



ITI LIMITED

**65th ANNUAL REPORT
2014-15**



Dear Shareholders,

Welcome to the 65th Annual General Meeting of ITI Ltd. The Notice related to this Meeting, Director's Report, Audited Annual Accounts together with the Auditor's Report, Comments of the Comptroller and Auditor General of India on the accounts of the Company are already with you and with your permission; I shall take them as read. Further, I am pleased to inform you that the Company has complied with the guidelines on Corporate Governance for CPSEs.

The Gross Turnover of ITI for the year 2014-15 stood at Rs. 619.79 Cr. inclusive of service taxes. We have been able to achieve this level of turnover mainly on the strength orders executed by our manufacturing plants, Regional Offices (ROs), Network System Units (NSU) and also Defense & GSM projects. Our losses have reduced over the years and have come down from a level of Rs. 885 Cr in 2004-05, without grants, to Rs. 297.12 Cr. in 2014-15. Our MoU rating has been improving and the provisional MoU rating for 2014-15 has been the highest during the last 13 years. This is, indeed, a great achievement of us.

Dear Shareholders, the Government of India has approved our Revival Plan with the financial package of Rs. 4156 Cr. This package consists of Rs. 2264 Cr. towards up-gradation of manufacturing infrastructure and implementation of new projects in all the plants of ITI. Already Rs. 192 Cr. Plan Budgetary support for 2014-15 has been released by DoT and the same is being utilized for Infusion of CAPEX which will help ITI to go into manufacturing in a big way. We have prepared the necessary blue-prints for implementation of projects under the Revival Plan with due approval of DoT and the same will be taken forward with the continued support of the Government of India.

As regards the orders, we have received two Purchase Orders for NFS Project worth Rs. 2111 Cr. and we have started execution of the NFS order by completing trenching, ducting and cable laying. Also a purchase order of Rs. 873 Cr. for AMC of the optical fiber network expected to be converted into PO upon the completion of warranty obligations. With having two major NFS orders for two pockets in place, our Order Book is ushering towards a promising future.

ITI Bangalore plant has successfully executed the purchase order worth Rs.47.66 Cr. for NGN products received from BSNL. Another Purchase Order from BSNL to the tune of Rs. 120 Cr. is received and will be executed during the current year. ITI has completed major work of SECC and NPR Projects and additional orders for Data Digitization, Data Merging and Permanent Data Centers worth Rs. 55 Cr. would be executed by Palakkad unit. AMC contract worth Rs. 93 Cr. has been renewed with BSNL and MTNL for MLLN and SSTP Equipments for next 5 years and 3 years respectively.

On the Defense business front, ITI has executed orders for IP Encryptors, NGN(BU), 5C telephone instruments, Telesets, Magneto & Naval telephone equipment, Primary Mux, Data cards, Service & Def. AMC. We have also participated in the Tender for MIL PCM worth Rs. 43 Cr., AWAN II Tender worth Rs. 290 Cr., E3CR, 5C telephone worth Rs. 15 Cr. and Secrecy equipments like STM1, 2Mb/s worth Rs. 10 Cr. and we hope to emerge as L1 in some of these tenders. I am happy to inform you that, our NSU Unit has recently received an order for approximately of Rs. 520 Cr. for the maintenance of ASCON network of Indian Army for next five years.

Also we have addressed encryption tenders of NFS and we have a mammoth task of showcasing our prototypes in September this year. We are gearing up for participating in the ASCON Phase IV RFP. One more tenders for the supply of encryption equipments for the ASCON Phase IV project has also been released. We are hopeful of emerging as winners in these tenders. With greater thrust towards domestic manufacturing of Defense equipments, ITI proposes to take up manufacturing of new products for Defense like, Software Defined Radio (SDR), High Frequency Radio Handsets, TR modules for RADAR, equipments for Army Wide Area Network (AWAN Phase II) etc. The Ministry of Defense had approved in- principle for the establishment of Strategic Business Units (SBUs) at ITI Bangalore and Rae Bareilly plants to take up manufacturing of DRDO designed products.

