

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



आईटीआई लिमिटेड

पंजीकृत एवं निगमित कार्यालय
आईटीआई भवन, दूरवाणीनगर,
बेंगलूरु - 560 016 भारत
फोन : +91 (80) 2561 4466
फैक्स : +91 (80) 2561 7525
वेबसाइट : www.itiltld-india.com
सी आई एन : L32202KA1950Gol000640

ITI LIMITED

Registered & Corporate Office
ITI Bhavan, Dooravaninagar,
Bengaluru - 560 016, India
Phone : +91 (80) 2561 4466
Fax : +91 (80) 2561 7525
Website : www.itiltld-india.com
CIN : L32202KA1950Gol000640

Ref: K/NSE & BSE/ 2017
Date: 28.05.2017

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

The Manager
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
MUMBAI – 400 051

Dear Sir,

Sub: Audited Financial results for the year ended 31.03.2017

We are enclosing herewith

1. Audited financial results for the quarter and year ended 31.03.2017
2. Statement of the Assets and liabilities for half year ended 31.03.2017
3. Auditors report
4. Statement of Impact of Audit qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial results

Please note that the same has been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 28th May 2017 between 12.10 Noon to 5:20 PM

This is for your kind information and record please.

Thanking you,

Yours faithfully
For ITI LIMITED

(S. Shanmuga Priya)
Company Secretary



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

Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March 2017

Part I					
in Lakhs except Per share data					
Particulars	Quarter Ended			Year Ended	Year Ended
	31/03/2017	31/12/2016	31/03/2016	31/03/2017	31/03/2016
	Unaudited	Unaudited	Unaudited	Audited	Audited
1. Revenue from Operations	70,013	22,125	47,584	152,812	119,045
2. Other Income	17,192	(119)	30,630	37,587	48,447
3. Total Revenue	87,205	22,006	78,214	190,399	167,492
4. Expenses					
(a) Cost of Materials Consumed & Services	31,052	13,721	18,168	73,466	35,939
(b) Purchase of stock-in-trade	26,780	2,793	22,908	51,219	62,825
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,767)	37	(606)	(1,762)	44
(d) Employee benefits expense	5,206	6,431	8,335	26,214	31,513
(e) Finance costs	4,390	3,497	3,899	15,262	15,715
(f) Depreciation and amortisation expense	654	333	153	1,694	1,290
(g) Other expenses	5,691	1,634	1,299	10,265	5,961
Total Expenses	72,006	28,446	54,156	176,358	153,287
5. Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (3 - 4)	15,199	(6,440)	24,058	14,041	14,205
6. Prior period Items	100	(124)	(336)	(24)	(336)
7. Profit / (Loss) before exceptional, extraordinary items and tax (5 + 6)	15,299	(6,564)	23,722	14,017	13,869
8. Exceptional Items	-	-	-	-	-
9. Profit / (Loss) before extraordinary items and tax (7 + 8)	15,299	(6,564)	23,722	14,017	13,869
10. Extraordinary items	1,571	-	-	16,471	11,250
11. Profit / (Loss) before tax (9 + 10)	16,870	(6,564)	23,722	30,488	25,119
12. Tax Expense:					
(1) Current Tax	-	-	-	-	-
(2) Deferred Tax	-	-	-	-	-
13. Profit / (Loss) after tax (11 - 12)	16,870	(6,564)	23,722	30,488	25,119
14.i Earnings Per Share (before extraordinary items and prior period Items) (of ` 10/- each):					
(a) Basic	2.79	(1.48)	8.11	2.76	3.98
(b) Diluted	2.79	(1.48)	8.11	2.76	3.98
14.ii Earnings Per Share (after extraordinary items and prior period Items) (of ` 10/- each):					
(a) Basic	3.11	(1.51)	8.00	6.77	7.77
(b) Diluted	3.11	(1.51)	8.00	6.77	7.77
See accompanying note to the Financial Results					



