the Company.

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

   a. Secretarial Standards with respect to Board and General Meetings of The Institute of Company Secretaries of India;

   b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, Subject to the following observations:

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

- **Pursuant to Section 149 (4) of the Act, every listed public Company shall have at-least one-third of the total number of Directors as Independent Directors. However, the company is having only two Independent Directors on its Board for the Financial Period under review.**

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

- **Composition of Board of Directors of the company is not in accordance withClause 49 of the Listing Agreement and Regulation 17 of LODR as only two Independent Directors are there on the Board.**

Also, we draw attention that:

- Cumulative Redeemable Preference shares amounting to Rs. 30,000.00 Lakhs, overdue for redemption has been removed from the share capital and classified as current financial liability. Interest / Dividend has not been provided in the books of accounts.
- The 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 Rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the sick industrial Companies (Special Provisions) Act, 1985.
- The company has not consolidated financial statements with its joint venture viz., India Satcom Ltd. (for the year ended 31st March 2017) in terms of first Proviso to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014. However, the company has consolidated its financial statements with its joint venture for the year ended 31st March 2018 in compliance with the provisions of Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014.

I further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors.The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. All decisions at Board Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors as the case may be.

d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

D. VENKATESWARLU
Company Secretary
FCS No. 8554 C P No.7773

Place : Bengaluru
Date : 13th August 2018

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

"Annexure A"

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

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

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

D VENKATESWARLU
Company Secretary
FCS No. 8554 C P No. 7773

Place : Bengaluru
Date : 13th August2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Telecom Industry Structure

The Indian telecommunications industry is one of the fastest growing in the world and is second largest telecom Industry in the world . It is estimated that Indian telecommunications industry growth rate is about 7.3% and, contributes about 6.0 % of GDP. According to the Telecom Regulatory Authority of India (TRAI), the telephone subscriber base in the country reached 1206.22 million, with overall Tele-density of 92.84 % at the end of March 31, 2018. Further, countries Broadband subscribers base has reached 412.60 million at the end of March 2018. The figure will see a drastic improvement as the Indian telecom sector was traditionally been voice driven has significantly switched over to data driven market. The average data consumption per user is increasing, with increased adoption of smart phones and availability of content the business model from a voice to data centric one. The industry has witnessed consistent growth over the years on account of several factors, like, increased use of wireless network for broadband connectivity, launch of 4G networks by operators, growth of e-commerce etc., The market is also abuzz with high speed broadband connectivity to villages on pan India basis to provide e-governance solutions to rural masses. Wireless networks, broadband penetration at all corners, affordable smart phones and single click applications for variety of services, like e-commerce, e-governance, e-education, e-health etc. drive the Indian communication industry to create a strong “Digital India” platform in the coming years.In addition, the digital payments ecosystem is growing by leaps and bounds in India. This is largely possible as India is transitioning to a digital economy. Digital wallets witnessed exponential growth in the back of the recent demonetization drive by the Government of India

The booming domestic telecom market has been attracting huge amounts of investment which is likely to accelerate with the entry of new players and launch of new services. Government’s initiatives to boost indigenous manufacturing through several new policies and “Make in India”, PMA policy will drive and boost Telecom, Electronics and allied products manufacturing in the country.

The communication industry scenario is very bright for business in Defence sector also. The Government’s CAPEX plan for investment in Defence sector in the coming years is huge and there is a significant part earmarked for communication domain. ITI, being a pioneer as an electronics manufacturing PSU in the telecommunication industry, has the distinctive edge to gain from the opportunities arising out in electronics and communication market in the country.

II. Opportunities and Threats:

As stated above, there is a huge business opportunity in electronics manufacturing, communication products manufacturing & services and also IOT, Smart City products/solutions. There are many other business opportunities in the field of Defence electronics and communications, Solar power solutions, Energy storage products etc. and ITI has already ventured in to many of these areas, like OFC, HDPE, WiFI, Smart cards Solar panel manufacturing etc. ITI is also making inroads in IoT and smart city. ITI has tied up with many start-ups to offer various smart solutions required under IoT and smart city. There are huge opportunities in the service sector also. ITI has already been part of the Government projects, like National Population Register (NPR), Socio Economic & Caste Census (SECC) etc., With thrust towards providing Government services through digital means, there are many opportunities to provide e-governance applications, solutions and services at central and state government levels. ITI has also launched mobile wallet called “TAG_ ITI” for offering cashless transactions in the country.

The Government has approved a revival plan for ITI with a funding support of Rs.4156.79Crore This package consists of Rs.2264 Crore as equity towards up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects. Government had already released Rs.609 Crore in different phase disbursement to the Company towards capital expenditure under revival plan. The infrastructure up-gradation for implementation of various projects is completed at different plants of ITI and the projects are under implementation. This support from the Government is helping ITI for manufacturing telecom and allied products in different market domains in a big way.

Further opportunities for Export of ITI's products and services in association with TCIL under the SYNERGY Initiatives of the Department of Telecom will be fully explored. The strategic plan for SYNERGY among BSNL, BBNL, ITI, TCIL, TEC & C-DOT was released by the Hon'ble Minister of State for Communication during Feb 2018. In this event several MOUs were also signed among Organizations under DoT for collaboration in various business areas for mutual benefit to effectively utilise mutual strengths.

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

- Intense competition due to large number of international players and also domestic players in all market domains, resulting intense price drop
- Non-availability of proper eco-system for electronics manufacturing in the country
- Keeping pace with the rapid change of technologies.

III. Future Outlook:

As stated above, Government of India has approved a revival plan for ITI with a funding support of Rs.4156.79 Crore This package consists of Rs.2264 Crore as equity towards up-gradation of manufacturing infrastructure in all the plants of ITI for implementation of new projects. Government has already released Rs.609 Crore in different phase disbursement to the Company towards capital expenditure under revival plan. Another Rs.100 Crore has been approved as Capex for FY 2018-19 , the funds for which is expected shortly. The infrastructure up-gradation for implementation of various projects is completed at different plants of ITI and few projects are under implementation. This support from the Government is helping ITI for manufacturing of products in different market domains in a big way.

Under revival plan, several projects have been planned for implementation at various manufacturing plants of ITI. In addition to telecom products (like G-PON ITI has won the contracts from BBNL and BSNL for the supply of G-PON equipments with C-DoT technology, further expecting orders from BharatNet Ph II), MLLN/ IP MLLN, Broadband equipments etc…) Major thrust has been given, for the manufacture of encrypted telecommunication equipments required for Defence sector. ITI has also taken up diversified products/ services like Solar panel manufacturing, Smart card manufacturing and Data Center services. ITI has already established OFC manufacturing lines, HDPE manufacturing line at its Rae Bareli plant and Palakkad unit. Also company is in the process of expanding its existing Data Centre , contract manufacturing activities for VSSC and other PSUs are under progress. The other products identified for manufacturing are Antenna, Radio modems, Smart Jammers, Anti intrusion systems, Set top box, Smart energy meters, 3D Printing etc for which the infrastructure is being established. ITI has entered in to teaming agreements with many start-ups for smart solutions needed in IOT and smart city applications. There is good scope for getting business for smart cities which are being developed in India. ITI is aggressively bidding for business opportunities (a) for BharatNet Ph II project , (b) for major turnkey tenders for BSNL , BBNL and (c) For Defence . ITI order book will reach about Rs 15000 Crore with major business coming from ASCON PH IV, Bharatnet PH II, other projects and Defence projects etc… ITI is focussing on manufacturing in big way and also planning take up turnkey projects as SI to increase the value addition Marketing group is being restructured, strengthened with view to increase the turnover in the days to come.

Risk Management

Like any other business sectors, Indian Telecom Sector has been witnessing a rapid change both in market and technology fronts. The Company's business, operating results and financials are subject to various risk and uncertainties. Some of them are changes in economy, change in market and technology etc. The Company believe that managing risk is critical for its growth and sustenance in the dynamic telecom sector environment. The company while consolidating its core strength of manufacturing as Telecom OEM, is also diversifying into many other sectors like IOT, smart city, solar power solutions, Service Sector and manufacturing of other allied Telecom / Electronics related products, solutions so as to improve the top line and bottom line.

The Company has adopted a Risk Management framework, which covers risk management techniques while conceiving a project or while execution of a project etc. The Company is constantly monitoring and assessing

the internal as well as external risk factors associated with its day to day business operations and financial management and thereby effectively mitigating possible risks associated therewith. As an added measure towards effective management of projects, the Company has brought out a Project Management Manual which will guide the project managers or the project execution teams to implement projects or execute orders in an effective manner. Company is actively participating in many international and domestic exhibitions, seminars to showcase our products, solutions and also capabilities.

III. HUMAN RESOURCES

As at 31st March, 2018, your Company had a total strength of 3576 as compared to 4052 at the end of the previous year.

IV. INTERNAL CONTROL MEASURES

The Company has Internal Audit Department at Corporate and units, which reviews the compliance with the Company's procedures & policies. The department coordinates with the Units/Divisions of the Company for ensuring coverage of all major areas of operations in order to bring transparency in the Company.

The Company is having adequate Internal Control Systems. However, as per advice of the Audit Committee, a consultant was appointed for suggesting improvement in the Internal Control Systems. After detail study of the Internal Control System of the Company, they have submitted their recommendations, which are being implemented by the Company.

V. FINANCIAL PERFORMANCE

Your Company has achieved a sales turnover of Rs.1703 Crore for the year ended 31st March, 2018, as compared to Rs.1611 Crore in the previous year.

VI. CAUTIONARY STATEMENT

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

DECLARATION

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of the Company for the year ended 31st March,2018.

For and on behalf of the
Board of Directors

Place : Bengaluru
Date : 13th August 2018

(K Alagesan)
Director Production/
Addl Charge Chairman and Managing Director

CEO / CFO CERTIFICATION

To

The Board of Directors of ITI Ltd.

SUB: CEO / CFO CERTIFICATION

(Issued in accordance with provision of Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015)

We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' report of ITI Limited for the year ended March 31, 2018 and that to the best of our knowledge and belief, we state that:

(a) (i) These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements present a true and fair view of your Company's affairs and are in compliance with existing accounting standards and / or applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or in violation of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have disclosed, wherever applicable to your Company's Auditors and the audit committee of the Company's Board of Directors

(i) Significant changes in internal controls during the year covered by this report.

(ii) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.

(iii) Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in your Company's internal control system.

Place : Bengaluru
Date : 13th August 2018

(Malathy M)
Chief Financial Officer

(K Alagesan)
Director Production /
Addl Charge Chairman and
Managing Director

CERTIFICATE OF CORPORATE GOVERNANCE

To

The Members of ITI Limited

We have examined the compliance of conditions of Corporate Governance by ITI Limited ('the Company'), for the year ended March 31, 2018, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraph C,D and E of the schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and management of the Company and subject to the following:

The Composition of Board of Directors of the company is not in accordance with Regulation 17 of Listing Obligations & Disclosures Requirements (LODR) as there are only two Independent Directors are there on the Board.

We certify that the Company has complied with the conditions of Corporate Governance as specified in stipulated in regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraph C, D and E of the schedule V of the Listing Regulations during the year ended March 31, 2018.

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

Place: Bengaluru
Date: 13th August, 2018

D VENKATESWARLU
PRACTICING COMPANY SECRETARY
FCS: 8554 CP: 7773

Standalone Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/ service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareli Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1st, 2016. Refer Note 37 for details of First time adoption – mandatory exceptions and optional exemptions availed by the Company.

Reconciliations and descriptions of the effect of the transition has been summarized in note 37

Basis of Measurement:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value:

a. Derivative financial instruments, if any

b. Financial assets and liabilities that are qualified to be measured at fair value

c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

2) Use of Estimates

The preparation of the financial statements in conformity with the IndAS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

4) Revenue Recognition

a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and

reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

d. Bill and Hold Sales

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

i. it is probable that delivery will be made;

ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;

iii. the buyer specifically acknowledges the deferred delivery instructions; the usual payment terms apply

e. Construction contracts

Contract revenue includes initial amount agreed in the contract and any variations in the contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

f. Price escalations

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

Where break up prices of sub units sold are not provided for, the same are estimated.

g. Bundled contracts

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies recognition criteria to separately identifiable components (sale of goods, installation, commissioning, etc.) of the transaction and allocates revenue to those separate components based on their relative fair value.

h. Multiple elements

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction, allocates the revenue to those separate components based on the contract.

i. Sales exclude Sales Tax / Value Added Tax (VAT)/Goods and Service Tax (GST)/Service Tax.

Export Sales are treated as sales on issue of Bill of Lading Provision is made separately for likely disallowance by customers including Liquidated Damages for contracts executed during the year.

j. Supply of services

Revenue from annual maintenance contracts relating to the year is recognised when the contracts are entered into on time proportion basis. Revenue is recognized at the time of rendering services.

For other fixed-price contracts (including sale of software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

k. Interest income

Interest income is recognized using the effective interest rate method.

l. Dividend

Dividend income is recognised when the Company's right to receive dividend is established

m. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

n. Duty Drawbacks

Duty drawback claims on exports are accounted on preferring the claims.

o. Other Income

Other Income not specifically stated above is recognised on accrual basis.

5) Property, plant and equipment, Capital Work-in progress

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

Capital work-in-progress

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

In the event of revaluation of entire class of PPE, if the revalued amount is greater than the carrying amount of the PPE, such difference is taken to the Revaluation Reserve. If the revalued amount is lower than the carrying amount of the PPE and if the class of PPE has already been revalued, difference is set off against the amount available under the Revaluation Reserve for the same class of PPE and excess thereof, life any, is charged to the statement of Profit and Loss.

6) Intangible Assets, Intangible Asset under Development

a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development

b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

c. Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

7) Research and development expenses:

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

8) Impairment of Non-financial assets

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

9) Depreciation /Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

a. Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.

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

c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.

d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Amortization

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss

arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars		(Years)
A.	(a) Building (other than factory buildings)	60
	(b) Factory building	30
	(c) Purely temporary erections	3
	(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B.	Furniture & Fittings	10
C.	Plant & Machinery	
	(a) General Rate (on double shift basis)	15
	(b) Special Rate: - Servers & Networks	6
	(c) Data Processing Machines including Computers	3
D.	Roads and compound Walls	10
E.	Office Machinery and Equipment	5
F.	Vehicles	8
G.	Assets costing less than ₹5,000/- are depreciated @ 100%	
	However, in respect of assets having original cost of ₹50,000/- and above, a residual balance of ₹5/- has been retained in the books.	

10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance general inflation or are otherwise justified

Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is recognised in the Statement of Profit and Loss.

11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

14) Inventories

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

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

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

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

15) Work-in-process

a. Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration & sales overheads and at the net realisable value, after providing for obsolescence, if any.

b. Work-in-process (Installation) is valued at lower of cost as recorded in the work orders and net realizable value, after providing for obsolescence, if any.

16) Tools and Gauges

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

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

17) Financial assets (Trade Receivables & Other receivables)

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

18) Errors and Estimates

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied prospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

19) Income taxes

Income tax comprises of current and deferred income tax

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

20) Warranty Liability

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

21) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

22) Employee benefits

a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

b. Post-employment benefit viz. gratuity and other long-term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services. Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.

c. Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

d. Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.

23) Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed in the notes.

Onerous Contracts

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

24) Fair value measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

26) Financial Instruments

a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

b. Subsequent measurement

c. For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost,

ii. Debt instruments at fair value through other comprehensive income (FVTOCI),

iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),

iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Derecognition

A financial asset or part of a financial asset is derecognised when• The rights to receive cash flows from the asset has expired

Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

29) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.

b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

c. In case of dues outstanding for a significant period of time, on a case to case basis.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

30) Financial Liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

b. Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss.

ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

c. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

d. Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31) Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

33) Cash dividend and non-cash distribution to equity shareholders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

34) Earnings per share

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

35) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

36) New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective for the yearended 31 March 2017 and have not been applied in preparing these financial statements. The effect of the sameis being evaluated by the Company.

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Standalone Balance Sheet as at 31.03.2018

₹ in Lakhs

Particulars	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
I. ASSETS							
(1) Non-current assets							
(a) Property, Plant & Equipment	1	**258408.35**		247867.82		243072.25	
(b) Capital work-in-progress	2	**14929.08**		10159.39		9168.30	
(c) Investment Property	3	**3559.20**		2770.80		2771.57	
(d) Goodwill		**0.00**		0.00		0.00	
(e) Intangible assets		**0.00**		0.00		0.00	
(f) Intangible assets under development		**0.00**		0.00		0.00	
(g) Biological Assets other than bearer plants		**0.00**		0.00		0.00	
(h) Financial Assets							
(i) Investments	4	**40.55**		40.55		40.55	
(ii) Trade receivables		**588.02**		0.00		0.00	
(iii) Loans	5	**17.67**		26.08		23.01	
(iv) Others		**0.00**		0.00		0.00	
(i) Deferred Tax Assets (net)		**0.00**		0.00		0.00	
(j) Other non current assets		**0.00**	**277542.87**	0.00	260864.64	0.00	255075.68
(2) Current assets							
(a) Inventories	6	**15589.59**		14228.63		10383.02	
(b) Financial Assets							
(i) Investments		**0.00**		0.00		0.00	
(ii) Trade receivables	7	**307993.60**		219595.42		274317.10	
(iii) Cash and cash equivalents	8	**4126.10**		2440.16		4995.14	
(iv) Bank Balances other than (iii) above	8(a)	**28348.75**		14190.96		7124.07	
(v) Loans	9	**38547.51**		33348.15		25882.24	
(vi) Unbilled Revenue		**23724.08**		3666.58		2129.26	
(vii) Others		**0.00**		0.00		0.00	
(c) Current Tax Assets (Net)		**0.00**		0.00		0.00	
(d) Other current assets	10	**4882.50**	**423212.13**	2948.46	290418.36	3574.63	328405.46
TOTAL			**700755.00**		**551283.00**		**583481.14**

Standalone Balance Sheet as at 31.03.2018 (Contd...)

₹ in Lakhs

Particulars	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
II. EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	11	**76000.00**		56000.00		28800.00	
(b) Other Equity	12	**86784.10**	**162784.10**	49935.43	105935.43	38662.35	67462.35
Liabilities							
(1) Non-Current Liabilities							
(a) Government Grants Unutilised	13	**11908.93**		12289.27		256.81	
(b) Financial Liabilities							
(i) Borrowings	14	**30000.00**		30000.00		30000.00	
(ii) Trade Payables		**0.00**		0.00		0.00	
(iii) Others	15	**1815.00**		1444.25		1213.14	
(c) Provisions	16	**6800.44**		5831.09		8390.78	
(d) Deferred Tax Liabilities (Net)		**0.00**		0.00		0.00	
(e) Other Non-Current Liabilities		**0.00**		0.00		0.00	
			50524.37		49564.61		39860.73
(2) Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	17	**92632.23**		87916.91		83891.42	
(ii) Trade payables	18	**226164.95**		197599.86		210532.98	
(iii) Others	19	**82414.33**		72358.97		80914.60	
(b) Provisions	20	**12005.80**		14837.01		24190.31	
(c) Current Tax Liabilities (Net)		**0.00**		0.00		0.00	
(d) Other current liabilities	21	**74229.22**	**487446.53**	23070.21	395782.96	76628.75	476158.06
TOTAL			**700755.00**		551283.00		583481.14

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Statement Of Standalone Changes In Equity

A. Equity Share Capital

₹In Lakhs

Particulars	Amount
Balance as at 01.04.2016	**28800**
Changes during the Financial Year 16-17	27200
Balance as at 31.03.2017	**56000**
Changes during the Financial Year 17-18	20000
Balance as at 31.03.2018	**76000**

B. Other Equity

₹in Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
Balance as at 01.04.2016	**19,200.00**	**2,74,897.30**	**29.61**	**-4,92,634.05**	**2,35,436.85**	**1,732.64**	**38,662.35**
Changes in accounting policy or prior period error				-23.67			-23.67
Profit or Loss for the Year	-	-	-	26,639.05	-	-	26,639.05
Appropriations	-	-	-	-15.33	-	-	-15.33
Other Comprehensive income for the Year	-	-	-	-	-	3,873.02	3,873.02
Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-605.42	-	-605.42
Any other change	-	-	-	605.42	-	-	605.42
Transfer to Equity Share Capital	-19,200.00	-	-	-	-	-	-19,200.00
Balance as at 31.03.2017	**-**	**2,74,897.30**	**29.61**	**-4,65,428.57**	**2,34,831.43**	**5,605.67**	**49,935.43**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Balance as at 01.04.2017	**-**	**2,74,897.30**	**29.61**	**-4,65,428.57**	**2,34,831.43**	**5,605.67**	**49,935.43**
Profit or Loss for the Year	-	-	-	23,056.43	-	-	23,056.43
Other Comprehensive income for the Year	-	-	-	-	-	456.77	456.77
Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-923.47	-	-923.47
Share application money Govt. of India	33,700.00	-	-	-	-	-	33,700.00
Any other change	-	-	-	558.92	-	-	558.92
Transfer to Equity Share Capital	-20,000.00	-	-	-	-	-	-20,000.00
Balance as at 31.03.2018	**13,700.00**	**2,74,897.30**	**29.61**	**-4,41,813.22**	**2,33,907.96**	**6,062.44**	**86,784.10**

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy
Partner
M. No. 027044

S. SHANMUGA PRIYA
Company Secretary

CHITTARANJAN PRADHAN
Director-Finance

S. GOPU
Chairman and Managing Director

Place : Bengaluru
Date : 19.05.2018

Standalone Statement of Profit and Loss for the year ended 31.03.2018

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2018		For the year ended 31.03.2017	
INCOME					
I. Revenue from operations	22	**148416.25**		154813.62	
II. Other Income	23	**32745.43**		54057.95	
III. Total Revenue (I +II)			**181161.68**		208871.57
IV. EXPENSES:					
Cost of materials consumed	24	**31344.43**		9257.52	
Purchase of Stock-in-Trade	25	**23197.60**		51219.08	
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	**1176.53**		(1762.24)	
Installation & Maintenance Charges		**52607.33**		64207.94	
Employee benefit expense	27	**22550.35**		30087.17	
Finance costs	28	**15341.12**		15261.51	
Depreciation and amortization expense	29	**2485.50**		1694.45	
Other expenses	30	**9402.39**		12267.09	
Total Expenses*			**158105.25**		182232.52
V. Profit/(Loss) before exceptional items and tax (III-IV)			**23056.43**		26639.05
VI. Exceptional Items					
(i) Income			**0.00**		0.00
(ii) Expenses			**0.00**		0.00
VII. Profit/(Loss) before tax (V + VI)			**23056.43**		26639.05
VIII. Tax expense:					
(1) Current tax			**0.00**		0.00
(2) Deferred tax			**0.00**		0.00
IX. Profit(Loss) for the year (VII-VIII)			**23056.43**		26639.05
X. Other Comprehensive Income					
A. (i) Items that will not be reclassifled to proflt or loss					
Remeasurements of Defined Benefit Plans			**456.77**		3873.02
B. (i) Items that will be reclassified to profit or loss			**0.00**		0.00
XI. Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other.comprehensive Income for the period)			**23513.20**		30512.08
XII. Earnings per equity share (for continuing operation):					
Basic & Diluted (Face value of 10/- each):			**3.23**		6.77
Weighted average number of shares			**643333333**		410000000

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Standalone Cash Flow Statement for the year ended 31.03.2018

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX		23056.43		26639.05
Adjustment For :				
Depreciation	2485.50		1783.23	
Financing Charges	15341.12		15261.51	
Profit On Sale Of Investments	0.00		0.00	
Interest/Dividend Received	(159.80)		(99.95)	
Loss On Sale Of Asset	0.00		0.00	
Profit On Sale Of Asset	(9211.48)		0.00	
Transfer From Grant-In-Aid	(13678.34)		(37965.61)	
Transfer From Grant-In-Aid(Prior Period Adj.)	0.00		0.00	
Other Comprehensive Income	456.77		3873.02	
Non-Cash Expenditure	336.75	(4429.48)	421.06	(16726.80)
OPERATING CASH PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		18626.95		9912.32
Adjustment For:				
Trade And Other Receivables	(116108.30)		45640.01	
Inventories	(1691.00)		(3995.70)	
Trade Payables	88288.34		(86729.00)	
Direct Taxes Paid	(60.39)	(29571.35)	427.86	(44656.83)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(10944.40)		(34744.51)
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase Of Fixed Assets Including:				
Capital Work-In-Progress	(18955.36)		(7607.50)	
Sale Of Fixed Assets	9211.48		0.00	
Investments	0.00		0.00	
Interest Received	159.80		99.95	
Dividend Received	0.00		0.00	

Standalone Cash Flow Statement for the year ended 31.03.2018 (Contd...)

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NET CASH USED IN INVESTING ACTIVITIES [B]		(9584.08)		(7507.55)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds From Short Term Borrowings	4715.33		4025.40	
Share Application Money	13700.00		0.00	
Issue Of Share Capital	20000.00		8000.00	
Grant-In-Aid Received	13298.00		50000.00	
Financing Expenses	(15341.12)		(15261.51)	
NET CASH USED IN FINANCING ACTIVITIES [C]		36372.20		46763.90
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]		15843.73		4511.92
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		16631.13		12119.21
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		32474.85		16631.13

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy
Partner
M. No. 027044

S. SHANMUGA PRIYA
Company Secretary

CHITTARANJAN PRADHAN
Director-Finance

S. GOPU
Chairman and Managing Director

Place : Bengaluru
Date : 19.05.2018

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

Note No.1 **FY 2017-18**

Property, Plant & Equipment ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	As at 01.04.2017	ADDITIONS	DELETION	ADJUST MENTS	TOTAL 31.03.2018
LAND:					
FREE HOLD*	2,25,848.80	-	1,165.61	-	2,24,683.19
LEASE HOLD****	118.46	-	-	-	118.46
ASSETS GIVEN ON LEASE	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-
BUILDING**	10,186.93	1,107.10	-	-	11,294.03
PLANT& MACHINERY***	11,131.52	12,436.65	-	-	23,568.18
OTHER EQUIPMENT	2,108.16	516.57	-	-	2,624.73
OFFICE M/C & EQPT	193.06	16.34	0.12	-	209.28
FURNITURE FIXTURE& FITTINGS	40.24	1.43	-	-	41.67
VEHICLES	38.40	107.58	-	-	145.98
ELECTRICAL INSTALLATION	-	-	-	-	-
TOTAL	**2,49,665.58**	**14,185.67**	**1,165.73**	**-**	**2,62,685.51**

FY 2016-17

Property, Plant & Equipment ₹ in Lakhs

PARTICULARS	DEEMED COST 1.04.2016	ADDITIONS	DELETION	ADJUST MENTS	TOTAL 31.03.2017
LAND:					
-FREE HOLD	2,25,848.80	-	-	-	2,25,848.80
-LEASE HOLD	118.46	-	-	-	118.46
ASSETS GIVEN ON LEASE	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-
BUILDING	9,858.45	328.48	-	-	10,186.93
PLANT& MACHINERY	6,142.93	4,988.60	-	-	11,131.52
OTHER EQUIPMENT	985.73	1,122.43	-	-	2,108.16
OFFICE M/C & EQPT	39.94	153.12	-	-	193.06
FURNITURE FIXTURE& FITTINGS	40.18	0.06	-	-	40.24
VEHICLES	37.75	0.65	-	-	38.40
ELECTRICAL INSTALLATION	-	-	-	-	-
TOTAL	**2,43,072.25**	**6,593.33**	**-**	**-**	**2,49,665.58**

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

Note No.1 **FY 2017-18**

Property, Plant & Equipment ₹ in Lakhs

DEPRECIATION					Net Carrying Value as at 31.03.2018	Net Carrying Value as at 31.03.2017
ACCUMU LATED DEP.	FOR THE YEAR	DELETION	ADJUST MENTS	TOTAL 31.03.2018		
-	-	-	-	-	2,24,683.19	2,25,848.80
0.27	0.27	-	-	0.54	117.92	118.19
-	-	-	-	-	-	-
-	-	-	-	-	-	-
801.77	733.77	-	-	1,535.53	9,758.50	9,385.17
812.25	1,456.40	-	-	2,268.65	21,299.52	10,319.27
132.31	210.42	-	-	342.73	2,282.00	1,975.85
24.30	54.36	0.06	-	78.59	130.69	168.77
17.50	10.24	-	-	27.74	13.93	22.74
9.37	14.00	-	-	23.37	122.61	29.03
-	-	-	-	-	-	-
1,797.76	**2,479.47**	**0.06**	**-**	**4,277.16**	**2,58,408.35**	**2,47,867.82**

FY 2016-17

Property, Plant & Equipment ₹ in Lakhs

DEPRECIATION				Net Carrying Value as at 31.03.2017	Net Carrying Value as at 31.03.2016
FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2017		
-	-	-	-	2,25,848.80	2,25,848.80
0.27	-	-	0.27	118.19	118.46
-	-	-	-	-	-
-	-	-	-	-	-
807.22	-	5.45	801.77	9,385.17	9,858.45
817.31	-	5.06	812.25	10,319.27	6,142.93
132.31	-	-	132.31	1,975.85	985.73
29.37	-	5.07	24.30	168.77	39.94
17.50	-	-	17.50	22.74	40.18
9.39	-	0.02	9.37	29.03	37.75
-	-	-	-	-	-
1,813.36	**-**	**15.60**	**1,797.76**	**2,47,867.82**	**2,43,072.25**

Notes:

1. There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land,measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

Fixed Assets	**(Years)**
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate : - Servers & Networks	6
Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8

G. Assets costing less than ₹5,000/- are depreciated @ 100%

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

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

ii) Registered valuers have revalued Land of the company on 31.3.2006.

