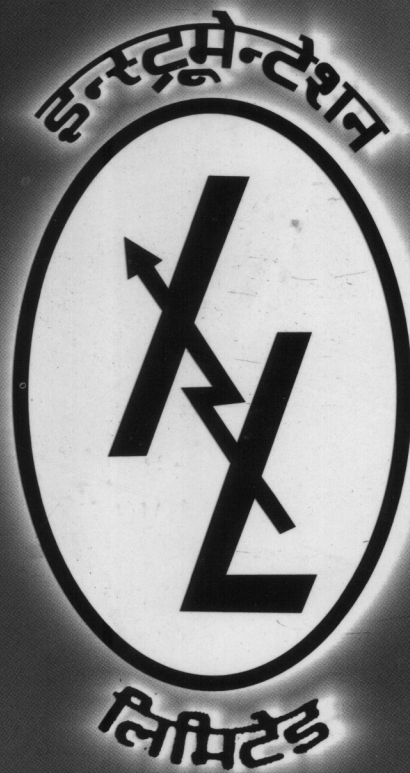


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वार्षिक प्रतिवेदन  
ANNUAL  
REPORT  
2017-2018



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(भारत सरकार संस्थान)

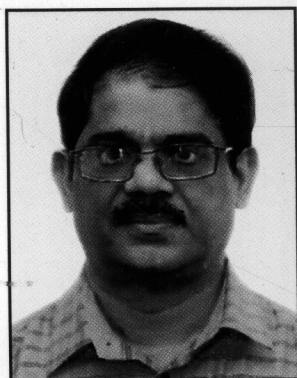
Instrumentation Limited

(A Government of India Enterprise)

# Board of Directors



**Shri R. Gopala Rao**



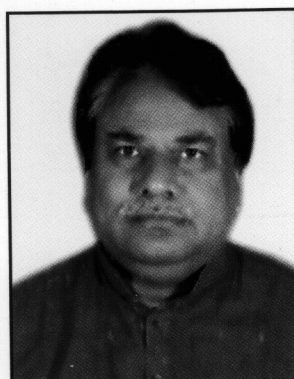
**Shri A. M. Manichan**



**Mrs. Parveen Gupta**



**Shri Yogesh Gautam**



**Dr. (Prof.) Ram Naresh Singh**



**Board of Directors** : Shri R. Gopala Rao

Shri A. M. Manichan

Smt. Parveen Gupta

Shri Yogesh Gautam

Prof. (Dr.) Ram Naresh Singh

Shri A.K. Jain

Shri M. P. Eshwar

Smt Ritu Pande

Shri Alamuri Muralidhar

Chairman and Managing Director Additional  
Charge (from 12.09.2018)

Director (Govt. Nominee)  
Dy. Secretary, Finance, DHI

Director (Govt. Nominee)  
Dy. Secretary, DHI (From 27.12.2017)

Independent Director

Independent Director

Chairman and Managing Director Additional  
Charge (from 25.06.2018 to 11.09.2018)

Chairman and Managing Director  
(Up to 25.06.2018)  
and Additional Charge of Director  
(from 01.12.2017 to 31.05.2018)

Director (Govt. Nominee)  
Director, DHI (Up to 27.12.2017)

Director (Production) (Up to 19.04.2018)  
Additional Charge of Director (Finance)  
(upto 30.11.2017)

**Chief Advisor  
(F&A and CS)**

: Shri A.K. Shringi (upto 25.06.2018)

**Auditors**

: M/s. G.R. Gupta & Company, CAs, Sawai Madhopur  
M/s. Arun & Rajalakshmy, CAs, Palakkad

- Statutory Auditors  
- Branch Auditors

**Bankers**

: 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 54<sup>th</sup> Annual General Meeting of the Company. The report of the Directors, together with the audited accounts for the year ended 31<sup>st</sup> March 2018 and the comments of the Comptroller and Auditor General of India are with you. With your permission, I shall take them as read.

### PERFORMANCE HIGHLIGHTS

During the year 2017-18, the Company has achieved turnover of **Rs. 6379.26** Lakh, as compared to turnover of Rs. 7437.99 Lakh in 2016-17 and booked orders of **Rs. 7100** Lakh as compared to previous year's order booking of Rs. 6610 Lakh despite closure of

operations of Kota Complex. Stiff competition in all areas of its operations, resulting in severe pressures on margin had been the major constraints for the Company to achieve the desired results. 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. DHI conveyed this decision vide their letter dated 08.12.2016 and was concurred by the Board in its meeting held on 16.12.2016.