**NOTES:**

- 1 The above financial results for the quarter and year ended 31.03.2017 were reviewed by the Audit Committee and upon its recommendations were approved by the Board of Directors at their meeting held on 28.05.2017
- 2 Previous year/ Quarter figures have been regrouped/restated wherever necessary.
- 3 The Company has primarily engaged in business of manufacturing, trading and servicing of telecommunication equipments and rendering other associated / ancillary services and there are no other reportable segments as per Accounting Standard (AS) 17.
- 4 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 as Capital Grant (Share Capital) during the financial year 2014-15, ` 494.02 crores as Revenue Grant towards employee benefit expense and employee related statutory dues during the financial year 2015-16 and further ` 360.71 crores received during financial year 2016-17. The said Revenue Grant in Aid has been accounted under Other Income and Extra-ordinary Income as per the Accounting Policy adopted by the Company.
- 5 The Statutory Auditors have expressed a qualified opinion on the financial statements for the year ended 31.03.2017
- 6 Figures for the quarter ended March 31, 2017 and March 31, 2016 are the derived figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter (as regrouped/re-arranged) of the relevant financial year.
- 7 Other Income for the year ended March 31, 2017 includes a sum of ` 196 crores (PY ` 382 crores) received as revenue grant in aid from DoT towards employee benefit expense and employee related statutory dues and a sum of ` 33 crores transferred from Revenue Grant in Aid A/c towards VRS payments made during the year. Further, Other Income includes a sum of ` 116 crores, Palakkad Unit Rs. 97 crs and Rs. 19 crs of Corporate Office (PY ` 58 crores) account of write back / reversal of excess liability.
- 8 Extraordinary item represents grants received from Department of Telecommunications as a compensation for the expenses incurred in the earlier accounting periods towards employee benefit expense and employee related statutory liabilities.
- 9 During the year, a sum of ` 155 crores has been received as Revenue Grant in Aid towards Voluntary Retirement Scheme (VRS). A sum of ` 33.72 crores has been incurred during the year towards the VRS which has been included as a part of Employee Benefit Expense. As per the Accounting Policy of the Company, the said amount has been released from Revenue Grant in Aid Account and recognised as Other Income.
- 10 In the absence of financial statements of Joint Venture Company, India Satcom Limited for the year ended March 31, 2017, consolidated financial statements of the Company could not be prepared.
- 11 The above results are available at www.ititd-india.com and website of stock exchanges at www.bseindia.com and nseindia.com

Particulars	Quarter ended (31/03/2017)
INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	NIL
Received during the quarter	1
Disposed of during the quarter	NIL
Remaining unresolved at the end of the quarter	1

* Complaint was resolved on 2nd April 2017.

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

R. Jayasankar
R. Jayasankar
Partner
M. NO. 026298
Place: New Delhi
Date : 28.05.2017

For ITI LIMITED

Dr. Janaki Ananthakrishnan
Dr. Janaki Ananthakrishnan
Director Finance/Chief Financial Officer





Standalone Statement of Assets and Liabilities

in Lakhs

S No	Particulars	As at 31/03/2017	As at 31/03/2016
		Audited	Audited
A	EQUITY AND LIABILITIES		
1	Shareholders' funds	86,000	58,800
	(a) Share capital	62,225	19,719
	(b) Reserves and surplus		
	Sub-Total - Shareholders' funds	148,225	78,519
2	Share application money pending allotment	-	19,200
3	Non-current liabilities		
	(a) Long-term borrowings	30,000	30,000
	(b) Trade payables		
	(i) Dues of Micro and Small Enterprises	-	-
	(ii) Dues of Others	31,025	23,022
	(c) Other long-term liabilities	1,444	1,213
	(d) Long-term provisions	5,831	8,391
	Sub-total - Non-current liabilities	68,300	62,626
4	Current liabilities		
	(a) Short-term borrowings	87,917	83,892
	(b) Trade payables		
	(i) Dues of Micro and Small Enterprises	8	14
	(ii) Dues of Others	166,567	187,497
	(c) Other current liabilities	65,429	127,543
	(d) Short-term provisions	14,837	24,190
	Sub-total - Current liabilities	334,758	423,136
	TOTAL - EQUITY AND LIABILITIES	551,283	583,481
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets		
	(i) Tangible Assets	250,639	245,844
	(ii) Intangible Assets	-	-
	(iii) Capital Work in Progress	10,159	9,168
	(iv) Intangible Assets under Development	-	-
	(b) Non Current Investments	41	41
	(c) Deferred Tax Assets(Net)	-	-
	(d) Long term Loans and Advances	26	23
	(e) Long term Trade Receivables	25,072	105,088
	Sub-total - Non-current assets	285,937	360,164
2	Current assets		
	(a) Current investments	-	-
	(b) Inventories	14,228	10,383
	(c) Trade receivables	198,190	171,359
	(d) Cash and cash equivalents	16,631	12,119
	(e) Short-term loans and advances	35,714	28,847
	(f) Other current assets	583	609
	Sub-total - Current assets	265,346	223,317
	TOTAL - ASSETS	551,283	583,481