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

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

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

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

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

^^ Includes a sum of Rs.15.31 lakhs charged on the assets whose useful life is exhausted as on 1st April 2015 as per Schedule II of the Companies Act 2013 and the said amount has been adjusted against Retained Earnings during the year.

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 2						
CAPITAL WORK-IN-PROGRESS						
Capital Work-in-Progress at Cost	6883.23		6346.54		4948.44	
Less: Provision	0.00		0.00		0.44	
TOTAL		**6883.23**		**6346.54**		**4948.00**
Materials with Contractors	28.93		28.93		28.93	
Less : Provision	28.93		28.93		28.93	
TOTAL		**0.00**		**0.00**		**0.00**
Machinery at Cost						
In-Transit	777.04		361.55		109.08	
Awaiting Acceptance / Installation	7275.33		3457.83		4117.31	
	8052.37		3819.38		4226.39	
Less: Provision	6.53		6.53		6.09	
TOTAL		**8045.84**		**3812.85**		**4220.30**
GRAND TOTAL		**14929.08**		**10159.39**		**9168.30**

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

Note No.3 **FY 2017-18**

Investment Property: ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	As at 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018
LAND	2,752.70	789.17	-	-	3,541.87
BUILDING	18.87	-	-	-	18.87
TOTAL	**2,771.57**	**789.17**	**-**	**-**	**3,560.74**

FY 2016-17

Investment Property: ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	"DEEMED COST 1.04.2016"	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2017
LAND	2,752.70	-	-	-	2,752.70
BUILDING	18.87	-	-	-	18.87
TOTAL	**2,771.57**	**-**	**-**	**-**	**2,771.57**

Notes:

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

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

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

(d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.

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

Note No.3 **FY 2017-18**

Investment Property: ₹ in Lakhs

DEPRECIATION					Net Carrying Value as at 31.03.2018	Net Carrying Value as at 31.03.2017
ACCUMULATED DEP.	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2018		
-	-	-	-	-	3,541.87	2,752.70
0.77	0.77	-	-	1.54	17.33	18.10
0.77	**0.77**	**-**	**-**	**1.54**	**3,559.20**	**2,770.80**

FY 2016-17

Investment Property: ₹ in Lakhs

DEPRECIATION				Net Carrying Value as at 31.03.2017	Net Carrying Value as at 31.03.2016
FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2017		
-	-	-	-	2,752.70	2,752.70
0.77	-	-	0.77	18.10	18.87
0.77	**-**	**-**	**0.77**	**2,770.80**	**2,771.57**

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

iii) (a) BSNL Telephone Exchange having area of 0.5733 acres of land

(b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land

(c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land

(d) EPFO, F-28 Bldg. having area of 0.6069 acres of land

(e) Thumby Aviation [Halipad - EC Plant] having area of 0.9182 acres of land

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 4						
NON- CURRENT FINANCIAL ASSETS-INVESTMENTS						
Investment in Equity instruments						
Fully Paid at Cost (unquoted)	40.55		40.55		40.55	
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares(extent of investment 49%)	0.00		0.00		0.00	
TOTAL		**40.55**		**40.55**		**40.55**
As per IND AS 27 Separate Financial Statements, Investment in Joint Ventures is being carried at cost in the Standalone Financial Statements.						
NOTE NO. 5						
NON CURRENT FINANCIAL ASSETS - LOANS						
Secured and considered good :						
Capital Advances	0.00		10.02		6.89	
Security Deposits/ Margin money	0.00		0.00		0.00	
Loans and advances	0.00		0.00		0.00	
Considered Doubtful :	0.00		0.00		0.00	
Capital Advances	1.62		1.62		30.02	
Security Deposits	0.00		0.00		0.00	
Loans and advances	0.00		0.00		0.00	
Total	**1.62**		**11.64**		**36.91**	
less: provision	1.10		1.10		29.50	
TOTAL SECURED LOANS & ADVANCES		**0.52**		**10.54**		**7.41**
Unsecured and considered good :						
Capital Advances	0.00		0.00		0.00	
Security Deposits	0.70		0.76		0.59	
Loans and advances	16.45		14.78		15.01	
Considered Doubtful:	0.00		0.00		0.00	
Capital Advances	0.00		0.00		0.00	
Security Deposits	0.00		0.00		0.00	
Loans and advances	0.00		0.00		0.00	
Total	**17.15**		**15.54**		**15.60**	
less: provision	0.00		**0.00**		**0.00**	
Loans and advances due from related parties :						
ISL	0.00		0.00		0.00	
TOTAL UNSECURED LOANS & ADVANCES		**17.15**		**15.54**		**15.60**
GRAND TOTAL		**17.67**		**26.08**		**23.01**

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 6						
INVENTORIES						
a) Raw material and Production stores	7100.33		8062.28		5653.61	
Less: Provision for Obsolescence	1790.84		1688.02		1540.76	
		5309.50		6374.26		4112.85
b) Material issued against Fabrication Contracts	98.05		98.05		98.06	
Less: Provision	95.47		95.47		95.47	
		2.58		2.58		2.59
c) Non-Production Stores	807.71		852.35		846.45	
Less: Provision for Obsolescence	237.41		251.55		251.55	
		570.30		600.80		594.89
d) Work-in-Process Production	3070.03		4172.85		2234.04	
Less: Provision	305.09		273.75		273.76	
		2764.94		3899.10		1960.29
e) Work-in-Process Installation	0.00		0.00		0.00	
Less: Provision	0.00		0.00		0.00	
		0.00		0.00		0.00
f) Manufactured Components	948.36		975.52		1339.98	
Less: Provision	40.13		33.86		33.86	
		908.23		941.65		1306.12
g) Finished Goods						
Stock-in-Trade	1775.37		1859.92		1672.08	
Excise Duty thereon	85.73		89.36		72.36	
	1861.10		1949.28		1744.44	
Less: Provision	1045.71		1044.61		1044.61	
		815.39		904.67		699.83
h) Stock Reconciliation Account	10.33		10.33		10.08	
Less: Provision	10.33		10.33		10.08	
		0.00		0.00		0.00
i) Goods Pending Inspection / Acceptance		578.51		159.77		578.92
j) Material-in-Transit Advances						
Considered Good	4640.14		1225.08		1080.10	
Considered Doubtful	82.23		82.23		82.23	
	4722.37		1307.31		1162.33	
Less: Provision	82.23		82.23		82.23	
		4640.14		1225.08		1080.10
k) Material received and In-Transit Advances		0.00		115.46		47.43
l) Tools and Gauges*		0.00		5.25		0.00
GRAND TOTAL		**15589.59**		**14228.63**		**10383.02**

*Tools and Gauges has been treated as Inventory rather than Property Plant & Equipment as these are not material in value.

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 7						
CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES						
Secured						
Outstanding for a period exceeding 6 months from the date they become due for payment						
Considered Good	0.00		0.00		0.00	
Considered Doubtful	0.00		0.00		0.00	
	0.00		0.00		0.00	
Other for a period of not exceeding 6 months: Considered Good	0.00		0.00		0.00	
	0.00		0.00		0.00	
Less: Provision	0.00		0.00		0.00	
TOTAL		**0.00**		**0.00**		**0.00**
Un Secured						
Outstanding for a period exceeding 6 months from the date they become due for payment						
Considered Good	246311.84		177660.29		234684.21	
Considered Doubtful	4651.61		4651.61		4378.03	
	250963.44		182311.90		239062.24	
Other for a period of not exceeding 6 months: Considered Good	61681.76		41935.13		39632.89	
	312645.20		224247.03		278695.13	
Less: Provision	4651.61		4651.61		4378.03	
TOTAL		**307993.60**		**219595.42**		**274317.10**
GRAND TOTAL		**307993.60**		**219595.42**		**274317.10**

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is a example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 8						
CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS						
a) Cash-on-Transit	0.00		0.00		78.30	
b) Cash on hand	66.34		26.48		24.58	
c) Cheques & Stamps on Hand	0.00		0.06		0.48	
d) Balance with Banks :					0.00	
- On Current Account	4059.76		2413.62		4891.78	
TOTAL		**4126.10**		**2440.16**		**4995.14**
NOTE NO. 8 (a)						
CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE						
Balance with Banks :						
- On Escrow Account	28265.65		13698.95		6584.81	
- On Current Account (Apprentices)	5.79		5.79		5.79	
Unpaid Dividend	0.00		0.00		0.00	
Security deposits/others	0.44		0.44		7.06	
LC Margin money	0.00		0.00		0.00	
"On Savings Account (Apprentices Security Deposits)"	2.47		2.47		2.47	
On short term deposit (margin money)	74.40		47.86		73.94	
On current Account(Margin money)	0.00		0.00		0.00	
On Fixed Deposit Account- More than 12 months maturity	0.00		0.00		0.00	
On Fixed Deposit Account- Morre than 3 months but Less than 12 months maturity	0.00		435.45		450.00	
TOTAL		**28348.75**		**14190.96**		**7124.07**
NOTE NO. 9						
CURRENT FINANCIAL ASSETS - LOANS						
Secured Advances recoverable in cash or for value to be received						
Vehicles	0.00		0.00		0.03	
House building	0.00		0.00		0.00	
Other Deposits	541.71		536.97		536.22	
Less: Provision	0.00		0.00		0.00	
TOTAL		**541.71**		**536.97**		**536.25**

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Un secured Advances recoverable in cash for value to be received						
Considered Good	17890.69		14617.36		8439.43	
Considered Doubtful	1517.83		1517.83		1612.49	
	19408.51		16135.19		10051.91	
Less: Provision	1517.83		1517.83		1517.83	
		17890.69		**14617.36**		**8534.09**
Claims and Expenses Recoverable - Inland						
Considered Good	16238.21		14599.27		14604.58	
Considered Doubtful	696.74		678.68		678.68	
	16934.95		15277.95		15283.26	
Less: Provision	696.74		678.68		678.68	
		16238.21		**14599.27**		**14604.58**
Claims and expenses recoverable - Foreign						
Considered Good	10.15		486.10		47.28	
Considered doubtful	1204.32		1204.32		1204.32	
	1214.47		1690.42		1251.60	
Less: Provision	1204.32		1204.32		1204.32	
		10.15		**486.10**		**47.28**
Advance for Civil Works/ Capital Goods						
Considered Good	0.00		0.00		0.00	
Considered Doubtful	0.00		0.00		0.00	
	0.00		0.00		0.00	
Less: Provision	0.00		0.00		0.00	
		0.00		**0.00**		**0.00**
Vechicle advance		**0.00**		**(0.00)**		**(0.00)**
Other Deposits	4105.01		3346.92		2398.86	
Less: Provision	256.00		256.00		256.00	
		3849.01		3090.92		2142.86
Interest accrued but not due on short term deposits		17.74		17.53		17.19
TOTAL		**38005.80**		**32811.18**		**25345.99**
GRAND TOTAL		**38547.51**		**33348.15**		**25882.24**

a) Claims and expenses recoverable - inland- includes ₹1690.2Lakhs recoverable from M/s HCL Infosystem Ltd. as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.

b) Claims and expenses recoverable - inland- includes Rs.140.27 Lakh (Rs.140.27 Lakh) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2018-2019

c) Claim Recoverable - in land - includes Rs.1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.

d) Rent Receivable includes of Rs.5847.9 Lakhs on a premises leased out upto the period ended 31.03.2011 and no rental income for the period subsequent to 31.03.2011 for the same premises has been recognised on accrual basis due to uncertainity of realization

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
NOTE NO. 10			
OTHER CURRENT ASSETS			
Taxes & Duties in put	4320.90	567.37	593.76
Deposits with Customs Department	5.08	65.42	7.10
Payment of Advance tax (Net of refunds)	88.80	28.41	456.27
Deposits with Excise Authorities	454.97	2271.87	2501.78
WCT Recoverable	12.75	15.39	15.72
TOTAL	4882.50	2948.46	3574.63
NOTE NO. 11			
EQUITY SHARE CAPITAL			
a) Authorised			
80,00,00,000 equity shares of ₹10 each	80000.00	80000.00	80000.00
b) Issued			
76,00,00,000 equity shares of ₹10 each	76000.00	56000.00	28800.00
c) Subscribed and Fully Paid-up			
76,00,00,000 equity shares of ₹10 each	76000.00	56000.00	28800.00
d) Subscribed & not fully paid up	0.00	0.00	0.00
e) Par value per share	0.00	0.00	0.00
f) Calles un paid	0.00	0.00	0.00
g) Forfeited shares	0.00	0.00	0.00
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
Particulars	**No.of shares**	**No.of shares**	**No.of shares**
Number of shares outstanding O.B	560000000	288000000	288000000
Add: Issues during the year	200000000	272000000	0.00
Less: Buy back/forfiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	760000000	560000000	288000000
i) The rights and preferences and restrictions attaching to the above class of shares			

- Each holder of Equity share is entitled to one vote per share.

- In the event of liqudation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferencial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
j) List of share holders holding more than 5% shares			
Name	No.of shares held	No.of shares held	No.of shares held
1. President of India	730887500	530887500	258887500
k) During last 5 years:			
i) Aggregate number of shares allotted without being received in cash	Nil	Nil	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil	Nil	Nil
iii) Aggregate number and class of shares bought back	Nil	Nil	Nil

NOTE NO. 12

OTHER EQUITY

1) Capital Reserves						
i) Free Land Gifted						
O.B As per last B/S	25.30		25.30		25.30	
Additions	0.00		0.00		0.00	
Total	25.30		25.30		25.30	
Deductions	0.00		0.00		0.00	
Closing balance		25.30		25.30		25.30
ii) Capital Grant in aid						
As per last Balance Sheet	274872.00		274872.00		273057.00	
Transfer from Grant in aid (capital)	0.00		0.00		1815.00	
Closing Balance		274872.00		274872.00		274872.00
TOTAL CAPITAL RESERVES		274897.30		274897.30		274897.30
2) Securities premium reserve						
O.B as per last B/S	29.61		29.61		29.61	
Additions	0.00		0.00		0.00	
Total	29.61		29.61		29.61	
Deductions	0.00		0.00		0.00	
Closing balance		29.61		29.61		29.61

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
3) Revaluation Reserve						
i) Revaluation reserves- Land						
Opening balance as per last B/S	227611.22		227611.21		227611.21	
Less-Reversal on sale of land	372.77		0.00		0.00	
Closing Balance		227238.45		227611.21		227611.21
ii) Revaluation reserves-Buildings						
Opening balance as per last B/S	7220.22		7825.64		8429.34	
Less-Transfer to General Reserve	550.70		605.42		603.70	
Closing Balance		6669.52		7220.22		7825.64
TOTAL-REVALUATION RESERVE		**233907.97**		**234831.43**		**235436.85**
4) Retained Earnings						
i) General reserve:						
Opening balance as per last B/S	849.73		267.98		0.00	
Prior Period Adjustments	0.00		(23.67)		(335.72)	
Add: Transfer from Revaluation Reserve (Dep)	550.71		605.42		603.70	
Less-Transfer to P&L	0.00		0.00		0.00	
Less-Transfer to Surplus	(8.22)		0.00		0.00	
Closing Balance		1408.66		849.73		267.98
ii) Profit on Sale of Fixed Assets						
Opening balance as per last B/S	0.00		0.00		0.00	
Less-Transfer to Surplus	0.00		0.00		0.00	
Closing Balance		0.00		0.00		0.00
iii) Sale of Technical know-how						
As per last Balance Sheet	3.50		3.50		3.50	
Less-Transfer to P&L	0.00		0.00		0.00	
Closing Balance		3.50		3.50		3.50
iv) Industrial Housing Subsidy						
As per last Balance Sheet	6.79		6.79		6.79	
Less-Transfer to P&L	0.00		0.00		0.00	
Closing Balance		6.79		6.79		6.79
v) Investment allowance reserve						
As per last Balance Sheet	0.00		0.00		0.00	
LESS: Transfer to General reserve	0.00		0.00		0.00	
Closing Balance		0.00		0.00		0.00

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
vi) Surplus						
As per last Balance sheet	(466288.59)		(492912.32)		(516634.11)	
Add:Profit/(Loss) for the year	23056.43		26639.05		23721.79	
Add: Transfer from General Reserve	0.00		0.00		0.00	
Add: Transfer from Profit on sale of fixed assets	0.00		0.00		0.00	
TOTAL	**(443232.16)**		**(466273.26)**		**(492912.32)**	
Less- Appropriations	0.00		15.33		0.00	
Less-Transfer from P&L A/C-(Loss for the year)	0.00		0.00		0.00	
Closing Balance		(443232.16)		(466288.59)		(492912.32)
TOTAL-RETAINED EARNINGS		**(441813.21)**		**(465428.57)**		**(492634.05)**
5) Share application money pending allotment		13700.00		0.00		19200.00
6) Other Comprehensive Income						
Remeasurement of Defined Benefit Plans (Acturial Gain)						
Opening Balance	5605.67		1732.64		0.00	
Changes during the Year	456.77		3873.02		1732.64	
Closing balance		6062.44		5605.67		1732.64
GRAND TOTAL - OTHER EQUITY		**86784.10**		**49935.43**		**38662.35**
NOTE NO. 13						
NON-CURRENT LIABILITIES						
Government Grants Unutilised:						
i) Free Equipment gifted						
Opening balance as per last B/S	156.21		249.95		343.69	
Less-Transfer to P&L	93.74		93.74		93.74	
Closing Balance		62.47		156.21		249.95
ii) Grant-in-aid (Capital) :						
As per last Balance Sheet	4.64		6.86		382.81	
Add:Receipts during the year	0.00		0.00		1815.00	
Total	4.64		6.86		2197.81	
Less: Transfer to revenue GIA/ Capital reserves	0.00		0.00		1815.00	
Less: Transfer to Profit & Loss Account	0.00		2.22		375.95	
Closing Balance		4.64		4.64		6.86

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
iii) Grant-in-aid (Revenue)						
As per last Balance Sheet	12128.42		0.00		0.00	
Add : Receipts during the year	13298.00		50000.00		49402.00	
Total	25426.42		50000.00		49402.00	
Less: Transfer to Profit & Loss Account	13584.60		37871.58		49402.00	
Closing Balance		11841.82		12128.42		0.00
GRAND TOTAL		**11908.93**		**12289.27**		**256.81**

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

NOTE NO. 14

NON-CURRENT LIABILITIES

FINANCIAL LIABILITIES - LOANS

i) Secured Loans						
Floating Rate Bonds	0.00		0.00		0.00	
Term Loans from Banks	0.00		0.00		0.00	
Others	0.00		0.00		0.00	
TOTAL		**0.00**		**0.00**		**0.00**
ii) Unsecured Loans						
Loan from Government of India*	30000.00		30000.00		30000.00	
Interest accrued and due on the above	0.00		0.00		0.00	
Floating Rate Bonds	0.00		0.00		0.00	
Term Loans from Banks	0.00		0.00		0.00	
Deferred payment liabilities	0.00		0.00		0.00	
Deposits	0.00		0.00		0.00	
Loans and advances from related parties	0.00		0.00		0.00	
Long term maturities of finance lease obligation	0.00		0.00		0.00	
Other loan - Ku Band	0.00		0.00		0.00	
TOTAL		**30000.00**		**30000.00**		**30000.00**
GRAND TOTAL		**30000.00**		**30000.00**		**30000.00**

*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit(operational profit without any grants) based on which repayment schedule is constructed, the carrying amount is being continued as Non-current Financial Liability.

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 15						
NON-CURRENT FINANCIAL LIABILITIES - OTHERS						
Security deposit received	758.80		688.05		756.94	
Interest accrued and but not due on Loan from GOI*	1056.20		756.20		456.20	
GRAND TOTAL		**1815.00**		**1444.25**		**1213.14**
*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit(operational profit without any grants) based on which repayment schedule is constructed, the carrying amount of Interest on Govt. of India Loan is being continued as Non-current Financial Liability.						
NOTE NO. 16						
NON CURRENT PROVISIONS						
For privilege Leave						
As per Last Balance Sheet	5693.29		8201.31		8635.77	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	908.38		(2508.02)		51.19	
Less: Payments	0.00		0.00		485.65	
TOTAL		**6601.67**		**5693.29**		**8201.31**
For sick Leave						
As per Last Balance Sheet	137.80		189.47		238.69	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	(49.92)		(51.67)		(49.23)	
Less: Payments	0.01		0.00		0.00	
TOTAL		**87.87**		**137.80**		**189.46**
ii) Others		110.90		0.00		0.00
GRAND TOTAL		**6800.44**		**5831.09**		**8390.78**
NOTE NO. 17						
CURRENT LIABILITIES						
i) Current Financial Liabilities - Loans						
Loans repayable on demand						
-Secured Loans						
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks,stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable.	92632.23		87916.91		83891.42	

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
-Unsecured Loans						
Loans and advances from related parties	0.00		0.00		0.00	
Deposits	0.00		0.00		0.00	
Other loans and advances	0.00		0.00		0.00	
TOTAL		**92632.23**		**87916.91**		**83891.42**
NOTE NO. 18						
CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES						
For goods supplied						
- Micro small and medium enterprises	3.84		7.78		13.84	
- Others	167654.49		149610.14		130754.75	
TOTAL	**167658.33**		**149617.92**		**130768.60**	
For Expenses and Services	27121.01		22633.18		35906.60	
For Other Liabilities	31385.61		25348.75		43857.79	
TOTAL		**226164.95**		**197599.86**		**210532.98**
A list of micro, small and medium enterprises to whom the Company owe any sum together with interest outstanding to the extent identified.						
NOTE NO.19						
CURRENT FINANCIAL LIABILITIES - OTHERS						
Interest Accrued but not due on Borrowings	0.00		0.00		0.00	
Interest Accrued and due on Borrowings	0.00		0.00		0.00	
Unpaid matured deposits and interest accrued thereon	0.00		0.00		0.00	
Unpaid matured debentures and interest accrued thereon	0.00		0.00		0.00	
For Expenses and Services	5663.41		3932.70		3208.89	
For Other Liabilities (including Excise Duty on Stock in Trade NIL Previous year ₹ NIL Lakhs)	40857.78		32867.02		38777.68	
Other payables	20.59		33.33		1877.43	
Salary Payable	409.40		0.00		0.00	
Unclaimed Dividend	0.00		0.00		0.00	
Royalty Payable	212.80		0.00		0.00	
Wage revision Arrears	1083.29		1087.91		3145.54	

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Preference Shares*	30000.00	30000.00	30000.00
Deposits from Contractors	4167.06	4438.01	3905.05
Misc.Liabilities	0.00	0.00	0.00
TOTAL	**82414.33**	**72358.97**	**80914.60**

*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Inerest/Dividend has not been provided in the books of accounts.

Preference Shares:

a) Authorised			
40000000 Preference Shares of ₹100 each 8.75% Cumulative Redeemable Preference Shares	40000.00	40000.00	40000.00
b) Issued			
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00	10000.00
c) Subscribed and Fully Paid-up			
10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00	10000.00
d) Subscribed & not fully paid up	0.00	0.00	0.00
e) Calls un paid	0.00	0.00	0.00
f) Forfeited shares	0.00	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
	No.of shares held	**No.of shares held**	**No.of shares held**
Number of shares outstanding O.B	10000000	10000000	10000000
Add issues during the year	0.00	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	10000000	10000000	10000000

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

- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liqudation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders.The distribution will be in proportion to the number of shares held by the shareholders.

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
j) List of share holders holding more than 5% shares			
Name	**No.of shares held**	**No.of shares held**	**No.of shares held**
1. Mahanagar Telephone Nigam Ltd.	10000000	10000000	10000000
j) During last 5 years:			
i) Aggregate number of shares allotted without being received in cash	0.00	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:			
a) On 8.75% Cumulative Preference Shares from 2002-03	14000.00	13125.00	12250.00
(The figures indicated are excluding Dividend Distribution Tax)			
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints			
Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	10000.00	10000.00	10000.00
7% Cumulative Redeemable Preference Shares			
a) Issued			
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00	20000.00

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
b) Subscribed and Fully Paid-up			
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00	20000.00
c) Subscribed & not fully paid up			
d) Par value per share(₹100)	0.00	0.00	0.00
e) Calls un-paid	0.00	0.00	0.00
f) Forfeited shares	0.00	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
	No.of shares held	**No.of shares held**	**No.of shares held**
Number of shares outstanding O.B	20000000	20000000	20000000
Add issues during the year	0.00	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	20000000	20000000	20000000

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

- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holdeRs.The distribution will be in proportion to the number of shares held by the shareholders.

i) List of share holders holding more than 5% shares

Name	No.of shares held	No.of shares held	No.of shares held
1. Bharat Sanchar Nigam Ltd.	20000000	20000000	20000000
j) During last 5 years:			
k)Aggregate number of shares allotted with out being received in cash	0.00	-	-
ii)Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	-	-

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
iii) Aggregate number and class of shares brought back	0.00	-	-
a) On 7.00% Cumulative Preference Shares from 2003-04	21000.00	19600.00	18200.00
(The figures indicated are excluding Dividend Distribution Tax)			
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints			
Redemption installments due from 31st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	20000.00	20000.00	20000.00

NOTE NO. 20

CURRENT PROVISIONS

For Taxation						
As per last Balance Sheet	0.00		53.75		53.75	
Add: Provisions during the year	0.00		0.00		0.00	
Less: Adjustments of provisions relating to earlier years	0.00		0.00		0.00	
Total		**0.00**		**53.75**		**53.75**
For Gratuity						
As per Last Balance Sheet	10850.25		20179.64		30201.14	
Add: Provision for the year	1989.45		(29.40)		2978.50	
Less: Transfer to gratuity trust	4300.00		9300.00		13000.00	
Add: Transfer from gratuity trust	4689.13		7892.74		5939.14	
Add: Transfer from Corporate	0.00		0.00		0.00	
Less: Payments	4689.13		7892.73		5939.14	
Total		**8539.70**		**10850.25**		**20179.64**

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
For Privilege Leave						
As per Last Balance Sheet	3749.40		3769.41		4723.83	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	655.04		1818.41		542.55	
Less: Payments	1116.07		1838.43		1496.96	
Total		**3288.36**		**3749.39**		**3769.41**
For Sick Leave						
As per Last Balance Sheet	3.57		2.71		112.03	
Add: Provision for the year	(1.17)		0.85		(109.32)	
Less: Payments	0.00		0.00		0.00	
Total		**2.40**		**3.56**		**2.71**
For L L T C provision						
As per Last Balance Sheet	180.05		184.80		161.90	
Add: Provision for the year	102.80		33.99		43.73	
Less: Payments	107.52		38.73		20.84	
Total		**175.33**		**180.06**		**184.80**
GRAND TOTAL		**12005.80**		**14837.01**		**24190.31**
NOTE NO. 21						
OTHER CURRENT LIABILITIES						
Income received in advance	0.00		0.00		0.00	
Duties & Taxes	6364.92		752.80		836.05	
Advances from Customers	67864.30		22317.41		75792.70	
TOTAL		**74229.22**		**23070.21**		**76628.75**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE NO. 22				
REVENUE FROM OPERATIONS				
i) Sale of Products (Incl. Excise duty and net of sales tax & GST)				
Sale of Finished Goods	67331.98		18502.34	
Sale of Traded Goods	9565.65		20140.33	
TOTAL		76897.63		38642.67
ii) Sale of services		66131.68		116050.85
iii) Other Operating Revenues:				
a) Sale of Scrap	0.49		0.36	
b) Income from DLRC Project	86.45		119.74	
c) Non competing fee	0.00		0.00	
d) Grant In Aid-Revenue	5300.00	5386.94	0.00	120.10
TOTAL		148416.25		154813.62
Construction/ Turnkey Contracts:				
The company for the financial year 2017-18(P.Y 2016-17) has recognised revenue on Construction/ Turnkey contracts based on stage of completion as determined with respect to completion of physical proportion of the contract as certified and furnished by Company's EngineeRs. Consequently,				
i. The contract revenue recognised in the period based on the above		0.00		0.00
ii. Aggregate amount of cost incurred upto reporting date *		288577.27		288577.27
iii. Profit (net of loss, if any) recognised upto reporting date		7149.45		7149.45
iv. Amount of advance received		0.00		0.00
v. Amount of retention money, if any		0.00		0.00
vi. Sundry Debtors as at the end of the period pertaining to the contracts		13492.99		16794.17
vii. Contract Work-in-Progress as at 31st March 2018		0.00		0.00

* Includes allocation of Overheads made by Mankapur and Raebareli Plants.