In the Diversified business space, we are focusing on Solar Panels, Charge Controllers, PLB HDPE (Permanently Lubricated High Density Poly Ethylene) Pipes, 3-D Printing, Li-Ion Batteries for VSSC, CCTV Surveillance opportunities, E-Tendering services, Data Center & IT projects, Tablet PCs, Smart cards based citizen ID cards etc. Our efforts are also concentrated towards PSUs, like HAL and ALIMCO in getting some of their work/orders, including some projects under their CSR activities.

Major initiatives of the Government of India such as 'Make In India', 'Digital India', 'Smart City' projects are expected to unfurl host of opportunities for us in the coming days. Business opportunities galore even from the policies of Government of India like NTP 2012, NPE 2012 and Preferential Market Access etc. ITI plans to explore all possible ways to tap new revenue earning streams. In this direction, ITI has already floated an Expression of Interest inviting interested parties to join with ITI in manufacturing at ITI. As part of Digital India programme, ITI is also steering towards exploiting business opportunities coming from the implementation of the nine pillars of Digital India programme. ITI is also participating in Smart City projects with the help of technology partners. We also are active in the Skill Development activities and we have successfully completed one programme in collaboration with the Telecom Sector Skill Council (TSSC) and propose to take up more such programmes. We are confident in taking up many more such programmes.

Dear shareholders, with the release of funds from DoT, we have started our Revival journey. And, therefore, it is the utmost responsibility of each and every one of us to see that, we utilize the funds in the most appropriate and beneficial way to achieve the goal of complete revival that will further result into making profits. I am sure, with the support of Government, we shall work unstintingly towards successful implementation of the Revival Package.

I am grateful to the Government of India, Ministry of Home Affairs, Ministry for Rural Development, Ministry of Defense, Department of Telecommunications, Telecom Commission, BSNL, MTNL, Defense, TCIL, Indian Railways, all departments of Central and State Governments and other valued customers, depositors, banks, financial institutions, overseas collaborators, Auditors, Committee on Public Undertakings [COPU], Standing Committee on Information Technology and Standing Conference of Public Enterprises [SCOPE] for their continued co-operation and support. I also take this opportunity to extend my thanks to all the employees and shareholders for their support and understanding.

NB: This does not purport to be a record of the proceedings of the 65th Annual General Meeting.

K K Gupta
Chairman & Managing Director

ANNUAL REPORT 2014-2015

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BOARD OF DIRECTORS

Shri K.L. Dhingra

Chairman and Managing Director
(upto 03.06.2015)

Shri K. K. Gupta

Director-Production
(Additional Charge Chairman and Managing
Director from 04.06.2015)

Dr Janaki Ananthakrishnan

Government Director
(from 13.05.2015 up to 12-7-2015)
Director Finance
(from 13.07.2015)

Shri P. K. Gupta

Director-Marketing

Shri S. Gopu

Director-Human Resources

Shri N.K. Joshi

Deputy Director General (SU)
Department of Telecommunications
(upto 25.7.2014)

Shri R.K. Mishra

Deputy Director General (SU)
Department of Telecommunications
(from 25.07.2014 upto 13.05.2015)

Shri Srikanta Panda

Deputy Director General (LFI)
Department of Telecommunications
(from 29.07.2015)

Lt.Gen. Nitin Kohli, VSM

Signal Officer-in-Chief

Shri Dharendra Singh,

Independent Director

Dr. M.J. Zarabi

Independent Director

Prof. Ramesh Bhat

Independent Director

COMPANY SECRETARY**Mrs. S. Shanmuga Priya**

(from 19.01.2015)

LEGAL ADVISERS**M/s. Holla & Holla, Advocates**

Bangalore & others

AUDITORS**M/s. Sundar Srini & Sridhar, Bangalore****M/s. Nagendra Gupta & Co., Naini, Allahabad****M/s. Habibullah & Co., Mankapur****M/s. Mahadevan & Sivarajan, Palakkad****M/s. Rajesh Srivastava & Associates, Rae Bareilly****M/s. S D M & Co., Srinagar****COST AUDITORS****M/s. GNV & Associates, Bangalore****M/s. Aman Malviya & Associates, Lucknow****BANKERS**