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

For ITI LIMITED

R. Jayasankar
R.JAYASANKAR
Partner
M. NO. 026298
Place: New Delhi
Date : 28.05.2017

Dr. Janaki Ananthakrishnan
Dr. Janaki Ananthakrishnan
Director Finance/Chief Financial Officer



Independent Auditor's Report

To the members of ITI limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ITI Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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



Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

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

Basis of Qualified Opinion

Qualifications not quantifiable

- (a) *In view of Company's own production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold /disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non-moving and obsolete*

inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements. Aggregate Inventories as at March 31, 2017 were Rs. 17708.46 lakhs against which provision of Rs. 3479.82 lakhs has been made towards non-moving and obsolescence.

- (b) The Company does not have an adequate mechanism in place to review the balances in trade receivables and in our opinion, there is a need for systematic age wise segregation and analysis including timely adjustment of advances received from customers. In the absence of such reviews and systematic age-wise analysis, we are unable to comment on the adequacy of provision held for doubtful debts and also on the shortfall, if any, on the amount that would be ultimately realizable from the customers. Total Trade Receivables as on March 31, 2017 were Rs.227913.64 lakhs against which a sum of Rs. 4651.61 lakhs has been provided for doubtful debts.
- (c) 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 31.03.2016 have expressed their inability to comment on the going concern concept adopted by the said JV.
- (d) Pending approval from the Government of India on the finalization of the lease terms & agreement, rental income on the land leased out to the Bangalore Metropolitan Transport Corporation (BMTC)(to an extent of the 12.15 acres proposed to be leased out to BMTC is already in the possession of BMTC, further based on the information furnished to us, BMTC additionally occupies 1.85 acres), has not been recognised as income. A sum of Rs 285.00 lakhs received earlier from the BMTC under an agreement to sell is held under deposits (Refer Note 40.17);
- (e) Non provisioning of interest payable on royalty due to C-DoT in lieu of arrears of rent from the same agency for the premises taken on lease from the Company which is being more than the royalty amount (Refer Note No. 40.23);
- (f) Adequacy of the provisions made towards interest and penalty, if any, leviable for non remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues including Provident Fund,

Employees State Insurance and Tax deducted at source as per the provisions of Income Tax Act, 1961 could not be ascertained;

- (g) Rental income on the land leased out to the Karnataka Power Transmission Corporation Limited (KPTC) (to an extent of the 5 acres proposed to be leased out to KPTC is already in the possession of KPTC), has not been recognised as income pending finalisation of lease agreement. (Refer Note No. 40.19)*
- (h) No impairment assessment has been carried out by the Company by reviewing the carrying amount of assets as at the Balance Sheet date as required by Accounting Standard 28 on 'Impairment of Assets' read with Significant Accounting Policy No. 16 of the Company and hence identification of impairment loss and provision thereof, if any, has not been made.*
- (i) Our comments on the non-maintenance of proper fixed assets register and no physical verification of fixed assets has been carried out by the Company in a few units as stated in para i(a) and i(b) in the annexure A to this Report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016.*
- (j) Refer Note No 3 on inventories under 'Significant Accounting Policies'. Raw materials, components and stores purchased for manufacturing/production activities are valued at lower of cost and net realisable value, after providing for obsolescence, if any. Cost is calculated on weighted average rate as at the end of the year. Total value of inventories at Naini Unit as at March 31, 2017 is Rs. 1258.12 lakhs. Statutory Auditors of the said unit have qualified their report stating that they were unable to comment whether inventories were valued as per the principles laid out in Accounting Standard 2 on "Valuation of Inventories" read with the Company's Accounting Policy as detailed workings were not made available to them for verification.*
- (k) The Statutory Auditors of the Mankapur Unit have qualified their report stating that sufficient and appropriate audit evidence were not provided with respect to opening and closing balances of bank accounts, trade receivables, claims recoverable, loans and advances, inventories, materials with fabricators, sub-contractors/others, material in transit, deposits, loans and other payables/receivables. Auditors have further stated that opening balances may not be free from misstatement and may have impact on current year financial statements.*
- (l) Age wise classification of Short term loans and Advances amounting to Rs 1277.10 lakhs , which are classified as 'Considered Good' is not available at the Naini unit so the Statutory Auditors of*

the said unit were unable to comment on the old outstanding of Such advances and their provisioning in the books of accounts by the unit.

Our opinion is modified in respect of these matters.