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Sales under broad heads :		
1. NPR	60.50	172.87
2. Electonic Switching Equipments	318.13	717.91
3. MLLN	12474.39	6909.91
4. SIM Card	0.00	321.44
5. Transmission Equipment	2298.22	9087.24
6. Telephone	1550.87	1.92
7. G-PoN	31569.27	1798.39
8. DWDM	0.00	0.00
9. Solar Panel	0.00	0.00
10. SWAN	0.00	97.40
11. APDRP	942.83	1710.16
12. IT PRODUCTS	8562.98	5054.25
13. NGN	5643.96	2683.23
14. NFS	5592.83	4101.55
15. ASCON	327.33	0.00
16. DEFENCE	0.00	0.00
17. Smart Energy meters	2219.49	0.00
18. BBWT	0.00	0.00
19. HDPE Pipe	39.21	0.00
20. OFC	451.50	0.00
21. Others	4846.14	5986.40
TOTAL	76897.63	38642.67
Service Income under broad heads :		
1. AMC	19549.23	3798.92
2. SSTP	484.34	946.02
3. NPR	2820.38	1928.21
4. SECC	6845.87	5055.00
5. Data Center	1540.76	2039.18
6. IT	1773.22	703.31
7. SWAN	132.79	61.80
8. GSM	1593.83	16043.69

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
9. NFS		9039.18		66078.18
10. G-PoN		6864.58		0.00
11. ASCON		0.00		0.00
12. DEFENCE		8344.73		0.00
13. NGN		0.00		0.00
14. BBWT		0.00		0.00
15.Others		7142.76		19396.54
TOTAL		**66131.68**		**116050.85**
Earnings in Foreign Currency				
Export of goods calculated on FOB basis	0.00		0.00	
Royalty, Knowhow, Professional and Consultancy fees	0.00		0.00	
Interest and Dividend	0.00		0.00	
Services	0.00		0.00	
Total		**0.00**		**0.00**
NOTE NO. 23				
OTHER INCOME				
a) Interest Income				
i) Interest on Inter Corporate Advances	0.00		0.00	
ii) Interest - Others	159.80		99.95	
Total		**159.80**		**99.95**
b) Dividend from Non-Trading Investments		0.00		0.00
c) Net Gain/Loss on Sale of Investment		0.00		0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)				
i) Profit on Sale of Assets	0.00		0.00	
Less:Transfer to Capital Reserves	0.00		0.00	
TOTAL	**0.00**		**0.00**	
ii)Commission	0.00		0.00	
iii)Rent	1572.28		1544.28	
iv) Lease Rent	0.00		0.00	
v) Transport Charges	0.19		0.23	
vi) Sale of Scrap	119.04		23.47	
vii) Water Charges/Electricity Charges	8.89		6.31	
viii) Forfeited Bank Guarantee	0.00		0.00	

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
ix) Excess Provision Withdrawn	53.75		0.00	
x) Reimbursement of VRS	0.00		0.00	
xi) Withdrawl of Liability no Longer Required	11214.51		11578.49	
xii) Waiver of Liquidated Damages	0.00		0.00	
xiii)Compensation for Srinagar Loss	1314.75		223.49	
xiv) Waiver of Interest Charges	0.00		0.00	
xv) Transfer from Revenue Grant-in-Aid	7998.00		19600.00	
xvi) Revenue Grant-in-Aid - VRS	286.60		3371.58	
xvii) Revenue Grant-in-Aid	93.74		93.74	
xviii) Transfer from Capital Grant-in-Aid	0.00		2.22	
xix) Compansation for Acquisition of Land by BMRCL	9211.48		0.00	
xx) Misc. Income	712.40		1043.18	
TOTAL (i to xx)		32585.63		37487.00
e) Adjustment to the carrying value of investments (write back)		0.00		0.00
f) Grants relating to Previous Years		0.00		16471.00
g) Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)		0.00		0.00
G. TOTAL		**32745.43**		**54057.95**

NOTE NO. 24

CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES

Opening Stock	8160.66		5751.64	
ADD: Prior Period Adjustment due to Price Revision	0.00		0.00	
Purchases/Transfers	30231.46		10966.76	
Material for Installation & Maintenance	0.00		0.00	
TOTAL		38392.12		16718.40
Less:				
Closing Stock	7198.38		8160.66	
Issue to Revenue and Others	(23.62)		(621.63)	
Material Transferred to Other Units	0.00		0.00	
TOTAL		7174.77		7539.03
Add: Stores Indirect expenses relating to RM & Prodn. Stores		127.08		78.15
CONSUMPTION		31344.43		9257.52

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Rawmaterials consumed under broad heads				
particulars				
1. Electronic Goods & Components	31204.71		6307.44	
2. MNIC	139.72		2950.08	
TOTAL		31344.43		9257.52
Value of Imports on CIF basis				
Raw Materials and Production Stores		18940.10		4416.22
Components and Spare Parts		0.09		0.48
Material in transit		3653.79		0.00
Capital Goods		6521.79		2537.19
TOTAL		**29115.77**		**6953.89**

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

	2017-18		2016-17	
Particulars	**₹Lakhs**	**%**	**₹Lakhs**	**%**
Imported	15402.55	48.83	4258.27	44.57
Indigenous	16137.87	51.17	5295.61	55.43
Total	**31540.42**	**100.00**	**9553.88**	**100.00**

NOTE NO. 25		
PURCHASE OF STOCK-IN-TRADE	23197.60	51219.08
Goods purchased under broad heads		
Particulars	**Amount**	**Amount**
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	222.74	12.96
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	0.00	0.00
8. ASCON	219.48	617.42
9. GSM	0.00	0.00
10. IT	2878.40	1537.50
11. APDRP	711.16	1569.83
12. NGN	0.00	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
13. Smart Energy Meters	0.00	0.00
14. Solar Panel	0.00	0.00
15. Others	19165.82	47481.37
TOTAL	**23197.60**	**51219.08**

NOTE NO. 26

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Accretion/(Decretion) to WIP				
WIP - Production :				
Closing Balance	4149.95		3933.30	
Less: Opening Balance	5252.76		1994.49	
TOTAL	(1102.81)		1938.80	
Add: Write Off during the Year	31.34		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(1071.47)**		**1938.80**
WIP - Installation:				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
TOTAL	0.00		0.00	
Add: Write Off during the Year	0.00		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**0.00**		**0.00**
Accretion/(Decretion) to Manufacturing Components				
Closing Balance	940.55		974.61	
Less: Opening Balance	967.71		1339.74	
TOTAL	(27.16)		(365.13)	
Add: Write Off during the Year	6.27		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(20.89)**		**(365.13)**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
WIP - Installation:				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
TOTAL	0.00		0.00	
Add: Write Off during the Year	0.00		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision/effects of WIP	0.00		0.00	
TOTAL		**0.00**		**0.00**
Accretion/(Decretion) to Stock-in-Trade				
Stock-in-Trade :				
Closing Balance	1700.35		1860.65	
Less: Opening Balance	1785.63		1672.08	
TOTAL	(85.28)		188.57	
Add: Write Off during the Year	1.10		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(84.18)**		**188.57**
Stock of Scrap				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
ADD : Prior Period Adjustments	0.00		0.00	
TOTAL		**0.00**		**0.00**
GRAND TOTAL		**(1176.53)**		**1762.24**

NOTE NO. 27

EMPLOYEE BENEFIT EXPENSES

i) SALARIES & WAGES				
Salaries & Wages	15828.85		20103.81	
Less: Other Revenue Accounts	0.00		0.00	
TOTAL	15828.85		20103.81	
Bonus	**3.30**		4.51	
Wage revision arrear payments	0.00		0.00	
Incentive	101.93		43.61	
TOTAL		**15934.08**		**20151.93**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:				
Providend Fund & Pension Fund	1812.10		2125.23	
Employees State Insurance	4.40		1.85	
Gratuity Trust Fund	1995.73		(29.40)	
Leave Salary- PL	1007.88		(806.64)	
Sick Leave	(50.81)		(50.83)	
Deposit Linked Insurance/Group Insurance	18.23		17.47	
TOTAL		**4787.53**		**1257.68**
iii) WORKMEN AND STAFF WELFARE EXPENSES				
Welfare Expenses - Canteen	285.34		280.54	
Welfare Expenses - Education	44.91		414.16	
Medical Expenses	485.16		617.45	
LTC/LLTC	114.84		43.19	
Uniforms	0.50		11.58	
Others	154.61		66.02	
TOTAL		**1085.37**		**1432.94**
iv) VOLUNTARY RETIREMENT SCHEME				
VRS Payments		286.60		3371.59
v) Actuarial Gain/(Loss)		456.77		3873.02
GRAND TOTAL		**22550.35**		**30087.17**

RELATED PARTY TRANSACTIONS

KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES

Name	**2017-18**	**2016-17**
Shri Gopu-Designate CMD & Director (HR) - Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing) - Salary & Perquisites	-	16.61
Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites	18.26	26.48
Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
Shri K K Gupta-Ex. CMD & Director (Production) -Salary & Perquisites	-	0.00
Shri K L Dhingra-EX. CMD-Salary & Perquisites	-	0.00
Shri. Malathy CFO - Salary and Perquisites	7.43	0.00

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

₹ in Lakhs

DISCLOSURE REPORT UNDER IND AS 19

Defined Benefit Plan

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

	Gratuity	Privilege Leave	Sick Leave

I Summary of results

S.N	Assets / Liability	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a	Present value of obligation	20,521	22,395	9,890	9,443	90	141
b	Fair value of plan assets	11,981	11,545	--	--	--	--
c	Net assets / (liability) recognized in balance sheet as provision	-8,540	-10,850	-9,890	-9,443	-90	-141

II Actuarial & Demographic Assumptions

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a	Discounting Rate	7.31	6.85	7.31	6.85	7.31	6.85
b	Future salary Increase	5.1	5	5.1	5	5.1	5
c	Attrition at Ages	12.82	21.68	12.82	21.68	12.82	21.68

III Plan Liability

Date Ending	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Present value of obligation as at the end of the period	20,521	22,395	9,890	9,443	90	141

IV Service Cost

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Current Service Cost	691	763	338	338	3	5
b)	Past Service Cost including curtailment Gains/Losses	1,053	--	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	1,744	763	338	338	3	5

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

₹ in Lakhs

V Net Interest Cost

		Gratuity		Privilege Leave		Sick Leave	
	Particulars	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Interest Cost on Defined Benefit Obligation	1,534	2,209	647	906	10	15
b)	Interest Income on Plan Assets	779	681	--	--	--	--
c)	Net Interest Cost (Income)	755	1,528	647	906	10	15

VI Change in Benefit Obligation

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Present value of obligation as at the beginning of the period	22,395	29,174	9,443	11,971	141	192
b)	Acquisition adjustment	--	--	0	0	0	0
c)	Interest Cost	1,534	2,209	647	906	10	15
d)	Service Cost	691	763	338	338	3	5
e)	Past Service Cost including curtailment Gains/Losses	1,053	--	--	--	--	--
f)	Benefits Paid	-4,689	-7,903	-830	-1,980	--	--
g)	Total Actuarial (Gain)/ Loss on Obligation	-464	-1,848	292	-1,792	-64	-70
h)	Present value of obligation as at the End of the period	20,521	22,395	9,890	9,443	90	141

VII Bifurcation of Actuarial Gain/Loss on Obligation

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-31	-156	-57	-12	-1	0
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-129	-1,168	-79	-568	-1	-10
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	-303	-525	427	-1,212	-63	-60

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

₹ in Lakhs

VIII Actuarial Gain/Loss on Plan Asset

		Gratuity		Privilege Leave		Sick Leave	
S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Expected Interest Income	779	681	--	--	--	--
b)	Actual Income on Plan Asset	1,000	1,153	--	--	--	--
c)	Actuarial gain /(loss) for the year on Asset	221	472	--	--	--	--

IX Balance Sheet and related analysis

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Present Value of the obligation at end	20,521	22,395	9,890	9,443	90	141
b)	Fair value of plan assets	11,981	11,545	--	--	--	--
c)	Unfunded Liability/ provision in Balance Sheet	-8,540	-10,850	-9,890	-9,443	-90	-141

X The amounts recognized in the income statement.

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Total Service Cost	1,744	763	338	338	3	5
b)	Net Interest Cost	755	1,528	647	906	10	10
c)	Net actuarial (gain) / loss recognized in the period	0	0	292	-1,792	-64	-70
d)	Expense recognized in the Income Statement	2,499	2,290	1,277	-548	-51	-51

XI Other Comprehensive Income (OCI)

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	464	1,848	--	--
c)	Actuarial gain /(loss) for the year on Asset	221	472	--	--
d)	Unrecognized actuarial gain/(loss) for the year	685	2,320	--	--

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

₹ in Lakhs

II Change in plan assets

		Gratuity		Privilege Leave		Sick Leave	
S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Fair value of plan assets at the beginning of the period	11,370	8,995	--	--	--	--
b)	Difference in Opening	175	--	--	--	--	--
c)	Actual return on plan assets	5,300	1,153	--	--	--	--
d)	Employer contribution	--	9,300	--	--	--	--
e)	Benefits paid	-4,689	-7,903	--	--	--	--
f)	Fair value of plan assets at the end of the period	11,981	11,545	--	--	--	--

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

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	Total	100%	100%	--	--	--	--

XIV Change in Net Defined Benefit Obligation

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Net defined benefit liability at the start of the period	11,025	20,180	9,443	11,971	141	192
b)	Acquisition adjustment	--	--	--	--	--	--
c)	Total Service Cost	1,744	763	338	338	3	5
d)	Net Interest cost (Income)	755	1,528	647	906	10	15
e)	Re-measurements	-685	-2,320	292	-1,792	-64	-70
f)	Contribution paid to the Fund	-4,300	-9,300	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-830	-1,980	--	--
h)	Net defined benefit liability at the end of the period	8,540	10,850	9,890	9,443	90	141

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

₹ in Lakhs

XV Bifurcation of PBO at the end of year in current and non current.

		Gratuity		Privilege Leave		Sick Leave	
S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Current liability (Amount due within one year)	6,701	8,480	3,288	3,749	2	4
b)	Non-Current liability (Amount due over one year)	13,820	13,916	6,602	5,693	88	138
	Total PBO at the end of year	20,521	22,395	9,890	9,443	90	141

XVI Expected contribution for the next Annual reporting period

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Service Cost	585	589	289	369	22	52
b)	Net Interest Cost	624	743	723	647	7	10
c)	Expected Expense for the next annual reporting period	1,209	1,332	1,012	1,016	29	61

XVII Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate						
	Present Value of Obligation at the end of the period	20,521	9,890		90	
a)	Impact due to increase of 0.50%	-216	-121		-1	
b)	Impact due to decrease of 0.50 %	221	124		1	
b) Impact of the change in salary increase						
	Present Value of Obligation at the end of the period	20,521	9,890		90	
a)	Impact due to increase of 0.50%	223	126		-1	
b)	Impact due to decrease of 0.50 %	-220	-124		1	

XVIII Maturity Profile of Defined Benefit Obligation

	Year	Amount	Amount		Amount
a)	0 to 1 Year	6,701	3,288		2
b)	1 to 2 Year	2,027	2,349		39
c)	2 to 3 Year	1,734	1,486		15
d)	3 to 4 Year	2,837	989		12
e)	4 to 5 Year	2,434	616		8
f)	5 to 6 Year	1,535	442		6
g)	6 Year onwards	3,253	720		9

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

₹ in Lakhs

XIX Summary of results **Leave Travel Concession**

S.N	Assets / Liability	31-03-2018
a	Present value of obligation	175
b	Fair value of plan assets	--
c	Net assets / (liability) recognized in balance sheet as provision	-175

XX Actuarial &Demographic Assumptions

S.N	Particulars	31-03-2018
a	Discounting Rate	7.31
b	Future salary Increase	5.1
c	Attrition at Ages	12.82

XXI Actuarial Value

Present value of obligation as at the end of period (31/03/2018)	175

XXII Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013

S.N	Particulars	31-03-2018
a)	Current liability (Amount due within one year)	105
b)	Non-Current liability (Amount due over one year)	70
c)	Total PBO at the end of year	175

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE NO. 28				
FINANCE COSTS				
i) Interest Expense:				
Cash Credit	12474.48		12356.24	
Public Deposits	0.00		0.00	
Bonds	0.00		0.00	
Term Loan	0.00		0.00	
Others*	1365.84		1684.69	
ii) Bank charges	1460.90		1220.58	
iii) Government Guarantee Fee	0.00		0.00	
iv) Expenses on Issue of Bonds/Loans	0.00		0.00	
v) NET GAIN/LOSS FROM FOREIGN CURRENCY TRANSLATIONS & TRANSACTIONS	39.91		0.00	
TOTAL		**15341.12**		**15261.51**
* Others inlcudes Interest on Govt. of India Loan				
NOTE NO. 29				
DEPRECIATION AND AMORTIZATION EXPENSES				
Fixed Assets	2480.25		1694.45	
Tools and Gauges	5.25		0.00	
TOTAL	2485.50		1694.45	
Less: Transfer from Revaluation Reserve	-		0.00	
NET DEPRECIATION		2485.50		1694.45
NOTE NO. 30				
OTHER EXPENDITURE				
DRE Written off		0.00		0.00
VRS Expenditure		0.00		0.00
MANUFACTURING EXPENSES:				
Cosumption of Stores and Spares		195.99		296.36
Power and Light		1363.69		1505.03
Water Charges		290.02		272.99
Excise Duty		901.60		2001.68

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
REPAIRS AND MAINTENANCE:				
i) Plant Machinary and Equipment	191.89		115.74	
ii) Vehicles	69.29		38.81	
iii) Buildings	843.71		716.90	
iv) Other Equipments	93.17	1198.06	177.01	1048.46
Cost and Expenses on Tools		1.78		0.00
Experimental Work and Training Expenses		59.25		16.99
Expenses on Minor Equipment & Work		33.62		0.00
Royalty		-		0.00
Scrap and Salvages		0.49		0.35
Factory Expenses		943.24		806.73
TOT CHARGES:				
i) Technical Assistance	0.00		0.00	
ii) Technical Knowhow fee	1.32		20.06	
iii) Documentation Charges	0.00		0.00	
iv) Training Assistance	0.00		0.00	
v) Others	0.00	1.32	0.00	20.06
Liquidated Damages		1047.84		2557.31
Demurage Charges		4.49		0.01
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)		-		0.00
TOTAL MANUFACTRUING EXPENSES		6041.38		8525.97
ADMINISTRATION EXPENSES:				
Rent	162.87		184.36	
Rates and Taxes	125.35		220.36	
Insurance	26.49		48.57	
TRAVELLING EXPENSES				
Inland	436.78		353.61	
Foreign	3.24		0.00	

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Legal fees	50.73	70.60
Postage, Telegram, Telex Expenses	31.23	32.22
Telephone and Trunk Call Charges	71.44	83.83
Remuneration to Auditors		
Audit Fees	18.72	11.54
For Taxation Matters	0.36	1.13
For Company Law Matters	0.00	0.00
For Management Services	0.00	0.00
For Reimbursement of Expenses	0.95	0.36
For Other Services	0.53	5.70
CISF/ Private Security Expenses	824.33	713.48
Printing, Stationary and Duplicating Charges	60.44	51.87
Transport Expenses	465.15	360.85
News Papers, Magazines & Periodicals	11.21	18.43
Mechanised Accounting Expenses	1.06	4.25
Lease Charges	0.00	0.00
Licence fee/Segment Charges	42.56	0.22
Office Expenses	478.43	379.78
Provision for Obsolescence of RM Stores	0.00	149.74
Obsolete RM & Production Stores Write off	336.26	0.00
Provision for Capital WIP Write off	0.00	0.00
Provision for Debtors/Advance	0.00	273.58
Bad Debts Write off	0.00	0.00
Claims and Expenses Charge off	0.00	660.78
Loss on Sale of Assets	0.00	0.00
Irrecoverable ED	0.00	0.00
Adjustment to the Carrying Amount Investments	0.00	0.00
Net Loss on Sale of Investments	0.00	0.00
TOTAL ADMINISTRATION EXPENSES	**3148.13**	**3625.25**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
SELLING EXPENSES				
Selling Agency Commission	0.03		0.07	
Advertisement Expenses	23.35		49.02	
Exhibition and Publicity Expenses	14.05		0.84	
Packing Expenses	10.10		45.28	
Forwarding Expenses	155.18		(51.21)	
Discount Allowed	0.00		0.00	
Warrenty Expenses	0.00		75.25	
Sales Promotion Expenses	2.87		0.92	
Entertainment Expenses	4.67		(6.43)	
Cost of Tender Forms	2.62		2.13	
TOTAL SELLING EXPENSES		212.88		115.86
TOTAL OTHER EXPENSES		9402.39		12267.09

Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.

In case of back to back arrangements, Liquidated damages is accounted on net basis.

Expenditure in Foreign Currency :

Royalty	0.00		0.00	
Knowhow	0.00		0.00	
Professional / Consultation Fees	0.00		0.00	
Interest	0.00		0.00	
Others	0.00		0.00	
Total		**0.00**		**0.00**

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

₹ in Lakhs

Particulars	2017-18	2016-17

NOTE NO. 31

1 Corporate information:

ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.

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

3 An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15416.71 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1083.29 lacs kept under Other Current Liabilities.

4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.

5 The Company is primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments. The Company is primarily operating in India, which is considered as a single geographical segment. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exmpted companies engaged in the Defence production from the requirement of Segment Reporting.

6 a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL).

	2017-18	2016-17
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party		
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri Gopu-Designate CMD & Director (HR) - Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing) - Salary & Perquisites	0.00	16.61

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

₹ in Lakhs

	Particulars	2017-18	2016-17
	Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites**	18.26	26.48
	Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
	Shri. Malathy CFO - Salary and Perquisites	3.53	0.00
	*** Part of the year*		
7	Earnings Per Share (for continuing operation):		
	Profit after tax	23513.20	30512.08
	(-) Preference Dividend	2275.00	2275.00
	Dividend tax	463.14	463.14
	Profit available to equity shareholders	20775.06	27773.93
	No. of Shares at beginning of the year	560000000	288000000
	No. of Shares at the end of the year	760000000	560000000
	Weighted average number of shares during the period	643333333	410000000
	Earning per equity share (for continuing operation): Basic & Diluted(in ₹)	3.23	6.77
8	Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indain Accounting Standard (Ind AS)-12 “Income Taxes		
9	JOINT VENTURES:		
	The financial reporting of interests in Joint Ventures as per Ind AS 28:		
	(a) India Satcom Limited		
	No.2, Kadugodi Industrial Area, Whitefield, Bengaluru - 560 067		
	Company's stake in equity participation	49%	49%
	Place of incorporation of JV-India		
	(Bank account of ISL in SBI-IFB became NPA during September 2009 and referred to Stressed Asset Management Branch of SBI. Under the securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 (SARFAESI), SBI has taken possession of the property of ISL factory at Bengaluru in May 2011.		
10	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3155.00	0.00
	Commitments in respect of other contracts not provided for-	0.00	0.00

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

₹ in Lakhs

Particulars	2017-18	2016-17	01-04-2016
11 a) Contingent Liability in respect of			
- Outstanding letters of credit & guarantees	71825.63	43172.21	18747.46
- Sales Tax demand /Service Tax/Income Tax	4560.36	3191.03	3721.50
- Non receipt of C/D forms	30329.44	38331.54	24167.76
- Excise Duty Demand/CENVAT Disallowance	2569.71	2546.53	2639.98
- ESI demand	0.00	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04	0.00
- Claims against the Company not acknowledged as debts	5052.46	3993.55	3833.42
- Unexpired Guarentees	1797.55	7452.55	0.00

b) Pending litigations:-

(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.

(ii) Vendors have filed the case against the company involving total amount ₹272.21 lakhs and the case is pending before various forums.

(iii) Disputed statutory liabilities of ₹17725.91 lakhs.

(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.

(v) Bruhat Benguluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.

Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.

12	(a) Other Income includes compensation relating to Srinagar unit losses for the period ended 31st March 2018 awaiting reimbursement from Ministry of Communications & IT. Against the compensation recognized during financial year 2017-18, a sum of ₹ Nil lakhs has been received during financial year 2017-18. A sum of ₹1228.26 lakhs has been received against the compansation recognised during financial year 2013-14, 2014-15, 2015-16 and 2016-17 on 31st March 2018.	653.97	271.83

(b) Other Income includes ₹ 9211.48 Lakhs compensation recevied from KIADB towards acquisition of Land for BMRCL work.

(c) Write-back of liabilities of earlier years amounting to Rs 112.50 Crore comprises Palakkad unit ₹ 47 Crore, Rea Bareli unit ₹14 Crore, Mankapur unit ₹ 44 Crore and ₹7 Crore Bangalore Plant.

(d) ₹ 7998.00 lacs representing grants received related to previous years towards salaries, PF and Gratuity has been credited to Other Income

d) 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 Current Assets” in the financial statements.

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

₹ in Lakhs

Particulars	2017-18	2016-17

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

	2017-18	%	2016-17	%
Imported	15402.55	48.83	4258.27	44.57
Indigenous	16137.87	51.17	5295.61	55.43
Total	31540.42	100.00	9553.88	100.00

14 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.

15 The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 Crore in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 Crore has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 Crore received as share capital in financial year 2016-17. During the year 2017-18 ₹337 Crore has been received towards Capital Grant in Aid, out of this ₹200 Crore alloted and balance ₹137 Crore is pending as Share application money under Other Equity. ₹132.98 Crore received as Revenue Grant towards employee benefit expense and employee related statutory dues during the financial year 2017-18. Out of ₹132.98 Crore, ₹53.00 Crore given towards employee benfit expense for the months of April 2017, May 2017 and July 2017 and towards statutory dues of prior years is treated as other operating income as per accounting policy. The company has also received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transfered to units/Ros for meeting the expenditure during 2016-17 and the balance ₹307.16 lakhs will be transfered during FY 2018-19. The balance amount lying in Escrow account as on 31.03.2018 is ₹11842.84 lakhs.

16 Land proposed to be leased to Bengaluru Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.

17 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹146 lakhs, which is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land aggregating ₹5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting entries will be booked for recognising the profit on sale of land.

18 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.

19 Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.

20 Land Measuring 77 Acres valuing ₹194.70 Crore (Market value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.

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

₹ in Lakhs

	Particulars	2017-18	2016-17
21	Value of Imports on CIF basis		
	Raw Materials and Production Stores	18940.10	4416.22
	Components and Spare Parts	0.09	0.48
	Material in transit	3653.79	0.00
	Capital Goods	6521.79	2537.19
	TOTAL	29115.77	6953.89
22	Rent from C-DoT, Government of India aggregating ₹5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹7117.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17 & 2017-18 on accrual basis is deferred, which is in conformity with Ind AS-18.		
23	Liquidated Damages (LD) of ₹1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.		
24	Performance Indicators - Ratios		
	- Sales to Total Assets Times Sales incl. ED and excluding GST/ Total Assets (Net Fixed Assets +Investments + Gross Current Assets)	0.24	0.29
	- Operating Profit to Capital employed [%] Profit before tax / (Share holders' funds + Loan funds)	0.17	-ve
	- Return on Net Worth [%] (Profit after tax / Share holders' funds)	0.17	-ve
	- Profit to Sales [%] (Profit before tax to sales incl. ED & Service Tax)	0.03	-ve
25	Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.		
26	Figures in brackets indicated in the Accounts reflect negative balances.		