State Bank of India

State Bank of Patiala

State Bank of Bikaner & Jaipur

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

Bank of Baroda

Central Bank of India

Punjab National Bank

Development Credit Bank Limited

IndusInd Bank Limited

Axis Bank Limited

Vijaya Bank

Indian Bank

Canara Bank

MANAGEMENT:**CORPORATE OFFICE****Shri K. L. Dhingra**

Chairman and Managing Director
(upto 03.06.2015)

Shri K.K.Gupta

Director- Production
Additional Charge Chairman and
Managing Director
(from 04.06.2015 onwards)

Dr. Janaki Ananthakrishnan

Director- Finance

Shri P.K.Gupta

Director-Marketing

Shri S.Gopu

Director – Human Resources

Shri R. Venkataraman, IRS

Chief Vigilance Officer
(upto 08.12.14)

Shri V.K.Sharma

Chief Finance Manager-IA

Mrs S Shanmuga Priya

Company Secretary

PLANTS / UNITS / PROJECTS

Bangalore Plant

Shri J.Premchand,

Deputy General Manager

Srinagar (J&K Plant)

Shri I.A.Khan,

Manager (S)

Naini Plant

Shri A. K. Agarwal

Deputy General Manager

Rae Bareli Plant

Shri K. Alagesan

Additional General Manager

Palakkad Plant

Shri V.K.Agarwal

Additional General Manager

Mankapur Plant

Shri A.K. Bajoria

Deputy General Manager

Network Systems Unit

Shri S.S.Chakrabarti

Addl. General Manager

Marketing

Shri B. Sripathi Bhat

Additional General Manager (MKTG &PP)

NOTICE

NOTICE is hereby given that the Sixty Fifth (65th) Annual General Meeting of ITI Limited will be held on Wednesday, 23rd September, 2015 at 11.30 a.m. at Bangalore Tamil Sangam, No.59, Annaswamy Mudaliar Road, Bangalore -560 042 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31.03.2015 and the Reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri P.K.Gupta (DIN: 06896959), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.Gopu (DIN: 06896926), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

“RESOLVED to authorize the Board of Directors of ITI Limited to fix the remuneration, including reimbursement of traveling allowance and out of pocket expenses of Statutory and Branch Auditors of the Company as appointed by Comptroller and Auditor General of India for the financial year 2015-2016”.

SPECIAL BUSINESS:

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

“RESOLVED that Dr Janaki Ananthakrishnan (Din: 07247256), be and is hereby appointed as Director (Finance) of the Company with effect from 10.06.2015 on the terms and conditions as stipulated by the Government of India.”

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

“RESOLVED that Shri Srikanta Panda (DIN: 06992506), be and is hereby appointed as Government Nominee Director of the Company with effect from 29.07.2015 on the terms and conditions as stipulated by the Government of India.”

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

“Resolved that pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made there under the remuneration of Rs.3.05 lakhs (plus applicable taxes) fixed for the Cost Auditors appointed to conduct the audit of cost records of all Units of the Company for the year 2015-16 be and is hereby ratified”.

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar
Bangalore-560 016

By Order of the Board
For **ITI LIMITED**

Place: Bangalore
Date: 11th August 2015

(**S. SHANMUGA PRIYA**)
COMPANY SECRETARY

NOTES:

1. The Register of Members and Share Transfer Books of the Company shall remain closed from 15th September, 2015 to 23rd September, 2015, both days inclusive for the purpose of the AGM.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.

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

THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting, together with their specimen signatures.
4. Members are requested to bring their attendance slips duly mentioning details of their DP ID and Client ID/ Folio No and signed.
5. In case of joint holders attending the Meeting, only such joint holder who is first / earlier in the order of names will be entitled to vote at the Meeting.

6. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours upto the date of the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.
8. Members are requested to advise the Share Transfer Agents, M/s. Integrated Enterprise (India) Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003 and their respective Depository Participants immediately of any change in their address.
9. Members may visit the website of the Company www.itiltld-india.com for more information on the Company.
10. Members requiring information on the Accounts are requested to write to the Company at least fifteen days before the date of the Meeting so that the required information could be kept ready.
11. Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for appointment /re-appointment vide Item Nos.2, 3, 5, 6 are attached hereto.
12. The relevant Statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the meeting is annexed hereto and forms part of the notice.
13. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014

and clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are appended to this Notice.

14. The Ministry of Corporate Affairs vide Circular No. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative in Corporate Governance and allowed companies to send documents to shareholders through electronic mode. Therefore, Members are requested to support this initiative by registering /updating their email addresses by sending a written request duly signed by the shareholder to the Share Transfer Agent at the earliest.

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

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

Regd. & Corporate Office By Order of the Board
ITI Bhavan, Doorvaninagar For **ITI LIMITED**
Bangalore-560 016

Place: Bangalore **(S. SHANMUGA PRIYA)**
Date: 11th August 2015 COMPANY SECRETARY

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

Item No.5

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Whole-time Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Accordingly, Dr Janaki Ananthakrishnan (Din : 07247256), was appointed as Government Director vide Ministry of Communications & IT order no F.No.5-2/2013-PSA(Pt-I) dated 13.05.2015, in the place of Shri R K Mishra, DDG (SU), Department of Telecommunications.

Subsequently, Dr Janaki Ananthakrishnan, was appointed as Director (Finance) vide Ministry of Communications & IT order no. F.No.14-3/2013-PSA (Pt.I) dated 10th June 2015.

Dr Janaki Ananthakrishnan does not hold any equity shares of the Company. A brief profile of Dr Janaki Ananthakrishnan is provided in Annexure A of this Notice.

Dr Janaki Ananthakrishnan being the appointee concerned is considered to be interested in the resolutions. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

Your directors commend the resolution as proposed in the notice for approval.

Item No.6

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Government Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Accordingly, Shri Srikanta Panda (DIN: 06992506), was appointed as Government nominee Director vide Ministry of Communications & IT order no F.No.5-2/2013-PSA(Pt-I) dated 29.07.2015, in the place of Dr Janaki Ananthakrishnan, who has since been appointed as Director (Finance).

Shri Srikanta Panda does not hold any equity shares of the Company. A brief profile of Shri Srikanta Panda is provided in Annexure A of this Notice.

Shri Srikanta Panda being the appointee concerned is considered to be interested in the resolutions. None of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at notice.

Your directors commend the resolution as proposed in the notice for approval.

Item No.7

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

Accordingly, necessary resolution seeking ratification for fixation of remuneration to the Cost Auditor appointed for the year 2015-16 is placed before the member for their approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is interested in the resolution.

Your directors commend the resolution as proposed in the notice for approval.

Regd. & Corporate Office
ITI Bhavan, Doorvaninagar
Bangalore-560 016

By Order of the Board
For **ITI LIMITED**

Place: Bangalore
Date: 11th August 2015

(S. Shanmuga Priya)
COMPANY SECRETARY

Annexure A to item no. 2, 3, 5, 6 of the notice

Details of Directors seeking re-appointment (Item No. 2, 3 of the notice) as required u/c 49 of the Listing Agreement:

Name of the Director	Shri.P.K.Gupta	Shri.S.Gopu
Director Identification Number (DIN)	06896959	06896926
Date of Birth	01.01.1957	01.06.1958
Nationality	Indian	Indian
Date of Appointment on Board	27/03/2014	16/04/2014
Qualification	M.E	B.E Post Graduate diploma in Operations Research
Expertise in functional areas	Before being appointed as Director, he was General Manager, Naini, ITI. He has diversified experience in ITI since 1979, viz., in IMM, Sw. Production, Quality Marketing etc. He has rich experience of projects viz., GSM projects at Bhopal, Nagpur and Pune.	Before being appointed as Director, he was Additional General Manager, Unit head of Bangalore plant in ITI. In 32 years of experience, he had executed several projects for UNIDO (United Nations Industrial Development Organisation) and UNDP and also NPR, SECC, etc..
Shareholding in ITI	Nil	Nil
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	India Satcom Ltd	Nil