Qualifications quantifiable

- (a) Non provision of Rs. 8853.64 lakhs towards claims doubtful of recovery comprising of
- (i) rent receivable of Rs 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011 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.40.23);
 - (ii) Liquidated Damages (LD) of Rs 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi. However in the absence of adequate information to support that the claims are sustainable, we are unable to comment on the carrying value of this claim and the shortfall, if any, on the amount that would be ultimately realized by the Company;
 - (iii) LD claimed by Mankapur Unit from MTNL Delhi and MTNL Mumbai for Rs. 183.23 lakhs and Rs. 82.90 lakhs respectively;
 - (iv) Amount recoverable to an extent of Rs. 1690.20 lakhs from HCL Info Systems Limited by Mankapur Unit towards conditional reimbursement as per the agreement between Company and HCL Info Systems Limited.

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 2017 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) Cumulative Redeemable Preference Shares amounting to Rs 30000.00 lakhs overdue for redemption continued to be shown under Share Capital since the redemption is part of the BIFR package envisaged for the Company (Refer Note No. 1);
- (b) Formal conveyance/lease deeds in respect of lands, excepting part of lands at Bangalore and Mankapur, are yet to be executed by the respective State Governments (Refer Note No. 13);
- (c) Necessary accounting adjustments for acquisition of 1.375 acres of land by the National Highway Authority of India (NHAI) for public purposes to be made on receipt of compensation, with proportionate cost of the acquired land having been withdrawn from the fixed assets and held as claims recoverable (Refer Note No. 40.18);
- (d) Balances in the accounts of trade payables, advances from customers, trade receivables, claims recoverable, loans & advances, materials with fabricators, sub contractors/others, material in transit, deposits, loans and other payables/receivables such as Sales Tax, VAT, Excise Duty, CENVAT, Service Tax, TDS etc., being under confirmation/reconciliation. Adjustments, if any will be made on completion of such reconciliation /receipt of confirmation. (Refer Note 40.4);
- (e) Penalty of Rs. 2685 Lakhs for non payment of guarantee fee to the Government of India, having not been provided for, since the Ministry of Communications and IT has agreed in principle to waive the same as part of Company revival package (Refer Note No. 40.9);
- (f) 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. 40.16)
- (g) No lease agreement has been entered with ESIC for the additional land occupied by the Corporation to an extent of 229 sqmt. (Refer Note 40.20)
- (h) Land measuring 77 Acres have been resumed by the Govt of Kerala and is under adjudication of the Apex Court. The value of land as shown in the balance sheet includes the value of land resumed by the Govt Of Kerala (Refer Note 40.21)

- (i) Validity of Claims recoverable from DoT towards loss incurred by Srinagar Unit. A sum of Rs. 344.00 lakhs and a sum of Rs. 223.49 lakhs is pending from DoT for the loss incurred by the said unit in FY 2015-16 and for FY 2016-17 respectively.
- (j) The Statutory Auditors of Rae Bareilly without qualifying their opinion have stated that On random checking of cash vouchers, payment of Rs. 0.86 lakhs was found unsupported. Possibility of more such vouchers could not be ruled out. Such payments prima-facie appears to be embezzlement which needs management attention.

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. 489545.54 Lakhs as at March 31, 2017, total revenues of Rs. 116454.88 Lakhs and Loss after tax of Rs. 9087.23 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 unaudited financial statements of certain Regional Offices whose financial statements reflect total assets of Rs. 49050.79 Lakhs as at March 31, 2017, total revenues of Rs. 18207.39 Lakhs and Profit after tax of Rs. 277.42 Lakhs for the year ended on that date. These unaudited financial statements of ROs have been certified by the Management and furnished to us and our report is based solely on such unaudited financial statements.*

Our opinion is not modified in respect of these 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". *Our Report expresses a disclaimer of opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; 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 40.12(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

- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. However, necessary information was not provided by Naini and Srinagar Units to the Statutory Auditors Concerned and no disclosure was made by the said units in its Financial Statements. However, Management has obtained necessary details and included the same in the Note No referred below. Disclosures pertaining to holdings as well as dealings in Specified Bank Notes by other units and regional offices are based on the report of the Other Auditors and certificate given by the management respectively. Refer Note 40.24 to the financial statements
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 Sundar Sridhar & Sridhar
Chartered Accountants
Firm Registration No: 004201S