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

32 Related Party Disclosures

a. Associate/Joint Venture

Name of the entity	Place of Business	Ownership interest held by the company			Ownership interest held by the non controlling interests			Principal Activities
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
INDIA SATCOM LIMITED	India	49.00%	49.00%	49.00%	51.00%	51.00%	51.00%	VSAT Manufaturing & Servicing

b. Key Management Personnel's Details

Name of Key Management Personnel's	2017-18	2016-17
Shri Gopu-Designate CMD & Director (HR) -Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing)-Salary & Perquisites	0.00	16.61
Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites**	18.26	26.48
Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
Shri. Malathy CFO - Salary and Perquisites	3.53	0.00

*** Part of the year*

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) : -

Particulars	Associate/ Joint Venture
	SATCOM LIMITED
Purchase of Goods	Nil
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2018	
Trade Payables Outstanding as on 31.03.2018	
Trade Receivables Outstanding as on 31.03.2018	
Investment in Equity as on 31.03.2018	40.55 lakhs(40.55L)
Advances for Purchase Outstanding as on 31.03.2018	Nil

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances(other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note h below.

h. Loans to Related Parties

Nil

i. Management Contracts including deputation of Employees:-
Nil

j. Transaction with Government and Government Related Entities :-
As ITI is a government entity under the control of Ministry of Telecommunications (MoT), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions : -

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

In addition to the above, around 89.72% of the Company's Turnover, around 98.67% of Trade Receivables and around 99.95% of Customer's Advance is with respect to government and government related entities.

33 Financial Instruments - Fair Value Measurements

1 Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities:

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
I	**Financial Assets measured at fair value**									
	Non Current Assets - Loans			18			26			23
	Trade Receivables			3,12,374			2,19,595			2,74,317
	Cash and Cash Equivalents			4,126			2,440			4,995
	Bank Balances Other Than above			28,349			14,191			7,124
	Current Assets- Loans			38,548			33,348			25,882
	Sub Total	**-**	**-**	**3,83,414**	**-**	**-**	**2,69,601**	**-**	**-**	**3,12,342**
II	**Financial Assets not measured at fair value**									
	Investments			41			41			41
	Trade Receivables		-	588				-	-	
	Unbilled Revenue			19,344			3,667			2,129
	Sub Total	**-**	**-**	**19,972**	**-**	**-**	**3,707**	**-**	**-**	**2,170**
III	**Total**	**-**	**-**	**4,03,386**	**-**	**-**	**2,73,308**	**-**	**-**	**3,14,511**

Note: Also, investment in Associate (SATCOM Limited) has been accounted at Cost in line with option available under Ind AS 101.

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
I	**Financial Liabilities measured at fair value**									
	Borrowings			92,632			87,917			83,891
	Trade Payables			2,26,165			1,97,600			2,10,533
	Others			84,229			73,803			82,128
	Total	**-**	**-**	**4,03,027**	**-**	**-**	**3,59,320**	**-**	**-**	**3,76,552**
II	**Financial Liabilities not measured at fair value**									
	Borrowings	-	-	30,000	-	-	30,000	-	-	30,000
	Total	**-**	**-**	**30,000**	**-**	**-**	**30,000**	**-**	**-**	**30,000**
III	**GRAND TOTAL**	**-**	**-**	**4,33,027**	**-**	**-**	**3,89,320**	**-**	**-**	**4,06,552**

2 Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below:

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I	**Financial Assets and Liabilities measured at Fair value – recurring fair value measurements**									
A	Financial Assets									
i	Financial Investments at FVPL	-	-	-	-	-	-	-	-	-
ii	Financial Investments at FVOCI - Unquoted	-	-	-	-	-	-	-	-	-
II	**Financial Assets and Liabilities which are measured at Amortised Cost**	No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.								

Level 1: Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2: The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

The fair value of the Company's cash and cash eqivalents, trade receivables,deposits with maturity of 3 to 12 months,loans(except for Security Deposits) and other financial assets,trade payables and other financial liabilities (except employee related liabilities) approximates carrying amount because of the short term nature of theses instruments. The Company's cash eqivalents are comprised of cash deposited in certificate of deposits with short term maturities.

Loans to related parties,security deposits, employee related liabilities and borrowings have fair values that approximates to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms,credt risk and remaining maturities.

34 Financial Risk Management

The Company's business, operating results and financials are subject to various risks and uncertainities.The Company's principal financial liabilities comprise Loans and borrowings, trade and other payables and financial guarantees.The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support these operations.The Company's principle assets include loans, trade and other receivabes,and cash and cash equivalents that arise directly from its operations.

i. Risk Management framework and policies

"The Company is broadly exposed to Credit risk, Liquidity risk and Market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.The Company has adopted a Risk Management framework,which covers risk management techniques at the time of conceiving or executing the projects.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies.The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

ii. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices such as foreign exchange rates, interest rates, and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

ITI is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases made in foreign currencies such as US Dollar, Euro,etc,. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 100% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the bankers. The imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required. As on 31 March 2018, there are no outstanding forwards contracts. The company has not entered into any forward contracts during the financial year 2017-18.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016
	USD	EUR	USD	EUR	USD
Trade Payable	50,907.60	7,860.55	52,741.60	1,103.02	52,137.52
Trade Receivable	-	-	-	-	-
Net Exposure	50,907.60	7,860.55	52,741.60	1,103.02	52,137.52

Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below . This analysis assumes that all other variables remain constant.

	Impact on Profit	
	31.03.2018	31.03.2017
USD – Increase by 5%	(1,67,689.63)	(1,71,001.44)
USD – Decrease by 5%	1,67,689.63	1,71,001.44
EURO – Increase by 5%	(2,06,888.49)	(4,127.50)
EURO – Decrease by 5%	2,06,888.49	4,127.50

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates. The Company's exposure to the risk of changes in Market interest rates relates primarily to the Company's long term debt/ short term obligations with floating interest rates.

Equity Price Risk

The company's exposure to equity price risk is negligible as its equity investment (other than in subsidiaries and Associate) is nil.

Liquidity Risk

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undisclosed cash flows.

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total
Government Loan		6,000	12,000	12,000	30,000
Borrowings	92,632				92,632
Trade Payables	2,26,165				2,26,165
Current Maturities of Long Term Debts					-
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	12,006	211	422	1,181	13,821

As at 31 March 2017					
Particulars	**Less than 1 year**	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**	**Total**
Government Loan			12,000	18,000	30,000
Borrowings	87,917				87,917
Trade Payables	1,97,600				1,97,600
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	14,837		302	1,142	16,281

As at 1 April 2016					
Particulars	**Less than 1 year**	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**	Total
Government Loan			6,000	24,000	30,000
Borrowings	83,891				83,891
Trade Payables	2,10,533				2,10,533
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	24,190		91	1,122	25,403

The company does not have any outstanding derivatives as on 31st March 2018.

iv. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial cases to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government/Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

"The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

v. Capital Management

The Company's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requiremnets of the financial covenants.

Debt / Equity Ratio:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Debt:			
Government Loan	30000	30000	30000
Cash Credit from SBI Consortium	92632	87917	83891
Preference Shares	30000	30000	30000
Total	**152632**	**147917**	**143891**
Shareholder's funds:			
- Share Capital	76000	56000	28800
- Other Eq;uity	-143397	-180858	-192510
Total Shareholder's funds	**-67397**	**-124858**	**-163710**
Debt / Equity Ratio	-	-	-

Current Ratio:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Debt:			
Current Assets	423212	290418	328405
Current liabilities	487447	395783	476158
Current Ratio=Current Assets / Current liabilities	**0.87**	**0.73**	**0.69**

35 Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Inventories	15,589.59	14,228.63	10,383.02
Financial Assets			
Trade Receivables	3,12,373.83	2,19,595.42	2,74,317.10
Unbilled Revenue	19,343.85	3,666.58	2,129.26
Total current assets pledged as security	3,47,307.27	2,37,490.63	2,86,829.38
Non Current			
Property, Plant & Equipment	2,58,408.35	2,47,867.82	2,43,072.25
Capital Working Progress	**14,929.08**	**10,159.39**	**9,168.30**
Investment Property	3,559.20	2,770.80	2,771.57
Financial Assets			
Trade Receivables	588.02	-	-
Total Non current assets pledged as security	**2,77,484.65**	**2,60,798.01**	**2,55,012.12**
GRAND TOTAL	**6,24,791.92**	**4,98,288.64**	**5,41,841.50**

Refer Note No. 17 for the details of borrowings.

36 Critical estimates and judgments

While preparing the financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The estimates at April 01,2016 and at March 31,2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect the conditions at April 01,2016, the date of transition to Ind As and as of March 31,2017.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and Estimates that have a significant risk of resulting in a material adjustment are are as under:

i **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 27)**

ii **Estimation of provision for warranty claims - Accounting Policy No. 20**

Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iii **Recognition of Revenue -Accounting Policy No. 4**
Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

iv **Impairment of Non-Financial Assets - Accounting Policy No. 8**

Recoverable amount of Non Financial Assets has been estimated based on internal/external factors that affects the recoverable amount.

v **Estimation of provision other than warranty claims - Accounting Policy No. 23**

Provision computation involves estimation of recoverability of the assets based on external factoRs.If the estimations made varies, the same will impact the expense recognised.

37 First Time Adoption of Ind AS

Transition to Ind AS

As stated in Significant Accounting Policy No. 1, the financial statements for the year ended March 31,2018 is the Company's first financial statements prepared in accordance with Ind AS

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies attached to the financial statements have been applied in preparing the financial statements for the year ended 31st March 2018 and the comparative information. All applicable Ind AS have been applied consistently and retrospectively, wherever required. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2016 as the transition date from the previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date i.e., April 1,2016.

A Ind AS optional exemptions

Property plant and equipment, Intangible assets and Investment Property-Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind AS, and use that as its deemed cost on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets and investment property.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments (other than equity investments in Subsidiaries, Associates and Joint Ventures) at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to designate its investment in equity instruments (other than equity investments in Subsidiaries, Associates and Joint Ventures) at FVOCI on the date of transition to Ind AS.

Investments in Subsidiaries and Associates

Ind AS 101 permits an entity to measure its investments in Subsidiaries, Associate and Joint Ventures at cost in accordance with Ind AS 27 (Separate Financial Statements). Accordingly, the Company has measured investments in subsidiaries at cost.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption.

Decommissioning Liabilities included in the cost of Property, Plant and equipment

As per Ind AS 101 a first time adopter need not comply with the requirements regarding changes in the decommissioning, restoration or similar liabilities as specified under Appendix A to Ind AS 16(Changes in Existing Decommissioning, Restoration and Similar Liabilities) for changes that occurred before the transition date.

The company has availed this exemption.

B Ind AS mandatory exceptions

De-recognition of financial assets and financial liabilities

As per Ind AS 101 a first time adopter shall apply the de-recognition principles requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS . However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and liabilities recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

As per Ind AS 101 an entity has to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition i.e., April 1, 2016.

Accordingly, ITI has determined the classification of Financial assets based on facts and circumstances existing at the date of transition to Ind AS.

II Reconciliation between Previous GAAP and Ind AS

A Reconciliation of Equity

Previous GAAP (IGAAP) figures have been reclassified to conform to Ind AS and Schedule III presentation requirements.

I Reconciliation of Equity as at date of transition 1st April 2016 and 31st March 2017.

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
I. ASSETS							
(1) Non-current assets							
(a) Property, Plant & Equipment	1	2,45,844	-2,772	2,43,072	2,50,639	-2,771	2,47,868
(b) Capital work-in-progress		9,168	0	9,168	10,159	-	10,159
(c) Investment Property	1		2,772	2,772		2,771	2,771
(d) Intangible assets			-	-		-	-
(e) Financial Assets							
(i) Investments		41	-	41	41	-	41
(ii) Receivables	2	1,05,088	-1,05,088		25,072	-25,072	
(iii) Loans		23	-	23	26	-	26
TOTAL		**3,60,163**		**2,55,076**	**2,85,936**		**2,60,865**
(2) Current assets			-			-	
(a) Inventories		10,383	-	10,383	14,229	-	14,229
(b) Financial Assets			-			-	
(i) Trade receivables	2	1,71,359	1,02,958	2,74,317	1,98,190	21,405	2,19,595
(ii) Cash and cash equivalents		12,119	-	12,119	16,631	-	16,631
(iii) Loans	3	28,847	-2,965	25,882	35,714	-2,366	33,348
(iv) Unbilled Revenue	2		2,129	2,129		3,667	3,667

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
(c) Other current assets	3	609	2,965	3,575	583	2,366	2,948
TOTAL		**2,23,318**		**3,28,405**	**2,65,347**		**2,90,418**
GRAND TOTAL		**5,83,481**		**5,83,481**	**5,51,283**		**5,51,283**
II. EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	4	58,800	-30,000	28,800	86,000	-30,000	56,000
(b) Other Equity	5	38,919	-257	38,662	62,225	-12,289	49,935
TOTAL		**97,719**		**67,462**	**1,48,225**		**1,05,935**
Liabilities							
(1) Non-Current Liabilities							
(a) Government Grants	5		257	257		12,289	12,289
(b) Financial Liabilities							
(i) Borrowings		30,000	-	30,000	30,000	-	30,000
(ii) Trade payables	6	23,022	-23,022	-	31,025	-31,025	-
(iii) Others		1,213	-	1,213	1,444	-0	1,444
(c) Provisions		8,391	-	8,391	5,831	-0	5,831
TOTAL		**62,626**		**39,861**	**68,300**		**49,565**
(2) Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		83,891	-	83,891	87,917	-0	87,917
(ii) Trade payables	6	1,87,511	23,022	2,10,533	1,66,575	31,025	1,97,600
(iii) Others	7	1,27,543	-46,629	80,915	65,429	6,930	72,359
(b) Provisions		24,190	-0	24,190	14,837	-0	14,837
(c) Other current liabilities	7		76,629	76,629		23,070	23,070
TOTAL		**4,23,136**		**4,76,158**	**3,34,758**		**3,95,783**
GRAND TOTAL		**5,83,481**		**5,83,481**	**5,51,283**		**5,51,283**

* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

B Reconciliation of total comprehensive income for the year ending 31st March 2017.

	Particulars	Note No.	IGAAP	Effect on transition to Ind AS	Ind AS
I	**Income**				
II	I. Revenue from operations	8	1,52,812	2,002	154813.63
III	II. Other Income	9	37,587	16,471	54,058
	Total		**1,90,399**		**2,08,872**
IV	**Expenses**			-	
a	Cost of materials consumed		9,258	-0	9,258
b	Purchase of Stock-in-Trade		51,219	-	51,219
c	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-1,762	-	-1,762
d	Installation & Maintenance Charges		64,208	-	64,208
e	Employee benefit expense	10	26,214	3,873	30,087
f	Finance costs		15,262	-	15,262
g	Depreciation and amortization expense		1,694	-	1,694
h	Other expenses	8	10,265	2,002	12267.09
i	IV(A) Prior period adjustments(Net)	11	24	-24	-
	Total		**1,76,381**		**1,82,233**
V	Extraordinary Items	9	16,471	-16,471	-
VI	**Profit / (Loss) = Income - Expenses**		30,488		26,639
VII	Other Comprehensive Income	10	-	3,873	3,873
VIII	Total Comprehensive Income	11	30,488	24	30,512

C Impact of Ind AS adoption on Cash Flow Statement for the year ended 31st March, 2016
No Impact with respect of transition into Ind AS

D Reconciliation of total equity

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
Equity							
(a) Equity Share Capital	4	58,800	-30,000	28,800	86,000	-30,000	56,000
(b) Other Equity	5	38,919	-257	38,662	62,225	-12,289	49,935
TOTAL		**97,719**		**67,462**	**1,48,225**		**1,05,935**

E Notes to first time adoption

1 Property, Plant and equipment & Investment Property

As required under Ind AS 40 on Investment Property, Land and building that are rented out have been reclassified as Investment property. In the previous GAAP these were classified as Property Plant and Equipment. Accordingly the carrying value of `2771.57 lakhs has been reclassified as Investment property as on 1st April 2016. There is no impact on the total equity on account of this adjustment.

2 Trade Receivables

Trade receivables are financial assets and generally of short term nature. They reflect the fair value themselves at their transaction price. As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is an example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case review and approved by Board.

3 Non-Financial Assets

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

The following statutory payments has been classified as Non-Financial Assets and grouped under Other Current Assets:

Particulars	Amount in Lakhs	
	As at 01.04.2016	As at 31.03.2017
Deposits with Excise Authorities	2,501.78	2,271.87
Deposits with Customs Authorities	7.10	65.42
Payment of Advance taxes(TDS receivable)	456.27	28.41
Total	**2,965.15**	**2,365.70**

4 Preference Share Capital

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

5 Government Grants

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

6 Trade Payables

Trade payables are financial liability and initially measured at fair value which is equivalent to its transaction price. Generally, they are of short term nature and in some cases where there are back to back contractual arrangements with Customers and Suppliers, such items are also classified under trade payables.

7 Non-Financial Liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Particulars	Amount in Lakhs	
	As at 01.04.2016	As at 31.03.2017
Duties & Taxes	836.06	752.80
Advance from Customers	75,792.60	22,317.42
Total	**76,628.66**	**23,070.22**

8 Excise Duty

Under previous GAAP revenue from sale of products was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented in statement of Profit and Loss as an expense . This change has resulted in an increase in revenue from operations and expenses for the year ended 2016-17 by `2002 lakhs . This change in presentation has no impact on profit.

9 Extraordinary items

According to Ind AS 1 Presentation of Financial Statements, Concept of Extraordinary items has been removed in the Financial Statements. Hence the same grouped under other Income.

10 Remeasurement of Post employment benefit obligations and Planned Assets

Under Ind AS remeasurement of Employee benefit obligations and planned assets i.e., actuarial gains and losses are recognised in Other comprehensive income (OCI). Under previous GAAP these were recognised in Statement of profit and loss. Consequently an amount of `3873 lakhs (before tax) has been reclassified from Employee benefit expenses to Other Comprehensive income during FY 2016-17. However, this has no impact on profit on 31st March 2017.

11 Prior period error and omissions

As required under Ind AS, if errors and omissions relating to prior period are material they have to adjusted by restating the Opening balances of Assets, Liabilities and equity for the earliest prior period presented. Accordingly prior period income/ expense of ` 23.67 lakhs reported for the year 2016-17 has been adjusted against Opening reserves as on 1st April 2016

12 Retained Earnings

Retained Earning as on 1st April 2016 and as on 31st March 2017 has been adjusted consequent to above adjustments.

37 First Time Adoption of Ind AS

The Company is preparing the Consolidated Financial Statements including Joint Venture(M/s India Satcom Limited) for the first time(FY 2017-18) as the Financial Statements(FYs' 2014-15, 2015-16 & 2016-17) of the said joint venture were not available on or before adoption of financial statements in the board meeting of ITI of respective years.So, the IGAAP figures of Consolidated financial statements for the purpose of reconciliation with Ind AS figures are not available. Hence First time adoption of Ind AS along with reconciliation of total equity has not been prepared.

CAPITAL EXPENDITURE ON AMENITIES 2017-18

₹ in Crore

GROSS BLOCK AT COST					
PARTICULARS	AS AT 31/03/2017	ADDI-TIONS DURING THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST-MENTS	AS AT 31/03/2018
	1	2	3	4	5=1+2-3-4
TOWNSHIP	1097.32	6.33	0.00	0.00	1103.65
TRANSPORT	5.96	0.92	0.00	0.00	6.88
MEDICAL	7.77	0.00	0.00	0.00	7.77
CANTEEN	6.45	0.00	0.00	0.00	6.45
SCHOOL CLUBS, AUDITORIUM SOCIAL AND CULTURAL ACTIVITIES	13.42	0.00	0.00	0.00	13.42
VEGETABLE FARMS, PARKS ETC.	0.05	0.00	0.00	0.00	0.05
TOTAL	**1130.97**	**7.25**	**0.00**	**0.00**	**1138.22**

CAPITAL EXPENDITURE ON AMENITIES 2017-18

₹ in Crore

DEPRECIATIONS						
UPTO 31-03-2017	FOR THE YEAR	ASSETS SOLD/ SCRAPPED DURING THE YEAR	TRANSFERS AND ADJUST-MENTS	UPTO 31-03-2018	AS AT 31-03-2018	AS AT 31-03-2017
6	7	8	9	10=6+7-8-9	11=5-10	12
105.09	1.37	0.00	0.00	106.46	997.19	992.23
5.79	0.16	0.00	0.00	5.95	0.93	0.17
3.44	0.07	0.00	0.00	3.51	4.26	4.33
3.03	0.31	0.00	0.00	3.34	3.11	3.42
5.64	0.23	0.00	0.00	5.87	7.55	7.78
0.03	0.00	0.00	0.00	0.03	0.02	0.02
123.02	**2.14**	**0.00**	**0.00**	**125.16**	**1013.06**	**1007.95**

REVENUE EXPENDITURE ON AMENITIES 2017-18

₹ in Crore

PARTICULARS	TOWN-SHIP	TRANS-PORT	MEDI-CAL	CAN-TEEN	SCHOOLS, CLUBS, AUDITORIUM, SOCIAL AND CULTURAL ACTIVITIES	VEGETA-BLES FARMS, PARKS ETC.	2017-18	2016-17
Pay and Allowances	4.10	1.07	2.44	0.98	0.09	0.17	8.85	13.71
Uniforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00	1.84	0.00	1.84	1.88
Supplies and Other Services	0.01	1.11	4.20	3.10	0.10	0.10	8.62	9.47
Power, light & water	3.93	0.11	0.08	0.13	0.04	0.02	4.31	3.79
Transport Charges	0.00	0.73	0.00	0.00	0.00	0.00	0.73	1.66
Rent, Rates, Taxes and Insurance	1.29	0.02	0.00	0.02	0.00	0.00	1.33	0.7
Maintenance and repairs	0.62	0.34	0.17	0.03	0.01	0.34	1.51	2.11
Depreciation - Buildings	0.22	0.01	0.07	0.08	0.15	0.00	0.53	0.45
Depreciation-Plant, Machinery,	0.70	0.05	0.00	0.00	0.00	0.00	0.75	0.65
Equipment & Vehicles General Overheads	0.01	0.03	0.02	0.02	0.00	0.00	0.08	0.09
	10.88	**3.47**	**6.98**	**4.36**	**2.23**	**0.63**	**28.55**	**34.51**
LESS :								
Recoveries/adjustments								
Rent	15.72	0.00	0.00	0.00	0.00	0.00	15.72	15.48
Power, Light & Water	1.38	0.00	0.00	0.00	0.00	0.00	1.38	1.68
Transport Charges	0.00	0.08	0.00	0.00	0.00	0.00	0.08	0.07
Capitation & other Recoveries	0.00	0.00	0.14	0.00	0.00	0.00	0.14	0.16
Sales proceeds	0.00	0.00	0.00	0.19	0.00	0.00	0.19	0.17
Indirect expenses	0.00	0.00	0.00	0.20	0.00	0.00	0.20	0.45
Allocated to Township, Medical & office use	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	17.10	**0.08**	**0.14**	**0.39**	**0.00**	**0.00**	**17.71**	**18.01**
Net Expenditure	-6.22	3.39	6.84	3.97	2.23	0.63	10.84	16.50
Interest on Capital outlay notional	0.33	0.34	0.19	0.17	0.08	0.00	1.11	1.12
TOTAL EXPENDITURE	**-5.89**	**3.73**	**7.03**	**4.14**	**2.31**	**0.63**	**11.95**	**17.62**
Previous Year	**-4.52**	**5.63**	**9.58**	**4.00**	**2.30**	**0.63**	**17.62**	**22.16**

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 Bengaluru 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 Bengaluru 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 Crore 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 : Bengaluru
Date : May 19, 2018

ANNEXURE - A TO THE AUDITORS' 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 anjd 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 Allottment 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 : Bengaluru
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 : Bengaluru
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.

Sl. 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.	As per the information furnished by the Company and the reports of the respective Branch Auditors, our comments are as below: **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. **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. **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 organised manner with the help of any civil lawyers for establishing the clear ownership of land to ITI. There is no leasehold land as with the Mankapur unit as informed to us. **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. **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.

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 : Bengaluru
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 : Bengaluru
Date : May 19, 2018

Consolidated Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

India's first Public Sector Unit (PSU) - ITI Ltd was established in 1948. Ever since, as a pioneering venture in the field of telecommunications, it has contributed to 50% of the present national telecom network. With state-of-the-art manufacturing facilities spread across six locations and a countrywide network of marketing/ service outlets, the company offers a complete range of telecom products and total solutions covering the whole spectrum of Switching, Transmission, Access and Subscriber Premises equipment.

ITI joined the league of world class vendors of Global System for Mobile (GSM) technology with the inauguration of mobile equipment manufacturing facilities at its Mankapur and Rae Bareli Plants in 2005-06. This ushered in a new era of indigenous mobile equipment production in the country. These two facilities supply more than nine million lines per annum to both domestic as well as export markets.

1) Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (IND -AS) [as notified under section 133 of the Companies Act, 2013 read Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015] to the extent applicable, provisions of the Companies Act, 2013, which have been consistently applied except where a new Accounting Standard is initially adopted or revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the

following assets and liabilities which are measured at fair value:

a. Derivative financial instruments, if any

b. Financial assets and liabilities that are qualified to be measured at fair value

c. Defined benefit asset/(liability) recognised at the present value of defined benefit obligation less fair value of plan assets.

2) Use of Estimates

The preparation of the financial statements in conformity with the IndAS requires that the management make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all the available information, actual results could differ from the estimates and such differences are recognised in the period in which the results are ascertained.

3) Functional and presentation currency

Financial statements are presented in Indian Rupee (INR) which is the functional and presentation currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

4) Revenue Recognition

a. Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the

consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. Timing of transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

b. Ex- Works Contract

When specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

c. FOR Contracts

In the case of FOR contracts, sale is recognised when goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

d. Bill and Hold Sales

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

i. it is probable that delivery will be made;

ii. the item is on hand, identified and ready for delivery to the buyer at the time when the sale is recognised;

iii. the buyer specifically acknowledges the deferred delivery instructions;
the usual payment terms apply

e. Construction contracts

Contract revenue includes initial amount agreed in the contract and any variations in the contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

f. Price escalations

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

Where break up prices of sub units sold are not provided for, the same are estimated.

g. Bundled contracts

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies recognition criteria to separately identifiable components (sale of goods, installation, commissioning, etc.) of the transaction and allocates revenue to those separate components based on their relative fair value.

h. Multiple elements

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction, allocates the revenue to those separate components based on the contract.

i. Sales exclude Sales Tax / Value Added Tax (VAT)/Goods and Service Tax (GST)/Service Tax.

Export Sales are treated as sales on issue of Bill of Lading

Provision is made separately for likely disallowance by customers including Liquidated Damages for contracts executed during the year.

j. Supply of services

Revenue from annual maintenance contracts relating to the year is recognised when the contracts are entered into on time proportion basis. Revenue is recognized at the time of rendering services.

For other fixed-price contracts (including sale of software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the work performed. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

k. Interest income

Interest income is recognized using the effective interest rate method.

l. Dividend

Dividend income is recognised when the Company's right to receive dividend is established

m. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increases in rentals are in line with the expected inflation or otherwise justified (Fair Value).

n. Duty Drawbacks

Duty drawback claims on exports are accounted on preferring the claims.

o. Other Income

Other Income not specifically stated above is recognised on accrual basis.

5) Property, plant and equipment, Capital Work-in progress

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the PPE to its working condition for its intended use. Borrowing and other attributable costs relating to acquisition of the PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such PPE are ready to be put to use. PPE are eliminated from the financial statements, either on disposal or when retired from such use. When significant parts of Plant and Equipment are required to be replaced at intervals, the same is recognised as a separate component.

