

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



आईटीआई लिमिटेड

पंजीकृत एवं निगमित कार्यालय
आईटीआई भवन, दूरवाणीनगर,
बेंगलूरु - 560 016 भारत
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वेबसाइट : www.itild-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.itild-india.com
CIN : L32202KA1950Gol000640

Ref: K/NSE & BSE/ 2018
Date: 31.05.2018

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

Sir,

Sub: Clarification for financial results

With reference to your email dated 30.05.2018, on the cited subject, please find

1. Standalone Reconciliation of Equity is enclosed as Annexure 1.
2. Statement of modified / unmodified opinion forms part of Audit Report for year ended 31.03.2018 and submitted on 19.05.2018. However, we enclose a copy of the same as Annexure 2.
3. Consolidated Reconciliation of Equity "NOT APPLICABLE" as the consolidation of the accounts has been done for the first time in the company by equity method.

This is for your kind information and record please.

Thanking you,

Yours faithfully
For ITI LIMITED

(S. Shanmuga Priya)
Company Secretary

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
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
(v) 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	-13,289	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 payable	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.



Annex-2

SANKARAN & KRISHNAN
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

TO THE MEMBERS OF ITI LIMITED

Report on the Standalone Ind AS financial statements

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

Management's Responsibility for the Standalone Ind AS financial statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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



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

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

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

Basis of Qualified Opinion

Qualifications not quantifiable

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



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

Our opinion is modified in respect of these matters.

Qualifications quantifiable

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

Our opinion is modified in respect of these matters.

Opinion

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

Emphasis of matter

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

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



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

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

Our opinion is not modified in respect of these matters.

Other Matters

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



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

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

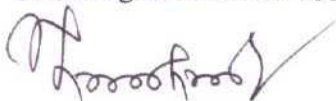
Report on Other Legal and Regulatory Requirements

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



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

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



V.V. Krishnamurthy
Partner

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



Annexure - A to the Auditor's Report

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

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



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

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



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



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

