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वार्षिक प्रतिवेदन
ANNUAL
REPORT
2016-2017



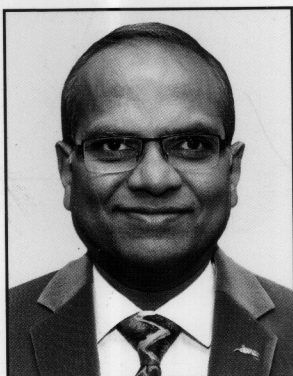
इन्स्ट्रुमेंटेशन लिमिटेड

(भारत सरकार संस्थान)

Instrumentation Limited

(A Government of India Enterprise)

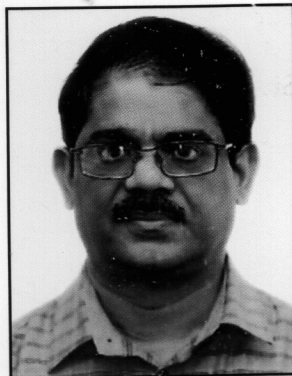
Board of Directors



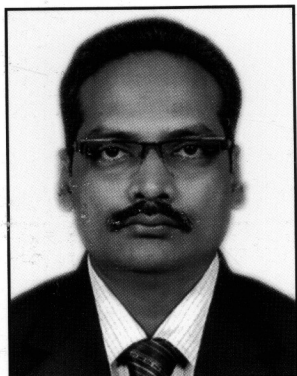
Shri M. P. Eshwar



Mrs. Parveen Gupta



Shri A. M. Manichan



Shri A. Muralidhar



Shri Yogesh Gautam



Dr. (Prof.) Ram Naresh Singh



Board of Directors	: Shri M. P. Eshwar	Chairman and Managing Director
	Shri A. M. Manichan	Director (Govt. Nominee) Dy. Secretary, Finance, DHI
	Smt. Parveen Gupta	Director (Govt. Nominee) Dy. Secretary, DHI (From 27.12.2017)
	Shri Alamuri Muralidhar	Director (Production) Additional Charge of Director (Finance) (From 01.12.2016 to 30.11.2017)
	Shri Yogesh Gautam	Independent Director (From 24.06.2016)
	Prof. (Dr.) Ram Naresh Singh	Independent Director (From 24.06.2016)
	Smt Ritu Pande	Director (Govt. Nominee) Director, DHI (Up to 27.12.2017)
	Dr. Pradeep Kumar	Special Director (BIFR) (Up to 01.12.2016)
	Shri R. Gopala Rao	Director (Finance) (Up to 30.11.2016)
	Cmde (Retd.) HP Singh	Director (Commercial) (Up to 27.07.2016)
Chief Advisor (F&A and CS)	: Shri A.K. Shringi	
Auditors	: M/s. G.R. Gupta & Company, CAs, Sawai Madhopur	- Statutory Auditors
	M/s. Arun & Rajalakshmy, CAs, Palakkad	- Branch Auditors
	M/s. K.G. Goyal & Co., Cost Accountants, Jaipur	- Cost Auditors
	M/s. Ajith Sivadas and Co., Cost Accountants Palakkad	- Branch Cost Auditors
Bankers	: State Bank of Bikaner & Jaipur (Now State Bank of India) State Bank of India State Bank of Travancore (Now State Bank of India) ICICI Bank Limited	
Registered Office	: Jhalawar Road, Kota - 324 005 (Rajasthan)	



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CHAIRMAN'S STATEMENT



Dear Members,

I have great pleasure in extending to you a warm welcome to the 53rd Annual General Meeting of the Company. The Report of the Directors, together with the audited accounts for the year ended 31st March 2017 and the comments of the Comptroller and Auditor General of India are with you. With your permission, I take them as read.

Performance Highlights :

During the year 2016-17, the Company has achieved turnover of Rs. 7437.99 Lakhs, as compared to turnover of Rs. 11,756.27 Lakhs in 2015-16 and booked orders of Rs. 6,610 Lakhs as compared to previous year's order booking of Rs. 8,387 Lakhs despite number of constraints and pending various reliefs envisaged in the Modified Revival Plan of the Company. The severe working capital shortage on one hand and stiff competition in all areas of its operations,

resulting in severe pressures on margin on the other hand had been the major constraints for the Company to achieve the desired results. The proposal for re-structuring/closure as sought by DHI was submitted by IL in the month of June 2016. There was uncertainty in the first 3 quarters about Govt. decision for closure of the company amongst all the employees and stakeholders. The Union Cabinet in its meeting held on 30.11.2016 approved closure of Kota Unit and in principle approval for transfer of Palakkad Unit to Govt. of Kerala. Thus, in accordance with the Union Cabinet decision, activities related to closure of Kota Unit started from 19th December 2016 and therefore in the 4th quarter, the quarter in which major performance targets are achieved, could not be achieved.

In the year 2016-17, the Company has incurred loss before depreciation, interest and tax to the tune of Rs. 4,612.48 Lakhs as compared to loss of Rs. 3,442.04 Lakhs in the previous year.



Net loss after tax, for the year 2016-17 was Rs. 9,136.66 Lakhs as compared to net loss of Rs. 17,050.02 Lakhs in the previous year. Organizational issues were properly addressed considering market and financial conditions. The Company is making all out efforts to complete the closure activities as per DPE guidelines on closure for Kota Unit of Instrumentation Limited and to make all out efforts to improve the performance of Palakkad Unit of IL using its intrinsic strength and has goal to transfer the unit to Government of Kerala as per Union Cabinet decision in a healthy and profit earning Unit.

Any goal needs an equally strong execution plan for success. To settle the liabilities of the employees and to vacate the township at Kota is not an easy job. I have a pleasure in sharing with members that Company achieved 100% VRS/VSS from the employees of the Kota Unit and also township of Kota got vacated by all the employees except one or two which are subjudice. We have to handover Palakkad Unit of Instrumentation Limited as a on going profit making concern. We need to generate income from our operations. Today at ILP we have good orders in hands and we are continuously striving to enhance our order booking and turnover in 2017-18 to surpass the target achieved in 2016-17. It is certainly difficult, but not impossible. Life in IL in last one year was full of ups and downs. In the current year to enhance the performance of IL Palakkad your Company has taken action to enter into new business like AMC of Thermal Power Stations, business enhancement through channel partners, etc.

MOU with DHI

The Company continued entering into Memorandum of Understanding (MoU) with Department of Heavy Industry (Ministry of Heavy Industries and Public Enterprises) as a commitment to the Administrative Ministry for the year 2017-18. The parameters for the year 2017-18 of MoU are related to proposed closure of IL Kota i.e. disposal of movable and immovable

assets and transfer of IL Palakkad Unit to Government of Kerala. The Company had submitted MoU evaluation for the year 2016-17 through Administrative Ministry to DPE and it is my pleasure in sharing with all the members that the Company achieved MoU rating for year 2016-17 as 'Good'.

ISO-9001 14000 AND OHSAS CERTIFICATION

During the year under review Palakkad Unit maintained ISO-9001:2008 accreditation. Palakkad Unit also received ISO 14001:2015 and OHSAS 18001:2007 Certification in May 2017. This has imparted status of enhanced quality products and services and safety which are much needed in contemporary business for domestic as well as export markets.

PRESENT STATUS-IL KOTA & IL PALAKKAD KOTA UNIT :

1. Union Cabinet on 30.11.2016 approved closure of Kota Unit of Instrumentation Limited.

A. VRS/VSS

2. VRS/VSS to all the employees except one employee who filed a civil writ petition in Rajasthan High Court case No. 802 / 2017 against the Union Cabinet decision of closure of Kota Unit. Thus 409 employees out of 410 employees as on 18.04.2017 were relieved.
3. In the hearing dated 17.11.2017, the civil writ petition was dismissed and Hon'ble Court gave the liberty of seeking voluntarily retirement to the petitioner who may submit his application accordingly.
4. VRS/ VSS application received from the petitioner on 19.12.2017. However, the application is incomplete as 'No Dues Certificate' is not given by the petitioner.
5. Petitioner informed to give 'No Dues Certificate' immediately so that VRS/VSS application can be processed.

B. Movable properties

- 6 All movable assets of IL Kota disposed off

through MSTC except IT equipments and Furniture in use.

C. Immovable Assets:

7. a) IL Kota has 181.883 Acre of Land at Kota on lease from Government of Rajasthan.
 - i) Factory Land 53.50 Acre.
Built Up Area 13.00 Acre.
 - ii) Township flats 128.383 Acre & Land
Built Up Area 10.56 Acre.
- b) IL Kota has 10 Acre of Land at Sitapura Jaipur on lease with Government of Rajasthan and 0.59 Acre land is owned by IL at Sitapura Jaipur.

A meeting to discuss issues related to Instrumentation Limited Kota was held under Chairmanship of Hon'ble Industries Minister on 07.07.2017 where JS, DHI & Director DHI were present.

Commissioner Industries briefed the issues of discussion and views of State Government, which are as follows:-

1. 400 Acre Government land was allotted to IL Kota on lease. As of now, IL is having 181.883 Acre land in its possession. As per terms of lease agreement, in case of closure of the factory the land shall revert to the GoR alongwith all structures. Accordingly, IL should return the Land to GoR.
2. Since it has been decided to close the factory, total outstanding loan including interest for non payment at stipulated time shall be repaid by IL to GoR in Lump sum.
3. Joint Secretary, DHI requested that at least Interest free Loan provided by the State Government may be waived off.
4. Following decisions were taken:
 - i) 181.883 Acre land and all permanent structures which are in possession of IL should be returned immediately to GoR free of all encumbrances.
 - ii) Outstanding interest free loan shall be returned in lump sum. However waiver of penal interest for non payment at

stipulated time can be considered and this will be processed by FD on file.

- iii) IL was allotted 10 Acres land by RIICO at Sitapura Industrial area, in exchange of 25 Acres of allotted land at Kota. IL purchased additional 0.59 Acre plot and the same was merged in the said plot. IL is now required to return the 10 Acre plot to RIICO. The 0.59 Acres of the remaining part of the plot, which is the asset of IL, cannot be disposed by IL through auction or other means, because it is of irregular shape, in small strip, and cannot be a stand alone plot. Accordingly State Government offered that the same plot can be offered back to RIICO at current prevailing rate. The proceeds due from this would be adjusted against the outstanding loans.

PALAKKAD UNIT

1. M/s Institute of Public Enterprises, Hyderabad (IPE) was appointed in July 2014 to carry out the feasibility study for ILP to make it an Independent Unit.
2. M/s IPE recommended that ILP should have a turnover of Rs. 200 Cr. plus both for breakeven with 2007 scale and as independent status. Unless turnover of the unit is not in the range of Rs. 200 Crore +, it is not feasible to make IL Palakkad as an Independent Unit.
3. DHI in July 2015, the option of Merger of ILP with M/s BHEL was explored, but the same could not fructify.
4. Thereafter, in order to decide future of IL, Hon'ble Minister HI & PE in Sept. 2015 offered:- Govt. of Kerala (GoK) to take over Palakkad Unit of IL (ILP)
5. Progress on the matter in chronological order is under :-
 - a) GoK agreed in principle to take over ILP.
 - b) In July 2016 GoK formed a High Level Committee for discussion with DHI and deciding modalities for takeover of ILP.



- c) Ministry of Heavy Industry & Public Enterprises, Govt. of India vide its letter dated 08.12.2016 intimated the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit and in principle approval for transfer of Palakkad Unit of Instrumentation Limited to Government of Kerala in a time bound manner as per DPE Guidelines dated 07.09.2016 of closure.
- d) On 11th Jan. 2017 first meeting chaired by Chief Secretary, GoK with Joint Secretary, DHI took place at Trivandrum to discuss the modalities of takeover of ILP. GoK desired to take the Unit on Zero Cost Zero Liabilities.
- e) On 31.05.2017 another meeting of Joint Secretary, DHI with Chief Secretary, GoK was held at Trivandrum to take up the matter further and to decide modalities for takeover of ILP and to discuss the issues raised by Restructuring and Internal Audit Board (RIAB) in respect of enterprise valuation carried out by M/s Varma & Varma, (CAs appointed by RIAB for financial due diligence) based on audited accounts of ILP as on 31.03.2016. It was concluded in the meeting to submit the audited accounts of 2016-17 duly vetted and verified by M/s Varma & Varma for deciding enterprise value of ILP.
- f) A meeting on 13.06.2017 was held in Kochiby IL team with M/s Varma & Varma, CAs to sort out the issues in respect of enterprise value.
- g) Audited accounts of ILP as on 31.03.2017 and other required information were submitted to M/s Varma & Varma and GoK in August, 2017.
- h) Based on comments of M/s Varma & Varma, vide report dated 17.09.2017, RIAB has instructed on 11.10.2017 for carrying out technical evaluation of inventory by M/s FEDO and technical evaluation of inventory was submitted by M/s FEDO, which is in line with the evaluation in ILP Balance sheet of 2016-17.
- i) A meeting was held on 21.11.2017, it was broadly agreed that the following principles would be followed for the valuation of the unit and GoK would pay accordingly for taking over the assets of the Palakkad Unit :-
1. Net fixed assets of Palakkad Unit and this would include Rs. 50.00 lakhs towards assets recently transferred from Kota Unit :-
 2. Recoverable receivables.
 3. Net inventory after deducting non moving and obsolete inventory.
 4. All issues relating to payment of wages and other dues between the workers and IL would be settled between them, subject to the outcome of court cases. GoK would not be liable for any payment to workers on account of dues before the date of purchase of assets.

Considering the above broad principles, RIAB will do a detailed verification with the assistance of M/s Varma & Varma who have done the financial due diligence and the final amount payable by GoK would be arrived at.

Regarding the cut off date for finalizing amount payable on the take over, it was decided that 31.03.2017 would be taken as the date, with changes in assets and liabilities thereafter to be incorporated appropriately.

THE ROAD AHEAD

I wish to state that in spite of a continued stretched business environment, the year gone by can be considered satisfactory from an operational perspective. The Company made all out efforts to register the presence of ILP's products in the market in various priority sectors. In all earnest, we have endeavored to deliver the trust, the customer reposed in us which gave us the strength to face the situation realistically. The activities related to closure of Kota Unit of Instrumentation Limited are in progress. Efforts are being made to expedite and complete the balance closure activities.

The matter of transfer of Palakkad unit of Instrumentation Limited to Government of Kerala is under progress. The Company and the



Administrative Ministry is putting together all out efforts for transfer of Palakkad unit to Government of Kerala, with finalizing the modalities of transfer.

The Company in current year for Instrumentation Limited Palakkad has been exploring new area of business in annual maintenance contract (AMC) of Thermal Power Station of Uttar Pradesh Vidut Utpadan Nigam Limited (UPVUNL) & Rajasthan Rajya Vidhut Utpadan Nigam Limited (RRVUNL) & Hi tech Hologram for State Govt. department. Efforts are being made to make channel partners for ILP products for enhancing the business and order booking. All out efforts are being made for diversification in product range of ILP and timely deliveries.

FUTURE PROSPECTS

The Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry, New Delhi vide letter No.: 5(1)/ 2016-PE-VIII dated 08.12.2016 has informed the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit (Kota Complex) of Instrumentation Limited (IL) and in principle approval of transfer of Palakkad Unit of IL to Government of Kerala. In view of decision of the Union Cabinet for closure of Kota Unit and in principle approval of transfer of Palakkad Unit to Govt. of Kerala, all out efforts are being made to complete the closure activities of Kota Complex and transfer of Palakkad Unit of IL to Government of Kerala as per the schedule based on DPE guidelines No.DPE/5(1)/2014-Fin. (Part) dated 07.09.2016.

WORKERS PARTICIPATION IN MANAGEMENT

Keeping in view the guidelines of the Government of India on the subject and to foster a sense of belongingness and team spirit amongst the employees, the Company formulated Shop Councils and Joint Management Councils both at Kota and Palakkad. With the association of Workers' representatives, useful contributions emerge during the councils' deliberations for improving productivity, efficiency, minimizing absenteeism, waste and on all other related matters till closure activities of Kota Complex were initiated.

Besides, employees' representatives are also associated in various other Committees to look

after the welfare of the employees such as Works/ Canteen, Sports Council, PF Trust etc. till closure activities of Kota Complex were initiated.

INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

The industrial relations prevailing in your company during the year continued to be harmonious and cordial and supporting the Company's smooth operation as ever. In the current year your Palakkad Unit has improved a lot in terms of industrial discipline with positive overall environment, maintaining very cordial relation with unions and associations.

ACKNOWLEDGEMENT

I would also like to place on record my appreciation and gratefulness to my colleagues on the Board for their valuable contribution and cooperation in guiding the Company.

I seek your continued support and encouragement as the Company has been receiving so far. We are thankful to the Government of India, State Governments and other agencies and authorities for their help to the Company. I would like to convey, on behalf of my Board and my own behalf, our deep appreciation for all our colleagues, the support and confidence we receive from our valued customers and business associates. We are also grateful to the Statutory Auditors of the Company and to CAG for their observations and suggestions.

I also convey my sincere thanks to Financial Institutions, Banks and other lenders for their unstinted faith in us. I am thankful to our vendors and associates for business cooperation.