In the year 2017-18, the Company has incurred loss before depreciation, interest and tax to the tune of **Rs. 1076.19** Lakh as compared to loss of Rs. 4612.48 Lakh in the previous year.



Net loss after tax, for the year 2017-18 was **Rs. 1566.49** Lakh as compared to net loss of Rs. 9136.66 Lakh 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 dated 07.09.2016 on closure for Kota Complex of Instrumentation Limited and all out efforts are made to improve the performance of Palakkad Unit of IL using its intrinsic strength having the goal to transfer the unit to Government of Kerala as per Union Cabinet decision as profit making 'on going' 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 was not an easy job. The VRS/VSS scheme was opened on 19.12.2016 for one month and I have a pleasure in sharing with members that Company achieved 100% VRS/VSS from the employees of the Kota Complex and also township of Kota got vacated by all the employees except four which are subjudice.

We have to handover Palakkad Unit to Govt of Kerala as a profit making 'on going 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 2018-19 to surpass the target achieved in 2017-18. It is certainly difficult, but not impossible. After closure of

operations of Kota Complex all the MOU were transferred to Palakkad Unit to enhance the performance of Palakkad Unit and have taken action to enter into new business like AMC of Thermal Power Stations, business enhancement through channel partners, etc.

### **ISO-9001, ISO-14000 AND OHSAS-18001 CERTIFICATION**

During the year under review Palakkad Unit maintained ISO-9001:2008, ISO 14001:2015 and OHSAS 18001:2007 accreditation. 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.

### **MOU with DHI**

As Closure activities of Kota Complex and Status of transfer of Palakkad Unit to Govt of Kerala are in advance stage hence DHI and DPE have exempted the Company for 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 2018-19. 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 2017-18 through Administrative Ministry to DPE and it is my pleasure in sharing with all the members that the Company achieved MoU rating for year 2017-18 as 'Fair'.

## **STATUS OF SUBSIDIARY COMPANY**

Rajasthan Electronics and Instruments Limited, Jaipur (REIL, Jaipur):

After handing over all the Shares holdings of IL in REIL to GoI as per DHI directives dated 01.03.2017, REIL, Jaipur seized to be a subsidiary of IL as on 31.03.2017. Since then the Company has no subsidiary.

## **PRESENT STATUS OF THE COMPANY**

Closure of IL Kota is under completion and handing over of IL Palakkad Unit to GOK is in advance stage.

## **STATUS CLOSURE ACTIVITIES AT KOTA**

Closure activities started at Kota with issuance of General Notice to employee & all Concern on 08.12.2016. Brief of closure activities completed is as below:

### **A. Employees:**

- 1) All the employees of Kota Complex have been relieved on 18.04.2017. One employee who had filed a civil writ petition in Hon'ble Rajasthan High Court has also been relieved w.e.f. 18.04.2017 as per verdict of Hon'ble Rajasthan High Court.
- 2) Dues of all the employees/ ex-employees have been settled. There are certain matters which are pending in courts shall be settled as per the verdict of Hon'ble Courts & further guidelines from the Administrative Ministry.

### **B. Movable Assets:**

96% value wise movable assets of IL

Kota have been disposed off through MSTC.

### **c. IMMOVABLE ASSETS:**

1. In accordance with the directions by DHI 181.883 acre land at Kota with all built up structures free of all encumbrance and 10.59 acre land (inclusive of 0.59 acre of free hold land) of Sitapura Industrial Area Jaipur have been handed over to Government of Rajasthan & RIICO.
2. Disposal of other assets at Jaipur, New Delhi, Varodara and Mumbai in process with M/s NBCC as per Govt. directives.

## **STATUS TRANSFER OF PALAKKAD UNIT TO GOK:**

1. The process of handing over of IL Palakkad Unit to GOK started on 11.01.2017 with kick off meeting between Chief Secretary, GoK and Joint Secretary, DHI. GoK desired to take the Unit on Zero Cost Zero Liabilities.
2. Based on the financial valuation report of professional and established chartered accountants M/s Varma & Varma and Restructuring and Internal Audit Board (RIAB) and technical evaluation of inventory by M/s FEDO in respect of enterprise valuation GOK and series of meetings of DHI & IL with apex committee of GoK, the methodology is decided and the transfer of Palakkad Unit of IL to GOK is in advance stage.