R. Jayasankar
Partner
Membership No: 026298
Place: New Delhi
Date: May 28, 2017



Annexure - A to the Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, 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 *except for the assets located at Bangalore Plant, Bangalore NS Unit and Corporate Office where the records are to be updated in relation to location and adjust for revaluation and be reconciled with the Books of Account. In case of Rae Bareli Unit, on the basis of the Report of the other auditors, we report that the Fixed Assets Register was not provided for verification to the statutory auditors concerned.*
- (b) According to the information and explanations given to us and on the basis of the Report of the Other Auditors, *except for the fixed assets located at the Bangalore Plant (other than plant and machinery), Bangalore NS Unit, Rae Bareli, Palakkad Unit and Corporate Office,* fixed assets at all other locations have been physically verified by the management and no material discrepancies were noticed on such verification. *Pending physical verification of fixed assets at the above referred locations, discrepancies, if any, cannot be ascertained and accounted for. In case of Naini Unit, on the basis of the Report of the other auditors, we report that the physical verification certificate was not provided for verification to the statutory auditors concerned.*
- (c) *We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the units where we have audited are not made available to us and in the absence of the specific comment on the same by the other Auditors in their Report.*
- ii. According to the information and explanations given to us, inventories (excluding those with third parties) have been physically verified by the management at reasonable intervals *other than at*

- *Bangalore Plant where perpetual inventory system verification has been followed. However, documentation does not support the assessment of the reasonableness of the intervals of verification;*
- *NSU Unit &*
- *Raebareli Unit*

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. However, *at Bangalore Plant since documents supporting the comparison of physical stocks with book records are not made available, we are unable to comment on the discrepancies. Further In case of Naini Unit, on the basis of the Report of the other auditors, we report that the physical verification certificate was not provided for verification to the statutory auditors concerned.*

- 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, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and a sum of Rs 761.68 lakhs and Rs. 7681.27 lakhs and Rs 4327.65 lakhs and Rs. 721.49 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.1.23 lakhs pending as arrears towards Employees State Insurance pertaining to Bangalore NS Unit 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. We have been informed that Sales Tax & Service Tax liabilities on sales set up on provisional basis are not recognised & accounted. Statutory Auditors of Naini have qualified their Report with respect to non-provisioning of service tax liability on the payments made under works contract as a service receiver; hence provisions of Section 68 of the Finance Act, 1994 have not been complied with.
- (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.	Central Sales Tax, 1956	Sales Tax	97.72	2006-2007	High Court of Kerala
23.	Central Sales Tax, 1956	Sales Tax	0.88	2009-2010	Appeal at Tribunal, Palakkad
24.	Central Excise Act, 1944	Excise duty	91.65	2003-2004	Commissioner (Appeals), Kochi
25.	Central Excise Act, 1944	Excise duty	68.07	2001-2002	Commissioner (Appeals), Kochi
26.	Service Tax (Finance Act, 1994)	Service Tax	109.44	2010-2011	Commissioner of Central Excise, Calicut
27.	Central Excise Act, 1944	Provision for obsolescence	52.28	2011-2012	Commissioner of Central Excise, Calicut
28.	Service Tax (Finance Act, 1994)	Service Tax	140.34	2011-2012	Commissioner of Central Excise, Calicut
29.	Service Tax (Finance Act, 1994)	Denial of service Tax Credit on Input Services	161.27	2011-2012	Commissioner of Central Excise, Calicut

30.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.76	2012-2013	Commissioner of Central Excise, Calicut
31.	Service Tax (Finance Act, 1994)	CENVAT Credit on Manpower supply	2.69	2012-2013	Commissioner Calicut
32.	Sales Tax Act	Sales Tax	280.86	2000-2001 2001-2002 2003-2004 2005-2006	Trade Tax Tribunal, Lucknow
33.	Sales Tax & Entry Tax Act	Sales Tax	234.05	1998-1999 2000-2005 2006-2009	Additional Commissioner (TradeTax) Lucknow
34.	Sales Tax Act	Sales Tax	0.93	2000-2001	Dy. Commissioner (Trade Tax) RBL
35.	Sales Tax	Sales Tax	423.57	2009-2013	Additional Commissioner (TradeTax) Lucknow
36.	Karnataka Municipalities Act, 1964	Demand for higher rate of property tax	1360.90	2008-09 to 2015-16	High Court of Karnataka
37.	Karnataka VAT Act, 2003	Turnover Suppression	26.47	2013-14	Commercial Tax Officer, Thirpunithura
38.	Karnataka VAT Act, 2003	Turnover Suppression	48.92	2014-15	Appellate Assistant Commissioner, Commercial Taxes, Ernakulam
		Total	17623.71		

- viii. According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or Government.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us and based on the Report of the Other Auditors, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. Being a Government Company, paragraph 3(xi) of the Order with regard to Section 197 of the Companies Act, 2013 relating to Managerial Remuneration is not applicable to the Company in view of Notification No.G S R 463(E) dated June 05, 2015.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such related party transactions have been disclosed in the financial statements as required under Accounting standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Provisions of Section 42 and Section 62 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are not applicable to the Company as the Preferential Issue of Equity Shares is made in terms of the Rehabilitation Scheme approved by the Board of Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (Special Provisions) Act 1985.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with

directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

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



R. Jayasankar
Partner
Membership No: 026298
Place: New Delhi
Date: May 28, 2017



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 2017 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.