I would like to extend my thanks for immense contribution made by the employees of the Company through their dedication and commitment.

I now move the Directors' Report as well as the audited Balance Sheet and the Statement of "Profit & Loss" for the year 2016-17 to be approved and adopted.

MP Eshwar

Chairman and Managing Director

Date : 29.12.2017



DIRECTORS' REPORT

To,

The Shareholders

Ladies and Gentlemen,

Your Directors have pleasure in presenting their 53rd Annual Report alongwith Audited Accounts for the year ended 31st March, 2017, Report of the Statutory Auditors and Comments thereon by the Comptroller and Auditor General of India.

PERFORMANCE HIGHLIGHTS

During the year 2016-17, the Company has achieved turnover of ₹ 7437.99 Lakhs, as compared to turnover of ₹ 11,756.27 Lakhs in 2015-16. Due to shortage of working capital and non-implementation of important aspects of Revival Package (MRS-10), prevailing uncertainty in the first 3 quarters about Govt. decision for closure of the company and later the Union Cabinet in its meeting held on 30.11.2016 approved closure of Kota Unit and in principle approval for transfer of Palakkad Unit to Govt. of Kerala, performance targets could not be achieved.

In the year 2016-17, the Company has incurred loss before depreciation, interest and tax ₹ 4,612.48 Lakhs as compared to loss of ₹ 3,442.04 Lakhs in the previous year.

Net loss after tax, for the year 2016-17 was ₹ 9,136.66 Lakhs as compared to net loss of ₹ 17,050.02 Lakhs in the previous year.

OPERATING RESULTS

The salient features of the operating results for the year 2016-17 as compared to the previous year are given below: -

(₹ in Lakhs)

Sl. Particulars	2016-17	2015-16
1 (a) Turnover	7,437.99	11,756.27
Less: Excise Duty	568.27	727.19
Net Turnover	6,869.72	11,029.08
(b) Other Revenues	945.24	1,297.63
Total Income	7,814.96	12,326.71
2 Expenditure on material	3,215.60	5,372.04
3 Accretion / (Decretion)	42.28	200.28
4 Employees remuneration & benefits	6,929.07	7,391.90
5 Services & Sub-contracting	740.28	1,174.40
6 Other Expenditure	1,500.21	1,630.13
7 Total Expenditure	12,427.44	15,768.75
8 Profit/(Loss) before depreciation, interest & tax (PBDIT)	(4,612.48)	(3,442.04)
9 Financial cost	1,934.65	2,883.73
10 Depreciation & Amortisation	825.92	486.60
11 Profit / (Loss) before Tax	(7,373.05)	(6,812.37)
12 Exceptional & Extra-ordinary items	1,763.61	10,237.65
13 Provision for Taxation	-	-
14 Profit/(Loss) after tax	(9,136.66)	(17,050.02)

ORDER BOOKING

During the year under review, the Company continued to face stiff competition in all areas of its operations, resulting in severe pressures on margins. Even though month by month reduced due to superannuating strength of experienced team and there was uncertainty about future of the Company, with the dedicated experienced team, high quality products & services and proven track record, the Company could only maintain its market share and booked orders of ₹ 6,610 Lakhs as compared to previous year's order booking of ₹ 8,387 Lakhs. Some of the major and prestigious orders received/ executed by the Company are as below:-

- a) Control Valves Orders worth ₹ 537.88 Lakhs from IOCL.
- b) Power Cylinders Orders worth ₹363.97 Lakhs from L&T.
- c) Control Valves & its spares Orders worth ₹ 307.51 Lakhs from various Units of BHEL.

ISO-9001 14000 AND OHSAS CERTIFICATION

During the year under review Palakkad Unit maintained ISO-9001:2008 accreditation. Palakkad Unit also received ISO 14001:2015 and OHSAS 18001:2007 Certification in May 2017. This has imparted status of quality products and services which is much needed in contemporary business for domestic as well as export markets.

SALES AND SERVICE

The Company has achieved a turnover of ₹7437.99 lakhs during the year as against turnover of ₹11,756.27 lakhs during the previous year 2015-16. The unit-wise contribution towards the Company's turnover is indicated below:-

(₹ In lakhs)			
S.No.	Unit	2016-17	2015-16
1.	Kota Unit	568.85	811.26
2.	P-DDC Unit	537.47	3,756.82
3.	Marketing Unit	15.15	32.35
4.	Palakkad Unit	6316.52	7,155.84
TOTAL		7,437.99	11,756.27

EXPORTS

During the year under review the Company achieved an export turnover of ₹ 1,163.46 lakhs including deemed exports (Previous year ₹ 1,188.94 lakhs). The Company's physical exports during the year 2016-17 have been worth ₹ 13.69 lakhs (Previous year ₹ 38.95 lakhs).

FINANCE

Paid-up Capital of the Company as on 31.3.2017 remained at ₹ 2,404.53 lakhs and Share Application Money at ₹12,200.96 lakhs is pending for allotment of equity and preference shares. This includes conversion of loan of ₹ 2,598.46 lakhs into Equity Shares in accordance with the sanctioned Revival Scheme.

BORROWINGS FROM THE GOVERNMENT / PSUs

The Ministry of Heavy Industries and Public Enterprises, Deptt. of Heavy Industry, Govt. of India, vide letter No. 5(4)/2010-PE-VIII dated 23.02.2016 conveyed approval of the Cabinet Committee of Economic Affairs for adjustment of Govt. of India loan of ₹16.75 Crores as on 31.12.2015 and interest & penal interest upto 31.12.2015 amounting to ₹22.53 Crores (Total ₹ 39.28 Crores) against consideration of ₹ 48.16 Crores due on transfer of 51% shares of REIL held by IL. Accordingly, GOI loan and outstanding interest and penal interest have been adjusted in the books against the consideration. Consequently, as on 31.03.2017 GOI loan and interest was NIL.

Loans from Government of Rajasthan outstanding as on 31.03.2017 stood at ₹13,617.68 lakhs as against ₹13,617.68 lakhs as on 31.03.2016.

As per directives of DHI the loan of GOR is to be negotiated and settled.

WORKING CAPITAL

The Company is striving hard to get over the difficult liquidity position. During the financial year under review Inventory and Sundry Debtors were ₹ 3,498.11 lakhs and ₹12,754.63 lakhs respectively as compared to ₹ 4,104.65 lakhs and ₹ 15,999.96 lakhs respectively during the previous year.



MOU WITH DHI

The Company has entered into Memorandum of Understanding (MOU) with Department of Heavy Industry (Ministry of Heavy Industries & Public Enterprises) for the year 2016-17. The Company is making all efforts in achieving various parameters set in the MOU which pertain to closure activities of IL, Kota and handing over of Palakkad Unit to Govt. of Kerala.

FUTURE PROSPECTS

The Ministry of Heavy Industry & Public Enterprises, Department of Heavy Industry, New Delhi vide letter No.: 5(1)/2016-PE-VIII dated 08.12.2016 has informed the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit (Kota Complex) of Instrumentation Limited (IL) and in principle approval of transfer of Palakkad Unit of IL to Government of Kerala. In view of decision of the Union Cabinet for closure of Kota Unit and in principle approval of transfer of Palakkad Unit to Govt. of Kerala, all out efforts are being made to complete the closure activities of Kota Complex and transfer of Palakkad Unit of IL to Government of Kerala as per the schedule based on DPE guidelines No.DPE/5(1)/2014-Fin. (Part) dated 07.09.2016.

SUBSIDIARY COMPANY:

Rajasthan Electronics & Instruments Limited, Jaipur (REIL)

A subsidiary Company was incorporated on 12th June, 1981 with IL holding the majority stake of 51% and Rajasthan Industrial and Investment Corporation (RIICO) retaining 49%.

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, Govt. of India, vide letter No. 5(4)/2010-PE-VIII dated 23.02.2016 has conveyed approval of the Cabinet Committee of Economic Affairs for transfer of entire share holding of IL in the shares of REIL. DHI vide letter No.: 5(4)/2010-PE-VIII dated 1.3.2017 has directed to transfer the shareholding of 51% shares held by ILK in REIL to Govt. of India on an immediate basis. In compliance with directives of DHI dated 01.03.2017, on 21.03.2017 shares were handed over to GOI for transfer. These shares were transferred by REIL on 27.03.2017 in the name of GOI and hence, REIL was seized to be a subsidiary of IL as on 31.03.2017.

WORKERS PARTICIPATION IN MANAGEMENT

Keeping in view the guidelines of the Government of India on the subject and to foster a sense of belongingness and team spirit amongst the employees, the Company formulated Shop Councils and Joint Management Councils both at Kota and Palakkad. With the association of Workers' representatives, useful contributions emerge during the councils' deliberations for improving productivity, efficiency, minimizing absenteeism, waste and on all other related matters till closure activities of Kota Complex were initiated.

Besides, employees' representatives are also associated in various other Committees to look after the welfare of the employees such as Works/ Canteen, Sports Council, PF Trust etc. till closure activities of Kota Complex were initiated.

RESERVATION FOR SC & ST AND DISABLED PERSONS

The Government directives regarding reservation for SC / ST, Physically handicapped and Ex-service personnel etc. were adhered to during the year under review. The total number of employees belonging to these categories at the end of the year was 174 representing nearly 24.44% of the total manpower of 712.

PERSONNEL AND INDUSTRIAL RELATIONS AND WELFARE

The industrial relations in the Company were continued to remain generally cordial and harmonious.

HUMAN RESOURCE & DEVELOPMENT

For better utilization of Human Resources and improvement in work culture and productivity, the Human Resource Development Department of the Company undertook various programs to train/retrain the employees to develop their skills.

VIGILANCE ACTIVITIES

During the year Vigilance Department functioned as an effective part of management and greater emphasis was laid on preventive vigilance.

VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established a vigil mechanism for Directors and employees to report their genuine concerns. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.ilkota.in

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, following two significant and material orders were passed by DHI, Govt. of India impacting the going concern status of Kota Complex and the Company's operations:

- (1) Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, Govt. of India, vide letter No. 5(4)/2010-PE-VIII dated 23.02.2016 has conveyed approval of the Cabinet Committee of Economic Affairs for transfer of entire share holding of IL in the shares of REIL. DHI vide letter No.: 5(4)/2010-PE-VIII dated 01.03.2017 has directed to transfer the shareholding of 51% shares held by ILK in REIL to Govt. of India on an immediate basis. In compliance with directives of DHI dated 01.03.2017, on 21.03.2017 shares were handed over to GOI for transfer.
- (2) Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry, New Delhi vide letter No.: 5(1)/2016-PE-VIII dated 08.12.2016 has informed the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit of Instrumentation Limited (IL) and in principle approval of transfer of Palakkad Unit of IL to Government of Kerala.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

The company has well placed proper and adequate systems of internal control and documented procedures covering all financial and operating functions. Adequate



internal control measures are in the form of various codes, manuals and procedures issued by the management covering all critical and important activities viz. Purchase, Material, Stores, Works, Finance, and Personnel etc. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audit of various divisions are conducted by firms of Chartered Accountants. Internal control system ensures complete compliance with laws, regulations, standards and internal procedures and systems.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 has been given at Annexure-I.

PREVENTIVE SEXUAL HARASSMENT POLICY

The Company has in place a Preventive Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, Contractual, Temporary, Trainees etc.) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17.

- No. of complaints received : Nil
- No. of complaints disposed off : Nil

PROGRESSIVE USE OF HINDI

The Company's emphasis on use of Hindi in its official working continued and effective steps have been taken on the implementation of provisions of the Official Languages Act and rules framed there-under. Use of Hindi language was promoted in communication and employees were motivated through competition, prizes and incentives declared by the Company from time to time. More and more employees from non-Hindi speaking areas are taking interest in the use of Hindi.

DISCLOSURE OF PARTICULARS

In accordance with the provision of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 the information is given below: -

(a) CONSERVATION OF ENERGY

The Company is not a bulk user of energy. However, keeping the Government directives in mind, maximum saving of energy is being planned at all its works locations.

(b) TECHNOLOGY ABSORPTION R & D ACTIVITIES

In the year under review, due to prevailing uncertainty about future of the Company, normal R&D activities could be carried out at Palakkad Unit.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company earned foreign exchange equivalent to ₹ 13.69 lakhs (previous year ₹ 38.95 lakhs) while the foreign exchange outgo was ₹ 222.57 lakhs (previous year ₹ 607.82 lakhs).

(d) **POLLUTION CONTROL**

The Company's products are Eco-friendly as these are, by and large, electronic in nature and pollution and environmental hazards are negligible.

(e) **SAFETY**

Safety of manpower, machinery and environment is the guiding factor in the Company's operations. The year under review continues to be another accident-free year.

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 197(12) OF THE COMPANIES ACT, 2013

There was no employee of the Company who is falling under this provision for the financial year under reference, who has received remuneration in excess of limits prescribed i.e. remuneration of not less than ₹102,00,000/- per annum or ₹ 8,50,000/- per month under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016, hence, information may be treated as NIL.

RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, the Board of Directors state that :-

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts of Kota Complex on a 'Not-going Concern' basis and have prepared annual accounts of Palakkad Unit on an 'Ongoing Concern' basis.
- (e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

Instrumentation Limited (IL) believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholders' value. IL has been complying with the Corporate Governance Guidelines issued by Department of Public Enterprise (DPE) and submits Compliance Report to Department of Heavy Industry (DHI) on quarterly basis.

Report on Corporate Governance and Management Discussion and Analysis Report are annexed at **Annexure-II** to this Directors' Report.



CLOSURE OF KOTA COMPLEX AND TRANSFER OF PALAKKAD UNIT TO GOVT. OF KERALA:

Pursuant to the Union Cabinet's decision dated 30.11.2016 and DHI directives dated 08.12.2016, all out efforts are being made to complete the closure activities for Kota Complex and transfer of Palakkad Unit to Govt. of Kerala as per prescribed guidelines.

Brief status of activities is as follow:-

- a) VRS/VSS was offered to all employees of Kota Complex as on 18.01.2017 out of which one employee absorbed in RITES, one has filed a writ petition in Honorable Jaipur High Court against the closure decision of Union Cabinet dated 30.11.2016, 15 employees superannuated and 409 employees were relieved on 18.04.2017 against VRS/VSS.
- b) Out of total fund ₹ 564.16 Crores received from GOI, ₹ 536.54 Crores has been disbursed towards liabilities of ILEPFT Ex-Employees, VRS / VSS Opted Employees, Bankers (OTS) & Taxes.
- c) Sale of Movable/ Immovable assets is in progress as per Govt. directives through M/s. MSTC and M/s. NBCC respectively.

AUDITORS

In accordance with Section 143(5) of the Companies Act, 2013, Auditors are re-appointed by the Comptroller and Auditor General of India. Accordingly, M/s. GR Gupta & Co., CAs, Sawai Madhopur were re-appointed as Statutory Auditors and M/s. Arun & Rajalakshmy, CAs, Palakkad were re-appointed as Branch Auditors for auditing accounts for Palakkad Unit for the financial year 2016-17.

Certain qualifications made by the Statutory Auditors in their report dated 11.12.2017 and Annexures thereto required to be dealt with in this report. The qualifications/ reservations together with replies of the Directors are given in **Annexure-III** enclosed forming part of this report.

COST AUDITORS:

In accordance with the directives of the Central Government and pursuant to section 148 of the Companies Act, 2013, M/s. K.G. Goyal & Co., Cost Accountants, Jaipur have been re-appointed as Cost Auditors and M/s. Ajith Sivasdas and Co., Palakkad, has been re-appointed as Branch Cost Auditors to audit the cost accounting records of the company for the financial year 2016-17.

The cost audit report for the financial year 2015-16 was filed with the Ministry of Corporate Affairs on 19.10.2016.

REVIEW OF THE ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India have reviewed the accounts of the Company for the year ended 31st March, 2017. A copy of his comments under section 143 (6)(b) of the Companies Act, 2013 is placed at **Annexure-IV**.

BOARD OF DIRECTORS

Appointment

Shri Alamuri Muralidhar, Director (Production) (DIN: 06574638), has been entrusted with additional Charge of Director (Finance) with effect from 01.12.2016 which was extended further upto 30.11.2017.



Cessation

In view of repeal of SICA Act, 1985 with effect from 01.12.2016, Dr. Pradeep Kumar, Special Director (BIFR) (DIN: 00773660), ceased to be Director of the Company w.e.f. 01.12.2016.

Pursuant to DHI's letter No.: 8(1)/2013-PE-VIII Pt. dated 28.11.2016, Shri Rakkam Gopala Rao, (DIN: 06970622), was relieved from present post of Director (Finance) of the Company w.e.f. 30.11.2016.

The Board of Directors placed on record the appreciation of the valuable services rendered as well as advice and guidance provided by Dr. Pradeep Kumar and Shri Rakkam Gopala Rao during their tenure.

