

हिंदी केवल एक भाषा नहीं बल्कि हमारी राष्ट्रीय पहचान है ।



आईटीआई लिमिटेड

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

ITI LIMITED

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

Ref: K/NSE & BSE/2018

Date: 19.05.2018

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

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

Sir,

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

We are enclosing herewith.

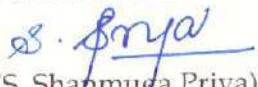
1. Audited Financial Results for the quarter and year ended 31.03.2018
2. Statement of Assets and Liabilities for the half year ended on 31.03.2018.
3. Auditors Report on the Audited Financial Results.
4. Statement of Impact of Audit Qualifications (for audit report with modified opinion) submitted along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

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

This is for your kind information and record please.

Thanking you,

Yours faithfully,
For ITI LIMITED


(S. Shanmuga Priya)
Company Secretary


ITI LIMITED

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

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

₹ in Lakhs except per share data

SL No	Particulars	Quarter Ended		Year ended	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
		Unaudited	Unaudited	Audited	Audited
1	Income				
	Revenue from Operations	78,991	70,013	1,47,515	1,52,812
	Other Income	9,029	18,763	32,745	54,058
	Total Revenue	88,020	88,776	1,80,260	2,06,870
2	Expenses				
	(a) Cost of Materials Consumed & Services	45,937	31,052	83,952	73,486
	(b) Purchase of stock-in-trade	19,180	26,780	23,198	51,219
	(c) Changes in inventories of finished goods, work-in-progress and traded goods	(255)	(1,767)	1,177	(1,762)
	(d) Employee benefits expense	4,810	7,780	22,550	30,087
	(e) Finance costs	3,945	4,390	15,341	15,262
	(f) Depreciation and amortisation expense	991	654	2,486	1,694
	(g) Other expenses	2,628	5,691	8,501	10,265
	Total Expenses	77,236	74,580	1,57,204	1,80,231
3	Profit / (Loss) before exceptional, Prior period and extraordinary items and tax (1 - 2)	10,784	14,196	23,056	26,639
4	Prior period Items	-	-	-	-
5	Profit / (Loss) before exceptional, extraordinary items and tax (3 + 4)	10,784	14,196	23,056	26,639
6	Exceptional Items	-	-	-	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)	10,784	14,196	23,056	26,639
8	Extraordinary Items	-	-	-	-
9	Profit / (Loss) before tax (7 + 8)	10,784	14,196	23,056	26,639
10	Tax Expense:				
	(1) Current Tax	-	-	-	-
	(2) Deferred Tax	-	-	-	-
11	Profit / (Loss) for the period (9 - 10)	10,784	14,196	23,056	26,639
12	Other comprehensive Income/(Loss)				
	Items not to be reclassified to Profit or Loss in subsequent period	(2,525)	2,507	146	3,646
	Other comprehensive Income/(Loss) for the period	(2,525)	2,507	146	3,646
13	Total comprehensive Income for the period (comprising profit/Loss) and other comprehensive Income for the period (11+12)	8,259	16,703	23,202	30,285
14	Paid up equity share capital (Face value of ₹10/- each)	76,000	56,000	76,000	56,000
15	i) Earnings Per Share (before extraordinary items and prior period items) (of ₹10/- each):				
	(a) Basic	1.00	3.08	3.18	6.77
	(b) Diluted	1.00	3.08	3.18	6.77
	ii) Earnings Per Share (after extraordinary items and prior period items) (of ₹10/- each):				
	(a) Basic	1.00	3.08	3.18	6.77
	(b) Diluted	1.00	3.08	3.18	6.77
	See accompanying note to the Financial Results				




**NOTES:**

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

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

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


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


CHITTARANJAN PRADHAN
Director-Finance


For ITI LIMITED
S. GOPU
Chairman and Managing Director



Statement of Consolidated Assets and Liabilities

₹ in Lakhs

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

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

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

CHITTARANJAN PRADHAN
Director-Finance

For ~~PL~~ LIMITED

S. GOPU
Chairman and Managing Director

SANKARAN & KRISHNAN

CHARTERED ACCOUNTANTS

197, 'Sai Krupa'
6th 'A' Main
J.P. Nagar IV Phase
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080-26590422
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vvk@sankrish.ind.in
Website : www.sankrish.ind.in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITI LIMITED

Report on the Consolidated Ind AS Financial Statements:

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

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

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

Auditor's Responsibility

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



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

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

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

Opinion

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

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

Other Matters

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



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

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

Basis of Qualified Opinion

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

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

Our opinion is modified in respect of these matters.



Qualifications quantifiable in the case of ITI Limited

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

Our opinion is modified in respect of these matters.

Opinion – in the case of ITI Limited

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

Emphasis of matter

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

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



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

Our opinion is not modified in respect of these matters.

Other Matters – in the case of ITI Limited

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



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

Report on Other Legal and Regulatory Requirements

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

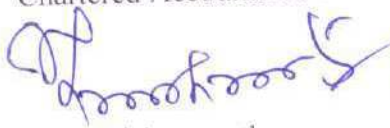


i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

For SANKARAN & KRISHNAN
Chartered Accountants FRN: 003582S



V.V. Krishnamurthy
Partner
Membership No. 027044



Place: Bangalore

Date: 19th May 2018

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

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

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

Management's Responsibility for Internal Financial Controls:

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