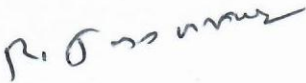
Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017

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, 2017

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



R. Jayasankar
Partner
Membership No: 026298
Place: New Delhi
Date: May 28, 2017

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 2016-17.

S.No.	Area	Auditor Comment
1.	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.	Refer para i(c) of Annexure A to Auditors' Report
2.	Whether there are any cases of waiver /write off of Debts/loans/Interest etc., if yes, the reasons therefore and the amount involved.	Nil
3.	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 Sundar Srini & Sridhar
Chartered Accountants
Firm Registration No: 004201S

R. Jayasankar

R. Jayasankar
Partner
Membership No: 026298
Place: New Delhi
Date: May 28, 2017

Compliance Certificate

We have conducted the audit of accounts of ITI Limited for the year ended 31.03.2017 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 Sundar Srini & Sridhar
Chartered Accountants
Firm Registration No: 004201S



R. Jayasankar
Partner
Membership No: 026298
Place: New Delhi
Date: May 28, 2017



ANNEXURE I

Statement Of Impact Of Audit Qualifications For The Financial Year Ended March 31st, 2017

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

(In Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Audited figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	1,90,399.00	1,90,399.00
2	Total Expenditure	1,76,358.00	1,85,252.19
3	Net Profit/(Loss)	30,488.00	21,593.81
4	Earnings per share	6.77	4.60
5	Total Assets	5,51,283.00	5,42,388.81
6	Total Liabilities	5,51,283.00	5,51,283.00
7	Net worth	(86,606.00)	(95,500.19)
8	Any other financial item(s) (as felt appropriate by the management)	NA	NA

Qualification No. 1

II	Audit Qualification
a.	Details of Audit Qualification In view of Company's own production activities having come down substantially and slow movement in the inventory, there is a need for systematic age wise segregation and analysis of the items comprised in the inventory to assess their usefulness/usability in the production & servicing activities, period over which they could be used as also whether the inventory items are capable of being sold /disposed off as standalone items. Pending such an exercise, we are unable to express an opinion as to the adequacy of the provision held towards non-moving and obsolete inventories and the eventual realizable amount in respect of the inventories, as also the possible effect on the financial statements. Aggregate Inventories as at March 31, 2017 were Rs. 17708.46 lakhs against which provision of Rs. 3479.82 lakhs have been made towards non-moving and obsolescence.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management's estimation on the impact – cannot be quantified (ii) Reasons – Inventory available has been reviewed and provision is made after a review by the technical committee for their usefulness in each unit. The

	existing provision is found to be adequate (iii) Auditors' comments – Refer to the comments made in the details of qualification
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Qualification No. 2

II	Audit Qualification
a.	Details of Audit Qualification The Company does not have an adequate mechanism in place to review the balances in trade receivables and in our opinion, there is a need for systematic age wise segregation and analysis including timely adjustment of advances received from customers. In the absence of such reviews and systematic age-wise analysis, we are unable to comment on the adequacy of provision held for doubtful debts and also on the shortfall, if any, on the amount that would be ultimately realizable from the customers. Total Trade Receivables as on March 31, 2017 were Rs. 227,913.64 lakhs against which a sum of Rs. 4651.61 lakhs has been provided for doubtful debts.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management's estimation on the impact – cannot be quantified (ii) Reasons – The company is making provision for doubtful debts after review on a case to case basis as per company's accounting policies and the existing provision is found to be adequate. Also efforts are being made to adjust the outstanding advances against the debtors. (iii) Auditors' comments – Refer to the comments made in the details of qualification

Qualification No. 3

II	Audit Qualification
a.	Details of Audit Qualification 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 31.03.2016 have expressed their inability to comment on the going concern concept adopted by the said JV.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management's estimation on the impact – Rs. 40.55 lakhs, (ii) Reasons – 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.