ADDITIONAL INFORMATION PURSUANT TO RECOMMENDATIONS OF PARLIAMENTARY COMMITTEE

	₹ In Lakhs	
	2016-17	2015-16
(a) Foreign Tours	2.22	0.00
(b) Expenditure on Public Relations/ Business Promotion	5.35	7.81
(c) Entertainment Expenditure	0.09	0.00

APPRECIATION

The Directors wish to place on record their sincere thanks for the support and patronage received from the valued customers. The Board acknowledges the

sincere support and extends its grateful thanks to the Government of India, particularly Department of Heavy Industry, Board for Reconstruction of Public Sector Enterprises, Board for Industrial and Financial Reconstruction, Department of Electronics, Department of Public Enterprises, C-DOT, the State Governments of Rajasthan and Kerala, Industrial Development Bank of India (as the Monitoring Agency of BIFR) and the Company's Bankers i.e. State Bank of Bikaner and Jaipur, State Bank of Travancore (Both now SBI), State Bank of India and ICICI Bank Limited for their continued co-operation and guidance.

The Board Directors also acknowledge the co-operation and support received from the collaborators and thank them for their support for the operations of the Company. The Board also wishes to place on record its deep appreciation for the valuable contributions made by employees at all levels of the Company.

For and on behalf of the Board of Directors of
INSTRUMENTATION LIMITED

M. P. ESHWAR
Chairman-and-Managing Director

Dated: 29.12.2017


ANNEXURE - I

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]

I REGISTRATION & OTHER DETAILS :

i	CIN	U29299RJ1964GOI001174
ii	Registration Date	21-03-1964
iii	Name of the Company	INSTRUMENTATION LIMITED
iv	Category/Sub-category of the Company	Union Government Company/Limited by Shares
v	Address of the Registered office & contact details	Jhalawar Road, Kota-324005 Tel : 0744-2424591-98 Fax : 0744-2424322
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name & Description of main products/services	NIC Code of the Product/Service	% to total turnover of the company
1	Process Control Instruments	9026	15.08
2	Control Valves	8481	84.92
3	Telecommunication Apparatus	8517	-
4	Un-Interrupted Power Supply Systems	8543	-

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% to Shares held	Applicable Section
1	----	----	----	----	----

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)
(i) CATEGORYWISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
A. Promoters									
(1) Indian									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt.	Nil	240453	240453	100	Nil	240453	240453	100	Nil
c) Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bank/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL:(A) (1)	Nil	240453	240453	100	Nil	240453	240453	100	Nil



(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
e) Any other...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
SUB TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	Nil	240453	240453	100	Nil	240453	240453	100	Nil

B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Cap.Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(2) Non Institutions									
a) Bodies corporates									
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individuals Shareholders holding nominal share cap.in excess of Rs.1 lac	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Total Public Shareholding (B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	240453	240453	100	Nil	240453	240453	100	Nil

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the Beginning of the year			Shareholding at the End of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	President of India and his Nominees	240,453	100	Nil	240,453	100	Nil	Nil
	Total	240,453	100	Nil	240,453	100	Nil	Nil



(iii) CHANGE IN PROMOTERS' SHAREHOLDING (Specify if There is No Change)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	240,453	100	240,453	100
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change	No Change	No Change
3	At the end of the year	240,453	100	240,453	100

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
(1)	(2)	(3)	(4)	(5)	(6)
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change	No Change	No Change
3	At the end of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) SHAREHOLDING OF DIRECTORS & KMP.

Sl. No.	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change	No Change	No Change
3	At the end of the year	Nil	Nil	Nil	Nil



V INDEBTEDNESS

(Amount in ₹)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	959,951,135	1,529,268,000	Nil	2,489,219,135
ii) Interest due but not paid	310,256,810	224,955,885	Nil	535,212,695
iii) Interest accrued but not due	Nil	327,507	Nil	327,507
Total (i+ii+iii)	1,270,207,945	1,754,551,392	Nil	3,024,759,337

Change in Indebtedness during the financial year				
Additions	Nil	4,000,200,000	Nil	4,000,200,000
Reduction	321,168,281	392,783,392	Nil	713,951,673
Net Change	-321,168,281	3,607,416,608	Nil	3,286,248,327

Indebtedness at the end of the financial year				
i) Principal Amount	949,039,664	5,361,968,000	Nil	6,311,007,664
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	949,039,664	5,361,968,000	Nil	6,311,007,664

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(Amount in ₹)

Sl.No.	Particulars of Remuneration	Name of the MD/WTD/Manager				
		Shri MP Eshwar, Chairman and Managing Director	Shri A. Muralidhar, Director (Prod.) and Addl. change of Director (Fin.) from 01.12.16 to 30.11.17	Comde (Retd.) HP Singh, Director (Commercial) up to 27.07.16	Shri R. Gopala Rao, Director (Finance) up to 30.11.16	TOTAL
		(WTD)	(WTD)	(WTD)	(WTD)	
1	Gross salary					
	(a) Salary as per provisions contained in Sec 17 (1) of the Income Tax Act, 1961	1882810	1752445	333497	1187594	5156346
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	326388	208580	552663	90985	1178616
	(c) Profits in lieu of salary u/s section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commissios as % of profit or other (specify)	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (A)	2209198	1961025	886160	1278579	6334962
	Ceiling as per the Act	NA	NA	NA	NA	NA


B. Remuneration to other Directors:

(Amount in ₹)

S No	Particulars of Remuneration	Name of the Directors		
1	Independent Directors	Dr. Pradeep Kumar (Up to 01.12.16)	Shri Yogesh Gautam (form 24.06.16)	Prof. (Dr.) Ram Naresh Singh (form 24.06.16)
	(a) Fee for attending board committee meetings	2400	800	1600
	(b) Commission	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil
	Total (1)	2400+800+1600=4800		
2	Other Non Executive Directors	Smt. Ritu Pande	Shri AM Manichan	
	(a) Fee for attending board committee meetings	Nil	Nil	
	(b) Commission	Nil	Nil	
	(c) Others, please specify.	Nil	Nil	
	Total (2)	Nil	Nil	
	Total (B)=(1+2)	4800		
	Total Managerial Remuneration	4800		
	Overall Ceiling as per the Act.	NA	NA	NA

C. Remuneration of key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Shri A.K. Shringi General Manager (F&A) & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1221315
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	187167
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission as % of profit or others, specify	Nil
5	Others, please specify	Nil
	Total	1408482

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment			----- Nil -----		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			----- Nil -----		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			----- Nil -----		
Compounding					

REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR 2016-17

(Pursuant to Department of Public Enterprises Guidelines)

IL has established a sound framework of Corporate Governance, which underlines commitment to quality of governance, transparency in disclosures and consistent stakeholders' value enhancement. Corporate Governance is a combination of voluntary practices and compliance with laws and regulations, leading to effective control and management of the Company. It is the strong belief of Company that the good corporate governance ensures that the corporate actions balance the interest of all stakeholders and satisfy the tests of accountability, transparency, and fair play. The Company believes that all its operations and actions must be directed towards enhancing overall stakeholder value. We will continue to focus our resources, strengths, strategies to achieve this purpose.

At the heart of Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the Management and Board. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practicing it.

With commitment to practice sound governance principles, your Company is guided by the following core principles.

- Proactive flow of information to the members of the Board and its Board.
- Committees to enable effective discharge of fiduciary duties;
- To comply with all the applicable laws, rules and regulations;

- Ethical business & conduct by the Board, Management, employees; and
- Robust systems and processes for internal control.

The Board of your Company constantly endeavors to set goals and targets aligned to the Company's vision and mission – To be the leader in the process control instrumentation sector and Commitment to total customer satisfaction by identifying and fulfilling their specific needs, translating them into quality products, providing dependable after sales service and to work for continual improvement of Quality Management System by developing/marketing quality products.

BOARDS AND COMMITTEES:

a) Board of Directors:

As on 31st March, 2017, the Board of Directors consists of six Directors. During the financial year ended 31st March, 2017, Five Board Meetings were held on 23rd June, 2016, 31st August, 2016, 29th Sept., 2016, 16th Dec., 2016 and 30th Mar., 2017 as against minimum requirement of four meetings.

The details of composition of the Board as at 31.03.2017, the attendance record of the Directors at the Board Meeting held during the financial year 2016-17 and at the last Annual General Meeting (AGM), as also the number of Directorships, Committee Chairmanships and Memberships held by them in other Companies are given here below:-



Name of Director	Category	No. of Board Meetings Held	No. of Board Meetings attended by the Director	Attendance at the previous Annual General Meeting held on 29.09.16	No. of Other Directorship	No. of membership of other Board Committees	No. of other Committees Of which the Director is a Chairperson
Shri MP Eshwar	Chairman and Managing Director	5	5	Present	Nil	Nil	Nil
Smt Ritu Pande	Director (Govt. Nominee)	5	5	Present	8	Nil	Nil
Shri A.M Manichan	Director (Govt. Nominee)	5	5	Present	4	Nil	Nil
Shri Alamuri Muralidhar	Director (Production) and Additional Charge of Director (Finance) (From 01.12.16 to 30.11.2017)	5	5	Present	1	Nil	Nil
Shri Yogesh Gautam	Independent Director (From 24.06.16)	5	1	No	1	Nil	Nil
Prof. (Dr.) Ram Naresh Singh	Independent Director (From 24.06.16)	5	2	No	Nil	Nil	Nil
Dr. Pradeep Kumar	Special Director (BIFR) (Up to 01.12.16)	5	3	Present	Nil	Nil	Nil
Shri R. Gopala Rao	Director (Finance) (Up to 30.11.16)	5	3	Present	Nil	Nil	Nil
Cmdr (Retd.) HP Singh	Director (Comm.) (Up to 27.07.16)	5	1	No	Nil	Nil	Nil

b) Board Procedure:

The Board generally meets once in a quarter to review the quarterly business and financial performance of the Company. Additional meetings are held, when necessary. These Meetings are scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All

the items on the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans, financial results etc., the same are tabled at the meeting.

The agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases; the same is tabled at the meeting. The Minutes of the Board Meetings are also circulated in advance to all Directors and confirmed at subsequent Meeting. The Board reviews the performance of the Company every quarter vis-à-vis the targets set by them and helps in the major strategic decisions and policy formulations. The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in agenda for discussion in consultation with the Chairman.

c) Board's Responsibilities:

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stakeholders are being served.

d) Other Major Committees of Directors:

Pursuant to the Corporate Governance Code, the Board has constituted CSR & SD Committee.

The Composition of CSR & SD Committee is as under :-

SL Name of Director

1. Shri A.M. Manichan, Director (Govt. Nominee) Chairman
2. Shri A. Muralidhar, Director (Production) & Member Additional Charge of Director (Finance),
3. Shri Arvind Agarwal, AGM & TSO to CMD, Secretary

The committee has been entrusted the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. However during the year under review no meeting of the Committee took place.



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE OVERVIEW:

Instrumentation Limited (ILK) was established in 1964 as a fully Government owned CPSE to cater to the growing Control & Instrumentation (C & I) needs of Core Industrial sectors viz. Power, Steel, Oil Refinery etc. and for achieving self reliance in this field. The company has its Registered Office & Headquarters at Kota, Rajasthan and manufacturing plants at Kota for Precision Electro mechanical items, Telecom Products, SBC Panels, LIE, LIR & LGB Panels, Railway Signaling products etc. and at Palakkad, Kerala for Control Valves/ Actuators. Palakkad Unit is accredited with ISO 9001:2008. Palakkad Unit also received ISO 14001:2015 and OHSAS 18001:2007 Certification in May 2017. ILK was making profit till 1990-91 and after liberalization of economy in 1991-92 the company started incurring losses. Due to erosion of net worth, the Company became sick and referred to BIFR on 4th Oct. 1993. BIFR sanctioned a revival scheme (SS-99) on 24th March 1999 but was implemented partially and therefore the expected result could not be achieved. ILK was forced to raise huge loans to meet the rationalization of manpower during the down swing period which along with interest burden made a dent in the profitability of the company. Consequent upon time and cost overrun and non implementation of various reliefs

and Concessions and other allied parameters envisaged in SS-99, BIFR directed IDBI, the operating Agency to modify the Scheme suitably, which was modified and considered by BRPSE in its 37th meeting held on May 26, 2006. The CCEA approved the Modified Revival Scheme (MRS) on 11th Feb. 2009 and the BIFR sanctioned the MRS on 23.02.2010. The scheme was under implementation till the SICA 2002 was repealed w. e. f. 01.12.2016.

On 30.11.2016 the Union Cabinet approved closure of Kota Complex (Kota Complex comprising Kota Unit, Marketing Unit, P-DDC Unit and Head Quarter) and in principle approval for transfer of Palakkad Unit to Govt. of Kerala. Accordingly, activities for closure of Kota Complex are under process as per DPE guidelines and the matter of transfer of Palakkad Unit to Govt. of Kerala is in advance stage with DHI and Govt. of Kerala.

MISSION, VISION AND OBJECTIVE

In view of decision of the Union Cabinet on 30.11.2016 for closure of Kota Unit and in principle approval of transfer of Palakkad Unit to Govt. of Kerala, all out efforts are being made to complete the closure activities of Kota Complex and transfer of Palakkad Unit of IL to Government of Kerala as per the DPE guidelines.

ANNEXURE-III

Replies to the observations made by the Statutory Auditors in their report dated 11.12.2017 on the accounts of the Company for the year 2016-17: -

1. Observation at S. No. (i) to (ix) :

Regarding Statutory Auditors observation number (i) to (xi) of the Report, Note no. (19.2), (19.1, 19.3, 19.4, 19.5 & 19.6), 17.6, (17.3), (17.4), (19.5), (12.6), (32.3) and (26.2), respectively forming part of accounts are self explanatory.

2. Observation at S. No. (x) :

Fixed assets of Kota Complex comprising immovable assets and movable assets are under the process of sale through M/s. NBCC and M/s. MSTC, as per DPE guidelines for closure. As per valuation of the assets, realizable/market value is more than the book value of the assets of Kota Complex as on 31.3.2017. Accordingly, adjustment for gains on sale of assets shall be made in the year of sale.

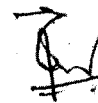
Annexure-A To The Report :

3. Observation at S. No. 2(b) and 8 :

Regarding Statutory Auditors observation number 2(b) and 8 of Annexure A to the Report, Note no. (17.6) and (5.3, 8.2 & 8.3) forming part of accounts is self explanatory.

4. Observation at S. No. 7(a) and 7(b) :

Regarding Statutory Auditors observation number 7(a) and 7(b) of Annexure A to the Report relating to provisions of certain enactments and repayment of dues to banks in time could not be adhered to due to adverse financial position of the Company. However, all undisputed dues have been paid to Statutory Authorities and Banks in 2017-18.



MP Eshwar
Chairman and Managing Director



ANNEXURE-IV

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INSTRUMENTATION LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The Preparation of financial statements of INSTRUMENTATION LIMITED for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 December 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of **INSTRUMENTATION LIMITED** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the
Comptroller and Auditor General of India**

**Sd/-
(Neelesh Kumar Sah)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi.**

Place : New Delhi

Dated : 26 December 2017



INDEPENDENT AUDITORS' REPORT

To
The Members of
Instrumentation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Instrumentation 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 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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 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 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 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 true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 audit opinion on the financial statements.

Basis of Qualified/ Adverse/ Disclaimer of Opinion

- (i) With reference to Note No. 19.2 regarding liability towards Liquidated damage amounting to ₹ 31,68,91,140/- which has not been provided in the accounts, thereby the loss is understated by ₹ 31,68,91,140/- and current liabilities are understated by ₹ 31,68,91,140/-.
- (ii) With reference to note no. 19.1, 19.3, 19.4, 19.5 and 19.6 of notes on accounts regarding balances shown under Sundry Debtors, Retention Money, Claims & Other amounts recoverable, Advances Recoverable and Other debits/credits amounting of ₹ 1,27,54,62,870/- in so far as these have since not being confirmed, realized, discharge or adjusted are subject to reconciliation and in the absence of confirmation/reconciliation thereof, we are not in a position to comment on their genuineness or otherwise. The exact financial impact on the financial statements of the Company could not be ascertained. However some amount of ₹ 3,45,91,358/- and ₹ 21,20,72,503/- which is due from Punjab State Power Corporation Ltd and UHBVN respectively are doubtful for recovery due to cancellation of order by Punjab State Power Corporation Ltd and UHBVN for which no provision is made by the company in the books, as a result loss is understated by ₹ 24,66,63,861/- & receivables is overstated by ₹ 24,66,63,861/-.
- (iii) With reference to note no. 17.6 regarding shortage of inventory amounting of ₹ 3,04,41,000/-, at Palakkad unit which has not been provided in the accounts, thereby the loss is understated by ₹ 3,04,41,000/- and inventory is overstated by ₹ 3,04,41,000/-.
- (iv) With reference to note no. 17.3 regarding valuation of finished goods where the realizable value of some items is taken on the basis of old work orders received by the company instead of taking it at current market value which is not in conformity of

Accounting Standard -2 issued by Institute of Chartered Accountants of India. The exact financial impact on the financial statement of the company could not be ascertained.