Assets acquired free of cost or received as gift are stated at fair value which is credited to Other Equity at the time of acquisition or receipt less accumulated depreciation and impairment losses.

Capital work-in-progress

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work-In-Progress.

Income pertaining to construction period such as interest on advance to contractors, sale of tender documents etc., is set off against expenditure during construction.

Expenditure on development of leasehold land is capitalised as Land Development Expenditure and amortised over the lease period or useful, life whichever is lower.

In the event of revaluation of entire class of PPE, if the revalued amount is greater than the carrying amount of the PPE, such difference is taken to the Revaluation Reserve. If the revalued amount is lower than the carrying amount of the PPE and if the class of PPE has already been revalued, difference is set off against the amount available under the Revaluation Reserve for the same class of PPE and excess thereof, life any, is charged to the statement of Profit and Loss.

6) Intangible Assets, Intangible Asset under Development

a. Cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset when the same is ready for use. Intangible Assets not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development

b. Cost of developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

c. Cost of developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

d. Carrying amount includes amount funded by the Company to external agencies towards developmental project(s) and expenditure incurred by the Company towards material cost, employee cost and other direct expenditure.

7) Research and development expenses:

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

8) Impairment of Non-financial assets

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

9) Depreciation /Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation on additions and deletions to fixed assets during the year is provided on pro-rata basis as under:

a. Depreciation is reckoned in full for the month of addition for the assets commissioned on or before 15th day of a month while no depreciation is reckoned for the month of addition for the assets commissioned after 15th of the month.

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

c. Where cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and depreciated on straight line method over its estimated useful life.

d. The Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Amortization

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. Amortization methods and useful lives are reviewed periodically at each financial year end.

In the case of depreciable assets which have been revalued, depreciation is calculated on straight line method on the revalued amount. Incremental depreciation on account of Revaluation is recouped as a credit to the general Reserve, as per the Schedule II of the Companies Act 2013.

Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.

Particulars		(Years)
A.	(a) Building (other than factory buildings)	60
	(b) Factory building	30
	(c) Purely temporary erections	3
	(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B.	Furniture & Fittings	10
C.	Plant & Machinery	
	(a) General Rate (on double shift basis)	15
	(b) Special Rate: - Servers & Networks	6
	(c) Data Processing Machines including Computers	3
D.	Roads and compound Walls	10
E.	Office Machinery and Equipment	5
F.	Vehicles	8
G.	Assets costing less than ₹5,000/- are depreciated @ 100%	
However, in respect of assets having original cost of ₹50,000/- and above, a residual balance of ₹5/- has been retained in the books.		

10) Leases

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as Finance Costs in the Statement of Profit and Loss. A leased asset is depreciated over the useful life of the asset or lease term, whichever is lower.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance general inflation or are otherwise justified

Company as a lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is recognised in the Statement of Profit and Loss.

11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of the asset.

General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate, which is the weighted average of the borrowing costs applicable to the general borrowings outstanding, other than specific borrowings, to the expenditure on that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, as also exchange differences to the extent regarded as an adjustment to the borrowing costs.

12) Government Grants

Grants from Government are measured at fair value and initially recognized as Deferred Income.

Amount lying under Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of the Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

Amount lying under Deferred Income on account of revenue expenses is transferred to the credit of the Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

13) Investments in joint venture and associates

Company accounts for its interests in associates and joint ventures at cost or in accordance with Ind AS 109 in the standalone financial statements but in the consolidated Financial statements under equity method.

14) Inventories

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

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

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

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

15) Work-in-process

a. Work-in-process (production) is valued on the basis of physically verified quantities at lower of cost excluding interest charges, administration & sales overheads and at the net realisable value, after providing for obsolescence, if any.

b. Work-in-process (Installation) is valued at lower of cost as recorded in the work orders and net realizable value, after providing for obsolescence, if any.

16) Tools and Gauges

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

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

17) Financial assets (Trade Receivables & Other receivables)

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that the assets may be impaired, same is reviewed for impairment.

18) Errors and Estimates

The Company revises its accounting policies, if the change is required due to a change in the Ind AS or if the change provides more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied prospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of Profit or Loss is applied prospectively in the period(s) of change.

Discovery of errors and results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. Opening balances of the earliest period presented are also restated.

19) Income taxes

Income tax comprises of current and deferred income tax

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

20) Warranty Liability

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

21) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

22) Employee benefits

a. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

b. Post-employment benefit viz. gratuity and other long-term employee benefits viz. Privilege Leave, Sick Leave and LLTC are recognised as an expense in the Statement of Profit and Loss of the year in which the employee has rendered services. Expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.

c. Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

d. Expenditure related to voluntary retirement scheme (VRS) is written off in the year of incidence.

23) Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used,

the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed in the notes.

Onerous Contracts

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

24) Fair value measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For purposes of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

26) Financial Instruments

a. Initial recognition and measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through the Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

b. Subsequent measurement

c. For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost,

ii. Debt instruments at fair value through other comprehensive income (FVTOCI),

iii. Debt instruments, derivatives and equity instruments at fair value through Profit or Loss (FVTPL),

iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Derecognition

A financial asset or part of a financial asset is derecognised when• The rights to receive cash flows from the asset has expired

Embedded derivative

Embedded derivative, if required, is separated from host contract and measured at fair value.

27) Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial

instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

28) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

29) Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

a. Time barred dues from the Government / Government Departments / Government Companies are generally not considered as increase in credit risk of such financial asset.
b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
c. In case of dues outstanding for a significant period of time, on a case to case basis

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the Statement of Profit and Loss. This amount is reflected in a separate line in Profit and Loss Statement as an impairment gain or loss.

30) Financial Liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at fair value through Profit and Loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable.

b. Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

i. Financial liabilities at fair value through profit or loss.

ii. Financial liabilities at fair value through Profit or Loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IndAS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

c. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

d. Trade and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31) Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there

is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

33) Cash dividend and non-cash distribution to equity shareholders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company.

34) Earnings per share

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

35) Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

36) New standards and interpretations not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective for the yearended 31 March 2017 and have not been applied in preparing these financial statements. The effect of the sameis being evaluated by the Company.

37) Consolidation

ITI has invested in 49% of Equity Share Capital of its Joint Venture “India Satcom Limited” for the cost of ₹40.55lakhs.

According to Ind AS 28, the consolidation of interest in joint ventures can be done by using “Equity Method”, wherein the share of investor in the net worth of investee can be directly taken as value of investment in the books of investor and the difference between old value and new value will be credited/ debited to Other Comprehensive income as the investment in equity shares has been classified as “Equity Instruments through Other Comprehensive Income”.

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Consolidated Balance Sheet as at 31.03.2018

₹ in Lakhs

Particulars	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
I. ASSETS							
(1) Non-current assets							
(a) Property, Plant & Equipment	1	**258408.35**		247867.82		243072.25	
(b) Capital work-in-progress	2	**14929.08**		10159.39		9168.30	
(c) Investment Property	3	**3559.20**		2770.80		2771.57	
(d) Goodwill		**0.00**		0.00		0.00	
(e) Intangible assets		**0.00**		0.00		0.00	
(f) Intangible assets under development		**0.00**		0.00		0.00	
(g) Biological Assets other than bearer plants		**0.00**		0.00		0.00	
(h) Financial Assets							
(i) Investments	4	**3767.37**		4078.37		4304.90	
(ii) Trade receivables		**588.02**		0.00		0.00	
(iii) Loans	5	**17.67**		26.08		23.01	
(iv) Others		**0.00**		0.00		0.00	
(i) Deferred Tax Assets (net)		**0.00**		0.00		0.00	
(j) Other non current assets		**0.00**	**281269.69**	**0.00**	264902.46	**0.00**	259340.03
(2) Current assets							
(a) Inventories	6	**15589.59**		14228.63		10383.02	
(b) Financial Assets							
(i) Investments		**0.00**		0.00		0.00	
(ii) Trade receivables	7	**307993.60**		219595.42		274317.10	
(iii) Cash and cash equivalents	8	**4126.10**		2440.16		4995.14	
(iv) Bank Balances other than (iii) above	8(a)	**28348.75**		14190.96		7124.07	
(v) Loans	9	**38547.51**		33348.15		25882.24	
(vi) Unbilled Revenue		**23724.08**		3666.58		2129.26	
(vii) Others		**0.00**		0.00		0.00	
(c) Current Tax Assets (Net)		**0.00**		0.00		0.00	
(d) Other current assets	10	**4882.50**	**423212.13**	2948.46	290418.36	3574.63	328405.46
TOTAL			**704481.82**		**555320.82**		**587745.49**

Consolidated Balance Sheet as at 31.03.2018 (Contd...)

₹ in Lakhs

Particulars	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
II. EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	11	**76000.00**		56000.00		28800.00	
(b) Other Equity	12	**90510.91**	**166510.91**	53973.24	109973.24	42926.70	71726.70
Liabilities							
(1) Non-Current Liabilities							
(a) Government Grants Unutilised	13	**11908.93**		12289.27		256.81	
(b) Financial Liabilities							
(i) Borrowings	14	**30000.00**		30000.00		30000.00	
(ii) Trade Payables		**0.00**		0.00		0.00	
(iii) Others	15	**1815.00**		1444.25		1213.14	
(c) Provisions	16	**6800.44**		5831.09		8390.78	
(d) Deferred Tax Liabilities (Net)		**0.00**		0.00		0.00	
(e) Other Non-Current Liabilities		**0.00**		0.00		0.00	
			50524.37		49564.61		39860.73
(2) Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	17	**92632.24**		87916.91		83891.42	
(ii) Trade payables	18	**226164.95**		197599.86		210532.98	
(iii) Others	19	**82414.33**		72358.97		80914.60	
(b) Provisions	20	**12005.80**		14837.01		24190.31	
(c) Current Tax Liabilities (Net)		**0.00**		0.00		0.00	
(d) Other current liabilities	21	**74229.22**	**487446.54**	23070.22	395782.97	76628.75	476158.06
TOTAL			**704481.82**		555320.82		587745.49

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Statement Of Consolidated Changes In Equity

A. Equity Share Capital

₹In Lakhs

Particulars	Amount
Balance as at 01.04.2016	**28800**
Changes during the Financial Year 16-17	27200
Balance as at 31.03.2017	**56000**
Changes during the Financial Year 17-18	20000
Balance as at 31.03.2018	**76000**

B. Other Equity

₹in Lakhs

Particulars	Share application money pending allotment	Reserves and Surplus			Revaluation Surplus	Other items of Other Comprehensive Income	Total Other Equity with Revaluation Reserve
		Capital Reserve	Securities Premium	Retained Earnings			
Balance as at 01.04.2016	**19,200.00**	**2,74,897.30**	**29.61**	**-4,92,634.05**	**2,35,436.85**	**1,732.64**	**38,662.35**
Changes in accounting policy or prior period error				-23.67			-23.67
Profit or Loss for the Year	-	-	-	26,639.05	-	-	26,639.05
Appropriations	-	-	-	-15.33	-	-	-15.33
Other Comprehensive income for the Year	-	-	-	-	-	3,873.02	3,873.02
Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-605.42	-	-605.42
Any other change	-	-	-	605.42	-	-	605.42
Transfer to Equity Share Capital	-19,200.00	-	-	-	-	-	-19,200.00
Balance as at 31.03.2017	**-**	**2,74,897.30**	**29.61**	**-4,65,428.57**	**2,34,831.43**	**5,605.67**	**49,935.43**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Balance as at 01.04.2017	**-**	**2,74,897.30**	**29.61**	**-4,65,428.57**	**2,34,831.43**	**5,605.67**	**49,935.43**
Profit or Loss for the Year	-	-	-	23,056.43	-	-	23,056.43
Other Comprehensive income for the Year	-	-	-	-	-	456.77	456.77

Dividends	-	-	-	-	-	-	-
Grants received during the year	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-923.47	-	-923.47
Share application money Govt. of India	33,700.00	-	-	-	-	-	33,700.00
Any other change	-	-	-	558.92	-	-	558.92
Transfer to Equity Share Capital	-20,000.00	-	-	-	-	-	-20,000.00
Balance as at 31.03.2018	**13,700.00**	**2,74,897.30**	**29.61**	**-4,41,813.22**	**2,33,907.96**	**6,062.44**	**86,784.10**

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy
Partner
M. No. 027044

S. SHANMUGA PRIYA
Company Secretary

CHITTARANJAN PRADHAN
Director-Finance

S. GOPU
Chairman and Managing Director

Place : Bengaluru
Date : 19.05.2018

Consolidated Statement of Profit and Loss for the year ended 31.03.2018

₹ in Lakhs

Particulars	Note No.	For the year ended 31.03.2018		For the year ended 31.03.2017	
INCOME					
I. Revenue from operations	22	**148416.25**		154813.62	
II. Other Income	23	**32745.43**		54057.95	
III. Total Revenue (I +II)			**181161.68**		208871.57
IV. EXPENSES:					
Cost of materials consumed	24	**31344.43**		9257.52	
Purchase of Stock-in-Trade	25	**23197.60**		51219.08	
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	**1176.53**		(1762.24)	
Installation & Maintenance Charges		**52607.33**		64207.94	
Employee benefit expense	27	**22550.35**		30087.17	
Finance costs	28	**15341.12**		15261.51	
Depreciation and amortization expense	29	**2485.50**		1694.45	
Other expenses	30	**9402.39**		12267.09	
Total Expenses*			**158105.25**		182232.52
V. Profit/(Loss) before exceptional items and tax (III-IV)			**23056.43**		26639.05
VI. Exceptional Items					
(i) Income			**0.00**		0.00
(ii) Expenses			**0.00**		0.00
VII. Profit/(Loss) before tax (V + VI)			**23056.43**		26639.05
VIII. Tax expense:					
(1) Current tax			**0.00**		0.00
(2) Deferred tax			**0.00**		0.00
IX. Profit /(Loss) for the year (VII-VIII)			**23056.43**		26639.05
X. Other Comprehensive Income					
A. (i) Items that will not be reclassifled to proflt or loss					
Remeasurements of Defined Benefit Plans			**456.77**		3873.02
Change in Fair value of Equity instruments (Investment) through other comprehensive income			**(311.00)**		(226.54)
B. (i) Items that will be reclassified to profit or loss			**0.00**		0.00
XI. Total Comprehensive Income for the period (IX+X) (Comprising Profit (Loss) and Other.comprehensive Income for the period)			**23202.20**		30285.54
XII. Earnings per equity share (for continuing operation):					
Basic & Diluted (Face value of 10/- each):			**3.18**		6.72
Weighted average number of shares			**643333333**		410000000

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bengaluru
Date : 19.05.2018

Consolidated Cash Flow Statement for the year ended 31.03.2018

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX		23056.43		26639.05
Adjustment For :				
Depreciation	2485.50		1783.23	
Financing Charges	15341.12		15261.51	
Profit On Sale Of Investments	0.00		0.00	
Interest/Dividend Received	(159.80)		(99.95)	
Loss On Sale Of Asset	0.00		0.00	
Profit On Sale Of Asset	(9211.48)		0.00	
Transfer From Grant-In-Aid	(13678.34)		(37965.61)	
Transfer From Grant-In-Aid(Prior Period Adj.)	0.00		0.00	
Other Comprehensive Income	456.77		3873.02	
Non-Cash Expenditure	336.75	(4429.48)	421.06	(16726.80)
OPERATING CASH PROFIT/(LOSS)		18626.95		9912.32
BEFORE WORKING CAPITAL CHANGES				
Adjustment For:				
Trade And Other Receivables	(116108.30)		45640.01	
Inventories	(1691.00)		(3995.70)	
Trade Payables	88288.34		(86729.00)	
Direct Taxes Paid	(60.39)	(29571.35)	427.86	(44656.83)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(10944.40)		(34744.51)
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase Of Fixed Assets Including:				
Capital Work-In-Progress	(18955.36)		(7607.50)	
Sale Of Fixed Assets	9211.48		0.00	
Investments	0.00		0.00	
Interest Received	159.80		99.95	
Dividend Received	0.00		0.00	

Consolidated Cash Flow Statement for the year ended 31.03.2018

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NET CASH USED IN INVESTING ACTIVITIES [B]		(9584.08)		(7507.55)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds From Short Term Borrowings	4715.33		4025.40	
Share Application Money	13700.00		0.00	
Issue Of Share Capital	20000.00		8000.00	
Grant-In-Aid Received	13298.00		50000.00	
Financing Expenses	(15341.12)		(15261.51)	
NET CASH USED IN FINANCING ACTIVITIES [C]		36372.20		46763.90
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]		15843.73		4511.92
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		16631.13		12119.21
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		32474.85		16631.13

Note: The accompanying Significant Accounting Policies and notes form part of the financial statements

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy
Partner
M. No. 027044

S. SHANMUGA PRIYA
Company Secretary

CHITTARANJAN PRADHAN
Director-Finance

S. GOPU
Chairman and Managing Director

Place : Bengaluru
Date : 19.05.2018

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

Note No.1 **FY 2017-18**

Property, Plant & Equipment ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	As at 01.04.2017	ADDITIONS	DELETION	ADJUST MENTS	TOTAL 31.03.2018
LAND:					
FREE HOLD*	2,25,848.80	-	1,165.61	-	2,24,683.19
LEASE HOLD****	118.46	-	-	-	118.46
ASSETS GIVEN ON LEASE	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-
BUILDING**	10,186.93	1,107.10	-	-	11,294.03
PLANT& MACHINERY***	11,131.52	12,436.65	-	-	23,568.18
OTHER EQUIPMENT	2,108.16	516.57	-	-	2,624.73
OFFICE M/C & EQPT	193.06	16.34	0.12	-	209.28
FURNITURE FIXTURE& FITTINGS	40.24	1.43	-	-	41.67
VEHICLES	38.40	107.58	-	-	145.98
ELECTRICAL INSTALLATION	-	-	-	-	-
TOTAL	**2,49,665.58**	**14,185.67**	**1,165.73**	**-**	**2,62,685.51**

FY 2016-17

Property, Plant & Equipment ₹ in Lakhs

PARTICULARS	DEEMED COST 1.04.2016	ADDITIONS	DELETION	ADJUST MENTS	TOTAL 31.03.2017
LAND:					
-FREE HOLD	2,25,848.80	-	-	-	2,25,848.80
-LEASE HOLD	118.46	-	-	-	118.46
ASSETS GIVEN ON LEASE	-	-	-	-	-
LAND DEVELOPMENT	-	-	-	-	-
BUILDING	9,858.45	328.48	-	-	10,186.93
PLANT& MACHINERY	6,142.93	4,988.60	-	-	11,131.52
OTHER EQUIPMENT	985.73	1,122.43	-	-	2,108.16
OFFICE M/C & EQPT	39.94	153.12	-	-	193.06
FURNITURE FIXTURE& FITTINGS	40.18	0.06	-	-	40.24
VEHICLES	37.75	0.65	-	-	38.40
ELECTRICAL INSTALLATION	-	-	-	-	-
TOTAL	**2,43,072.25**	**6,593.33**	**-**	**-**	**2,49,665.58**

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

Note No.1 **FY 2017-18**

Property, Plant & Equipment ₹ in Lakhs

DEPRECIATION					Net Carrying Value as at 31.03.2018	Net Carrying Value as at 31.03.2017
ACCUMU LATED DEP.	FOR THE YEAR	DELETION	ADJUST MENTS	TOTAL 31.03.2018		
-	-	-	-	-	2,24,683.19	2,25,848.80
0.27	0.27	-	-	0.54	117.92	118.19
-	-	-	-	-	-	-
-	-	-	-	-	-	-
801.77	733.77	-	-	1,535.53	9,758.50	9,385.17
812.25	1,456.40	-	-	2,268.65	21,299.52	10,319.27
132.31	210.42	-	-	342.73	2,282.00	1,975.85
24.30	54.36	0.06	-	78.59	130.69	168.77
17.50	10.24	-	-	27.74	13.93	22.74
9.37	14.00	-	-	23.37	122.61	29.03
-	-	-	-	-	-	-
1,797.76	**2,479.47**	**0.06**	**-**	**4,277.16**	**2,58,408.35**	**2,47,867.82**

FY 2016-17

Property, Plant & Equipment ₹ in Lakhs

DEPRECIATION				Net Carrying Value as at 31.03.2017	Net Carrying Value as at 31.03.2016
FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2017		
-	-	-	-	2,25,848.80	2,25,848.80
0.27	-	-	0.27	118.19	118.46
-	-	-	-	-	-
-	-	-	-	-	-
807.22	-	5.45	801.77	9,385.17	9,858.45
817.31	-	5.06	812.25	10,319.27	6,142.93
132.31	-	-	132.31	1,975.85	985.73
29.37	-	5.07	24.30	168.77	39.94
17.50	-	-	17.50	22.74	40.18
9.39	-	0.02	9.37	29.03	37.75
-	-	-	-	-	-
1,813.36	**-**	**15.60**	**1,797.76**	**2,47,867.82**	**2,43,072.25**

Notes:

1. There is a charge of ₹7 lakhs on 400 D type and 624 E type quarters in favour of Govt. of Karnataka towards subsidy received in terms of Subsidised Industrial housing Scheme.
2. Factory building is on the leased land,measuring 36 Kanals and 13 Marlas for which extension for lease is under process with J&K Government.
3. With reference to Accounting Policy No.6 depreciation has been charged on Fixed assets over their assessed useful life as under.

Fixed Assets	**(Years)**
A. (a) Building (other than factory buildings)	60
(b) Factory building	30
(c) Purely temporary erections	3
(d) Building with dwelling units each with plinth area not exceeding 80 sqm.	30
B. Furniture & Fittings	10
C. Plant & Machinery	
(a) General Rate (on double shift basis)	15
(b) Special Rate : - Servers & Networks	6
Data Processing Machines including Computers	3
D. Roads and compound Walls	10
E. Office Machinery and Equipment	5
F. Vehicles	8

G. Assets costing less than ₹5,000/- are depreciated @ 100%

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

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

ii) Registered valuers have revalued Land of the company on 31.3.2006.

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

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

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

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

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

^^ Includes a sum of Rs. 15.31 lakhs charged on the assets whose useful life is exhausted as on 1st April 2015 as per Schedule II of the Companies Act 2013 and the said amount has been adjusted against Retained Earnings during the year.

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 2						
CAPITAL WORK-IN-PROGRESS						
Capital Work-in-Progress at Cost	6883.23		6346.54		4948.44	
Less: Provision	0.00		0.00		0.44	
TOTAL		**6883.23**		**6346.54**		**4948.00**
Materials with Contractors	28.93		28.93		28.93	
Less : Provision	28.93		28.93		28.93	
TOTAL		**0.00**		**0.00**		**0.00**
Machinery at Cost						
In-Transit	777.04		361.55		109.08	
Awaiting Acceptance / Installation	7275.33		3457.83		4117.31	
	8052.37		3819.38		4226.39	
Less: Provision	6.53		6.53		6.09	
TOTAL		**8045.84**		**3812.85**		**4220.30**
GRAND TOTAL		**14929.08**		**10159.39**		**9168.30**

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

Note No.3 **FY 2017-18**

Investment Property: ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	As at 01.04.2017	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2018
LAND	2,752.70	789.17	-	-	3,541.87
BUILDING	18.87	-	-	-	18.87
TOTAL	**2,771.57**	**789.17**	**-**	**-**	**3,560.74**

FY 2016-17

Investment Property: ₹ in Lakhs

PARTICULARS	GROSS BLOCK				
	DEEMED COST 1.04.2016	ADDITIONS	DELETION	ADJUSTMENTS	TOTAL 31.03.2017
LAND	2,752.70	-	-	-	2,752.70
BUILDING	18.87	-	-	-	18.87
TOTAL	**2,771.57**	**-**	**-**	**-**	**2,771.57**

Notes:

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

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

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

(d) 3 acres of land is leased to State Government for construction of Mini-Vidhana Soudha for a period of 99 years commencing from March, 1994.

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

Note No.3 **FY 2017-18**

Investment Property: ₹ in Lakhs

DEPRECIATION					Net Carrying Value as at 31.03.2018	Net Carrying Value as at 31.03.2017
ACCUMULATED DEP.	FOR THE YEAR	DELETION	ADJUSTMENTS	TOTAL 31.03.2018		
-	-	-	-	-	3,541.87	2,752.70
0.77	0.77	-	-	1.54	17.33	18.10
0.77	**0.77**	**-**	**-**	**1.54**	**3,559.20**	**2,770.80**

FY 2016-17

Investment Property: ₹ in Lakhs

DEPRECIATION				Net Carrying Value as at 31.03.2017	Net Carrying Value as at 31.03.2016
FOR THE YEAR	DELETION	ADJESTMENTS	TOTAL 31.03.2017		
-	-	-	-	2,752.70	2,752.70
0.77	-	-	0.77	18.10	18.87
0.77	**-**	**-**	**0.77**	**2,770.80**	**2,771.57**

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

iii) (a) BSNL Telephone Exchange having area of 0.5733 acres of land

(b) HPCL Petrol bunk, ITI Colony having area of 0.2222 acres of land

(c) HPCL Petrol bunk, Old Madras Road, K.R.Puram having area of 0.3025 acres of land

(d) EPFO, F-28 Bldg. having area of 0.6069 acres of land

(e) Thumby Aviation [Halipad - EC Plant] having area of 0.9182 acres of land

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
NOTE NO. 4			
NON- CURRENT FINANCIAL ASSETS-INVESTMENTS			
Investment in Equity instruments			
Opening Balance	4078.37	4304.90	40.55
16,21,800 Equity Shares of ₹10/- each fully paid up in India Satcom Limited(joint venture with M/S Chris Tech System Pvt. Ltd) including 1216350 Bonus Shares(extent of investment 49%)			
Change in Fair value during the year	(311.00)	(226.53)	4264.35
TOTAL	**3767.37**	**4078.37**	**4304.90**
Calculation of Change in fair value of equity instruments in Indian Satcom Limited(49%)			
Total Assets of Indian Satcom Limited	13266.11	13345.25	13349.66
Less: Total Outside Liabilities of Indian Satcom Limited	(5577.61)	(5022.05)	(4564.15)
NetWorth(100%)	7688.50	8323.20	8785.51
Share of ITI(49%)/Closing Balance	3767.37	4078.37	4304.90
Less: Opening Balance	(4078.37)	(4304.90)	(40.55)
Change in Fair value during the year	(311.00)	(226.53)	4264.35
NOTE NO. 5			
NON CURRENT FINANCIAL ASSETS - LOANS			
Secured and considered good :			
Capital Advances	0.00	10.02	6.89
Security Deposits/ Margin money	0.00	0.00	0.00
Loans and advances	0.00	0.00	0.00
Considered Doubtful :	0.00	0.00	0.00
Capital Advances	1.62	1.62	30.02
Security Deposits	0.00	0.00	0.00
Loans and advances	0.00	0.00	0.00
Total	**1.62**	**11.64**	**36.91**
less: provision	1.10	1.10	29.50
TOTAL SECURED LOANS & ADVANCES	**0.52**	**10.54**	**7.41**
Unsecured and considered good :			
Capital Advances	0.00	0.00	0.00
Security Deposits	0.70	0.76	0.59

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Loans and advances	16.45		14.78		15.01	
Considered Doubtful:	0.00		0.00		0.00	
Capital Advances	0.00		0.00		0.00	
Security Deposits	0.00		0.00		0.00	
Loans and advances	0.00		0.00		0.00	
Total	**17.15**		**15.54**		**15.60**	
less: provision	0.00		**0.00**		**0.00**	
Loans and advances due from related parties :						
ISL	0.00		0.00		0.00	
TOTAL UNSECURED LOANS & ADVANCES		**17.15**		**15.54**		**15.60**
GRAND TOTAL		**17.67**		**26.08**		**23.01**
NOTE NO. 6						
INVENTORIES						
a) Raw material and Production stores	7100.33		8062.28		5653.61	
Less: Provision for Obsolescence	1790.84		1688.02		1540.76	
		5309.50		6374.26		4112.85
b) Material issued against Fabrication Contracts	98.05		98.05		98.06	
Less: Provision	95.47		95.47		95.47	
		2.58		2.58		2.59
c) Non-Production Stores	807.71		852.35		846.45	
Less: Provision for Obsolescence	237.41		251.55		251.55	
		570.30		600.80		594.89
d) Work-in-Process Production	3070.03		4172.85		2234.04	
Less: Provision	305.09		273.75		273.76	
		2764.94		3899.10		1960.29
e) Work-in-Process Installation	0.00		0.00		0.00	
Less: Provision	0.00		0.00		0.00	
		0.00		0.00		0.00
f) Manufactured Components	948.36		975.52		1339.98	
Less: Provision	40.13		33.86		33.86	
		908.23		941.65		1306.12
g) Finished Goods						
Stock-in-Trade	1775.37		1859.92		1672.08	
Excise Duty thereon	85.73		89.36		72.36	
	1861.10		1949.28		1744.44	
Less: Provision	1045.71		1044.61		1044.61	
		815.39		904.67		699.83
h) Stock Reconciliation Account	10.33		10.33		10.08	

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Less: Provision	10.33		10.33		10.08	
		0.00		0.00		0.00
i) Goods Pending Inspection / Acceptance		578.51		159.77		578.92
j) Material-in-Transit Advances						
Considered Good	4640.14		1225.08		1080.10	
Considered Doubtful	82.23		82.23		82.23	
	4722.37		1307.31		1162.33	
Less: Provision	82.23		82.23		82.23	
		4640.14		1225.08		1080.10
k) Material received and In-Transit Advances		0.00		115.46		47.43
l) Tools and Gauges*		0.00		5.25		0.00
GRAND TOTAL		**15589.59**		**14228.63**		**10383.02**

*Tools and Gauges has been treated as Inventory rather than Property Plant & Equipment as these are not material in value.