	(iii) Auditors' comments – Refer to the comments made in the details of qualification
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Qualification No. 4

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

Qualification No. 5

II	Audit Qualification
a.	Details of Audit Qualification Non provisioning of interest payable on royalty due to C-DoT in lieu of arrears of rent from the same agency for the premises taken on lease from the Company which is being more than the royalty amount (Refer Note No. 40.23);
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management's estimation on the impact – cannot be quantified (ii) Reasons – Interest on royalty payable to C-DoT has not been provided in view of substantial dues (which are more than the royalty amount) outstanding for a long time from C-DoT on account of rent payable for the Company's premises leased out to them. (iii) Auditors' comments – Nil

Qualification No. 6

II	Audit Qualification
a.	Details of Audit Qualification Adequacy of the provisions made towards interest and penalty, if any, leviable for non-

	remittance of statutory dues on sales accounted on provisional basis (tax incidence on such sales not recognized) and delayed/short remittance of other statutory dues including Provident Fund, Employees State Insurance and Tax deducted at source as per the provisions of Income Tax Act, 1961 could not be ascertained
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management’s estimation on the impact – cannot be quantified (ii) Reasons – Where sales are accounted based on provisional prices, differential sales are accounted in the year in which the prices are firmed up and the differential statutory dues are paid/claimed. Also, all known liabilities have been accounted for and there are no cases of non-deduction of TDS to the best of our knowledge. (iii) Auditors’ comments – Refer to the comments made in the details of qualification

Qualification No. 7

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

Qualification No. 8

II	Audit Qualification
a.	Details of Audit Qualification No impairment assessment has been carried out by the Company by reviewing the carrying amount of assets as at the Balance Sheet date as required by Accounting Standard 28 on ‘Impairment of Assets’ read with Significant Accounting Policy No. 16 of the Company and hence identification of impairment loss and provision thereof, if any, has not been made.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification –Not Quantified (i) Management’s estimation on the impact – cannot be quantified

	(ii) Reasons – The Company has done physical verification of fixed assets and is of the opinion that there is no indication of impairment.
	(iii) Auditors' comments – Refer to the comments made in the details of qualification

Qualification No. 9

II	Audit Qualification
a.	Details of Audit Qualification Our comments on the non-maintenance of proper fixed assets register and no physical verification of fixed assets has been carried out by the Company in a few units as stated in para i(a) and i(b) in the annexure A to this Report containing a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification – Repetitive
d.	Audit Qualification – Not Quantified (i) Management's estimation on the impact – cannot be quantified (ii) Reasons – The management is in the process of building proper fixed assets register. The company is not a position to conduct physical verification of fixed assets in a few units due to shortage of man power. (iii) Auditors' comments – Pending physical verification of fixed assets at the above referred locations, discrepancies, if any, cannot be ascertained and accounted for.

Qualification No. 10

II	Audit Qualification
a.	Details of Audit Qualification Refer Note No 3 on inventories under 'Significant Accounting Policies'. Raw materials, components and stores purchased for manufacturing/production activities are valued at lower of cost and net realisable value, after providing for obsolescence, if any. Cost is calculated on weighted average rate as at the end of the year. Total value of inventories at Naini Unit as at March 31, 2017 is Rs. 1258.12 lakhs. Statutory Auditors of the said unit have qualified their report stating that they were unable to comment whether inventories were valued as per the principles laid out in Accounting Standard 2 on "Valuation of Inventories" read with the Company's Accounting Policy as detailed workings were not made available to them for verification.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification – First time
d.	Audit Qualification – Not Quantified (i) Management's estimation on the impact – cannot be quantified (ii) Reasons – The inventories are valued as per the above referred Standard and Accounting Policy adopted by the Company. (iii) Auditors' comments – Refer to the comments made in the details of qualification

Qualification No. 11

II	Audit Qualification
a.	Details of Audit Qualification The Statutory Auditors of the Mankapur Unit have qualified their report stating that sufficient and appropriate audit evidence were not provided with respect to opening and closing balances of bank accounts, trade receivables, claims recoverable, loans and advances, inventories, materials with fabricators, sub-contractors/others, material in transit, deposits, loans and other payables/receivables. Auditors have further stated that opening balances may not be free from misstatement and may have impact on current year financial statements.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –First time
d.	Audit Qualification –Not Quantified (i) Management’s estimation on the impact – Cannot be quantified. (ii) Reasons –Due to the retirement of experienced people in the plant and in finance department and newly recruited persons could not provide necessary evidence due to lack of time (iii) Auditors’ comments – Refer to the comments made in the details of qualification