- (v) With reference to note no. 17.4 regarding valuation of stock of Raw Material, stores and spare parts, bought out components, manufactured components, Loose Tools and implements in stock, the same are valued at Cost. However there is no suitable evidence with the company to show that goods manufactured from these items will be sold at or above cost. This is not as per Accounting Standard -2 issued by Institute of Chartered Accountants of India. The exact financial impact on the financial statements of the Company could not be ascertained.
- (vi) Several accounts under the Sundry Creditors, Advances from customers, Other liabilities, Deposit from Customers, Suppliers and Others and Provisions in so far as these have since not been confirmed, paid, discharged or adjusted, in the absence of confirmation / reconciliation thereof, we are not in a position to comment on their genuineness or otherwise. The exact financial impact on the financial statements of Company could not be ascertained. The adequacy of write back of income could not be determined in absence of confirmation from and/or reconciliation / adjustment with related parties. Hence financial statement may be affected in case of any variation thereof.
- (vii) Refer note no. 12.6 of notes on accounts regarding non-execution of title deed of Building of ₹ 63,42,352/-.
- (viii) With reference to note no. 32.3, the Company is not presenting the segment information as required by Accounting Standard -17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.
- (ix) Inventory includes stocks which are slow/nonmoving, obsolete, damaged & unusable items. As refer note no. 26.2 reduction of ₹ 3,69,645/- has been made by the company for inventory obsolescence, nonmoving and slow moving on estimated basis. However, the adequacy of the same cannot be ascertained and therefore, the exact financial impact on the financial statements of the Company could not be ascertained.
- (x) With reference to note no. 1 of financial statements, the financial statements have been prepared on the basis of a 'going concern' for Palakkad Unit and 'not on going Concern' basis for Kota Complex. Accordingly fixed assets of Kota Complex have to be shown on realizable value which is not shown by company. As there are huge fixed assets hence realizable value is not ascertained and therefore, the exact financial impact on the financial statements of the company could not be ascertained.

Opinion

Without considering item no. (iv) to (x) of Para 'Basis of Qualified/ Adverse/ Disclaimer of Opinion' above, the monetary effect of which on financial statements of Company could not be ascertained; had the observations made by us at item no. (i) to (iii) above, been considered the loss of the Company is understated by ₹ 59,39,96,001/-, Current Liabilities is understated by ₹ 31,68,91,140/-, inventory is overstated by ₹ 3,04,41,000/- and Trade Receivables are overstated by ₹ 24,66,63,861/-.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for 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 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following Notes:

- (i) With reference to note no. 1 of financial statements which mention that the Ministry of Heavy Industry & Public Enterprises, Govt. of India vide its letter dated 08.12.2016 intimated the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit (comprising Corporate Head Quarter, Kota Unit, P-DDC Unit and Marketing Unit viz Kota Complex) and in principle approval for transfer of Palakkad Unit of Instrumentation Limited to Government of Kerala in a time bound manner as per DPE Guideline dated 07.09.2016 of closure and accordingly board of directors of company in board meeting held on 16.12.2016 also passed resolutions for closure. Accordingly, the financial statements have been prepared in accordance with the historical cost convention on the basis of a 'going concern' for Palakkad Unit and 'not on going Concern' basis for Kota Complex.
- (ii) With reference to note no. 12 we have verified title deed for lease hold land and buildings from photocopy of deeds, as per management original copies are held with banks hence could not be made available for verification. Title deeds of flat at Bombay is not verified as it was not available for verification amounting to ₹ 6.33 Lacs and title deed of Building amounting of ₹ 63,42,352/- is not available as it has not been executed till date as refer to note no. 12.6.
- (iii) With reference to note no. 32 Contingent Liability, which describes the uncertainty related to the outcome of the lawsuits and demands raised against the company by various parties and Government authorities.



- (iv) Pending write off action of certain old account balance against which full provision has been made in the books of accounts.

Our opinion is not modified in respect of this matter.

Other Matter

- (i) In respect of Trade Receivables due to practical difficulty in arriving at due date for payment of various bills and since a large number of suppliers do not have any credit period, the company has taken the bill date in to consideration to determine the outstanding for more than six months.
- (ii) In terms of memorandum of settlement between management and the Unions of employees of the unit representing the workmen executed on 03/08/2009 before the labour authorities regarding pay revision, arrears of pay revision including all fringe benefit effective from 01/01/1997 to 22/02/2009 are to be separately discussed and decided between the management and the unions. We are informed that no decision has since been made. Hence contingent liability of ₹125,68,99,334/- has been disclosed in the financial statement for the current year. Refer note no. 32(I).

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 ("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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required under section 143(5) of the Companies Act, 2013, we give in the "Annexure B", a statement on the Directions issued by the Comptroller and Auditor General of India.
3. 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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 purposes of our audit have been received from the branches not visited by us.
 - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this

Report are in agreement with the books of account and the returns received from the branches not visited by us.

- e) In our opinion, except the effects of the matter described in the basis for qualified opinion paragraph, the aforesaid 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) In our opinion and to the best of our information and according to the explanations given to us, we have no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the company.
- g) The going concern matter describe in (i) of Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- h) Being a Government Company, pursuant to the Notification Ref No. GSR 463(E) dated 05th June 2015 issued by Government of India, provisions of section 164(2) of the Act are not applicable to the Company.
- i) 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 C".
- j) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 to the financial statements;
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 19 to the financial statements;
 - iii) There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

For G.R.Gupta & Company
Chartered Accountants
Firm Registration No. :006201C

(CA. Abhishek Mittal)
Partner

Place: Camp, New Delhi (Membership No.: 404848)
Date: 11st Dec., 2017



Annexure-A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Instrumentation Limited ("Company") for the year ended March 31, 2017:

1) In respect of Fixed Assets:

- The Company has maintained proper records showing full particulars, including quantitative details. Further certain details as regard to situation of fixed assets and area of leasehold land also need to be updated in fixed asset register.
- As explained to us, all fixed Assets have been physically verified by the management in a phased manner, which in our opinion is reasonable having regard to the size of the company and nature of its business. No material discrepancies were noticed on such physical verification.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company and on the basis of photocopies of lease deed, as per management original copies are held with banks hence could not be made available for verification, lease deed of lands have been verified by us and same are held in the name of company. As regard to title deed / lease deed of other immovable properties are concerned we have verified the same from photocopies of deeds, as original copies are not made available to us, except Building value of ₹ 63,42,352/- refer note no. 12.6 title deed of which yet to be executed and flats at Bombay value of ₹ 6.33 lacs deed of which not made available for verification.

2) In respect of Inventories

- It has informed to us that the management has conducted the physical verification of inventory in a phased manner and looking to the size of company and nature of business the procedure and frequency are reasonable and adequate.
- There are material discrepancies were notice on physical verification of inventory :
Internal Auditors of Palakkad Unit have carried out physical verification of inventory as on 31.12.2016 and shortage of items of different categories of inventory amounting to Rs. 304.41 Lakhs was reported.
- 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 Act. Accordingly, the provisions of clause 3 (iii) of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- The Company has not accepted any deposits from the public.
- We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained However, we have not made any detailed examination of the records.

7) In respect of Statutory Dues

- According to information and explanations given to us and on the basis of our examination of the books of account and records the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Sales tax, Service Tax, Value added Tax and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us undisputed amount payable in respect of the aforesaid dues outstanding as at 31 March 2017 for a period more than six

months from the date of becoming payable are as under:

S. No.	Name of Statutory Dues	Amount (₹)
1	Employer PF Contribution	23,95,66,280
2	Employees PF Contribution	106,29,75,153
3	Interest on Provident Fund	52,05,08,695
4	VAT & CST (Net of Inputs)	1,19,48,772.95
5	Service Tax (Net of Input Credit)	1,29,61,000.55
6	Income Tax (TDS)	31,61,980.00
	Total	1,85,11,21,881.50

- According to the information and explanation given to us, there are disputed statutory dues aggregating of ₹ 13,09,72,769/-. Details are enclosed as Annexure-A.
- In our opinion and according to the information and explanations given to us, the Company has regularly defaulted in the repayment of dues to banks, financial institutions and Government. Refer note no. 5.3, 8.2 & 8.3 the dues of Government of Rajasthan is pending for settlement and dues of banks are being repaid as per one time settlement scheme (OTS) in July 2017.
- Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and although company has received term loan from Govt of India for payment of liabilities of company on closure of Kota Unit during the year which is applied for the purpose for which they were raised.
- Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- As explained to us section 197 of Companies Act 2013 is not applicable to the company being a Government company.
- In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **G.R.Gupta & Company**
Chartered Accountants
Firm Registration No.:006201C

(**CA. Abhishek Mittal**)

Partner

(Membership No.: 404848)

Place: Camp, New Delhi
Date: 11 Dec., 2017



Annexure A- Details of Disputed Statutory dues

Year	Amount	Amount	Amount	Total	Particulars
	CST/ UP VAT	K.G.S.T.	RVAT		
1984-85	1,090,648			1,090,648	Modification of Appellate Tribunal Order pending with AC(ASST. Sales tax), Kerala
1989-90	449,069	7,064	-	456,133	Pending with DC(A), Kerala subsequent to Direction of Appellate Tribunal
1990-91	193,650	-	-	193,650	Modification of Appellate Tribunal Order pending with AC(ASST), Kerala
1991-92	880,171	-	-	880,171	Pending with DC(A), Kerala subsequent to Direction of Appellate Tribunal
1992-93	574,880	-	-	574,880	Pending with DC(A), Kerala subsequent to Direction of Appellate Tribunal
2009-10	6,856,312			6,856,312	Pending for appeal with Dy. Commissioner, Comm.
2010-11	6,342,993			6,342,993	II Appeal pending with Karboard Ajmer
2011-12	5,520,102			5,520,102	II Appeal pending with Karboard Ajmer
2012-13	3,727,856			3,727,856	II Appeal pending with Karboard Ajmer
2005-08	47,163,475			47,163,475	Appeal with UP Commercial Tax with Commercial Tax Tribunal, Lucknow
TOTAL	72,799,156	7,064	0	72,806,220	
	Excise Duty	Service tax	Custom Duty		
1992-93	-	-	1,459,824	1,459,824	Collector (A) Mumbai
1993-94	-	-	716,953	716,953	Collector (A) Mumbai
1994-95	-	-	12,770,590	12,770,590	Collector (A) Mumbai & CESTAT(A), Mumbai
2004-05	-	-	4,220,000	4,220,000	CESTAT(A) Mumbai
2003-04 to 2006-07	-	4,751,000	-	4,751,000	Pending with CESTAT, New Delhi
2006-07	-	7,643,892	-	7,643,892	Pending with CESTAT
2007-08	-	137,766	-	137,766	Pending with CESTAT (Appeals), Jaipur
2009-10	-	26,466,524	-	26,466,524	Pending with CESTAT, Delhi
TOTAL	-	38,999,182	19,167,367	58,166,549	
Grand Total	72,799,156	39,006,246	19,167,367	130,972,769	

"Annexure B" to the Independent Auditors Report

Referred to in Paragraph 2 of "Other Legal and Regulatory requirements" of our Audit Report

Sl. No.	Details Directions	Auditor's Reply	Action taken and Impact on Accounts and Financial Statements
1	Whether the Company has clear Title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	According to the information and explanations given to us and on the basis of our examination of the records of the Company and on the basis of photocopies of lease deed, as per management original copies are held with banks hence could not be made available for verification, lease deed of lands have been verified by us and same are held in the name of company.	No impact on financial statements.
2	Whether there are any cases of waiver/write off of debt/loans/interest etc. If yes, the reason there for and amount involved.	There is no cases of waiver/write off any debt/loans /interest etc. during the year. Although Rs.53.22 Lacs has been written off against old claims/debtors through profit & Loss account as per management decision as informed to us.	Due to this written off loss is overstated by Rs. 53.22 Lacs.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grants(s) from the Govt. or other authorities.	Yes proper records are maintained for inventories lying with third parties. Further no assets were received as gift/grant from Government or authorities.	No impact on financial statements.

For G.R.Gupta & Company
Chartered Accountants
Firm Registration No. :006201C

(CA. Abhishek Mittal)
Partner
(Membership No.: 404848)

Place: Camp, New Delhi
Date: 11 Dec. 2017



Annexure C to the Independent Auditor's 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 have audited the internal financial controls over financial reporting of Instrumentation Limited ("the Company") as of March 31, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

**For G.R.Gupta & Company,
Chartered Accountants
(FRN -006201C)**

**(C.A. Abhishek Mittal)
Partner
M.No. 404848**

**Place: Camp, New Delhi
Date: 11 Dec.2017**



BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31-3-2017		As at 31-3-2016	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2	240,453,000		240,453,000	
(b) Reserves & Surplus	3	(6,907,472,759)		(6,054,508,264)	
(c) Money received against share warrants		-		-	
			(6,667,019,759)		(5,814,055,264)
2. Share Application Money Pending Allotment	4		1,220,096,000		1,220,096,000
3. Non-Current Liabilities					
(a) Long Term Borrowings	5	-		1,322,101,334	
(b) Deferred Tax Liability (Net)	6	-		-	
(c) Other Long Term Liabilities	7	146,991,697		539,122,376	
(d) Long Term Provisions		-		-	
			146,991,697		1,861,223,710
4. Current Liabilities					
(a) Short Term Borrowings	8	949,039,664		1,270,207,945	
(b) Trade Payables	9	460,913,071		551,792,765	
(c) Other Current Liabilities	10	10,223,605,661		3,602,997,190	
(d) Short Term Provisions	11	7,981,894		58,681,746	
			11,641,540,290		5,483,679,646
ASSETS	Total		6,341,608,228		2,750,944,092
1. Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	12	199,632,389		208,899,485	
(ii) Intangible Assets	12	1,540,825		2,036,333	
(iii) Capital Work in Progress	12	853,080		12,746,030	
(iv) Intangible Assets under Development		-		-	
		202,026,294		223,681,848	
(b) Non-Current Investments	13	-		90,000	
(c) Long Term Loans and Advances	14	149,810,527		278,724,736	
(d) Deferred Tax Assets (Net)	6	-		-	
(e) Other Non-Current Assets	15	3,803,927		3,190,479	
			355,640,748		505,687,063
2. Current Assets					
(a) Current Investments	16	90,000		62,475,000	
(b) Inventories	17	349,811,498		410,464,716	
(c) System Work (At Sites)	18	-		192,534	
(d) Trade Receivables	19	1,275,462,870		1,599,996,415	
(e) Cash and Bank Balances	20	4,074,273,828		59,640,970	
(f) Short Term Loans and Advances	21	166,469,942		96,285,238	
(g) Other Current Assets	22	119,859,342		16,202,156	
			5,985,967,480		2,245,257,029
Total			6,341,608,228		2,750,944,092

Significant Accounting Policies and Notes 1 to 32 form integral part of these Financial Statements

For and on behalf of the Board

A. Muralidhar
Director (Production)

M.P. Eshwar
Chairman and Managing Director

In terms of our report of even date attached
For GR Gupta & Co.
Chartered Accountants
F.R.N. 006201C

Place : Camp, New Delhi
Date : 11th December, 2017

Abhishek Mittal
Partner
M.No.404848



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	2016-2017		2015-2016	
		₹	₹	₹	₹
REVENUE FROM OPERATIONS	23	743,799,824		1,175,627,438	
Jobs done for internal use	24	-		3,057,427	
Total		743,799,824		1,178,684,865	
Less :- Excise Duty		56,827,426		72,719,092	
Revenue from Operations (Net)			686,972,398		1,105,965,773
Other Income	25		94,524,054		148,870,300
Total Revenue			781,496,452		1,254,836,073
EXPENSES					
Cost of Materials consumed	26		321,560,557		537,204,140
Changes in Inventories of Finished goods & Work-in-process	27		4,227,928		20,028,212
Employee benefit expenses	28		692,907,186		739,190,551
Services & Sub-Contracting			74,028,106		117,440,061
Finance Cost	29		193,465,543		288,373,442
Depreciation and Amortisation Exp.	30		82,591,757		48,659,954
Other Expenses	31		150,020,616		185,177,506
Total Expenses			1,518,801,693		1,936,073,866
Profit/(Loss) before exceptional and extraordinary items and tax			(737,305,241)		(681,237,793)
Exceptional items	32.7		176,360,799		1,023,764,629
Profit/(Loss) before extraordinary items and tax			(913,666,040)		(1,705,002,422)
Extraordinary items			-		-
Profit/(Loss) before Tax			(913,666,040)		(1,705,002,422)
Tax Expenses					
Current Tax			-		-
Deferred Tax			-		-
Profit/(Loss) for the year			(913,666,040)		(1,705,002,422)
Basic & Diluted EPS	32.8	Basic ₹	- 3800		-7091
(Face value of ₹1000/-each)		Diluted ₹	- 935		-1745

Significant Accounting Policies and Notes 1 to 32 form integral part of these Financial Statements

For and on behalf of the Board

A. Muralidhar
Director (Production)

M.P. Eshwar
Chairman and Managing Director

In terms of our report of even date attached
For GR Gupta & Co.
Chartered Accountants
F.R.N. 006201C

Place : Camp, New Delhi
Date : 11th December, 2017

Abhishek Mittal
Partner
M.No.404848



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	2016-2017 ₹	2015-2016 ₹
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary items :-	(913,666,040)	(1,705,002,422)
Depreciation & amortisation	82,591,757	48,659,954
Profit on sale of fixed assets	-	(115,787)
Profit on transfer of Investment (REIL)	(419,144,775)	-
Provision for doubtful debts	291,839	17,112,431
Provision - others	-	-
Interest Income	(4,182,110)	(3,462,183)
Dividend Income	(21,478,986)	(10,382,258)
Rent and other Revenue	(36,818,699)	(56,731,975)
Interest Expenses	193,465,543	288,373,442
Operating Profit before working capital changes	<u>(1,118,941,471)</u>	<u>(1,421,548,798)</u>
Adjustment for:-		
Investment	62,475,000	-
Trade Receivable	324,434,240	619,138,959
Inventory	60,653,218	205,080,125
Loans and Advances and Other Current Assets	(46,052,357)	41,155,345
Trade payable, Provisions and Other Liabilities	5,622,907,256	428,619,054
Net cash from/(used in) operating activities before Tax & extraordinary items	<u>4,905,475,886</u>	<u>(127,555,315)</u>
Tax	-	-
Net cash from/(used in) operating activities before extraordinary items	<u>4,905,475,886</u>	<u>(127,555,315)</u>
Extra ordinary items	-	-
Net cash from/(used in) operating activities after extraordinary items	<u>4,905,475,886</u>	<u>(127,555,315)</u>
B. Cash flow from investing activities		
Purchase of Fixed Assets	(234,659)	(27,650,665)
Profit from sale of Fixed Assets	-	115,787
Profit on transfer of Investment (REIL)	419,144,775	-
Investments	-	-
Interest Received	4,182,110	3,462,183
Dividend received	21,478,986	10,382,258
Rent and other Revenue received	36,818,699	56,731,975
Net cash from / (used in) investing activities	<u>481,389,911</u>	<u>43,041,538</u>
C. Cash flow from financing activities		
Share application money	-	-
Long term Loan	(1,322,101,333)	23,007,000
Borrowings	(10,911,471)	35,017,324
Interest Paid	(39,731,363)	(101,662,198)
Net cash from / (used in) financing activities	<u>(1,372,744,167)</u>	<u>(43,637,874)</u>
D. Net increase in cash & cash equivalent (A+B+C)	<u>4,014,121,630</u>	<u>(128,151,651)</u>
Cash & Cash equivalent at the beginning of the year	37,954,526	166,106,177
Cash & Cash equivalent at the end of the year (Refer Note No.20)	<u>4,052,076,156</u>	<u>37,954,526</u>

Note:- 1. Cash Flow Statement has been prepared as per AS-3.