NOTE NO. 7

CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Secured			
Outstanding for a period exceeding 6 months from the date they become due for payment			
Considered Good	0.00	0.00	0.00
Considered Doubtful	0.00	0.00	0.00
	0.00	0.00	0.00
Other for a period of not exceeding 6 months: Considered Good	0.00	0.00	0.00
	0.00	0.00	0.00
Less: Provision	0.00	0.00	0.00
TOTAL	**0.00**	**0.00**	**0.00**
Un Secured			
Outstanding for a period exceeding 6 months from the date they become due for payment			

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Considered Good	246311.84	177660.29	234684.21
Considered Doubtful	4651.61	4651.61	4378.03
	250963.44	182311.90	239062.24
Other for a period of not exceeding 6 months: Considered Good	61681.76	41935.13	39632.89
	312645.20	224247.03	278695.13
Less: Provision	4651.61	4651.61	4378.03
TOTAL	**307993.60**	**219595.42**	**274317.10**
GRAND TOTAL	**307993.60**	**219595.42**	**274317.10**

As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is a example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers, provision is determined using expected credit loss model on case to case basis.

NOTE NO. 8

CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

a) Cash-on-Transit	0.00	0.00	78.30
b) Cash on hand	66.34	26.48	24.58
c) Cheques & Stamps on Hand	0.00	0.06	0.48
d) Balance with Banks :			0.00
- On Current Account	4059.76	2413.62	4891.78
TOTAL	**4126.10**	**2440.16**	**4995.14**

NOTE NO. 8 (a)

CURRENT FINANCIAL ASSETS - BANK BALANCE OTHER THAN ABOVE

Balance with Banks :

- On Escrow Account	28265.65	13698.95	6584.81
- On Current Account (Apprentices)	5.79	5.79	5.79
Unpaid Dividend	0.00	0.00	0.00
Security deposits/others	0.44	0.44	7.06
LC Margin money	0.00	0.00	0.00
On Savings Account (Apprentices Security Deposits)	2.47	2.47	2.47

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
On short term deposit (margin money)	74.40		47.86		73.94	
On current Account(Margin money)	0.00		0.00		0.00	
On Fixed Deposit Account- More than 12 months maturity	0.00		0.00		0.00	
On Fixed Deposit Account- More than 3 months but Less than 12 months maturity	0.00		435.45		450.00	
TOTAL		**28348.75**		**14190.96**		**7124.07**
NOTE NO. 9						
CURRENT FINANCIAL ASSETS - LOANS						
Secured Advances recoverable in cash or for value to be received						
Vehicles	0.00		0.00		0.03	
House building	0.00		0.00		0.00	
Other Deposits	541.71		536.97		536.22	
Less: Provision	0.00		0.00		0.00	
TOTAL		**541.71**		**536.97**		**536.25**
Un secured Advances recoverable in cash for value to be received						
Considered Good	17890.69		14617.36		8439.43	
Considered Doubtful	1517.83		1517.83		1612.49	
	19408.51		16135.19		10051.91	
Less: Provision	1517.83		1517.83		1517.83	
		17890.69		**14617.36**		**8534.09**
Claims and Expenses Recoverable - Inland						
Considered Good	16238.21		14599.27		14604.58	
Considered Doubtful	696.74		678.68		678.68	
	16934.95		15277.95		15283.26	
Less: Provision	696.74		678.68		678.68	
		16238.21		**14599.27**		**14604.58**
Claims and expenses recoverable - Foreign						
Considered Good	10.15		486.10		47.28	
Considered doubtful	1204.32		1204.32		1204.32	
	1214.47		1690.42		1251.60	
Less: Provision	1204.32		1204.32		1204.32	
		10.15		**486.10**		**47.28**
Advance for Civil Works/ Capital Goods						
Considered Good	0.00		0.00		0.00	

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Considered Doubtful	0.00		0.00		0.00	
	0.00		0.00		0.00	
Less: Provision	0.00		0.00		0.00	
		0.00		**0.00**		**0.00**
Vechicle advance		**0.00**		**(0.00)**		**(0.00)**
Other Deposits	4105.01		3346.92		2398.86	
Less: Provision	256.00		256.00		256.00	
		3849.01		3090.92		2142.86
Interest accrued but not due on short term deposits		17.74		17.53		17.19
TOTAL		**38005.80**		**32811.18**		**25345.99**
GRAND TOTAL		**38547.51**		**33348.15**		**25882.24**

a) Claims and expenses recoverable - inland- includes ₹1690.2Lakhs recoverable from M/s HCL Infosystem Ltd. as compensation on account of excess amount spent by ITI Ltd. MANKAPUR. The above is on the basis of agreement entered into between ITI, HCL and Alcatel.

b) Claims and expenses recoverable - inland- includes ₹140.27 Lakh (₹140.27 Lakh) is due from Punjab National Bank towards interest charged in excess of SBAR w.e.f. 01.04.2009 and the same is expected to get realised during 2018-2019

c) Claim Recoverable - in land - includes ₹1049.41 Lakhs due from M/S Himachal futuristic communications towards LD. The Company has filed a legal case and the matter is pending before Delhi High court.

d) Rent Receivable includes of Rs.5847.9 Lakhs on a premises leased out upto the period ended 31st March 2011 and no rental income for the period subsequent to 31st March 2011 for the same premises has been recognised on accrual basis due to uncertainity of realization

NOTE NO. 10

OTHER CURRENT ASSETS

Taxes & Duties in put	4320.90	567.37	593.76
Deposits with Customs Department	5.08	65.42	7.10
Payment of Advance tax (Net of refunds)	88.80	28.41	456.27
Deposits with Excise Authorities	454.97	2271.87	2501.78
WCT Recoverable	12.75	15.39	15.72
TOTAL	**4882.50**	**2948.46**	**3574.63**

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
NOTE NO. 11			
EQUITY SHARE CAPITAL			
a) Authorised			
80,00,00,000 equity shares of ₹10 each	80000.00	80000.00	80000.00
b) Issued			
76,00,00,000 equity shares of ₹10 each	76000.00	56000.00	28800.00
c) Subscribed and Fully Paid-up			
76,00,00,000 equity shares of ₹10 each	76000.00	56000.00	28800.00
d) Subscribed & not fully paid up	0.00	0.00	0.00
e) Par value per share	0.00	0.00	0.00
f) Calles un paid	0.00	0.00	0.00
g) Forfeited shares	0.00	0.00	0.00
h) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
	No.of shares	**No.of shares**	**No.of shares**
Number of shares outstanding O.B	560000000	288000000	288000000
Add: Issues during the year	200000000	272000000	0.00
Less: Buy back/forfiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	760000000	560000000	288000000
i) The rights and preferences and restrictions attaching to the above class of shares			

- Each holder of Equity share is entitled to one vote per share.

- In the event of liqudation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferencial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
j) List of share holders holding more than 5% shares			
Name	No.of shares held	No.of shares held	No.of shares held
1. President of India	730887500	530887500	258887500
k) During last 5 years:			
i) Aggregate number of shares allotted without being received in cash	Nil	Nil	Nil
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	Nil	Nil	Nil
iii) Aggregate number and class of shares bought back	Nil	Nil	Nil

NOTE NO. 12

OTHER EQUITY

1) Capital Reserves						
i) Free Land Gifted						
O.B As per last B/S	25.30		25.30		25.30	
Additions	0.00		0.00		0.00	
Total	25.30		25.30		25.30	
Deductions	0.00		0.00		0.00	
Closing balance		25.30		25.30		25.30
ii) Capital Grant in aid						
As per last Balance Sheet	274872.00		274872.00		273057.00	
Transfer from Grant in aid (capital)	0.00		0.00		1815.00	
Closing Balance		274872.00		274872.00		274872.00
TOTAL CAPITAL RESERVES		274897.30		274897.30		274897.30
2) Securities premium reserve						
O.B as per last B/S	29.61		29.61		29.61	
Additions	0.00		0.00		0.00	
Total	29.61		29.61		29.61	
Deductions	0.00		0.00		0.00	
Closing balance		29.61		29.61		29.61

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
3) Revaluation Reserve						
i) Revaluation reserves- Land						
Opening balance as per last B/S	227611.22		227611.21		227611.21	
Less-Reversal on sale of land	372.77		0.00		0.00	
Closing Balance		227238.45		227611.21		227611.21
ii) Revaluation reserves-Buildings						
Opening balance as per last B/S	7220.22		7825.64		8429.34	
Less-Transfer to General Reserve	550.70		605.42		603.70	
Closing Balance		6669.52		7220.22		7825.64
TOTAL-REVALUATION RESERVE		**233907.97**		**234831.43**		**235436.85**
4) Retained Earnings						
i) General reserve:						
Opening balance as per last B/S	849.73		267.98		0.00	
Prior Period Adjustments	0.00		(23.67)		(335.72)	
Add: Transfer from Revaluation Reserve (Dep)	550.71		605.42		603.70	
Less-Transfer to P&L	0.00		0.00		0.00	
Less-Transfer to Surplus	(8.22)		0.00		0.00	
Closing Balance		1408.66		849.73		267.98
ii) Profit on Sale of Fixed Assets						
Opening balance as per last B/S	0.00		0.00		0.00	
Less-Transfer to Surplus	0.00		0.00		0.00	
Closing Balance		0.00		0.00		0.00
iii) Sale of Technical know-how						
As per last Balance Sheet	3.50		3.50		3.50	
Less-Transfer to P&L	0.00		0.00		0.00	
Closing Balance		3.50		3.50		3.50
iv) Industrial Housing Subsidy						
As per last Balance Sheet	6.79		6.79		6.79	
Less-Transfer to P&L	0.00		0.00		0.00	
Closing Balance		6.79		6.79		6.79
v) Investment allowance reserve						
As per last Balance Sheet	0.00		0.00		0.00	
LESS: Transfer to General reserve	0.00		0.00		0.00	
Closing Balance		0.00		0.00		0.00

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
vi) Surplus						
As per last Balance sheet	(466288.59)		(492912.32)		(516634.11)	
Add:Profit/(Loss) for the year	23056.43		26639.05		23721.79	
Add: Transfer from General Reserve	0.00		0.00		0.00	
Add: Transfer from Profit on sale of fixed assets	0.00		0.00		0.00	
TOTAL	**(443232.16)**		**(466273.26)**		**(492912.32)**	
Less- Appropriations	0.00		15.33		0.00	
Less-Transfer from P&L A/C-(Loss for the year)	0.00		0.00		0.00	
Closing Balance		(443232.16)		(466288.59)		(492912.32)
TOTAL-RETAINED EARNINGS		**(441813.21)**		**(465428.57)**		**(492634.05)**
5) Share application money pending allotment		13700.00		0.00		19200.00
6) Other Comprehensive Income						
Remeasurement of Defined Benefit Plans (Acturial Gain)						
Opening Balance	5605.67		1732.64		0.00	
Changes during the Year	456.77		3873.02		1732.64	
Closing balance	6062.44		5605.67		1732.64	
Change in Fair value of Equity instruments(Investment) through other comprehensive income						
Opening Balance	4037.81		4264.35		0.00	
Changes during the Year	(311.00)		(226.54)		4264.35	
Closing balance	3726.81		4037.81		4264.35	
Other comprehensive Income		9789.25		9643.48		5996.99
GRAND TOTAL - OTHER EQUITY		**90510.91**		**53973.24**		**42926.70**
NOTE NO. 13						
NON-CURRENT LIABILITIES						
Government Grants Unutilised:						
i) Free Equipment gifted						
Opening balance as per last B/S	156.21		249.95		343.69	
Less-Transfer to P&L	93.74		93.74		93.74	
Closing Balance		62.47		156.21		249.95

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
ii) Grant-in-aid (Capital) :						
As per last Balance Sheet	4.64		6.86		382.81	
Add:Receipts during the year	0.00		0.00		1815.00	
Total	4.64		6.86		2197.81	
Less: Transfer to revenue GIA/ Capital reserves	0.00		0.00		1815.00	
Less: Transfer to Profit & Loss Account	0.00		2.22		375.95	
Closing Balance		4.64		4.64		6.86
iii) Grant-in-aid (Revenue)						
As per last Balance Sheet	12128.42		0.00		0.00	
Add : Receipts during the year	13298.00		50000.00		49402.00	
Total	25426.42		50000.00		49402.00	
Less: Transfer to Profit & Loss Account	13584.60		37871.58		49402.00	
Closing Balance		11841.82		12128.42		0.00
GRAND TOTAL		**11908.93**		**12289.27**		**256.81**

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

NOTE NO. 14

NON-CURRENT LIABILITIES

FINANCIAL LIABILITIES - LOANS

i) Secured Loans			
Floating Rate Bonds	0.00	0.00	0.00
Term Loans from Banks	0.00	0.00	0.00
Others	0.00	0.00	0.00
TOTAL	**0.00**	**0.00**	**0.00**
ii) Unsecured Loans			
Loan from Government of India*	30000.00	30000.00	30000.00
Interest accrued and due on the above	0.00	0.00	0.00
Floating Rate Bonds	0.00	0.00	0.00
Term Loans from Banks	0.00	0.00	0.00
Deferred payment liabilities	0.00	0.00	0.00
Deposits	0.00	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
Loans and advances from related parties	0.00		0.00		0.00	
Long term maturities of finance lease obligation	0.00		0.00		0.00	
Other loan - Ku Band	0.00		0.00		0.00	
TOTAL		**30000.00**		**30000.00**		**30000.00**
GRAND TOTAL		**30000.00**		**30000.00**		**30000.00**

*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit(operational profit without any grants) based on which repayment schedule is constructed, the carrying amount is being continued as Non-current Financial Liability.

NOTE NO. 15

NON-CURRENT FINANCIAL LIABILITIES - OTHERS

Security deposit received	758.80		688.05		756.94	
Interest accrued and but not due on Loan from GOI*	1056.20		756.20		456.20	
GRAND TOTAL		**1815.00**		**1444.25**		**1213.14**

*As there is an ambiguity on the repayment schedule of the above specified loan i.e. year of profit(operational profit without any grants) based on which repayment schedule is constructed, the carrying amount of Interest on Govt. of India Loan is being continued as Non-current Financial Liability.

NOTE NO. 16

NON CURRENT PROVISIONS

For privilege Leave						
As per Last Balance Sheet	5693.29		8201.31		8635.77	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	908.38		(2508.02)		51.19	
Less: Payments	0.00		0.00		485.65	
TOTAL		**6601.67**		**5693.29**		**8201.31**
For sick Leave						
As per Last Balance Sheet	137.80		189.47		238.69	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	(49.92)		(51.67)		(49.23)	
Less: Payments	0.01		0.00		0.00	
TOTAL		**87.87**		**137.80**		**189.46**
ii) Others		110.90		0.00		0.00
GRAND TOTAL		**6800.44**		**5831.09**		**8390.78**

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
NOTE NO. 17			
CURRENT LIABILITIES			
i) Current Financial Liabilities - Loans			
Loans repayable on demand			
-Secured Loans			
Cash credit from State Bank of India and other members of the consortium of Banks against hypothecation of stocks,stores & raw materials, debts & advances and second charge on all Fixed Assets both movable and immovable.	92632.23	87916.91	83891.42
-Unsecured Loans			
Loans and advances from related parties	0.00	0.00	0.00
Deposits	0.00	0.00	0.00
Other loans and advances	0.00	0.00	0.00
TOTAL	**92632.23**	**87916.91**	**83891.42**
NOTE NO. 18			
CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES			
For goods supplied			
- Micro small and medium enterprises	3.84	7.78	13.84
- Others	167654.49	149610.14	130754.75
TOTAL	**167658.33**	**149617.92**	**130768.60**
For Expenses and Services	27121.01	22633.18	35906.60
For Other Liabilities	31385.61	25348.75	43857.79
TOTAL	**226164.95**	**197599.86**	**210532.98**
A list of micro, small and medium enterprises to whom the Company owe any sum together with interest outstanding to the extent identified.			
NOTE NO.19			
CURRENT FINANCIAL LIABILITIES - OTHERS			
Interest Accrued but not due on Borrowings	0.00	0.00	0.00
Interest Accrued and due on Borrowings	0.00	0.00	0.00
Unpaid matured deposits and interest accrued thereon	0.00	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Unpaid matured debentures and interest accrued thereon	0.00	0.00	0.00
For Expenses and Services	5663.41	3932.70	3208.89
For Other Liabilities (including Excise Duty on Stock in Trade NIL Previous year ₹ NIL Lakhs)	40857.78	32867.02	38777.68
Other payables	20.59	33.33	1877.43
Salary Payable	409.40	0.00	0.00
Unclaimed Dividend	0.00	0.00	0.00
Royalty Payable	212.80	0.00	0.00
Wage revision Arrears	1083.29	1087.91	3145.54
Preference Shares*	30000.00	30000.00	30000.00
Deposits from Contractors	4167.06	4438.01	3905.05
Misc.Liabilities	0.00	0.00	0.00
TOTAL	**82414.33**	**72358.97**	**80914.60**

*As the preference shares are non convertible and overdue, the same has been removed from the share capital and classified as current financial liability. Inerest/Dividend has not been provided in the books of accounts.

Preference Shares:

a) Authorised

40000000 Preference Shares of ₹100 each			
8.75% Cumulative Redeemable Preference Shares	40000.00	40000.00	40000.00

b) Issued

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00	10000.00

c) Subscribed and Fully Paid-up

10000000, 8.75% Cumulative Redeemable Preference Shares of ₹100 each Redeemable at par in 5 equal instalment from March 2005	10000.00	10000.00	10000.00

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
d) Subscribed & not fully paid up	0.00	0.00	0.00
e) Calls un paid	0.00	0.00	0.00
f) Forfeited shares	0.00	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
	No.of shares held	**No.of shares held**	**No.of shares held**
Number of shares outstanding O.B	10000000	10000000	10000000
Add issues during the year	0.00	0.00	0.00
Less: Buy back/forfeiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	10000000	10000000	10000000

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

- Each holder of preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liqudation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders. The distribution will be in proportion to the number of shares held by the shareholders.

j) List of share holders holding more than 5% shares			
Name	**No.of shares held**	**No.of shares held**	**No.of shares held**
1. Mahanagar Telephone Nigam Ltd.	10000000	10000000	10000000
j) During last 5 years:			
i) Aggregate number of shares allotted without being received in cash	0.00	0.00	0.00
ii) Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	0.00	0.00
iii) Aggregate number and class of shares brought back	0.00	0.00	0.00
Dividend in respect of following class of Cumulative Redeemable Preference Shares are in arrears as detailed below:			
a) On 8.75% Cumulative Preference Shares from 2002-03	14000.00	13125.00	12250.00

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
(The figures indicated are excluding Dividend Distribution Tax)			
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints			
Redemption installments due from 31st March 2005 to 31st March 2009 in respect of 8.75 % Preference Shares of ₹1000 Lakhs	10000.00	10000.00	10000.00
7% Cumulative Redeemable Preference Shares			
a) Issued			
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00	20000.00
b) Subscribed and Fully Paid-up			
20000000, 7.00% Cumulative Redeemable Preference shares of ₹100 each, redeemable at par in 5 equal installments from March 2006, with call option to BSNL after expiry of one year from the date of investment 31.03.2003	20000.00	20000.00	20000.00
c) Subscribed & not fully paid up			
d) Par value per share(₹100)	0.00	0.00	0.00
e) Calls un-paid	0.00	0.00	0.00
f) Forfeited shares	0.00	0.00	0.00
g) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period			
	No.of shares held	**No.of shares held**	**No.of shares held**
Number of shares outstanding O.B	20000000	20000000	20000000
Add issues during the year	0.00	0.00	0.00

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

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Less: Buy back/forfeiture during the year	0.00	0.00	0.00
Number of shares outstanding C.B	20000000	20000000	20000000

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

- Each holder of the preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to preference shares.

- In the event of liquidation of the company, the holders of preference shares will be entitled to receive assets of the company, before distribution to equity share holders.The distribution will be in proportion to the number of shares held by the shareholders.

i) List of share holders holding more than 5% shares

Name	No.of shares held	No.of shares held	No.of shares held
1. Bharat Sanchar Nigam Ltd.	20000000	20000000	20000000
j) During last 5 years:			
k)Aggregate number of shares allotted with out being received in cash	0.00	-	-
ii)Aggregate number of shares allotted as fully paid up by way of bonus shares	0.00	-	-
iii) Aggregate number and class of shares brought back	0.00	-	-
a) On 7.00% Cumulative Preference Shares from 2003-04	21000.00	19600.00	18200.00
(The figures indicated are excluding Dividend Distribution Tax)			
Redemption installments in respect of the following Cumulative Redeemable Preference shares issued by the company have not been paid on due dates on account of fund constraints			
Redemption installments due from 31st March 2006 to 31st March 2010 in respect of 7% Preference Shares of ₹2000 Lakhs	20000.00	20000.00	20000.00

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
NOTE NO. 20						
CURRENT PROVISIONS						
For Taxation						
As per last Balance Sheet	0.00		53.75		53.75	
Add: Provisions during the year	0.00		0.00		0.00	
Less: Adjustments of provisions relating to earlier years	0.00		0.00		0.00	
Total		**0.00**		**53.75**		**53.75**
For Gratuity						
As per Last Balance Sheet	10850.25		20179.64		30201.14	
Add: Provision for the year	1989.45		(29.40)		2978.50	
Less: Transfer to gratuity trust	4300.00		9300.00		13000.00	
Add: Transfer from gratuity trust	4689.13		7892.74		5939.14	
Add: Transfer from Corporate	0.00		0.00		0.00	
Less: Payments	4689.13		7892.73		5939.14	
Total		**8539.70**		**10850.25**		**20179.64**
For Privilege Leave						
As per Last Balance Sheet	3749.40		3769.41		4723.83	
Less : Transfer to Corporate	0.00		0.00		0.00	
Add: Provision for the year	655.04		1818.41		542.55	
Less: Payments	1116.07		1838.43		1496.96	
Total		**3288.36**		**3749.39**		**3769.41**
For Sick Leave						
As per Last Balance Sheet	3.57		2.71		112.03	
Add: Provision for the year	(1.17)		0.85		(109.32)	
Less: Payments	0.00		0.00		0.00	
Total		**2.40**		**3.56**		**2.71**

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

₹ in Lakhs

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
For L L T C provision						
As per Last Balance Sheet	180.05		184.80		161.90	
Add: Provision for the year	102.80		33.99		43.73	
Less: Payments	107.52		38.73		20.84	
Total		**175.33**		**180.06**		**184.80**
GRAND TOTAL		**12005.80**		**14837.01**		**24190.31**
NOTE NO. 21						
OTHER CURRENT LIABILITIES						
Income received in advance	0.00		0.00		0.00	
Duties & Taxes	6364.92		752.80		836.05	
Advances from Customers	67864.30		22317.41		75792.70	
TOTAL		**74229.22**		**23070.21**		**76628.75**

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE NO. 22				
REVENUE FROM OPERATIONS				
i) Sale of Products (Incl. Excise duty and net of sales tax & GST)				
Sale of Finished Goods	67331.98		18502.34	
Sale of Traded Goods	9565.65		20140.33	
TOTAL		76897.63		38642.67
ii) Sale of services		66131.68		116050.85
iii) Other Operating Revenues:				
a) Sale of Scrap	0.49		0.36	
b) Income from DLRC Project	86.45		119.74	
c) Non competing fee	0.00		0.00	
d) Grant In Aid-Revenue	5300.00	5386.94	0.00	120.10
TOTAL		148416.25		154813.62

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Construction/ Turnkey Contracts:		
The company for the financial year 2017-18(P.Y 2016-17) has recognised revenue on Construction/ Turnkey contracts based on stage of completion as determined with respect to completion of physical proportion of the contract as certified and furnished by Company's Engineers Consequently,		
i. The contract revenue recognised in the period based on the above	0.00	0.00
ii. Aggregate amount of cost incurred upto reporting date *	288577.27	288577.27
iii. Profit (net of loss, if any) recognised upto reporting date	7149.45	7149.45
iv. Amount of advance received	0.00	0.00
v. Amount of retention money, if any	0.00	0.00
vi. Sundry Debtors as at the end of the period pertaining to the contracts	13492.99	16794.17
vii. Contract Work-in-Progress as at 31st March 2018	0.00	0.00
* Includes allocation of Overheads made by Mankapur and Raebareli Plants.		
Sales under broad heads :		
1. NPR	60.50	172.87
2. Electonic Switching Equipments	318.13	717.91
3. MLLN	12474.39	6909.91
4. SIM Card	0.00	321.44
5. Transmission Equipment	2298.22	9087.24
6. Telephone	1550.87	1.92
7. G-PoN	31569.27	1798.39
8. DWDM	0.00	0.00
9. Solar Panel	0.00	0.00
10. SWAN	0.00	97.40
11. APDRP	942.83	1710.16
12. IT PRODUCTS	8562.98	5054.25
13. NGN	5643.96	2683.23
14. NFS	5592.83	4101.55
15. ASCON	327.33	0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
16. DEFENCE	0.00	0.00
17. Smart Energy meters	2219.49	0.00
18. BBWT	0.00	0.00
19. HDPE Pipe	39.21	0.00
20. OFC	451.50	0.00
21. Others	4846.14	5986.40
TOTAL	76897.63	38642.67
Service Income under broad heads :		
1. AMC	19549.23	3798.92
2. SSTP	484.34	946.02
3. NPR	2820.38	1928.21
4. SECC	6845.87	5055.00
5. Data Center	1540.76	2039.18
6. IT	1773.22	703.31
7. SWAN	132.79	61.80
8. GSM	1593.83	16043.69
9. NFS	9039.18	66078.18
10. G-PoN	6864.58	0.00
11. ASCON	0.00	0.00
12. DEFENCE	8344.73	0.00
13. NGN	0.00	0.00
14. BBWT	0.00	0.00
15.Others	7142.76	19396.54
TOTAL	**66131.68**	**116050.85**
Earnings in Foreign Currency		
Export of goods calculated on FOB basis	0.00	0.00
Royalty, Knowhow, Professional and Consultancy fees	0.00	0.00
Interest and Dividend	0.00	0.00
Services	0.00	0.00
Total	**0.00**	**0.00**