## **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 for Palakkad Unit and closure activities for Kota Complex. The Company made all out efforts to maintain the presence of ILP's products in the market and entered in new fields to take over the dropped business due to closure of Kota Complex such as Annual Maintenance Contract (AMC) of Thermal Power Station of Uttar Pradesh Vidhyut Utpadan Nigam Limited (UPVUNL), Third Party Inspection, etc. to handover the Unit in operational & profit making condition to GOK. All earnest, we have endeavored to deliver the trust, the customer reposed in us which gave us the strength to face the situation realistically.

### **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 in time bound manner 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. The Palakkad Unit of IL is to be transferred to GOK, with signing of MOU among GOK, DHI/GOI and IL.

### **VIGILANCE:**

The company ensures transparency, objectivity quality of decision making in its operations monitor the same. We have Vigilance Department Chief Vigilance Officer, nominated by Administrative Ministry. During the year Vigilance Department functioned as an effective part of management and all the cases have been processed & brought to closure except cases in Hon'ble CBI court. Our greater emphasis was laid on preventive vigilance.

### **INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT**

The industrial relations during the year continued to be harmonious and cordial and supporting to 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.

### **CORPORATE GOVERNANCE**

It is my strong belief that good Corporate Governance is essential to achieve long-term corporate goals and to safeguarding the interest of all stake holders and to satisfy the core principles of accountability, transparency and fair dealings. The commitment is to strictly comply at all level with the Corporate Governance Guidelines issued by Department of Public Enterprise (DPE). This is imperative for the overall enhancement of all operations & activities of the Company.

## 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 Government of Rajasthan and Kerala and other agencies and authorities for their help to the Company.

I would like to convey, on behalf of my Board and my own, 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 2017-18 to be approved and adopted.

**R. Gopala Rao**

Chairman and Managing Director

Dated: 31.12.2018



## DIRECTORS' REPORT

To,

### The Shareholders

Ladies and Gentlemen,

Your Directors have pleasure in presenting their 54<sup>th</sup> Annual Report alongwith Audited Accounts for the year ended 31<sup>st</sup> March, 2018, Report of the Statutory Auditors and Comments thereon by the Comptroller and Auditor General of India.

### PERFORMANCE HIGHLIGHTS

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.

However, operations at Palakkad Unit are on and during the year 2017-18, the Company has achieved turnover of ₹ 6379.26 Lakh, as compared to turnover of ₹ 7437.99 Lakh in 2016-17.

In the year 2017-18, the Company has incurred loss before depreciation, interest and tax ₹1076.19 Lakh as compared to loss of ₹ 4612.48 Lakh in the previous year.

Net loss after tax, for the year 2017-18 was ₹ 1566.49 Lakh as compared to net loss of ₹ 9136.66 Lakh in the previous year.

### OPERATING RESULTS

The salient features of the operating results for the year 2017-18 as compared to the previous year are given below: -

		( ₹ in Lakhs)	
S No	Particulars	2017-2018	2016-2017
a.	Turnover	6379.26	7,437.99
	Job done for internal use	-	-
	Less:- Excise Duty	68.49	568.27
	Net Turnover	6310.77	6869.72
b.	Other Income	569.18	945.24
	Total Income	6879.95	7814.96
c.	Expenditure on material	3163.23	3215.60
d.	(Accretion)/Decretion	(152.76)	42.28
e.	Employees remuneration and benefits	2413.03	6929.07
f.	Services & Sub-Contracting	770.59	740.28
g.	Financial Cost	314.49	1934.65
h.	Depreciation & Amortisation	172.40	825.92
i.	Other Expenditure	1762.05	1,500.21
j.	Total Expenditure	8443.03	15,188.01
k.	Profit/(Loss) before exceptional and extraordinary item and tax	(1563.08)	(7,373.05)
l.	Exceptional items :-	3.41	1,763.61
	Income - Write back of Interest on CC utilized Rs.830.62 Lakh, Liability of gratuit & EL (401.04), Excess provision Withdraw Rs.3.11 and Write back of Credit Balance Rs. 719.97		
	Expenses : VRS/VSS Rs.21.29 Lakh		
	Sales Tax towards earlier years (Palakka Unit Rs. 47.12 and Guarantee invoke given by Bank Rs. 1889.73 Lakh.		
m.	Profit/(Loss) before extraordinary item tax	(1566.49)	(9,136.66)
n.	Provision for Taxation	-	-
o.	Profit/(Loss) after tax & Adjustment	(1566.49)	(9,136.66)

### ORDER BOOKING

During the year under review Palakkad Unit of the Company continued to face stiff competition in all areas of its operations, resulting in severe pressures on margins. Because of high quality products & services and proven track record, Palakkad Unit maintain its market share and booked orders of ₹ 7100 Lakh as compared to previous year's order booking of ₹ 6610 Lakh. Some of the major and prestigious orders received by





the Company are as below: -

- a) Control Valves Orders worth ₹ 528.73 Lakh from EIL.
- b) Control Valves & PRDS Orders worth ₹ 316.04 Lakh from BHEL.