2. Cash & Cash Equivalents consists of cash and bank balance & deposits with banks.

Notes on Financial Statements for the year ended 31st March, 2017

Note:1. SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The Ministry of Heavy Industry & Public Enterprises, Govt. of India vide its letter dated 08.12.2016 intimated the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit (comprising Corporate Head Quarter, Kota Unit, P-DDC Unit and Marketing Unit viz Kota Complex) and in principle approval for transfer of Palakkad Unit of Instrumentation Limited to Government of Kerala in a time bound manner as per DPE Guideline dated 07.09.2016 of closure.

Accordingly, the financial statements have been prepared in accordance with the historical cost convention on the basis of a 'going concern' for Palakkad Unit and 'not on going Concern' basis for Kota Complex with revenue recognised and expenses accounted for on accrual system of accounting.

USE OF ESTIMATES: The preparation of financial Statements requires estimates and assumption which affected the reported amounts of assets, liabilities, revenues & expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

1. **LAND:** The Company values lease-hold land obtained free of cost at the nominal value of ₹1/-.
2. **FIXED ASSETS:** Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes & levies wherever applicable. All cost relating to acquisition of fixed assets till commissioning of such assets are capitalized.
3. **INVESTMENT:** Investments are classified into current and long term investments. Current investments are stated at lower of cost or market value. Long term investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.
4. **VALUATIONS**
 - 4.1 Raw materials, stores and spare parts are valued at cost or estimated realisable value whichever is lower.
 - 4.2 Bought-out components and manufactured components (including in process) are valued at cost or estimated realisable value whichever is lower. Components purchased/ manufactured against production orders but declared surplus/ obsolete are valued at estimated scrap value. Work-in-process is valued at cost or estimated realisable value whichever is less.
 - 4.3 Loose tools & implements in stock are valued at cost or estimated realisable value whichever is lower. Those in use costing ₹ 5000/- or less each are charged off to revenue while others are written off

over a period of three years.

- 4.4 Finished goods and completing items are valued at cost or estimated realisable value whichever is lower. Excise duty paid stock at Branch /Regional/Site and other outstation places are valued at cost or estimated realisable value whichever is lower.
- 4.5 Cost is ascertained using the Weighted Average method and is the fairest possible approximation to the cost incurred in bringing the inventories to their present location and condition.
- 4.6 System work-in-progress at customer's sites are valued at 95% of the proportionate contract value for work executed based on technical evaluation where work completed more than 20% or more. Where the contracts are under finalisation, the price quoted/under negotiation is considered for such valuation. Necessary adjustments are made in the year of finalisation of the contract.
- 4.7 Scrap is accounted for, to the extent received in Scrap Yard, on estimated realisable value.

5. TURNOVER

- 5.1 Turnover in respect of system-sale contract is ascertained by valuing despatches to the customers/engineering against each contract at the close of the year on proportionate value of such contracts based on technical evaluation at the commencement of the year. Where the contracts are under finalisation, the price quoted/under negotiation is considered for such valuation.
- 5.2 System work contracts completed/handed over are valued at break-up value of the contracts based on technical evaluation. Turnover in respect of system works contracts in progress is ascertained by valuing such contracts as per Accounting Policy No. 4.6 and reducing there from valuation of work in-progress at the commencement of the year after adjustment of work completed / handed over.
- 5.3 Retail sales are net of adjustments/returns pertaining to earlier years.
- 5.4 Sales are set up based on dispatches/ customer acceptance against valid sales contract.

6. DEPRECIATION

TANGIBLE ASSET :

- 6.1 Depreciation is provided on Straight-Line Method basis. For Fixed Assets put to use upto 01.04.1987 depreciation was provided at the rate specified in Income Tax Rules and at applicable rates specified in Schedule-XIV of the Companies Act, 1956 for the assets added after 01.04.1987 upto 31.03.2014. With effect from 01.04.2014, the depreciation is provided based on useful life of the assets as per Schedule-II of the Companies Act, 2013.
- 6.2 Lease Hold Land is amortised over a period of lease.
- 6.3 Fixed assets other than Lease Hold Land were depreciated on Straight-Line Method at the rates



computed in terms of Section 205 (2)(b) of the Companies Act, 1956. Fraction of percentage was rounded to the next percent in respect of asset put to use prior to 2.04.1987.

- 6.4 Items of Plant and Machinery costing upto ₹5000/- each are depreciated at 100%. Other assets costing upto ₹ 750/- and put to use prior to 16.12.1993 were depreciated at 100% and those costing upto ₹ 5000/- each and put to use on or after 16.12.1993 are depreciated at 100%.
- 6.5 Asset at work sites were depreciated at higher rates due to higher wear & tear upto 31.03.2014. With effect from 1.04.2014 depreciation based on useful life of assets as per Part-II of the Companies Act, 2013 is provided.
- 6.6 Residual value in respect of assets capitalized is taken @ of 5% w.e.f. 01.4.2014 except for sl.no. 2 & 4 above.

INTANGIBLE ASSET :

- 6.7 The cost of technical knowhow and documents acquired for new production are capitalized and the same are depreciated over a period of five years based on useful life of assets as per part-II of companies Act, 2013 from the day these are put to use.
- 6.8 Cost of software and documents acquired for other performances are capitalized and the same are depreciated over a period of five years based on useful life of assets as per part-II of companies Act, 2013 from the day these are put to use.
- 6.9 Residual value in respect of cost of technical knowhow, documents and softwares is considered as Nil.

7. **CONTRACTUAL OBLIGATION:** Provision for contractual obligation in respect of completed/handed over contracts under warranty and executed portion of each system sale contract is kept at 5% of the value excluding excise duty.

The same is written back after fulfilment of contractual obligations. The expenses incurred against contractual obligations including short supplies, replacement, rejections are charged to natural heads of accounts in the year of occurrence.

8. **PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:** A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimates of amount of the obligation can be made. Provisions are determined based on management estimate require to settle the

obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

9. **IMPAIRMENT OF ASSETS :** The carrying amounts of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal / External factors, an Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.
10. **LIQUIDATED DAMAGES:** Price Reduction Schedule, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management.
11. **CASH FLOW STATEMENT:** Cash Flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard AS-3 on "Cash Flow Statement".
12. **OTHERS:-**
- 12.1 **GRATUITY :** The Company contributes an amount equal to the premium for the Cash Accumulation Policy taken with Life Insurance Corporation of India, to Gratuity Trust, for onward payments to the Life Insurance Corporation.
- 12.2 **EARNED LEAVE :** The Company has taken Cash Accumulation Policy from Life Insurance Corporation of India, in accordance with actuarial valuation for encashment of leaves by the employees on retirement or death.
- 12.3 **RESEARCH AND DEVELOPMENT:** All expenditure incurred on Research and Development except on acquisition of fixed assets is charged to revenue.
- 12.4 **TRANSLATION OF FOREIGN CURRENCY ACCOUNTS:** Accounts of overseas Branch in foreign currency are converted for incorporation in annual accounts at the following rates:
- Items of income and expenditure are translated at the average rate except depreciation which is converted at the rate adopted for the fixed assets.
 - Assets and Liabilities are translated at the closing rate.
 - Translation variations, if debit, are adjusted to reserve/revenue.
- 12.5 **EXCHANGE RATE :** Liability for deferred payments and receivable in foreign currency is accounted for at the exchange rate prevailing at the close of the year except in the case of forward exchange contracts / ascertained liability.



Notes on Financial Statements for the year ended 31st March, 2017

2 SHARE CAPITAL

Particulars	As at 31-3-2017 ₹	As at 31-3-2016 ₹
AUTHORISED		
2,50,000 Equity Shares (Previous year 2,50,000) of ₹ 1,000/- each	<u>250,000,000</u>	<u>250,000,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
2,40,453 Equity Shares (Previous year 2,40,453) of ₹ 1,000/- each	<u>240,453,000</u>	<u>240,453,000</u>

2.1 Details of Shareholders holding more than 5% shares :

Name of the Shareholder	As at 31-3-2017		As at 31-3-2016	
	No. of Shares	% held	No. of Shares	% held
President of India	240,450	100	240,450	100

2.2 The reconciliation of the number of shares outstanding is set out below :-

Particulars	As at 31-3-2017 No. of Shares	As at 31-3-2016 No. of Shares
Equity Shares at the beginning of the year	240,453	240,453
Add : Issued during the year	-	-
Less : Cancelled during the year	-	-
Equity Shares at the end of the year	<u>240,453</u>	<u>240,453</u>

2.3 Aggregate number of shares issued for consideration other than cash :

Particulars	As at 31-3-2017 No. of Shares	As at 31-3-2016 No. of Shares
Equity Shares	753	753

3 RESERVES & SURPLUS

Particulars	As at 31.03.2017	As at 31-3-2016
Capital Reserves		
As per last Financial Statement	10,142,031	10,142,031
Statement of Profit & Loss		
As per last Balance Sheet	(6,003,948,750)	(4,298,930,629)
Add : Profit /(Loss) for the year	(913,666,040)	(1,705,002,422)
Add: Adjustment relating to Fixed Assets	-	(15,700)
Closing Balance	<u>(6,917,614,790)</u>	<u>(6,003,948,751)</u>
Less: Miscellaneous Exps. (to the extent not written off)		
As per last Balance Sheet	60,701,544	87,861,937
Add : Expenditure on VRS during year.	-	-
	<u>60,701,544</u>	<u>87,861,937</u>
Less : Amortisation during the year	<u>60,701,544</u>	<u>27,160,393</u>
Deferred Revenue Exps. to the extent not written off	-	60,701,544
Total	<u>(6,907,472,759)</u>	<u>(6,054,508,264)</u>

- 3.1 In view of decision of closure of Kota Complex of Instrumentation Limited, balance of Miscellaneous Expenses not written off till 31.03.2017 have been amortised fully in 2016-17.



Notes on Financial Statements for the year ended 31st March, 2017

4. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹		₹	
Share application money pending allotment	1,220,096,000		1,220,096,000	
Share application money pending allotment includes :-				

- 4.1 Amount of Govt. of India Loan of ₹ 25,98,46,000/ (previous year ₹25,98,46,000/) converted into Equity Share Capital awaiting allotment of 2,59,846 (previous year 2,59,846) Equity shares of Rs. 1000/- each.
- 4.2 Amount of ₹ 48,36,00,000/- (previous year ₹ 48,36,00,000/-) received by the Company under MRS towards issue of 4,83,600 (previous year ₹ 4,83,600) 3.5% Preference Share of Rs. 1000/- each.
- 4.3 Amount of 47,66,50,000/- (previous year ₹ 47,66,50,000/-) received by the company from Govt of India for Issue of 4,76,650 (previous year 4,76,650) Equity Shares of Rs. 1000/- each.
- 4.4 The allotment of Equity Shares and Preference Shares is pending as the Govt. of Rajasthan has been requested for waiver of fees for increase in Authorised Share Capital.

5. LONG TERM BORROWINGS

Particulars	As at 31-3-2017		As at 31-3-2016	
	Non Current	Current	Non Current	Current
	₹	₹	₹	₹
Unsecured				
(i) Government of India	-	4,000,200,000	-	167,500,000
Interest accrued & due	-	-	-	224,955,885
(ii) Government of Rajasthan	-	1,361,768,000	1,322,101,334	39,666,666
Total	-	5,361,968,000	1,322,101,334	432,122,551

- 5.1 Pursuant to approval of CCEA as informed by Deptt. of Heavy Industry, Ministry of Heavy Industry and Public Enterprises, Govt of India vide letter No.5(4)/2010-PE-VIII dated 23.02.2016, Govt. of India Loan of ₹16,75,00,000/- and normal & penal interest of ₹ 22,52,53,392/- as on 31.03.2016 has been adjusted against consideration of ₹ 48.16 Crores transfer of entire shareholding of IL in REIL to Govt. of India. Balance amount of ₹ 8.88 Crores shall be adjusted towards future restructuring/ closure liability of IL (₹ 48.36 Crores- ₹ 39.28 Crores).
- 5.2 As per decision of the Union Cabinet taken in meeting held on 30.11.2016 as informed by Deptt. of Heavy Industry, Ministry of Heavy Industry and Public Enterprises, Govt of India vide letter No. 5(1)/2016-PE-VIII dated 08.12.2016 Kota Unit (Kota Complex) of IL is to be closed and in principle approval of transfer of Palakkad Unit of IL to Govt. of Kerala. IL has received funds of ₹ 400,02,00,000/- on 29.03.2017 in first tranche as a interest free loan which shall be converted into equity later, for meeting liabilities on closure of Kota unit.
- 5.3 As per decision of the Union Cabinet taken in meeting held on 30.11.2016, Loans from Govt. of Rajasthan is to be repaid/ settled. Accordingly, balance of Loan of Govt. of Rajasthan outstanding as on 31.03.2017 has been classified "Current Liabilities"

6. Deferred Tax Liability (Net)

In view of losses incurred by the Company, the net deferred tax assets as on 31st March, 2017 (being an absorbed business losses and unabsorbed depreciation) are not recognized in the accounts under review in terms of AS 22, in absence of virtual certainty of sufficient future taxable income.

7. OTHER LONG TERM LIABILITIES

Particulars	As at 31-3-2017		As at 31-3-2016	
	Current	Non-Current	Current	Non-Current
	₹	₹	₹	₹
Deposits from contractors, Suppliers & others	-	4,041,400	-	2,057,209
Employees Benefits	-	142,950,297	-	537,065,167
	-	146,991,697	-	539,122,376



Notes on Financial Statements for the year ended 31st March, 2017

8. SHORT TERM BORROWINGS SECURED

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹	₹	₹	₹
	Current	Non-Current	Current	Non-Current
From Banks				
Cash Credit A/c	949,039,664	-	959,951,135	-
Interest accrued & due	-	-	310,256,810	-
Total	949,039,664	-	1,270,207,945	-

8.1 Nature of Security :

Secured by way of hypothecation of tangible movable current assets of the Company viz. raw material, stock in process, components, finished goods, consumable stores, tools and implements, work in progress at customer sites & receivables etc.

Also secured by collateral security of Govt. of India Guarantee of ₹25,00,00,000/-. The guarantee was valid upto 11.02.2013. The guarantee has been invoked by consortium member Banks. Govt. of India has issued a letter dated 03.04.2013 that the matter of renewal is under their consideration.

8.2 Dues of the Banks have been settled under one time settlement scheme (OTS.) Accordingly, principal amounts have paid in July 2017.

8.3 As per approval of Union Cabinet for funding of closure of Kota Complex, dues of Consortium of Banks except State Bank India (the then State Bank of Travencore providing financial to Palakkad Unit of IL) has been settled and paid under OTS in July 2017.