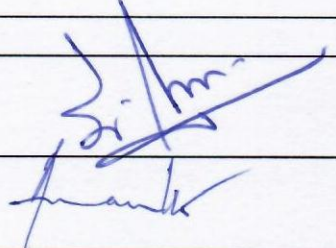
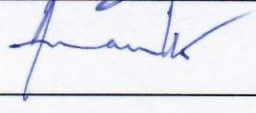
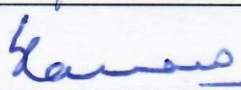
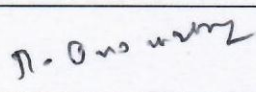
Qualification 12

II	Audit Qualification
a.	Details of Audit Qualification Age wise classification of Short term loans and Advances amounting to Rs 1277.10 lakhs , which are classified as ‘Considered Good’ is not available at the Naini unit so the Statutory Auditors of the said unit were unable to comment on the old outstanding of Such advances and their provisioning in the books of accounts by the unit.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –First time
d.	Audit Qualification – Not Quantified (i) Management’s estimation on the impact – Cannot be quantified. (ii) Reasons –Could not be produced to the auditors at the time of audit by unit finance department. (iii) Auditors’ comments – Refer to the comments made in the details of qualification

Qualification No. 13

II	Audit Qualification
a.	Details of Audit Qualification Non provision of Rs. 8853.64 lakhs towards claims doubtful of recovery comprising of

	(i) rent receivable of Rs 5847.90 lakhs on a premises leased out upto the period ended 31.3.2011 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.40.23); (ii) Liquidated Damages (LD) of Rs 1049.41 lakhs on a supplier claimed by Bangalore Plant, rejected by the Arbitral Tribunal and the matter is pending before High Court of Delhi (Refer Note No. 40.12(b)). However, in the absence of adequate information to support that the claims are sustainable, we are unable to comment on the carrying value of this claim and the shortfall, if any, on the amount that would be ultimately realized by the Company; (iii) LD claimed by Mankapur Unit from MTNL Delhi and MTNL Mumbai for Rs. 183.23 lakhs and Rs. 82.90 lakhs respectively; (iv) Amount recoverable to an extent of Rs. 1690.20 lakhs from HCL Info Systems Limited by Mankapur Unit towards conditional reimbursement as per the agreement between Company and HCL Info Systems Limited.
b.	Type of Qualification – Qualified Opinion
c.	Frequency of Qualification –Repetitive
d.	Audit Qualification – Quantified (i) Management’s estimation on the impact – cannot be quantified (ii) Reasons – The company has been rigorously following on with the DoT for resolving the pending issue of the rent due from C-DoT. Subsequently, DoT has informed ITI to present the subject to ITI Board for perusal for the further course of action. Company is of the view that provision for Rs.5847.90 Lakhs at this juncture is not required till the issue is finally settled. As regards the LD of Rs.1049.41 Lakhs, the matter is in the court. Till then, it is felt that no provision is required to make. With regard to other claims amounting to Rs.1956.33 Lakhs, the company is confident of recovering the same. (iii) Auditors’ comments – Refer to the comments made in the details of qualification.

To be signed by:	
CEO/Managing Director	
Chief Financial Officer	
Audit Committee Chairman	
Statutory Auditor	

Place: New Delhi
Date: May 28, 2017





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

Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March 2017

in Lakhs except Per share data

Sl. No	Particulars	Quarter Ended		Year Ended	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
1	Total Income from Operations	87,205	78,214	190,399	167,492
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	15,299	23,722	14,017	13,869
3	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items)	16,870	23,722	30,488	25,119
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)*	16,870	23,722	30,488	25,119
5	Equity Share Capital	56,000	28,800	56,000	28,800
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	(196,518)	(242,785)
7	Earnings Per Share (of ₹ 10/- each) (for continuing and discontinued operations)				
	1. Basic: (In ₹)	3.11	8.00	6.77	7.77
	2. Diluted: (In ₹)	3.11	8.00	6.77	7.77

Note:

- a) The above is an extract of the detailed format of Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the audited Financial Results for the Quarter Ended are available on the Bombay Stock Exchange website at www.bseindia.com and National Stock Exchange website at www.nseindia.com and on the Company's website at www.itiltld-india.com.
- b) *Net Profit stated herein is after taking into consideration Grant of ₹ 361 crores for the year ended 31.03.2017,

For ITI LIMITED



Dr. Janaki Ananthakrishnan
Director Finance/Chief Financial Officer

Place: New Delhi
Date 28.05.2017