NOTE NO. 23

OTHER INCOME

a) Interest Income

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
i) Interest on Inter Corporate Advances	0.00		0.00	
ii) Interest - Others	159.80		99.95	
Total		**159.80**		**99.95**
b) Dividend from Non-Trading Investments		0.00		0.00
c) Net Gain/Loss on Sale of Investment		0.00		0.00
d) Other Non-operating income (Net of expenses directly attributable to such income)				
i) Profit on Sale of Assets	0.00		0.00	
Less:Transfer to Capital Reserves	0.00		0.00	
TOTAL	**0.00**		**0.00**	
ii)Commission	0.00		0.00	
iii)Rent	1572.28		1544.28	
iv) Lease Rent	0.00		0.00	
v) Transport Charges	0.19		0.23	
vi) Sale of Scrap	119.04		23.47	
vii) Water Charges/Electricity Charges	8.89		6.31	
viii) Forfeited Bank Guarantee	0.00		0.00	
ix) Excess Provision Withdrawn	53.75		0.00	
x) Reimbursement of VRS	0.00		0.00	
xi) Withdrawl of Liability no Longer Required	11214.51		11578.49	
xii) Waiver of Liquidated Damages	0.00		0.00	
xiii)Compensation for Srinagar Loss	1314.75		223.49	
xiv) Waiver of Interest Charges	0.00		0.00	
xv) Transfer from Revenue Grant-in-Aid	7998.00		19600.00	
xvi) Revenue Grant-in-Aid - VRS	286.60		3371.58	
xvii) Revenue Grant-in-Aid	93.74		93.74	
xviii) Transfer from Capital Grant-in-Aid	0.00		2.22	
xix) Compansation for Acquisition of Land by BMRCL	9211.48		0.00	
xx) Misc. Income	712.40		1043.18	
TOTAL (i to xx)		32585.63		37487.00
e) Adjustment to the carrying value of investments (write back)		0.00		0.00
f) Grants relating to Previous Years		0.00		16471.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
g) Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)		0.00		0.00
G. TOTAL		**32745.43**		**54057.95**

NOTE NO. 24

CONSUMPTION OF RAW MATERIALS & PRODUCTION STORES

Opening Stock	8160.66		5751.64	
ADD: Prior Period Adjustment due to Price Revision	0.00		0.00	
Purchases/Transfers	30231.46		10966.76	
Material for Installation & Maintenance	0.00		0.00	
TOTAL		38392.12		16718.40
Less:				
Closing Stock	7198.38		8160.66	
Issue to Revenue and Others	(23.62)		(621.63)	
Material Transferred to Other Units	0.00		0.00	
TOTAL		7174.77		7539.03
Add: Stores Indirect expenses relating to RM & Prodn. Stores		127.08		78.15
CONSUMPTION		31344.43		9257.52
Rawmaterials consumed under broad heads				
particulars				
1. Electronic Goods & Components	31204.71		6307.44	
2. MNIC	139.72		2950.08	
TOTAL		31344.43		9257.52
Value of Imports on CIF basis				
Raw Materials and Production Stores		18940.10		4416.22
Components and Spare Parts		0.09		0.48
Material in transit		3653.79		0.00
Capital Goods		6521.79		2537.19
TOTAL		**29115.77**		**6953.89**

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

	2017-18		2016-17	
Particulars	**₹Lakhs**	**%**	**₹Lakhs**	**%**
Imported	15402.55	48.83	4258.27	44.57
Indigenous	16137.87	51.17	5295.61	55.43
TOTAL	**31540.42**	**100.00**	**9553.88**	**100.00**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
NOTE NO. 25		
PURCHASE OF STOCK-IN-TRADE	23197.60	51219.08
Goods purchased under broad heads		
Particulars	**Amount**	**Amount**
1. Telephone	0.00	0.00
2. STM	0.00	0.00
3. DWDM	0.00	0.00
4. SOLAR	222.74	12.96
5. SSTP	0.00	0.00
6. CDMA	0.00	0.00
7. SMPS	0.00	0.00
8. ASCON	219.48	617.42
9. GSM	0.00	0.00
10. IT	2878.40	1537.50
11. APDRP	711.16	1569.83
12. NGN	0.00	0.00
13. Smart Energy Meters	0.00	0.00
14. Solar Panel	0.00	0.00
15. Others	19165.82	47481.37
TOTAL	**23197.60**	**51219.08**

NOTE NO. 26

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Accretion/(Decretion) to WIP				
WIP - Production :				
Closing Balance	4149.95		3933.30	
Less: Opening Balance	5252.76		1994.49	
TOTAL	(1102.81)		1938.80	
Add: Write Off during the Year	31.34		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(1071.47)**		**1938.80**
WIP - Installation:				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
TOTAL	0.00		0.00	
Add: Write Off during the Year	0.00		0.00	

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**0.00**		**0.00**
Accretion/(Decretion) to Manufacturing Components				
Closing Balance	940.55		974.61	
Less: Opening Balance	967.71		1339.74	
TOTAL	(27.16)		(365.13)	
Add: Write Off during the Year	6.27		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(20.89)**		**(365.13)**
WIP - Installation:				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
TOTAL	0.00		0.00	
Add: Write Off during the Year	0.00		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision/effects of WIP	0.00		0.00	
TOTAL		**0.00**		**0.00**
Accretion/(Decretion) to Stock-in-Trade				
Stock-in-Trade :				
Closing Balance	1700.35		1860.65	
Less: Opening Balance	1785.63		1672.08	
TOTAL	(85.28)		188.57	
Add: Write Off during the Year	1.10		0.00	
Less: Prior Period Adjustments due to Price Revision/ Grossing up of Provision	0.00		0.00	
TOTAL		**(84.18)**		**188.57**
Stock of Scrap				
Closing Balance	0.00		0.00	
Less: Opening Balance	0.00		0.00	
ADD : Prior Period Adjustments	0.00		0.00	
TOTAL		**0.00**		**0.00**
GRAND TOTAL		**(1176.53)**		**1762.24**

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE NO. 27				
EMPLOYEE BENEFIT EXPENSES				
i) SALARIES & WAGES				
Salaries & Wages	15828.85		20103.81	
Less: Other Revenue Accounts	0.00		0.00	
TOTAL	15828.85		20103.81	
Bonus	**3.30**		4.51	
Wage revision arrear payments	0.00		0.00	
Incentive	101.93		43.61	
TOTAL		**15934.08**		**20151.93**
ii) CO'S CONTRIBUTION TO PF AND OTHER FUNDS:				
Providend Fund & Pension Fund	1812.10		2125.23	
Employees State Insurance	4.40		1.85	
Gratuity Trust Fund	1995.73		(29.40)	
Leave Salary- PL	1007.88		(806.64)	
Sick Leave	(50.81)		(50.83)	
Deposit Linked Insurance/Group Insurance	18.23		17.47	
TOTAL		**4787.53**		**1257.68**
iii) WORKMEN AND STAFF WELFARE EXPENSES				
Welfare Expenses - Canteen	285.34		280.54	
Welfare Expenses - Education	44.91		414.16	
Medical Expenses	485.16		617.45	
LTC/LLTC	114.84		43.19	
Uniforms	0.50		11.58	
Others	154.61		66.02	
TOTAL		**1085.37**		**1432.94**
iv) VOLUNTARY RETIREMENT SCHEME				
VRS Payments		286.60		3371.59
v) Actuarial Gain/(Loss)		456.77		3873.02
GRAND TOTAL		**22550.35**		**30087.17**

RELATED PARTY TRANSACTIONS

KEY MANAGERIAL PERSONNEL-SALARY & PERQUISITES

Name	2017-18	2016-17
Shri Gopu-Designate CMD & Director (HR) - Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing) - Salary & Perquisites	-	16.61
Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites	18.26	26.48
Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
Shri K K Gupta-Ex. CMD & Director (Production) -Salary & Perquisites	-	0.00
Shri K L Dhingra-EX. CMD-Salary & Perquisites	-	0.00
Shri. Malathy CFO - Salary and Perquisites	7.43	0.00

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

₹ in Lakhs

DISCLOSURE REPORT UNDER IND AS 19

Defined Benefit Plan

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

	Gratuity	Privilege Leave	Sick Leave

I Summary of results

S.N	Assets / Liability	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a	Present value of obligation	20,521	22,395	9,890	9,443	90	141
b	Fair value of plan assets	11,981	11,545	--	--	--	--
c	Net assets / (liability) recognized in balance sheet as provision	-8,540	-10,850	-9,890	-9,443	-90	-141

II Actuarial & Demographic Assumptions

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a	Discounting Rate	7.31	6.85	7.31	6.85	7.31	6.85
b	Future salary Increase	5.1	5	5.1	5	5.1	5
c	Attrition at Ages	12.82	21.68	12.82	21.68	12.82	21.68

III Plan Liability

Date Ending	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Present value of obligation as at the end of the period	20,521	22,395	9,890	9,443	90	141

IV Service Cost

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Current Service Cost	691	763	338	338	3	5
b)	Past Service Cost including curtailment Gains/Losses	1,053	--	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--	--	--
d)	Total Service Cost	1,744	763	338	338	3	5

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

₹ in Lakhs

V Net Interest Cost

		Gratuity		Privilege Leave		Sick Leave	
	Particulars	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Interest Cost on Defined Benefit Obligation	1,534	2,209	647	906	10	15
b)	Interest Income on Plan Assets	779	681	--	--	--	--
c)	Net Interest Cost (Income)	755	1,528	647	906	10	15

VI Change in Benefit Obligation

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Present value of obligation as at the beginning of the period	22,395	29,174	9,443	11,971	141	192
b)	Acquisition adjustment	--	--	0	0	0	0
c)	Interest Cost	1,534	2,209	647	906	10	15
d)	Service Cost	691	763	338	338	3	5
e)	Past Service Cost including curtailment Gains/Losses	1,053	--	--	--	--	--
f)	Benefits Paid	-4,689	-7,903	-830	-1,980	--	--
g)	Total Actuarial (Gain)/ Loss on Obligation	-464	-1,848	292	-1,792	-64	-70
h)	Present value of obligation as at the End of the period	20,521	22,395	9,890	9,443	90	141

VII Bifurcation of Actuarial Gain/Loss on Obligation

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-31	-156	-57	-12	-1	0
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-129	-1,168	-79	-568	-1	-10
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	-303	-525	427	-1,212	-63	-60

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

₹ in Lakhs

VIII Actuarial Gain/Loss on Plan Asset

		Gratuity		Privilege Leave		Sick Leave	
S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Expected Interest Income	779	681	--	--	--	--
b)	Actual Income on Plan Asset	1,000	1,153	--	--	--	--
c)	Actuarial gain /(loss) for the year on Asset	221	472	--	--	--	--

IX Balance Sheet and related analysis

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Present Value of the obligation at end	20,521	22,395	9,890	9,443	90	141
b)	Fair value of plan assets	11,981	11,545	--	--	--	--
c)	Unfunded Liability/ provision in Balance Sheet	-8,540	-10,850	-9,890	-9,443	-90	-141

X The amounts recognized in the income statement.

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Total Service Cost	1,744	763	338	338	3	5
b)	Net Interest Cost	755	1,528	647	906	10	10
c)	Net actuarial (gain) / loss recognized in the period	0	0	292	-1,792	-64	-70
d)	Expense recognized in the Income Statement	2,499	2,290	1,277	-548	-51	-51

XI Other Comprehensive Income (OCI)

S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
b)	Actuarial gain / (loss) for the year on PBO	464	1,848	--	--
c)	Actuarial gain /(loss) for the year on Asset	221	472	--	--
d)	Unrecognized actuarial gain/(loss) for the year	685	2,320	--	--

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

₹ in Lakhs

II Change in plan assets

		Gratuity		Privilege Leave		Sick Leave	
S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Fair value of plan assets at the beginning of the period	11,370	8,995	--	--	--	--
b)	Difference in Opening	175	--	--	--	--	--
c)	Actual return on plan assets	5,300	1,153	--	--	--	--
d)	Employer contribution	--	9,300	--	--	--	--
e)	Benefits paid	-4,689	-7,903	--	--	--	--
f)	Fair value of plan assets at the end of the period	11,981	11,545	--	--	--	--

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

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Government of India Securities	--	--	--	--	--	--
b)	State Government securities	--	--	--	--	--	--
c)	High Quality Corporate Bonds	--	--	--	--	--	--
d)	Equity Shares of listed companies	--	--	--	--	--	--
e)	Property	--	--	--	--	--	--
f)	Funds Managed by Insurer	100%	100%	--	--	--	--
g)	Bank Balance	--	--	--	--	--	--
	Total	100%	100%	--	--	--	--

XIV Change in Net Defined Benefit Obligation

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Net defined benefit liability at the start of the period	11,025	20,180	9,443	11,971	141	192
b)	Acquisition adjustment	--	--	--	--	--	--
c)	Total Service Cost	1,744	763	338	338	3	5
d)	Net Interest cost (Income)	755	1,528	647	906	10	15
e)	Re-measurements	-685	-2,320	292	-1,792	-64	-70
f)	Contribution paid to the Fund	-4,300	-9,300	--	--	--	--
g)	Benefit paid directly by the enterprise	--	--	-830	-1,980	--	--
h)	Net defined benefit liability at the end of the period	8,540	10,850	9,890	9,443	90	141

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

₹ in Lakhs

XV Bifurcation of PBO at the end of year in current and non current.

		Gratuity		Privilege Leave		Sick Leave	
S.N	**Particulars**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**	**31-03-2018**	**31-03-2017**
a)	Current liability (Amount due within one year)	6,701	8,480	3,288	3,749	2	4
b)	Non-Current liability (Amount due over one year)	13,820	13,916	6,602	5,693	88	138
	Total PBO at the end of year	20,521	22,395	9,890	9,443	90	141

XVI Expected contribution for the next Annual reporting period

S.N	Particulars	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
a)	Service Cost	585	589	289	369	22	52
b)	Net Interest Cost	624	743	723	647	7	10
c)	Expected Expense for the next annual reporting period	1,209	1,332	1,012	1,016	29	61

XVII Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate				
	Present Value of Obligation at the end of the period	20,521	9,890	90
a)	Impact due to increase of 0.50%	-216	-121	-1
b)	Impact due to decrease of 0.50 %	221	124	1
b) Impact of the change in salary increase				
	Present Value of Obligation at the end of the period	20,521	9,890	90
a)	Impact due to increase of 0.50%	223	126	-1
b)	Impact due to decrease of 0.50 %	-220	-124	1

XVIII Maturity Profile of Defined Benefit Obligation

	Year	Amount	Amount	Amount
a)	0 to 1 Year	6,701	3,288	2
b)	1 to 2 Year	2,027	2,349	39
c)	2 to 3 Year	1,734	1,486	15
d)	3 to 4 Year	2,837	989	12
e)	4 to 5 Year	2,434	616	8
f)	5 to 6 Year	1,535	442	6
g)	6 Year onwards	3,253	720	9

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

₹ in Lakhs

XIX Summary of results **Leave Travel Concession**

S.N	Assets / Liability	31-03-2018
a	Present value of obligation	175
b	Fair value of plan assets	--
c	Net assets / (liability) recognized in balance sheet as provision	-175

XX Actuarial &Demographic Assumptions

S.N	Particulars	31-03-2018
a	Discounting Rate	7.31
b	Future salary Increase	5.1
c	Attrition at Ages	12.82

XXI Actuarial Value

Present value of obligation as at the end of period (31/03/2018)	175

XXII Bifurcation of PBO at the end of year as per schedule III to the companies Act, 2013

S.N	Particulars	31-03-2018
a)	Current liability (Amount due within one year)	105
b)	Non-Current liability (Amount due over one year)	70
c)	Total PBO at the end of year	175

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE NO. 28				
FINANCE COSTS				
i) Interest Expense:				
Cash Credit	12474.48		12356.24	
Public Deposits	0.00		0.00	
Bonds	0.00		0.00	
Term Loan	0.00		0.00	
Others*	1365.84		1684.69	
ii) Bank charges	1460.90		1220.58	
iii) Government Guarantee Fee	0.00		0.00	
iv) Expenses on Issue of Bonds/Loans	0.00		0.00	
v) NET GAIN/LOSS FROM FOREIGN CURRENCY TRANSLATIONS & TRANSACTIONS	39.91		0.00	
TOTAL		15341.12		15261.51
* Others inlcudes Interest on Govt. of India Loan				
NOTE NO. 29				
DEPRECIATION AND AMORTIZATION EXPENSES				
Fixed Assets	2480.25		1694.45	
Tools and Gauges	5.25		0.00	
TOTAL	2485.50		1694.45	
Less: Transfer from Revaluation Reserve	-		0.00	
NET DEPRECIATION		2485.50		1694.45
NOTE NO. 30				
OTHER EXPENDITURE				
DRE Written off		0.00		0.00
VRS Expenditure		0.00		0.00
MANUFACTURING EXPENSES:				
Cosumption of Stores and Spares		195.99		296.36
Power and Light		1363.69		1505.03
Water Charges		290.02		272.99
Excise Duty		901.60		2001.68
REPAIRS AND MAINTENANCE:				
i) Plant Machinary and Equipment	191.89		115.74	
ii) Vehicles	69.29		38.81	
iii) Buildings	843.71		716.90	
iv) Other Equipments	93.17	1198.06	177.01	1048.46
Cost and Expenses on Tools		1.78		0.00

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Experimental Work and Training Expenses		59.25		16.99
Expenses on Minor Equipment & Work		33.62		0.00
Royalty		-		0.00
Scrap and Salvages		0.49		0.35
Factory Expenses		943.24		806.73
TOT CHARGES:				
i) Technical Assistance	0.00		0.00	
ii) Technical Knowhow fee	1.32		20.06	
iii) Documentation Charges	0.00		0.00	
iv) Training Assistance	0.00		0.00	
v) Others	0.00	1.32	0.00	20.06
Liquidated Damages		1047.84		2557.31
Demurage Charges		4.49		0.01
Net gain /loss on foreign currency translation and transaction (other than considered as finance cost)		-		0.00
TOTAL MANUFACTRUING EXPENSES		6041.38		8525.97
ADMINISTRATION EXPENSES:				
Rent	162.87		184.36	
Rates and Taxes	125.35		220.36	
Insurance	26.49		48.57	
TRAVELLING EXPENSES				
Inland	436.78		353.61	
Foreign	3.24		0.00	
Legal fees	50.73		70.60	
Postage, Telegram, Telex Expenses	31.23		32.22	
Telephone and Trunk Call Charges	71.44		83.83	
Remuneration to Auditors				
Audit Fees	18.72		11.54	
For Taxation Matters	0.36		1.13	
For Company Law Matters	0.00		0.00	
For Management Services	0.00		0.00	
For Reimbursement of Expenses	0.95		0.36	
For Other Services	0.53		5.70	
CISF/ Private Security Expenses	824.33		713.48	
Printing, Stationary and Duplicating Charges	60.44		51.87	
Transport Expenses	465.15		360.85	
News Papers, Magazines & Periodicals	11.21		18.43	

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

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Mechanised Accounting Expenses	1.06		4.25	
Lease Charges	0.00		0.00	
Licence fee/Segment Charges	42.56		0.22	
Office Expenses	478.43		379.78	
Provision for Obsolescence of RM Stores	0.00		149.74	
Obsolete RM & Production Stores Write off	336.26		0.00	
Provision for Capital WIP Write off	0.00		0.00	
Provision for Debtors/Advance	0.00		273.58	
Bad Debts Write off	0.00		0.00	
Claims and Expenses Charge off	0.00		660.78	
Loss on Sale of Assets	0.00		0.00	
Irrecoverable ED	0.00		0.00	
Adjustment to the Carrying Amount Investments	0.00		0.00	
Net Loss on Sale of Investments	0.00		0.00	
TOTAL ADMINISTRATION EXPENSES		**3148.13**		**3625.25**
SELLING EXPENSES				
Selling Agency Commission	0.03		0.07	
Advertisement Expenses	23.35		49.02	
Exhibition and Publicity Expenses	14.05		0.84	
Packing Expenses	10.10		45.28	
Forwarding Expenses	155.18		(51.21)	
Discount Allowed	0.00		0.00	
Warrenty Expenses	0.00		75.25	
Sales Promotion Expenses	2.87		0.92	
Entertainment Expenses	4.67		(6.43)	
Cost of Tender Forms	2.62		2.13	
TOTAL SELLING EXPENSES		212.88		115.86
TOTAL OTHER EXPENSES		9402.39		12267.09

Interest on Royalty payable to C-DOT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time towards rent payable for the premises taken on lease by C-DOT.

In case of back to back arrangements, Liquidated damages is accounted on net basis.

Expenditure in Foreign Currency :

Royalty	0.00		0.00	
Knowhow	0.00		0.00	
Professional / Consultation Fees	0.00		0.00	
Interest	0.00		0.00	
Others	0.00		0.00	
Total		**0.00**		**0.00**

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

₹ in Lakhs

Particulars	2017-18	2016-17

NOTE NO. 31

1 Corporate information:

ITI Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 2013. The Company is primarily engaged in the business of Manufacture, sale and servicing of Telecommunication equipments.

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

3 An amount of ₹16500 Lakhs has been received from the government towards payment of wage revision arrears during 2014-2015. An Amount of ₹15416.71 lakhs has been paid towards payment of wage revision arrears and remaining amount of ₹1083.29 lacs kept under Other Current Liabilities.

4 Balances in the accounts of creditors, advances from customers, debtors, claims recoverable, loans & advances, materials with fabricators , subcontractors/others, material in transit, deposits, loans, and other payables/receivables such as Sales Tax, VAT, Excise Duty, Cenvat, Service Tax, GST, TDS etc., are under confirmation/reconciliation. Adjustments, if any will be made on completion of such review / reconciliation / receipt of confirmations. However, in the opinion of the management, the Trade Receivables, current assets and loans and advances are realisable in the ordinary course of the business.

5 The Company is primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments. The Company is primarily operating in India, which is considered as a single geographical segment. The company is also engaged in Defence projects. The MCA vide its notification dt.23.02.2018 has exmpted companies engaged in the Defence production from the requirement of Segment Reporting.

6 a) As per Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures the following transactions are entered into with the Joint Ventures of the company viz. India Satcom Ltd.,(ISL).

	2017-18	2016-17
Purchase of goods\Services		
Sale of goods\Services	0.00	0.00
Amount Outstanding:	0.00	0.00
- Due from the related party		
- Due to the related party	0.00	0.00
Provision for doubtful debts against dues from related party.	0.00	0.00
Written Off during the Year	0.00	0.00
b) Remuneration paid to Key Management Personnel [As required under Ind AS 24]		
Shri Gopu-Designate CMD & Director (HR) - Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing) - Salary & Perquisites	0.00	16.61

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

₹ in Lakhs

	Particulars	2017-18	2016-17
	Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites**	18.26	26.48
	Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
	Shri. Malathy CFO - Salary and Perquisites	3.53	0.00
	*** Part of the year*		
7	Earnings Per Share (for continuing operation):		
	Profit after tax	23513.20	30512.08
	(-) Preference Dividend	2275.00	2275.00
	Dividend tax	463.14	463.14
	Profit available to equity shareholders	20775.06	27773.93
	No. of Shares at beginning of the year	560000000	288000000
	No. of Shares at the end of the year	760000000	560000000
	Weighted average number of shares during the period	643333333	410000000
	Earning per equity share (for continuing operation): Basic & Diluted (in₹)	3.23	6.77
8	Since the Company has no virtual certainty of sufficient future taxable income, deferred tax asset is not being recognised on unabsorbed depreciation and carried forward losses of the Company under Indain Accounting Standard (Ind AS)-12 “Income Taxes		
9	JOINT VENTURES:		
	The financial reporting of interests in Joint Ventures as per Ind AS 28:		
	(a) India Satcom Limited		
	No.2, Kadugodi Industrial Area, Whitefield, Bangalore - 560 067		
	Company's stake in equity participation	49%	49%
	Place of incorporation of JV-India		
	(Bank account of ISL in SBI-IFB became NPA during September 2009 and referred to Stressed Asset Management Branch of SBI. Under the securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 (SARFAESI), SBI has taken possession of the property of ISL factory at Bangalore in May 2011.		
10	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3155.00	0.00
	Commitments in respect of other contracts not provided for-	0.00	0.00

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

₹ in Lakhs

Particulars	2017-18	2016-17	01-04-2016
11 a) Contingent Liability in respect of			
- Outstanding letters of credit & guarantees	71825.63	43172.21	18747.46
- Sales Tax demand /Service Tax/Income Tax	4560.36	3191.03	3721.50
- Non receipt of C/D forms	30329.44	38331.54	24167.76
- Excise Duty Demand/CENVAT Disallowance	2569.71	2546.53	2639.98
- ESI demand	0.00	0.00	0.00
- Demand of interest & penalty by KVAT	226.04	226.04	0.00
- Claims against the Company not acknowledged as debts	5052.46	3993.55	3833.42
- Unexpired Guarentees	1797.55	7452.55	0.00

b) Pending litigations:-

(i) Claim Recoverable - in land - ₹1049.41 lakhs due from M/S Himachal futuristic communications. The Company has filed a legal case and the matter is pending before Delhi High court.

(ii) Vendors have filed the case against the company involving total amount ₹272.21 lakhs and the case is pending before various forums.

(iii) Disputed statutory liabilities of ₹17725.91 lakhs.

(iv) LERC is using the temporary road in ITI land measuring 5310 sq.ft. belonging to ITI without permission and the matter is subjudiced.

(v) Bruhat Benguluru Mahanagara Palike (BBMP) constructed road in ITI land in Krishnarajapuram without permission of ITI which is used by general public despite the stay order from High court of Karnataka.

Interest and penalties on arrears of all overdue statutory liabilities (including undisputed) could arise as and when assessed and determined by the respective authorities.

12	(a) Other Income includes compensation relating to Srinagar unit losses for the period ended 31st March 2018 awaiting reimbursement from Ministry of Communications & IT. Against the compensation recognized during financial year 2017-18, a sum of ₹ Nil lakhs has been received during financial year 2017-18. A sum of ₹1228.26 lakhs has been received against the compansation recognised during financial year 2013-14, 2014-15, 2015-16 and 2016-17 on 31st March 2018.	653.97	271.83

(b) Other Income includes ₹ 9211.48 Lakhs compensation recevied from KIADB towards acquisition of Land for BMRCL work.

(c) Write-back of liabilities of earlier years amounting to Rs 112.50 Crores comprises Palakkad unit ₹ 47 crores, Rea Bareli unit ₹14 crores, Mankapur unit ₹ 44 crores and ₹7 crores Bangalore plant.

(d) ₹ 7998.00 lacs representing grants received related to previous years towards salaries, PF and Gratuity has been credited to Other Income

d) 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.

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

₹ in Lakhs

Particulars	2017-18	2016-17

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

	2017-18	%	2016-17	%
Imported	15402.55	48.83	4258.27	44.57
Indigenous	16137.87	51.17	5295.61	55.43
Total	31540.42	100.00	9553.88	100.00

14 Accretion/Decretion to stock-in-trade is arrived at after considering due adjustment to difference in excise duty element in respect of opening stock.

15 The Company is a Sick Company as per provisions of Sick Industrial Companies Act (SICA), 1985. CCEA has approved a financial assistance of ₹4156.79 Crores in February, 2014, for revival of ITI under Rehabilitation Scheme. As a part of the approved financial assistance, a sum of ₹192 crores has been received towards share application money as Capital Grant during the financial year 2014-15 and shares allotted during financial year 2016-17 and additionally ₹80 crores received as share capital in financial year 2016-17. During the year 2017-18 ₹337 crores has been received towards Capital Grant in Aid, out of this ₹200 crores alloted and balance ₹137 crores is pending as Share application money under Other Equity. ₹132.98 crores received as Revenue Grant towards employee benefit expense and employee related statutory dues during the financial year 2017-18. Out of ₹132.98 crores, ₹53.00 crores given towards employee benfit expense for the months of April 2017, May 2017 and July 2017 and towards statutory dues of prior years is treated as other operating income as per accounting policy. The company has also received ₹15500 lakhs towards VRS expenditure, out of which ₹3658.19 lakhs has been spent towards VRS during FY 2016-17 and 2017-18 and ₹3350 lakhs have been transfered to units/Ros for meeting the expenditure during 2016-17 and the balance ₹307.16 lakhs will be transfered during FY 2018-19. The balance amount lying in Escrow account as on 31.03.2018 is ₹11842.84 lakhs.

16 Land proposed to be leased to Bangalore Metropolitan Transport Corporation, BMTC (which has not been revalued), measuring 12.15 acres is in possession of the BMTC. Pending Government of India approval for the lease, lease terms and agreement yet to be finalised. Lease rental will be recognised on finalisation of the terms. An amount of ₹285 lakhs received earlier from the BMTC under an agreement to sell is held under deposits.

17 National Highways Authority of India (NHAI) has acquired 1.375 acres of land in 2007-08 for public purpose on a compensation of ₹146 lakhs, which is yet to be received pending submission of certain records by the unit. Proportionate cost of the acquired land aggregating ₹5.81 lakhs has been withdrawn from Freehold Land under fixed assets and held as Claims Recoverable. On receipt of the compensation from the NHAI, necessary accounting entries will be booked for recognising the profit on sale of land.