9. TRADE PAYABLES

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹	₹	₹	₹
Trade payables :-				
- Dues to Micro & Small Enterprises	5,917,526		7,663,292	
- Dues to Other than Micro & Small Enterprises	454,995,545	460,913,071	544,129,473	551,792,765
Acceptances		-		-
Total Trade Payable		460,913,071		551,792,765

9.1 (a) The Company owes dues to Micro and Small enterprises to whom outstanding for more than 45 days as on 31st March, 2017 is ₹ 59,17,526/- (previous year ₹ 76,63,292/-). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(b) Disclosure in accordance with Section 22 of the Act read with Notification No. GSR 719(E) dated 16th November 2007 issued by the Ministry of Corporate Affairs:

Particulars	31.03.2017	31.03.2016
	₹	₹
(a) Principal amount remaining unpaid and interest due thereon	5,917,526	7,663,292
(b) Interest paid in term of Sec. 16	-	-
(c) Interest due and payable for the period of delay in payment	-	-
(d) Interest accrued and remaining unpaid	-	-
(e) Interest due and payable even in the succeeding years	-	-



Notes on Financial Statements for the year ended 31st March, 2017

10. OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	₹	₹	₹	₹
Current maturities of Long Term Loans (Refer Note No.5)	5,361,968,000		207,166,666	
Interest accrued and due (Refer Note No.5)	-		224,955,885	
Advance from Customers against:-				
(a) System contracts	-	8,911,660		
Less: On account payments transferred to work in-progress at site (as per contra)	-	-	5,222,466	3,689,194
(b) Retail Sale	24,733,103		107,128,116	
For Expenses	2,479,498,886	1,462,541,701		
Others	1,120,447,031	982,914,048		
Employees Benefits	985,080,445	4,585,026,362	354,503,988	2,799,959,737
Interest accrued but not due		-		327,507
Deposits from contractors, Suppliers & others		251,878,196		259,770,085
Total		10,223,605,661		3,602,997,190

10.1 Liability for expenses includes ₹ 74,55,17,968/- towards liability of VRS/VSS to employees of Kota Complex paid in June 2017.

11. SHORT TERM PROVISIONS

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	₹	₹	₹	₹
- Provision for Contractual obligations	-		49,516,678	
- Provision for sales tax on works projects	-		467,116	
- Others	7,981,894		8,697,952	
Total		7,981,894		58,681,746

11.1 Adequate provision in respect of project and products where the Company is under obligation of warranties has been made in the books in accordance with AS-29. Details of provision are as under:-

	Opening Balance as on 01.04.2016 (₹)	Provision made during the year (₹)	Provision Written Back during the year (₹)	Closing Balance as on 31.03.2017 (₹)
Contingencies				
Sales Tax	49,516,678	-	49,516,678	-
Others	467,116	-	467,116	-
Total	8,697,952	7,671,202	8,387,260	7,981,894
	58,681,746	7,671,202	58,371,054	7,981,894



Notes on Financial Statements for the year ended 31st March, 2017

12. FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				Net-Block	
	As at 01.04.2016	Addition during the year	Deduction/ Sales/ write off Adjustment	As at 31.3.2017	Accumulated Depreciation upto 1.4.2016	For the year	Deduction/ Sales/ write off Adjustment	Accumulated Depreciation upto 31.3.2017	As at 31.3.2017	As at 31.3.2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	2	3	4	5	6	7	8	9	10	11
TANGIBLE ASSETS										
Lease hold land	4,338,317	-	-	4,338,317	1,139,354	43,821	-	1,183,175	3,155,142	3,198,963
Roads,Drains & Culverts	4,784,664	-	-	4,784,664	4,545,432	-	-	4,545,432	239,232	239,232
Buildings	127,174,053	-	-	127,174,053	74,959,221	2,343,824	-	77,303,045	49,871,008	52,214,832
Electric Installations	14,834,431	11,233,339	-	26,067,770	13,562,365	766,271	-	14,328,636	11,739,134	1,272,066
Drainage,Sewerage & Water Supply	5,012,240	-	-	5,012,240	4,442,798	43,481	-	4,486,279	525,961	569,442
Furniture & Fittings	20,879,984	115,350	34,648	20,960,686	20,226,609	80,499	34,648	20,272,460	688,226	653,375
Plant & Machinery	456,401,094	1,050,750	268,578	457,183,266	317,073,362	16,338,282	260,367	333,151,277	124,031,989	139,327,732
Other Appliances	90,607,212	22,457	318,452	90,311,217	81,417,798	1,430,237	37,560	82,810,475	7,500,742	9,189,414
Transport Equipments	6,777,418	-	104,045	6,673,373	4,542,989	348,291	98,862	4,792,418	1,880,955	2,234,429
Total A	730,809,413	12,421,896	725,723	742,505,586	521,909,928	21,394,706	431,437	542,873,197	199,632,389	208,899,485
Previous Year	711,055,427	20,505,451	751,465	730,809,413	501,551,462	21,058,356	699,890	521,909,928	208,899,485	
INTANGIBLE ASSETS										
Technical know-how	139,239,811	-	-	139,239,811	139,239,811	-	-	139,239,811	-	-
Softwares	7,348,067	-	-	7,348,067	5,311,734	495,508	-	5,807,242	1,540,825	-
Total B	146,587,878	-	-	146,587,878	144,551,545	495,508	-	145,047,053	1,540,825	-
Previous Year	144,110,340	2,477,538	-	146,587,878	144,110,340	441,205	-	144,551,545	2,036,333	
Total A+B	877,397,291	12,421,896	725,723	889,093,464	666,461,473	21,890,214	431,437	687,920,250	201,173,214	-
Previous Year	855,165,767	22,982,989	751,465	877,397,291	645,661,802	21,499,561	699,890	666,461,473	210,935,818	
Capital work in progress									569,780	12,462,730
Capital work in progress									283,300	283,300
Capital items in stock									853,080	12,746,030
Total C										

12.1 The above schedule does not include assets acquired against grant from the Government. Details of the assets acquired against grant is as under :-

	As at 31-03-2017		As at 31-03-2016	
	Cost	WDV	Cost	WDV
	₹	₹	₹	₹
Plant & Machinery	3,709,813	-	3,709,813	-

12.2 The company has acquired 10 Acres of land at RIICO Industrial Area, Sitapura, Jaipur from RIICO Ltd., Jaipur against which it has surrendered 25 Acres of land to RIICO Ltd., at Kota, out of its lease hold land (lease rent ₹ 1/- P.A.) as per approval of Government of Rajasthan, Industries Deptt.'s (Group-1) vide letter No. PO4(54)/Udyog/1/89 dated 2nd March, 1991. The possession of land at Sitapura has been taken on 7.3.91 and possession for land at Kota has been handed over to RIICO Ltd. on 18.3.1991.

12.3 The company has acquired assets worth ₹ 72.17 lakhs of Rajasthan Electronics Ltd., Jaipur (a wholly owned subsidiary company of RIICO Ltd.) through RIICO Ltd., against surrender of 103 Acres of land to RIICO Ltd. out of its lease hold land at Kota (lease rent ₹ 1/- p.a.) as per Govt. of Rajasthan approval vide letter No.F(4)3/1/92 dated 29.1.92

12.4 The company has surrendered 80.50 Acres of its leasehold surplus land of its township at Kota in 2002-03 and 9.50 Acres of surplus land in factory area in 2010-11 to Govt. of Rajasthan to generate fund as per Sanctioned Revival Scheme. The Company has received total amount of ₹145.81 Crores upto 31.03.2017 (previous year ₹ 145.18 crores upto 31.03.2016) from Govt. of Rajasthan as loan. As per approval for closure of Kota complex, this loan is to be paid/settled out of funds to be provided by Govt. of India.



Notes on Financial Statements for the year ended 31st March, 2017

- 12.5 Property located at Sitapura, Jaipur, land ₹5,79,316/-, Building ₹ 71,34,192/- Electric installation ₹12,76,320/-, Roads and drainage ₹ 18,46,899/-, Miscellaneous capital items ₹ 8,53,080/- totalling to ₹ 1,16,89,807/- lying in the books has been declared as surplus for disposal by the management.
- 12.6 Buildings include ₹ 63,42,352/- for which the Company possess clear title, registration of the same is yet to be executed. However, depreciation at applicable rate has been provided.
- 12.7 Lease Hold Land is amortized in equal installment over a lease period.
- 12.8 Provision for impairment of loss as required under Accounting Standard -28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Company's Assets in term of AS - 28.
- 12.9 Land at Kota & Palakkad have been allotted by State Govt. of Rajasthan and State Govt. of Kerala respectively on lease basis for a period of 99 years on nominal value i.e. ₹ 1. The same has been included under the head Lease hold Land. In view of approval of Union cabinet for closure fo Kota complex. The land allotted by Govt. of Rajasthan is to be handover to Govt. of Rajasthan.

13. NON-CURRENT INVESTMENTS

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹		₹	
LONG TERM INVESTMENT				
TRADE at Cost (Unquoted)				
350 Equity shares of ₹ 10 each (Previous year 350 of ₹ 10 each) fully paid up in Engineering Projects (India) Ltd.	-		90,000	
Total	-		90,000	

- 13.1 In view of approval of Union Cabinet for closure of Kota Complex, the Investment in Equity Shares of Engineering Projects (India) Ltd. has been handedover to Deptt. Of Heavy Industries, Govt. of India, New Delhi in May 2017.

14. LONG TERM LOANS AND ADVANCES

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹		₹	
(Unsecured, considered good unless otherwise stated)				
Advances against Capital items	9,569,526		3,893,764	
Security Deposits				
Deposits:-				
- With Govt. Departments	-	1,991,777		
- With Others	-	6,944,383	8,936,160	
Other Loans & Advances				
- Advances recoverable in cash or kind or for value to be recd.				
- Considered good	140,241,001	261,743,560		
- Considered doubtful	-	6,022,000		
	140,241,001	267,765,560		
Less: Provision	-	140,241,001	6,022,000	261,743,560
- Balance with Port Trust, Customs, excise etc.		-		4,151,252
Total		149,810,527		278,724,736



Notes on Financial Statements for the year ended 31st March, 2017

15. OTHER NON-CURRENT ASSETS

Particulars	As at 31-3-2017 ₹	As at 31-3-2016 ₹
Deposits:-		
- With Govt. Departments	1,059,321	1,018,227
- With Others	2,388,947	1,082,169
Interest accrued on deposits & advances	355,659	1,090,083
Total	3,803,927	3,190,479

16. CURRENT INVESTMENTS

Particulars	As at 31-3-2017 ₹	As at 31-3-2016 ₹
SUBSIDIARY COMPANY AT COST (UNQUOTED)		
Nil Equity shares (Previous year 62,47,500) of ₹ 10/- fully paid up in M/s Rajasthan Electronics and Instruments Ltd., Jaipur.	-	62,475,000
OTHERS - TRADE AT COST (UNQUOTED)		
350 Equity shares of ₹ 10 each (Previous year Nil) fully paid up in Engineering Projects (India) Ltd.	90,000	-
Total	90,000	62,475,000

16.1 Ministry of Heavy Industries and Public Enterprises, Deptt. of Heavy Industry, Govt. of India, vide letter No. 5(4)/2010-PE-VIII dated 23.02.16 had conveyed approval of Cabinet Committee of Economic Affairs for transfer of entire share holding of IL in the shares of REIL for a consideration of ₹ 48,16,19,775/-. Accordingly, IL's investment in REIL has been transferred to Govt. of India in March 2017.

17. INVENTORIES

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹	₹	₹	₹
1. Stores & Spare parts		8,892,382		10,075,859
2. Loose Tools & Implements		8,881,883		9,631,801
3. A. Finished Goods.	50,596,669		56,305,073	
B. Completing Items	5,011,357	55,608,026	2,747,530	59,052,603
4. Work In Process		54,237,304		60,698,587
5. A. Raw Materials	15,493,548		18,074,223	
B. Boughtout Components	169,145,411		174,922,557	
C. Manufactured Components	86,383,577	271,022,536	78,009,086	271,005,866
Total		398,642,131		410,464,716
Less : Value reduction considered as Exception Item		48,830,633		-
Total		349,811,498		410,464,716

17.1 The above Inventory includes goods :-

(i) In transit / under inspection		
- Bought our components		148,615
(ii) Lying with others	7,176,216	3,107,363

17.2 Finished Goods inventory as on 31.03.2017 includes Excise Duty ₹ 79,81,894/- (previous year ₹ 86,97,952/-).

17.3 Estimated realisable value of items amounting to ₹ 1,26,84,425/- (previous year ₹ 1,54,77,649/-) included in Finished Goods is based on past order received from customers.

17.4 Raw materials, Stores & Spare parts, Boughtout components, Manufactured components, Loose tools and Implements in stock which are valued at cost are taken as they would be used for manufacture of goods which are expected to be sold at or above cost.



Notes on Financial Statements for the year ended 31st March, 2017

17.5 As a part of closure activity, inventory of Kota Unit has been sold through M/s MSTC under e-auction in September, 2017. A sum of ₹ 1,38,16,000/- has been realised from sale of the inventory. Therefore, excess carrying amount of ₹4,88,30,633/- has been reduced from the value of inventory as on 31.03.2017.

17.6 Internal Auditors of Palakkad Unit have carried out physical verification of inventory as on 31.12.2016 and shortage of items of different categories of inventory amounting to Rs. 304.41 Lakhs was reported. As the number of items of inventory held in Palakkad Unit are huge and stored in different locations, it will take some time for reconciliation/ identification of these items. Pending reconciliation/ identification no adjustment has been made for the above.

18. SYSTEM WORK (at sites) (*)

Particulars	As at 31-3-2017 ₹	As at 31-3-2016 ₹
In Progress	-	5,415,000
Less: On account payment from Customers (as per contra)	-	5,222,466
Total	-	192,534

(*) For mode of valuation refer Accounting Policy No: 4.6.

19. TRADE RECEIVABLES

Particulars	As at 31-3-2017 ₹		As at 31-3-2016 ₹	
(Unsecured, considered good unless otherwise stated)				
Outstanding over six months:-*				
- Considered good	921,131,244		1,028,209,039	
- Considered doubtful	19,305,578		889,979,462	
Other debts :-				
- Considered good	299,209,089		467,390,957	
- Considered doubtful	-		-	
	1,239,645,911		2,385,579,458	
Less: Provision	19,305,578	1,220,340,333	889,979,462	1,495,599,996
Retention Money **		55,122,537		104,396,419
Total		1,275,462,870		1,599,996,415

19.1 In respect of sundry debtors of Palakkad Unit Provision has been made for the debts considered doubtful by the management. However, there are some debts, though old, due mainly from Govt. Deptt., PSUs etc. which have been considered as good by the management against which no provision has been made.

19.2 As per past experience of the company, liquidated damages for delay in execution of projects are generally being waived by the customers. Accordingly, all the cases of liquidated damages were examined on case to case basis and wherever the company was hopeful of waiver of the liquidated damages, provisions for the same were not made. However, a sum of ₹ 31,68,91,140/- have been withheld by the customers of Palakkad Unit on this account (previous year ₹ 32,90,35,978).

19.3 * Includes ₹ 21,20,72,503/- (previous year ₹ 23,59,27,483/-) against orders received from UHBVN in 2009 were terminated and reconciliation of work/material is in process. Regarding ₹ 8.23 Crores recovery against Bid nos. 187, 188 & 189 arbitrator has been nominated by UHBVN and proceedings are continuing.

19.4 * Includes ₹ 3,45,91,358/- (previous year ₹ 26,59,60,224/-) against order received from PSPCL in 2008 was terminated by the customer in 2010. The dispute arose between PSPCL & IL was subsequently referred to the arbitrator nominated by PSPCL and proceedings are going on.

19.5 Sundry Debtors, Loans & Advances including interest, balance in Deposit Account with customers, creditors, material with others and at customers sites and other personal accounts are taken as per books subject to their respective confirmations and/or reconciliation and its consequential adjustments.

19.6 ** Payments shall be due on completion of project/warranty.



Notes on Financial Statements for the year ended 31st March, 2017

20. CASH AND BANK BALANCES

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹	₹	₹	₹
- Cash on Cash equivalents		751,977		11,233,812
- Cash on hand		2,505,226		7,557,787
- Cheques, DDs, Stamps on hand including in transit				
- With scheduled Banks -				
- In current and saving A/c		28,571,310		6,384,680
- In Cash Credit A/c		4,000,224,296		68,615
- In Margin Money A/c		-		-
- Deposit with original maturity for less than 3 months		<u>20,000,000</u>		<u>12,500,000</u>
- Other Bank Balances		4,052,052,809		37,744,894
- In Fixed Deposit *				
- Deposit with original Maturity for more than 3 months but less than 12 months	392,000		-	
- Deposit with original Maturity for more than 12 months	<u>21,805,672</u>	<u>22,197,672</u>	<u>21,686,444</u>	<u>21,686,444</u>
- Others		23,347		209,632
Total		4,074,273,828		59,640,970

Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS-3 Cash Flow Statements is

4,052,076,156 ₹ **37,954,526** ₹

* Includes amount ₹ 2,21,97,672/- (Previous year ₹ 3,41,86,444/-) pledged as margin money.

** Includes amount ₹ 400,02,00,000/- received from Govt of India on 29.03.2017 towards meeting of liabilities of Kota complex on closure.

21. SHORT TERM LOANS & ADVANCES

- Loans and Advances (Unsecured, considered good unless otherwise stated)				
- Considered good	140,584,026		55,603,130	
- Considered doubtful	-		-	
	<u>140,584,026</u>		<u>55,603,130</u>	
Less: Provision	-	140,584,026	-	55,603,130
Income Tax & Sales Tax payment in advance and deduction at source		13,263,155		35,210,900
Balance with Port Trust, Customs, excise etc.		6,703,636		4,907,380
Deposits - With Govt. Departments		1,880,685		42,786
- With Others		<u>4,038,440</u>		<u>521,042</u>
Total		166,469,942		96,285,238

22. OTHER CURRENT ASSETS

Particulars	As at 31-3-2017		As at 31-3-2016	
	₹	₹	₹	₹
Interest accrued on deposits & advances		4,446,609		2,810,774
Deposits:-				
- With Govt. Departments		-		-
- With Others		1,127,955		1,090,926
- Claims & other amounts recoverable:				
- Considered good	25,448,395		12,558,992	
- Considered doubtful	<u>25,448,395</u>		<u>17,625,298</u>	
			30,184,290	
Less: Provision	-	25,448,395	17,625,298	12,558,992
Govt. of India (Refe Note No. 5.1)		88,836,383		-
Balance with Subsidiary Co.-REIL		-		(258,536)
Total		119,859,342		16,202,156



Notes on Financial Statements for the year ended 31st March, 2017

23. REVENUE FROM OPERATIONS

Particulars	2016-2017		2015-2016	
	₹	₹	₹	₹
A. Retail Sale		654,026,151		1,071,363,307
B. Execution of System Contracts				
1. System		-		-
2. Works				
- Completed & Adj.	-		-	
- In progress as on 31-3-2017	5,415,000		5,415,000	
	5,415,000		5,415,000	
Less:				
- In Progress as on 31-3-2016	5,415,000	-	5,415,000	-
C. Other Services		89,773,673		104,264,131
		743,799,824		1,175,627,438

24. JOBS DONE FOR INTERNAL USE

Particulars	2016-2017		2015-2016	
	₹	₹	₹	₹
Capital Items		-		-
Others		-		3,057,427
Total		-		3,057,427

25. OTHER INCOME

Subsidy on Export & duty draw back		56,425		-
Provision for contractual obligation written back in respect of System Sale		-		11,412,812
Excess Provision Withdrawn		-		4,000,000
Excess Liability written back		1,820,939		6,347,138
Profit on Sale of Fixed assets		-		115,787
Interest				
- Banks	1,615,012		3,002,132	
- Others	2,567,098	4,182,110	460,051	3,462,183
Prior Period Items (Net) (Refer Note No. 31.1)				18,164,835
Scrap sale		5,399,893		641,249
Rent & Other Revenues				
- Township	36,758,697		56,356,849	
- Others	60,002	36,818,699	375,126	56,731,975
Miscellaneous income		24,767,002		37,612,063
DIVIDEND				
From Subsidiary Company				
Rajasthan Electronics & Instruments Ltd., Jaipur		21,477,917		10,381,558
From Others				
Engineering Projects (I) Ltd.		1,069		700
Total		94,524,054		148,870,300

25.1 Interest on loans & advances to staff is recovered on completion of recovery of principal amount and interest income is recognized on accrual basis in respective year.



Notes on Financial Statements for the year ended 31st March, 2017

26. COST OF MATERIALS CONSUMED

Particulars	Unit	2016-2017		2015-2016	
		Qty.	₹	Qty.	₹
(A) RAW MATERIALS CONSUMED					
1. Stainless Steel and Alloy Steel and other special alloys	Kgs	21,250	5,938,403	24,448	6,751,004
	Mtrs	2,785	298,726	5,673	637,429
2. Mild and Alloy Steel	Kgs	16	1,358	2,572	416,166
	Mtrs	42	86,346	127	175,445
3. Copper and Copper based alloys & other non-ferrous metals excluding Aluminium	Kgs	37	12,709	1,649	425,169
	Mtrs	5,368	662,095	27	367,729
4. Aluminium and its alloys	Kgs	-	-	10	2,500
	Mtrs	-	-	-	-
5. Others	Kgs	194	52,291	41	15,276
	Mtrs	237	23,845	161	61,556
	Nos.	24	146,104	103	21,752
			<u>7,221,877</u>		<u>8,874,026</u>
Other adjustment			-		60,820
Total(A)			<u>7,221,877</u>		<u>8,934,846</u>
(B) BOUGHT OUT COMPONENTS					
1. Electrical, Electronics and Electro-mechanical components and sub assemblies			639,512		14,734,913
2. Pneumatic fittings			-		41,743
3. Fastners			4,045,919		5,848,500
4. Other auxiliary components and sub assemblies			-		1,373,430
5. Mechanical, Metallic components and sub assemblies			267,345,709		303,720,756
6. Non-metallic components and sub-assemblies			5,244,833		6,222,378
			<u>277,275,973</u>		<u>331,941,720</u>
Other uses/adjustment(Net)			-		(572,746)
Total(B)			<u>277,275,973</u>		<u>331,368,974</u>
(C) COMPLETING ITEMS*					
- Opening Stock			2,747,530		5,543,353
- Purchases			37,062,707		196,177,767
- Other Adjustments			<u>2,263,827</u>		<u>(2,073,270)</u>
			<u>42,074,064</u>		<u>199,647,850</u>
Less: Used for other than sales			-		-
Closing Stock			<u>5,011,357</u>		<u>2,747,530</u>
Total(C)			<u>37,062,707</u>		<u>196,900,320</u>
Total (A) To (C)			<u>321,560,557</u>		<u>537,204,140</u>

*Includes value of replacement

- 26.1 Due to varied specification, quantity data has not been given in respect of Components consumed and completing items.
- 26.2 Expenditure on Materials i.e. Consumption of Raw materials, Boughtout items, Completing items, Store & spares and tools include value reduction on account of obsolescence of Bought out items of ₹3,69,645/- (Previous year ₹6,02,074/-). This does not include such value reduction of manufactured items amounting to ₹84,211/- (Previous year ₹3,49,345/-).



Notes on Financial Statements for the year ended 31st March, 2017

27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND MANUFACTURED COMPONENTS

Particulars	2016-2017	2015-2016
Closing Balance		
(i) Finished goods	50,596,669	56,305,073
(ii) Work in process	54,237,304	60,698,587
(iii) Manufactured Components	86,383,577	78,009,086
Total	<u>191,217,550</u>	<u>195,012,746</u>
Less: Opening Balance		
(i) Finished goods	56,737,805	75,505,628
(ii) Work in process	60,698,587	95,903,392
(iii) Manufactured Components	78,009,086	125,316,171
Total	<u>195,445,478</u>	<u>296,725,191</u>
Less: Value reduction considered as Exception Item	(4,227,928)	(101,712,445)
Net Accretion/ (Decretion)	<u>(4,227,928)</u>	<u>81,684,233</u> <u>(20,028,212)</u>

28. EMPLOYEES' BENEFIT EXPENSES

Particulars	2016-2017	2015-2016
Salaries, Wages, Bonus & Allowances	580,922,541	574,990,876
PF Contribution	38,480,951	44,975,418
Gratuity	27,376,264	67,104,161
Staff Welfare Expenses	46,127,430	52,120,096
Total	<u>692,907,186</u>	<u>739,190,551</u>

28.1 During the year the following amounts were paid and provided for Chairman-cum-Managing Director and full time Directors as remuneration :-

Salaries and allowances	5,065,636	6,389,643
PF contributions	475,812	635,263
Other perquisites	702,804	227,391
	<u>6,244,252</u>	<u>7,252,297</u>

Besides the above, use of staff car including for personal use, upto a ceiling of 750kms. per month for Chairman-cum-Managing Director and for full time Directors on payment of 2000/- per month has been allowed in accordance with the terms of appointment.

28.2 Expenditure on Public Relations are as under:-

Salaries wages, Bonus and Allowances included in Note No. 28	1,281,902	733,023
Public Relation Expenses shown in Note No. 31.	105,370	161,446

29. FINANCE COST

Government Loans	-	26,854,586
Bank Borrowings	15,046,877	132,708,631
Others	178,418,666	128,810,225
Total	<u>193,465,543</u>	<u>288,373,442</u>



Notes on Financial Statements for the year ended 31st March, 2017

30. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	2016-2017	2015-2016
Depreciation		
Depreciation on Tangible Assets (Pl.see Note No. 12) A	21,394,705	21,058,356
Depreciation on Intangible Assets (Pl.see Note No. 12) B	495,508	441,205
Amortisation of Deferred Revenue Exps.		
Amortisation during the year C	60,701,544	27,160,393
Depreciation and Amortisation Expenses (A+B+C)	82,591,757	48,659,954

- 30.1 During the year 2002-2003 the Company had raised ₹35,00,00,000/ from private placement of secured redeemable non convertible bonds, secured by Govt. of India guarantee for implementation of Voluntary Retirement Scheme. This amount was incurred on VR compensation upto 31.03.2010. The amount of compensation paid is to be amortized over a period of 10 years and has been debited as deferred revenue expenditure. Accordingly, balance of ₹ 7,01,544/- (Previous year ₹ 71,60,393-) has been amortized during the year 2016-17.
- 30.2 During the year 2007-2008 the Company had received a loan of ₹.10,00,00,000/- from Govt. of India for implementation of Voluntary Retirement Scheme. This amount was incurred on VR compensation upto 31.03.2010. The amount of compensation paid is to be amortized over a period of 10 years and has been debited as deferred revenue expenditure. In view of closure of Kota Complex, balance of ₹ 2,00,00,000/-(previous year ₹ 1,00,00,000/-) has been amortized during the year 2016-17.
- 30.3 During the year 2009-2010 the Company had received Share Application Money for 3.5 % Redeemable Preference Share of ₹ 5,00,00,000/- from Govt. of India for implementation of Voluntary Retirement Scheme. This amount was incurred on VR compensation upto 31.03.2010. The amount of compensation paid is to be amortized over a period of 10 years and has been debited as deferred revenue expenditure. In view of closure of Kota Complex, balance of ₹2,00,00,000/-(previous year ₹ 50,00,000/-) has been amortized during the year 2016-17.
- 30.4 During the year 2010-2011 the Company had received Share Application Money for 3.5 % Redeemable Preference Share of ₹ 5,00,00,000 from Govt. of India for implementation of Voluntary Retirement Scheme. This amount has been incurred on VR compensation during 2010-11. The amount of compensation paid is to be amortized over a period of 10 years and has been debited as deferred revenue expenditure. In view of closure of Kota Complex, balance of ₹2,00,00,000/- (previous year ₹ 50,00,000/-) has been amortized during the year 2016-17.

31. OTHER EXPENSES

Particulars	₹ 2016-2017	₹	₹ 2015-2016	₹
Directors fees and expenses	101,029		27,080	
Rent	2,387,707		2,814,089	
Rates & Taxes	1,399,664		1,545,770	
Insurance	1,817,370		2,450,130	
Travelling expenses-Directors	745,021		952,483	
Travelling expenses-Others	8,673,834		9,283,299	
Conveyance Charges	8,841,295		13,182,345	
Vehicle running & maintenance	2,746,038		2,908,665	
Payment to Auditors (including Cost Auditors)				
(a) As Auditors				
- Fees	212,809		230,972	
- Expenses	100,000	312,809	175,000	405,972
(b) In other capacity in respect of				
- Certification fee	-		-	
- Tax Audit fee	73,580	73,580	105,128	105,128
Legal Expenses		1,682,372		2,103,405
Repairs & Maintenance(other than salaries & wages)				
- Plant & Machinery	385,478		205,050	
- Buildings	18,127,807		16,363,525	
- Others	1,282,670	19,795,955	1,380,489	17,949,064



Notes on Financial Statements for the year ended 31st March, 2017

Particulars	2016-2017 ₹	2015-2016 ₹
Advertisement & Publicity	666,740	420,141
Business Promotion	429,342	620,250
Stores, Spares & Tools Consumed	13,637,295	16,739,405
Packing & Forwarding	18,387,065	25,648,656
Public Relations	105,370	161,446
Other selling & distribution Exps.	387,975	3,908,410
Liquidated Damages	706,725	924,899
Power & Electricity	22,081,067	26,499,154
Water Charges	10,112,300	6,962,917
Social Welfare exp.	346,654	1,183,669
Research & Development (other than Salaries & Wages)	847,551	1,480,933
Printing & Stationery	2,358,925	2,578,457
Claims / sundry debit balances written off	1,521,735	2,531,065
Entertainment Expenses	9,000	-
Bank charges	11,893,172	12,752,531
Exchange rate variation(Net)	14,569	51,830
Postage, Telegram, Telex & Telephone Exps	2,456,913	2,900,026
Provision for Doubtful debt Loans & Advance and Claims - Net	291,839	17,112,431
Miscellaneous expenses	7,056,251	7,770,919
Bad debts, claims & Advances written off	5,322,057	1,202,937
Prior Period Items (Net)	2,811,397	-
Total	150,020,616	185,177,506

31.1 Details of PriorPeriod items are as under :-

Particulars	2016-2017 ₹	2015-2016 ₹
DEDITS		
Audit expenses	62,179	-
Interest	-	791,570
Repair & Maintenance	-	757,703
Turnover	42,290,970	-
Others	278,090	-
Total Debits	42,631,239	1,549,273
CREDITS		
Interest	677,280	-
Power & Fuel	246,402	98,627
Rates & Taxes	664,462	214,086
Materials etc.	38,118,366	-
Audit expenses	-	14,903
Others	-	11,532,276
Misc. Income	113,332	7,854,216
Total Credits	39,819,842	19,714,108
NET CREDIT (DEBIT)	(2,811,397)	18,154,835



Notes on Financial Statements for the year ended 31st March, 2017

32 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :-

Particulars	2016-2017 ₹	2015-2016 ₹
(a) Guarantees given by Bankers to Customers and others.	313,050,088	310,616,592
(b) Balance of outstanding commitments against letters of credit established by the company	14,083,555	14,083,555
(c) Estimated value of contracts remaining to be executed on capital account and not provided for	-	53,366,708
(d) Claims against the company not acknowledged as debt except where amount is not ascertainable	221,341,630	221,341,630
(e) Less charge memos on account of custom duty	19,167,367	19,167,367
(f) Sales Tax demand disputed in appeals	25,642,745	25,642,745
(g) Service Tax demand disputed in appeals	26,604,290	26,604,290
(h) Pending sales-tax declaration forms (C/E-1 Forms)	118,026,725	101,173,312
(i) Legal undertaking for Deemed Export project under duty exemption scheme for discharge of export obligations	8,400,000	19,000,000
(j) LD under dispute with UHBVN, Hariyana	82,265,000	82,265,000
(k) Claim of Sales Tax by Dakshinanchal Vidhuit Vitaran Nigam Ltd..	12,609,857	12,609,857
(l) Estimated liability for 1997 pay-revision arrears for the period w.e.f. 1.1.1997 to 22.2.2009	1,256,899,334	1,256,899,334

INFORMATION REGARDING EXPORT & IMPORTS:-

Particulars	2016-2017 ₹		2015-2016 ₹	
(a) Earning in Foreign Exchange				
Export of goods				
- Retail sale (F.O.B.BASIS)*	1,368,952		3,895,261	
(b) Value of Imports(CIF)				
- Raw Materials	-		14,577	
- Components, Completing items & Spare Parts	22,257,318		57,539,151	
- Capital Goods	-		3,243,406	
(c) Expenditure in foreign currency (does not include expenditure of Branch abroad)				
- Technical know how and documents	2,284,950		3,230,663	
- Others	221,690		-	
(d) Value of Consumption				
Raw materials		%		%
- Imported	932,871	12.92	405,072	4.53
- Indigenous	6,289,006	87.08	8,529,774	95.47
Boughtout components				
- Imported	34,459,557	12.43	62,141,618	18.75
- Indigenous	242,816,416	87.57	269,227,356	81.25
Stores & Spares				
- Imported	42,868	0.31	518,184	3.10
- Indigenous	13,594,427	99.69	16,221,221	96.90

* Excludes deemed export ₹ 11,49,77,396/- (Previous year ₹ 11,49,99,141/-)

32.1 DEFINED BENEFIT PLAN GRATUITY:

In respect of Employees of Kota Complex:

In view of approval for closure of Kota Complex, all employees of Kota Complex have been relieved under VRS/VSS in April 2017. Liability towards the amount of Gratuity paid to the employees of Kota Complex in June 2017 has been recognised in the books as on 31.03.2017.

In respect of Employees of Palakkad Unit:

The Company contributes an amount equal to the premium for the Cash Accumulation Policy taken with Life Insurance Corporation of India, to Gratuity Trust, for onward payments to the Life Insurance Corporation. Due to liquidity problems, the Company could not contribute funds to LIC since last 3-4 years, consequently, the balance with LIC as on 31.03.2017 has exhausted. The present value of obligation in respect of employees of Palakkad Unit is determined based on Actuarial valuation using the Projected Unit Credit (PUC) method to assess the plan's liabilities including those related to retirement, resignation and death-in-service benefits. Accordingly, the same has been provided in the books.