18 Karnataka Power Transmission Corporation Limited is using 5 Acres of Land (which has not been revalued) and no lease agreement has been entered for the same.

19 Lease agreement with ESIC has expired in the month of July 2016 and renewal lease agreement has not been entered, as the revised lease rent is not settled with ESIC.

20 Land Measuring 77 Acres valuing ₹194.70 Crores (Market value) have been resumed by the Govt of Kerala and under adjudication of the Apex Court. The value of Land as shown in the Balance Sheet includes the value of Land resumed by the Govt of Kerala pending decision by the Apex court.

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

₹ in Lakhs

	Particulars		2017-18	2016-17
21	Value of Imports on CIF basis			
	Raw Materials and Production Stores		18940.10	4416.22
	Components and Spare Parts		0.09	0.48
	Material in transit		3653.79	0.00
	Capital Goods		6521.79	2537.19
	TOTAL		29115.77	6953.89
22	Rent from C-DoT, Government of India aggregating ₹5847.90 lakhs has not been realised for the years 2005-06 to 2010-11. Due to uncertainty of realisation, recognition of gross rental revenue aggregating ₹7117.92 lakhs for the financial years 2011-12,2012-13,2013-14,2014-15,2015-16, 2016-17 & 2017-18 on accrual basis is deferred, which is in conformity with Ind AS-18.			
23	Liquidated Damages (LD) of ₹1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi.			
24	Performance Indicators - Ratios			
	- Sales to Total Assets Sales incl. ED and excluding GST/ Total Assets (Net Fixed Assets +Investments + Gross Current Assets)	Times	0.24	0.29
	- Operating Profit to Capital employed Profit before tax / (Share holders' funds + Loan funds)	[%]	0.17	-ve
	- Return on Net Worth (Profit after tax / Share holders' funds)	[%]	0.17	-ve
	- Profit to Sales (Profit before tax to sales incl. ED & Service Tax)	[%]	0.03	-ve
25	Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification.			
26	Figures in brackets indicated in the Accounts reflect negative balances.			

As per our report of even date
For M/S Sankaran & Krishnan
Chartered Accountants
Firm Reg No.: 003582S

For & On Behalf of Board of Directors

V. V. Krishnamurthy	**S. SHANMUGA PRIYA**	**CHITTARANJAN PRADHAN**	**S. GOPU**
Partner	Company Secretary	Director-Finance	Chairman and Managing Director
M. No. 027044			

Place : Bangalore
Date : 19.05.2018

32 Related Party Disclosures

a. Associate/Joint Venture

Name of the entity	Place of Business	Ownership interest held by the company			Ownership interest held by the non controlling interests			Principal Activities
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
INDIA SATCOM LIMITED	India	49.00%	49.00%	49.00%	51.00%	51.00%	51.00%	VSAT Manufaturing & Servicing

b. Key Management Personnel's Details

Name of Key Management Personnel's	2017-18	2016-17
Shri Gopu-Designate CMD & Director (HR) -Salary & perquisites	14.03	13.34
Shri P K Gupta -Ex CMD & Director (Marketing)-Salary & Perquisites	0.00	16.61
Smt Dr. Janaki Ananthakrishnan-Director (Finance)-Salary & Perquisites**	18.26	26.48
Shri Alagesan K -Director (Production)-Salary & Perquisites	14.41	13.72
Shri. Malathy CFO - Salary and Perquisites	3.53	0.00

*** Part of the year*

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) : -

Particulars	Associate/ Joint Venture
	SATCOM LIMITED
Purchase of Goods	Nil
Sale of Goods	
Rendering Services	
Services Received	
Rent Received (Lease)	
Interest Income	
Dividend Income on Investments	
Loan Outstanding (including Interest) as on 31.03.2018	
Trade Payables Outstanding as on 31.03.2018	
Trade Receivables Outstanding as on 31.03.2018	
Investment in Equity as on 31.03.2018	40.55 lakhs(40.55L)
Advances for Purchase Outstanding as on 31.03.2018	Nil

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances(other than loan) are Unsecured and is repayable in cash within next 6 months. For Outstanding balance of loans refer note h below.

h. Loans to Related Parties

Nil

i. Management Contracts including deputation of Employees:-

Nil

j. Transaction with Government and Government Related Entities :-

As ITI is a government entity under the control of Ministry of Telecommunications (MoT), the company has provided detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions : -

1. Buyback of Shares.
2. Bonus Issued.
3. Dividend Paid.

In addition to the above, around 89.72% of the Company's Turnover, around 98.67% of Trade Receivables and around 99.95% of Customer's Advance is with respect to government and government related entities.

33 Financial Instruments - Fair Value Measurements

1 Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities:

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
I	**Financial Assets measured at fair value**									
	Non Current Assets - Loans			18			26			23
	Trade Receivables			3,12,374			2,19,595			2,74,317
	Cash and Cash Equivalents			4,126			2,440			4,995
	Bank Balances Other Than above			28,349			14,191			7,124
	Current Assets- Loans			38,548			33,348			25,882
	Sub Total	**-**	**-**	**3,83,414**	**-**	**-**	**2,69,601**	**-**	**-**	**3,12,342**
II	**Financial Assets not measured at fair value**									
	Investments			41			41			41
	Trade Receivables		-	588				-	-	
	Unbilled Revenue			19,344			3,667			2,129
	Sub Total	**-**	**-**	**19,972**	**-**	**-**	**3,707**	**-**	**-**	**2,170**
III	**Total**	**-**	**-**	**4,03,386**	**-**	**-**	**2,73,308**	**-**	**-**	**3,14,511**

Note: Also, investment in Associate (SATCOM Limited) has been accounted at Cost in line with option available under Ind AS 101.

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
I	**Financial Liabilities measured at fair value**									
	Borrowings			92,632			87,917			83,891
	Trade Payables			2,26,165			1,97,600			2,10,533
	Others			84,229			73,803			82,128
	Total	**-**	**-**	**4,03,027**	**-**	**-**	**3,59,320**	**-**	**-**	**3,76,552**
II	**Financial Liabilities not measured at fair value**									
	Borrowings	-	-	30,000	-	-	30,000	-	-	30,000
	Total	**-**	**-**	**30,000**	**-**	**-**	**30,000**	**-**	**-**	**30,000**
III	**GRAND TOTAL**	**-**	**-**	**4,33,027**	**-**	**-**	**3,89,320**	**-**	**-**	**4,06,552**

2 Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below:

	Particulars	As at 31 March 2018			As at 31 March 2017			As at 1 April 2016		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I	**Financial Assets and Liabilities measured at Fair value – recurring fair value measurements**									
A	Financial Assets									
i	Financial Investments at FVPL	-	-	-	-	-	-	-	-	-
ii	Financial Investments at FVOCI - Unquoted	-	-	-	-	-	-	-	-	-
II	**Financial Assets and Liabilities which are measured at Amortised Cost**	No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.								

Level 1: Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2: The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

The fair value of the Company's cash and cash eqivalents, trade receivables,deposits with maturity of 3 to 12 months,loans(except for Security Deposits) and other financial assets,trade payables and other financial liabilities (except employee related liabilities) approximates carrying amount because of the short term nature of theses instruments. The Company's cash eqivalents are comprised of cash deposited in certificate of deposits with short term maturities.

Loans to related parties,security deposits, employee related liabilities and borrowings have fair values that approximates to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms,credt risk and remaining maturities.

34 Financial Risk Management

The Company's business, operating results and financials are subject to various risks and uncertainities.The Company's principal financial liabilities comprise Loans and borrowings, trade and other payables and financial guarantees.The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support these operations.The Company's principle assets include loans, trade and other receivabes,and cash and cash equivalents that arise directly from its operations.

i. Risk Management framework and policies

"The Company is broadly exposed to Credit risk, Liquidity risk and Market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.The Company has adopted a Risk Management framework,which covers risk management techniques at the time of conceiving or executing the projects.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies.The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

ii. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices such as foreign exchange rates, interest rates, and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

ITI is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases made in foreign currencies such as US Dollar, Euro,etc,. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 100% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the bankers. The imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required. As on 31 March 2018, there are no outstanding forwards contracts. The company has not entered into any forward contracts during the financial year 2017-18.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016
	USD	EUR	USD	EUR	USD
Trade Payable	50,907.60	7,860.55	52,741.60	1,103.02	52,137.52
Trade Receivable	-	-	-	-	-
Net Exposure	50,907.60	7,860.55	52,741.60	1,103.02	52,137.52

Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below . This analysis assumes that all other variables remain constant.

	Impact on Profit	
	31.03.2018	31.03.2017
USD – Increase by 5%	(1,67,689.63)	(1,71,001.44)
USD – Decrease by 5%	1,67,689.63	1,71,001.44
EURO – Increase by 5%	(2,06,888.49)	(4,127.50)
EURO – Decrease by 5%	2,06,888.49	4,127.50

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates. The Company's exposure to the risk of changes in Market interest rates relates primarily to the Company's long term debt/ short term obligations with floating interest rates.

Equity Price Risk

The company's exposure to equity price risk is negligible as its equity investment (other than in subsidiaries and Associate) is nil.

Liquidity Risk

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undisclosed cash flows.

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total
Government Loan		6,000	12,000	12,000	30,000
Borrowings	92,632				92,632
Trade Payables	2,26,165				2,26,165
Current Maturities of Long Term Debts					-
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	12,006	211	422	1,181	13,821

As at 31 March 2017					
Particulars	**Less than 1 year**	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**	**Total**
Government Loan			12,000	18,000	30,000
Borrowings	87,917				87,917
Trade Payables	1,97,600				1,97,600
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	14,837		302	1,142	16,281

As at 1 April 2016					
Particulars	**Less than 1 year**	**1 year to 3 years**	**3 years to 5 years**	**More than 5 years**	Total
Government Loan			6,000	24,000	30,000
Borrowings	83,891				83,891
Trade Payables	2,10,533				2,10,533
Interest accrued and due on Trade Payables					-
Other Financial Liabilities	24,190		91	1,122	25,403

The company does not have any outstanding derivatives as on 31st March 2018.

iv. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial cases to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government/Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

"The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

v. Capital Management

The Company's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requiremnets of the financial covenants.

Debt / Equity Ratio:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Debt:			
Government Loan	30000	30000	30000
Cash Credit from SBI Consortium	92632	87917	83891
Preference Shares	30000	30000	30000
Total	**152632**	**147917**	**143891**
Shareholder's funds:			
- Share Capital	76000	56000	28800
- Other Eq;uity	-143397	-180858	-192510
Total Shareholder's funds	**-67397**	**-124858**	**-163710**
Debt / Equity Ratio	-	-	-

Current Ratio:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Debt:			
Current Assets	423212	290418	328405
Current liabilities	487447	395783	476158
Current Ratio=Current Assets / Current liabilities	**0.87**	**0.73**	**0.69**

35 Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current			
Inventories	15,589.59	14,228.63	10,383.02
Financial Assets			
Trade Receivables	3,12,373.83	2,19,595.42	2,74,317.10
Unbilled Revenue	19,343.85	3,666.58	2,129.26
Total current assets pledged as security	3,47,307.27	2,37,490.63	2,86,829.38
Non Current			
Property, Plant & Equipment	2,58,408.35	2,47,867.82	2,43,072.25
Capital Working Progress	**14,929.08**	**10,159.39**	**9,168.30**
Investment Property	3,559.20	2,770.80	2,771.57
Financial Assets			
Trade Receivables	588.02	-	-
Total Non current assets pledged as security	**2,77,484.65**	**2,60,798.01**	**2,55,012.12**
GRAND TOTAL	**6,24,791.92**	**4,98,288.64**	**5,41,841.50**

Refer Note No. 17 for the details of borrowings.

36 Critical estimates and judgments

While preparing the financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The estimates at April 01,2016 and at March 31,2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect the conditions at April 01,2016, the date of transition to Ind As and as of March 31,2017.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and Estimates that have a significant risk of resulting in a material adjustment are are as under:

i **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 27)**

ii **Estimation of provision for warranty claims - Accounting Policy No. 20**

Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iii **Recognition of Revenue -Accounting Policy No. 4**
Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

iv **Impairment of Non-Financial Assets - Accounting Policy No. 8**

Recoverable amount of Non Financial Assets has been estimated based on internal/external factors that affects the recoverable amount.

v **Estimation of provision other than warranty claims - Accounting Policy No. 23**

Provision computation involves estimation of recoverability of the assets based on external factoRs.If the estimations made varies, the same will impact the expense recognised.

37 First Time Adoption of Ind AS

Transition to Ind AS

As stated in Significant Accounting Policy No. 1, the financial statements for the year ended March 31,2018 is the Company's first financial statements prepared in accordance with Ind AS

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies attached to the financial statements have been applied in preparing the financial statements for the year ended 31st March 2018 and the comparative information. All applicable Ind AS have been applied consistently and retrospectively, wherever required. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2016 as the transition date from the previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date i.e., April 1,2016.

A Ind AS optional exemptions

Property plant and equipment, Intangible assets and Investment Property-Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind AS, and use that as its deemed cost on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets and investment property.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments (other than equity investments in Subsidiaries, Associates and Joint Ventures) at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to designate its investment in equity instruments (other than equity investments in Subsidiaries, Associates and Joint Ventures) at FVOCI on the date of transition to Ind AS.

Investments in Subsidiaries and Associates

Ind AS 101 permits an entity to measure its investments in Subsidiaries, Associate and Joint Ventures at cost in accordance with Ind AS 27 (Separate Financial Statements). Accordingly, the Company has measured investments in subsidiaries at cost.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption.

Decommissioning Liabilities included in the cost of Property, Plant and equipment

As per Ind AS 101 a first time adopter need not comply with the requirements regarding changes in the decommissioning, restoration or similar liabilities as specified under Appendix A to Ind AS 16(Changes in Existing Decommissioning, Restoration and Similar Liabilities) for changes that occurred before the transition date.

The company has availed this exemption.

B Ind AS mandatory exceptions

De-recognition of financial assets and financial liabilities

As per Ind AS 101 a first time adopter shall apply the de-recognition principles requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS . However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and liabilities recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

As per Ind AS 101 an entity has to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition i.e., April 1, 2016.

Accordingly, ITI has determined the classification of Financial assets based on facts and circumstances existing at the date of transition to Ind AS.

II Reconciliation between Previous GAAP and Ind AS

A Reconciliation of Equity

Previous GAAP (IGAAP) figures have been reclassified to conform to Ind AS and Schedule III presentation requirements.

I Reconciliation of Equity as at date of transition 1st April 2016 and 31st March 2017.

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
I. ASSETS							
(1) Non-current assets							
(a) Property, Plant & Equipment	1	2,45,844	-2,772	2,43,072	2,50,639	-2,771	2,47,868
(b) Capital work-in-progress		9,168	0	9,168	10,159	-	10,159
(c) Investment Property	1		2,772	2,772		2,771	2,771
(d) Intangible assets			-	-		-	-
(e) Financial Assets							
(i) Investments		41	-	41	41	-	41
(ii) Receivables	2	1,05,088	-1,05,088		25,072	-25,072	
(iii) Loans		23	-	23	26	-	26
TOTAL		**3,60,163**		**2,55,076**	**2,85,936**		**2,60,865**
(2) Current assets			-			-	
(a) Inventories		10,383	-	10,383	14,229	-	14,229
(b) Financial Assets			-			-	
(i) Trade receivables	2	1,71,359	1,02,958	2,74,317	1,98,190	21,405	2,19,595
(ii) Cash and cash equivalents		12,119	-	12,119	16,631	-	16,631
(iii) Loans	3	28,847	-2,965	25,882	35,714	-2,366	33,348
(iv) Unbilled Revenue	2		2,129	2,129		3,667	3,667

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
(c) Other current assets	3	609	2,965	3,575	583	2,366	2,948
TOTAL		**2,23,318**		**3,28,405**	**2,65,347**		**2,90,418**
GRAND TOTAL		**5,83,481**		**5,83,481**	**5,51,283**		**5,51,283**
II. EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	4	58,800	-30,000	28,800	86,000	-30,000	56,000
(b) Other Equity	5	38,919	-257	38,662	62,225	-12,289	49,935
TOTAL		**97,719**		**67,462**	**1,48,225**		**1,05,935**
Liabilities							
(1) Non-Current Liabilities							
(a) Government Grants	5		257	257		12,289	12,289
(b) Financial Liabilities							
(i) Borrowings		30,000	-	30,000	30,000	-	30,000
(ii) Trade payables	6	23,022	-23,022	-	31,025	-31,025	-
(iii) Others		1,213	-	1,213	1,444	-0	1,444
(c) Provisions		8,391	-	8,391	5,831	-0	5,831
TOTAL		**62,626**		**39,861**	**68,300**		**49,565**
(2) Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		83,891	-	83,891	87,917	-0	87,917
(ii) Trade payables	6	1,87,511	23,022	2,10,533	1,66,575	31,025	1,97,600
(iii) Others	7	1,27,543	-46,629	80,915	65,429	6,930	72,359
(b) Provisions		24,190	-0	24,190	14,837	-0	14,837
(c) Other current liabilities	7		76,629	76,629		23,070	23,070
TOTAL		**4,23,136**		**4,76,158**	**3,34,758**		**3,95,783**
GRAND TOTAL		**5,83,481**		**5,83,481**	**5,51,283**		**5,51,283**

* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

B Reconciliation of total comprehensive income for the year ending 31st March 2017.

	Particulars	Note No.	IGAAP	Effect on transition to Ind AS	Ind AS
I	**Income**				
II	I. Revenue from operations	8	1,52,812	2,002	154813.63
III	II. Other Income	9	37,587	16,471	54,058
	Total		**1,90,399**		**2,08,872**
IV	**Expenses**			-	
a	Cost of materials consumed		9,258	-0	9,258
b	Purchase of Stock-in-Trade		51,219	-	51,219
c	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-1,762	-	-1,762
d	Installation & Maintenance Charges		64,208	-	64,208
e	Employee benefit expense	10	26,214	3,873	30,087
f	Finance costs		15,262	-	15,262
g	Depreciation and amortization expense		1,694	-	1,694
h	Other expenses	8	10,265	2,002	12267.09
i	IV(A) Prior period adjustments(Net)	11	24	-24	-
	Total		**1,76,381**		**1,82,233**
V	Extraordinary Items	9	16,471	-16,471	-
VI	**Profit / (Loss) = Income - Expenses**		30,488		26,639
VII	Other Comprehensive Income	10	-	3,873	3,873
VIII	Total Comprehensive Income	11	30,488	24	30,512

C Impact of Ind AS adoption on Cash Flow Statement for the year ended 31st March, 2016
No Impact with respect of transition into Ind AS

D Reconciliation of total equity

Particulars	Note No.	As at 1st April, 2016			As at 31st March, 2017		
		IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
Equity							
(a) Equity Share Capital	4	58,800	-30,000	28,800	86,000	-30,000	56,000
(b) Other Equity	5	38,919	-257	38,662	62,225	-12,289	49,935
TOTAL		**97,719**		**67,462**	**1,48,225**		**1,05,935**

E Notes to first time adoption

1 Property, Plant and equipment & Investment Property

As required under Ind AS 40 on Investment Property, Land and building that are rented out have been reclassified as Investment property. In the previous GAAP these were classified as Property Plant and Equipment. Accordingly the carrying value of `2771.57 lakhs has been reclassified as Investment property as on 1st April 2016. There is no impact on the total equity on account of this adjustment.

2 Trade Receivables

Trade receivables are financial assets and generally of short term nature. They reflect the fair value themselves at their transaction price. As per Ind AS 109, the receivables in the Company should be put to impairment test using the expected credit loss model. Ind AS 109 allows the use of practical expedients when measuring expected credit loss on trade receivables, and states that a provision matrix is an example of such an expedient. Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case review and approved by Board.

3 Non-Financial Assets

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

The following statutory payments has been classified as Non-Financial Assets and grouped under Other Current Assets:

Particulars	Amount in Lakhs	
	As at 01.04.2016	As at 31.03.2017
Deposits with Excise Authorities	2,501.78	2,271.87
Deposits with Customs Authorities	7.10	65.42
Payment of Advance taxes(TDS receivable)	456.27	28.41
Total	**2,965.15**	**2,365.70**

4 Preference Share Capital

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

5 Government Grants

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

6 Trade Payables

Trade payables are financial liability and initially measured at fair value which is equivalent to its transaction price. Generally, they are of short term nature and in some cases where there are back to back contractual arrangements with Customers and Suppliers, such items are also classified under trade payables.

7 Non-Financial Liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Particulars	Amount in Lakhs	
	As at 01.04.2016	As at 31.03.2017
Duties & Taxes	836.06	752.80
Advance from Customers	75,792.60	22,317.42
Total	**76,628.66**	**23,070.22**

8 Excise Duty

Under previous GAAP revenue from sale of products was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented in statement of Profit and Loss as an expense . This change has resulted in an increase in revenue from operations and expenses for the year ended 2016-17 by `2002 lakhs . This change in presentation has no impact on profit.

9 Extraordinary items

According to Ind AS 1 Presentation of Financial Statements, Concept of Extraordinary items has been removed in the Financial Statements. Hence the same grouped under other Income.

10 Remeasurement of Post employment benefit obligations and Planned Assets

Under Ind AS remeasurement of Employee benefit obligations and planned assets i.e., actuarial gains and losses are recognised in Other comprehensive income (OCI). Under previous GAAP these were recognised in Statement of profit and loss. Consequently an amount of `3873 lakhs (before tax) has been reclassified from Employee benefit expenses to Other Comprehensive income during FY 2016-17. However, this has no impact on profit on 31st March 2017.

11 Prior period error and omissions

As required under Ind AS, if errors and omissions relating to prior period are material they have to adjusted by restating the Opening balances of Assets, Liabilities and equity for the earliest prior period presented. Accordingly prior period income/ expense of ` 23.67 lakhs reported for the year 2016-17 has been adjusted against Opening reserves as on 1st April 2016

12 Retained Earnings

Retained Earning as on 1st April 2016 and as on 31st March 2017 has been adjusted consequent to above adjustments.

37 First Time Adoption of Ind AS

The Company is preparing the Consolidated Financial Statements including Joint Venture(M/s India Satcom Limited) for the first time(FY 2017-18) as the Financial Statements(FYs' 2014-15, 2015-16 & 2016-17) of the said joint venture were not available on or before adoption of financial statements in the board meeting of ITI of respective yeaRs.So, the IGAAP figures of Consolidated financial statements for the purpose of reconciliation with Ind AS figures are not available. Hence First time adoption of Ind AS along with reconciliation of total equity has not been prepared.

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 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 30thSeptember 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 ventureviz., INDIA SATCOM LIMITED of Rs 3767.37 lakhs as “Investment under Equity Method” and includesits 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 frompremises 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
Firm Registration No: 03582S

V. V. Krishnamurthy
Partner
Membership No: 027044

Place : Bangalore
Date : May 19, 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
Firm Registration No: 03582S

V. V. Krishnamurthy
Partner
Membership No: 027044

Place : Bangalore
Date : May 19, 2018

Comments of the comptroller and Auditor General of India under Section 143(6)(B) of the Companies Act, 2013 on the Financial Statements of ITI Limited, New Delhi for the year ended 31 March 2018

The preparation of financial statements of ITI Limited for the year ended 31st March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5)of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19th May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section143(6) (a) of the Act of the financial statements of ITI Limited for the year ended 31st March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

Place : Delhi
Date : 07.08.18

For and on the behalf of the
Comptroller and Auditor General of India
Director General of Audit (P&T)

Comments of the Comptroller and Auditor General of India under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements of ITI Limited for the year ended 31 March, 2018

The preparation of consolidated financial statements of ITI Limited for the year ended 31st March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19th May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6) (a) read with Section 129(4) of the Act of the consolidated financial statements of ITI Limited for the year ended 31st March 2018. We conducted the supplementary audit of financial statements of India Satcom Limited (jointly controlled entities) for the year ended on that date. Further, section 139(5) and 143(6)(b) of the Act are not applicable to India Satcom Limited under respective laws for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination ofsome of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller and Auditor General of India
(P K Tiwari)
Director General of Audit (P&T)

Place : Delhi
Date : 01.08.18

ATTENDANCE SLIP

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

I hereby record my presence at the 68th Annual General Meeting held on Wednesday, the 26th September, 2018 at 11.30 a.m at ITI Officers Club – New Wing (First Floor of Shakthi Bakery Building), ITI Township, Doorvani Nagar, Bengaluru – 560 016

Name of Member	:
Name of Proxy (to be filled if Proxy form has been deposited with the company)	:
Folio No. / Client ID No.	:
No. of Shares	:
Address	:

Member's / Proxy's Signature

PROXY FORM

Form No MGT- 11

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

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

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

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

1. Name : _____
   Address : _____
   Email_id : _____
   Signature: _____, or failing him

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

3. Name : _____
   Address : _____
   Email_id : _____
   Signature: _____

as my/our proxy to vote for me /us and on my/our behalf at the 68th Annual General Meeting of the Company to be held on Wednesday, the 26th September 2018 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No	Resolution(s)
1	Adoption of the audited financial statements for the year ended 31.03.2018 and the Reports of the Board of Directors and Auditors thereon
2	Re-appointment of Shri R M Agarwal, Director who retires by rotation
3	Re-appointment Shri K Alagesan, Director who retires by rotation
4	Fixation of remuneration of Statutory and Branch Auditor
5	Appointment of Shri Chittaranjan Pradhan as Director
6	Appointment of Shri Suresh Chandra Panda as Independent Director
7	Appointment of Dr. Akhilesh Dube as Independent Director
8	Appointment of Shri Mayank Gupta as Independent Director
9	Appointment of Shri Rajen Vidyarthi as Independent Director
10	Appointment of Shri Rajesh Sharma as Government Nominee Director
11	Ratification of remuneration payable to the Cost Auditors

Signed this _____ day of _____ 2018.

Signature of shareholder (s): _____

Signature of Proxy holder (s): _____

Affix
1 Rupee
Revenue
Stamp

Notes:

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

Date: 10th September 2018

To,
The Board of Directors
ITI Limited
ITI Bhavan, Doorvaninagar,
Bengaluru – 560 016

Dear Sirs,

Sub: Proposing the name of Shri K R Shanmugam as Independent Director of ITI Limited

Pursuant to Section 160 of the Companies Act, 2013, **I, Radhakrishnan P,** a shareholder of your Company **(Folio No.: R000766)** propose the name of Shri K R Shanmugam as Independent Director of the Company for consideration at the forthcoming Annual General Meeting of the Company scheduled to be held on 26th September 2018.

Yours Faithfully,

Name: Radhakrishnan P
Address: C-148, ITI Colony
Doorvani Nagar
Bangalore - 560016

FOR KIND ATTENTION OF MEMBERS

The Company had received notices in writing from a member, proposing the name of Shri K R Shanmugam (DIN - 08211253) as a candidate for the office of Independent Director of the Company for consideration at the ensuing Annual General Meeting (AGM). As required under the provisions of the Companies Act 2013, the Company had published a notice in newspaper on 14th September 2018 informing the members about the same. The said notice is also hosted on the website of the Company www.itiltd-india.com. Accordingly, in addition to the 11 items mentioned in the AGM notice, the following one item is proposed for consideration by the members.

Item no. 12: To appoint Shri K R Shanmugam (DIN - 08211253) as Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Section 152 and 161(1) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Shri K R Shanmugam (DIN - 08211253) who was appointed as an Additional Director by the Board of Directors with effect from 30.08.2018 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Independent Director of the Company , not liable to retire by rotation."

A brief resume of Shri K R Shanmugam (DIN: 08211253) is given below:

Shri K R Shanmugam, aged 58 years, is a post graduate in Economics from Bharathiar University. Shri K R Shanmugam also holds a Doctorate in the field of Ecnomitrics from University of Madras. Currently, Shri K R Shanmugam is the Director of Madras School of Economics. Shri K R Shanmugam has more than 23 years of teaching experience.

Shri K R Shanmugam was appointed as Independent Director of the Company with effect from 30th August 2018. Shri K R Shanmugfam is neither on the Board of any other Company nor in any Committees. Shri K R Shanmugam is not related to any of the Directors and Key Managerial Persons on the Company.

Shri K R Shanmugam is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. None of the Directors/ Key Managerial Personnel of the Company except Shri K R Shanmugam is interested or concerned in the resolution.