Notes on Financial Statements for the year ended 31st March, 2017

(Amount in ₹)

(a) Reconciliation of opening and closing balance of defined benefit obligation:

Particulars	2016-17	2015-16
Opening Defined Benefit Obligation on 1-4-2016	-	582,605,840
Service cost for the year	4,145,531	12,185,500
Interest cost for the year	155,457	45,006,968
Actuarial losses (gains)	88,429,792	(105,135,681)
Benefits paid	-	(2,240,940)
Closing defined benefit obligation on 31-3-2017	92,730,780	532,421,687

(b) Reconciliation of opening and closing balance of fair value of plan assets.:

Particulars	2016-17	2015-16
Opening fair value of plan assets	-	10,335,623
Expected return	-	855,867
Actuarial gains (losses)	-	-
Contributions by employer	-	-
Benefits paid	-	(2,240,940)
Closing balance of fund	-	8,950,550

(c) Reconciliation of fair value of assets and obligations:

Particulars	2016-17	2015-16
Present value of funded obligations	-	-
Fair value of plan assets	-	8,950,550
Present value of unfunded obligations	92,730,780	523,471,136
Unrecognised past service cost	-	-
Net liability	92,730,780	532,421,686
Amounts in the balance sheet:		
Liabilities	92,730,780	532,421,686
Assets	0	8,950,550
Net Liability	92,730,780	523,471,136

(d) Expenses recognised during the year:

Particulars	2016-17	2015-16
Current service cost	4,145,531	12,185,500
Interest on obligation	155,457	45,006,968
Expected return on plan assets	-	(737,212)
Net actuarial losses (gains) recognised in the year	88,429,792	(105,254,336)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Expense recognised	92,730,780	(48,799,080)

(e) Investment Details:

Funds managed by Insurer (LIC)	100%	100%
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(f) Actuarial Assumption:

Particulars	2016-17	2015-16
Discount rate as on 31-3-2017	0.0750	0.0742
Expected return on plan assets at 31-3-2017	0.0000	0.0800
Salary Escalation	0.0500	0.0200
Mortality Rate	Indian Lives Mortality Ultimate Table	

The estimates of future salary increase are based on seniority, promotion and others.



Notes on Financial Statements for the year ended 31st March, 2017

32.2 LEAVE ENCASHMENT:

In respect of Employees of Kota Complex:

In view of approval for closure of Kota Complex, all employees of Kota Complex have been relieved under VRS/VSS in April 2017. Liability towards the amount of Leave Encashment paid to the employees of Kota Complex in June 2017 has been recognised in the books as on 31.03.2017.

In respect of Employees of Palakkad Unit:

The employee leave encashment (Earned Leave) scheme is managed by a Cash Accumulation Policy administered by Life Insurance Corporation of India, in respect of employees of Palakkad Unit, is a defined benefit plan. Due to liquidity problems, the Company could not contribute funds to LIC since last 3-4 years, consequently the balance with LIC as on 31.03.2016 has exhausted. The present value of obligation in respect of leave encashment is determined based on Actuarial Valuation for encashment of leaves by the employees on retirement, resignation or death. Accordingly, the same has been provided in the books.

(Amount in ₹)

(a) Reconciliation of opening and closing balance of defined benefit obligation:

Particulars	2016-17	2015-16
Opening Defined Benefit Obligation on 1-4-2016	0	253,585,895
Service cost for the year	10,589,577	30,833,097
Interest cost for the year	397,109	18,816,073
Actuarial losses (gains)	13,003,107	(64,568,495)
Benefits paid	(11,123,128)	-
Closing defined benefit obligation on 31-3-2017	12,866,665	238,666,570

(b) Reconciliation of opening and closing balance of fair value of plan assets.:

Particulars	2016-17	2015-16
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains (losses)	13,003,107	(6,45,68,495)
Contributions by employer	-	-
Benefits paid	-	-
Closing balance of fund	-	-

(c) Reconciliation of fair value of assets and obligations:

Particulars	2016-17	2015-16
Present value of funded obligations	12,866,665	(23,86,66,570)
Fair value of plan assets	-	-
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net liability	12,866,665	(23,86,66,570)
Amounts in the balance sheet:		
Liabilities	12,866,665	23,86,66,570
Assets	-	-
Net Liability	12,866,665	23,86,66,570

(d) Expenses recognised during the year:

Particulars	2016-17	2015-16
Current service cost	10,589,577	3,08,33,097
Interest on obligation	397,109	1,88,16,073
Expected return on plan assets	-	0
Net actuarial losses (gains) recognised in the year	13,003,107	(6,45,68,495)
Past service cost	-	0
Losses (gains) on curtailments and settlement	(11,123,128)	0
Expense recognised	12,866,665	(1,49,19,325)

(e) Investment Details :

Funds managed by Insurer (LIC) 100% 100%

(f) Actuarial Assumption :

Particulars	2016-17	2015-16
Discount rate as on 31-3-2017	7.50%	7.74%
Expected return on plan assets at 31-3-2017	-	-
Annual increase in Salary costs	5%	4%
Mortality Rate	Indian Live Mortality (1994-96) Ultimate table	



Notes on Financial Statements for the year ended 31st March, 2017

32.3 The Company is engaged in manufacturing of multiple products using many common inputs and plant and machinery. It is extremely difficult to apportion common infrastructure of manufacturing, assembling and testing of such multiple products. Due to diverse nature of company's activities and that the risks and returns of the Company are not affected by geographical or economic factors and can be determined from aggregate data, therefore, provision of segment reporting is not required in accordance with AS 17.

32.4 As per Accounting Standard 18 (AS 18) issued by ICAI, the disclosures of transactions with related parties as defined in the AS 18 are given below :-

i) Related parties and nature of relationship :-

Sl.No.	Name of related party	Nature of Relationship
1	Rajasthan Electronics and Instruments Ltd.	Subsidiary Company
	(Ministry of Heavy Industries and Public Enterprises, Deptt. of Heavy Industry, Govt. of India, vide letter No. 5(4)/2010-PE-VIII dated 23.02.16 had conveyed approval of Cabinet Committee of Economic Affairs for transfer of entire share holding of IL in the shares of REIL for a consideration of ₹ 48,16,19,775/-. Accordingly, IL's investment in REIL has been transferred to Govt. of India in March 2017.	

ii) Key Management personnel :-

Sl.No.	Name	Nature of Relationship
1	Shri M.P. Eshwar	Chairman and Managing Director
2	Cmdr H.P. Singh	Director(Commercial) (upto 27.07.2016)
3	Shri A. Muralidhar	Director(Production) & Addl. Charge of Director(Finance)
4	Shri R. Gopala Rao	Director(Finance) (upto 30.11.2016)

Transactions during the year with the related parties are as under:-

i) Subsidiary Company: - No disclosure is required in the financial statement of State-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

ii) Key Management personnel :-

	Nature of Transaction	Value of Transaction (₹)	Balance with related parties as at 31.03.2017 (₹)
Shri M.P. Eshwar	Remuneration	2,209,198	-
Cmdr H.P. Singh	-do-	886,160	-
Shri A. Muralidhar	-do-	1,961,025	-
Shri R. Gopala Rao	-do-	1,278,579	-

32.5 Details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 is as under:-

	SBNs	Other Denomination Notes	Total Amount (₹)
Closing Cash in hand as on 08.11.2016*	511,500	153,695	665,195
Add: Permitted Receipts	Nil	1,204,000	1,204,000
Less: Permitted Payments	Nil	729,978	729,978
Add: Amount Deposited in Banks	511,500	-	511,500
Closing Cash in hand as on 30.12.2016	Nil	627,717	627,717

*Excludes mutilated notes.

32.6 The Ministry of Heavy Industry & Public Enterprises, Govt. of India vide its letter dated 08.12.2016 intimated the decision of the Union Cabinet in its meeting held on 30.11.2016 for closure of Kota Unit (comprising Corporate Head Quarter, Kota Unit, P-DDC Unit and Marketing Unit viz Kota Complex) and in principle approval for transfer of Palakkad Unit of Instrumentation Limited to Government of Kerala in a time bound manner as per DPE Guideline dated 07.09.2016 of closure. In compliance of directives of Govt. of India, all employees of Kota have been relieved under VRS/VSS on 18.04.2017. Immovable and Movable assets of Kota complex, are under the process of sale through M/s. NBCC, (a PSU under Ministry of Steel) and M/s. MSTC, as per Govt. guidelines.



Notes on Financial Statements for the year ended 31st March, 2017

Salient financial figures of Kota Complex and Palakkad Unit for the year 2016-17 are as Under :-

		Amount in (₹)		
S. No.	Particulars	Kota Complex	Palakkad Unit	Total
1	Turnover	112,147,435	631,652,389	743,799,824
2	Profit/(Loss) before tax	(755,668,838)	(157,997,202)	(913,666,040)
3	Profit/(Loss) after tax	(755,668,838)	(157,997,202)	(913,666,040)
4	Gross block of Fixed Assets as on 31.03.2017	593,055,707	296,037,757	889,093,464
5	Net block of Fixed Assets as on 31.03.2017	93,003,887	108,169,327	201,173,214
6	No. of Employees	410	300	710

32.7 Exceptional item:-

	2016-2017 Amount (₹)	2015-2016 Amount (₹)
1. Arrears of wage revision of 1992 for the period 01.01.1992 to 31.12.1998.	-	271,161,332
2. Reduction in value of Inventory to the realistic value	48,830,633	192,444,323
3. Write off doubtful of debts	25,037,686	505,165,809
4. Write back of credit balance	(55,434,826)	(6,835)
5. Write off of debit balance	3,053,349	-
6. Provision for Fees and interest for increase in Authorised Share Capital	-	55,000,000
7. Excess provision withdrawn	(47,192)	-
8. Liability for Gratuity & Earned Leave towards earlier years (Palakkad Unit)	138,804,766	-
9. Write back of Interest on Cash credit	(310,256,810)	-
10. Long Term Capital Gain on Sale of Investment(REIL)	(419,144,775)	-
11. VRS/VSS on Closure of the Company	745,517,968	-
	176,360,799	1,023,764,629

32.8 Earning per share calculated in accordance with the provisions of AS-20 :-

	As on 31.03.2017 (₹)	As on 31.03.2016 (₹)
EPS on Profit		
Profit after tax as per Statement of Profit & Loss (Used as denominator)	(913,666,040)	(1,705,002,422)
Number of Equity shares (Face value ₹ 1000/- each)	240,453	240,453
Weighted Average number of equity shares for calculating Basic earning per share	240,453	240,453
Weighted Average number of equity shares for calculating Diluted earning per share	976,949	976,949
Basic earning per share (₹ per share) (Face value of ₹ 1000/- each)	(3800)	(7091)
Diluted earning per share (₹ per share) (Face value of ₹ 1000/- each)	(935)	(1745)

32.9 Rajasthan Electronics and Instruments Ltd. (REIL) has ceased to be Subsidiary Company of IL during the year 2016-17 and therefore, Consolidated Financial Statement of Instrumentation Ltd. with REIL are not required to be prepared.

32.10 Figures have been rounded off to the nearest rupee, wherever considered necessary. Figures in brackets () indicate deduction.

32.11 Annual Accounts of Kota Complex have been prepared on 'not going concern' basis and therefore, the figures of the year 2016-17 are not comparable with the figures of the previous year.

32.12 The figures of the previous year have been regrouped/ reclassified wherever necessary.

32.13 The figures of Palakkad Unit have been regrouped/ reclassified wherever necessary.

32.14 Note No. 1 to 32 form integral part of the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement.

For and on behalf of the Board

A. Muralidhar
Director (Production)

M.P. Eshwar
Chairman and Managing Director

In terms of our report of even date attached
For GR Gupta & Co.
Chartered Accountants
F.R.N. 006201C

Place : Camp, New Delhi
Date : 11th December, 2017

Abhishek Mittal
Partner
M.No.404848


ANNEXURE-1
TOWNSHIP EXPENSES & SOCIAL OVERHEADS

Particulars	2016-2017	2015-2016
TOWNSHIP EXPENSES		
Salaries, Wages & Other benefits to employees.	2,360,249	2,487,158
Repairs & Maintenance	3,483,585	4,004,330
Water charges	1,783,304	1,377,759
Electricity charges	2,938,140	6,344,140
Depreciation	373,984	110,638
	<u>10,939,262</u>	<u>14,324,025</u>
Less :		
TOWNSHIP INCOME		
Rent	26,375,615	44,284,476
Electricity	4,278,780	7,293,250
Water charges	198,035	194,414
Miscellaneous receipts	-	-
	<u>30,852,430</u>	<u>51,772,140</u>
Surplus in Township (A)	<u>-19,913,168</u>	<u>-37,448,115</u>
OTHER SOCIAL OVERHEADS		
Salaries, wages & Other benefits to employees.	5,882,891	6,242,413
Repairs & maintenance	494,606	322,430
Water charges	557,767	682,260
Electricity	231,523	684,047
Reimbursement of Medical Expenses to employees and Dispensary and Medical expenses	18,650,736	19,025,109
Other public social and cultural activities including grant and subsidies.	277,438	1,163,957
Depreciation	301,410	556,523
SOCIAL OVERHEADS(B)	<u>26,396,371</u>	<u>28,676,739</u>
TOTAL (A+B)	<u>6,483,203</u>	<u>-8,771,376</u>

ANNEXURE-2
CAPITAL EXPENDITURE ON TOWNSHIP AND SOCIAL AMENITIES

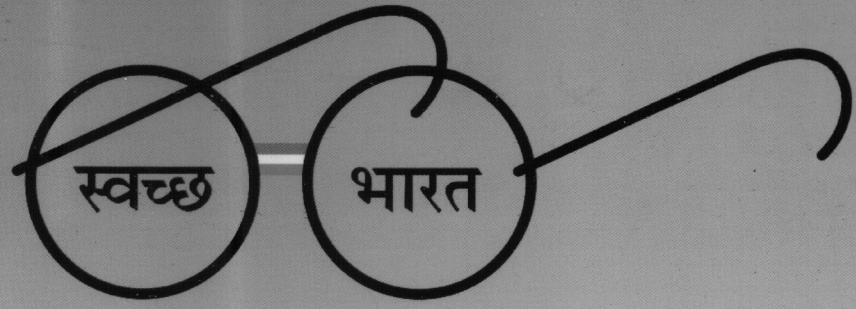
PARTICULARS	GROSS - BLOCK			As at 31-3-2017	DEPRECIATION	NET - BLOCK	
	As at 1-04-2016	Add- itions during the year	Deduc- tions/ Sales/ write off Adjust.		Up to 31-3-2017	As at 31-3-2017	As at 31-3-2016
1	2	3	4	5	6	7	8
Roads, Drains & Culverts	1,782,407	-	-	1,782,407	1,693,287	89,120	98,210
Buildings	24,327,722	-	-	24,327,722	17,888,137	6,439,585	6,857,058
Electric Installations	3,461,899	142,067	-	3,603,966	2,987,908	616,058	547,959
Drainage, Sewerage &	2,719,210	-	-	2,719,210	2,584,849	134,361	134,665
Plant & Machinery	1,706,809	-	-	1,706,809	1,513,315	193,494	292,614
Furniture & Fittings	1,579,592	-	-	1,579,592	1,399,584	180,008	189,246
Other Appliances	2,980,168	-	-	2,980,168	2,898,145	82,023	249,088
Vehicles	0	-	-	-	-	-	-
TOTAL	<u>38,557,807</u>	<u>142,067</u>	<u>-</u>	<u>38,699,874</u>	<u>30,965,225</u>	<u>7,734,649</u>	<u>8,368,840</u>
Previous Year	<u>38,562,874</u>	<u>142,067</u>	<u>-</u>	<u>38,704,941</u>	<u>30,569,688</u>	<u>8,368,840</u>	

Note : Depreciation for the year amounts to ₹ 6,75,391/- (Previous Year ₹ 3,80,721/-)

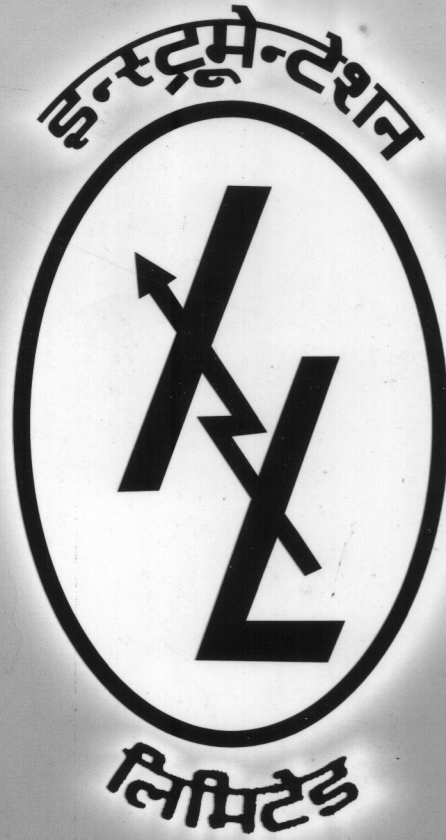
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एक कदम स्वच्छता की ओर



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