### ISO-9001, 14000 AND OHSAS CERTIFICATION

During the year under review Palakkad Unit maintained ISO-9001:2008, ISO 14001:2015 and OHSAS 18001:2007 accreditation. 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 ₹ 6379.26 Lakh during the year as against turnover of ₹ 7437.99 Lakh during the previous year 2016-17. In order to adhere with the Govt. directives operations of all the Units i.e. Kota Complex had been stopped w.e.f. 01.04.2017 and MOU business were transferred to Palakkad Unit. This year Major contribution towards the Company's turnover is from Palakkad Unit. The Unit-wise turnover of the Company for the year 2017-2018 as compared to the previous year are given below :-

(₹ In lakhs)			
S.No.	Unit	2017-18	2016-17
1	Kota Unit	4.50	568.85
2	P-DDC Unit	-	537.47
3	Marketing Unit	-	15.15
4	Palakkad Unit	6374.76	6316.52
	Total	6379.26	7437.99

### EXPORTS

During the year under review Palakkad Unit

of the Company achieved an export turnover of ₹ 412.28 Lakh including deemed exports (Previous year ₹ 1163.46 Lakh) and physical exports during the year 2017-18 have been worth ₹ 4.90 Lakh (Previous year ₹ 13.69 Lakh).

### FINANCE

Paid-up Capital of the Company as on 31.3.2018 remained at ₹ 2404.53 Lakh and Share Application Money at ₹ 12200.96 Lakh is pending for allotment of equity and preference shares. This includes conversion of loan of ₹ 2598.46 Lakh into Equity Shares in accordance with the sanctioned Revival Scheme.

### BORROWINGS FROM THE GOVERNMENT/ PSUs

Gol Loans and outstanding interest of Rs. 39.28 Crore have been adjusted in the books against transfer of 51% shares of REIL held by IL to Gol. Against the decision of Closure of Kota Complex, GOI provided a loan of Rs. 400.02 Crore on 29.03.2017 towards clearance of employees' liabilities and other dues. During the year under review a loan of 184.55 Crore was provided by the GOI towards clearance of balance liabilities of Kota Complex. As on 31.03.2018 GOI Loan is Rs. 584.57 Crore as against Rs. 400.02 as on 31.03.2017.

Besides the above loan of GOI, Total amount of ₹ 13617.65 Lakh & Penal Interest as applicable is also outstanding towards soft loan provided by Government of Rajasthan



against 1/3<sup>rd</sup> share of land surrendered by IL & subsequently disposed by UIT Kota.

### **WORKING CAPITAL**

During the financial year under review Inventory and Sundry Debtors were ₹3393.92 Lakh and ₹12914.77 Lakh respectively as compared to ₹ 3498.11 Lakh and ₹ 12754.63 Lakh respectively during the previous year. The operation of Kota Unit is closed and operations at Palakkad Unit are going smoothly with sufficient working capital.

### **MOU WITH DHI**

As operations of Kota Unit of the Company are closed and handing over of Palakkad Unit to Government of Kerala is in advance stage. The Inter Ministerial Committee considered the recommendations of Pre Negotiation Committee (PNC) for exemption to Instrumentation Limited for MoU for year 2018-19. Thus exemption from entering into a MOU for year 2018-19 was given by the MOU Division of DPE.

### **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. Accordingly all the 408 employees of Kota Complex were relieved on VRS/VSS on 18.04.2017. Value wise 96% disposal of

movable assets has been completed. Negotiation with GOR to waive off the outstanding soft loan was in process. Number of meetings took place between GOK and DHI/GOI for handing over of Palakkad Unit of IL to GOK. The handing over of Palakkad Unit to Government of Kerala is in advance stage.

### **SUBSIDIARY COMPANY:**

After handing over of Shares to GoI as per DHI directives dated 01.03.2017, REIL was seized to be a subsidiary of IL as on 31.03.2017. Since then the Company has no subsidiary.

### **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, Shop Councils and Joint Management Councils were formed. Since all the employees have opted VRS/VSS and have been relieved on 18.04.2017 there is no Councils at Kota. In Palakkad Unit of IL, 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.

### **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 50 representing nearly 18.24% of the total manpower of 274.

## **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 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.

## **SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of Palakkad Unit of

the Company.

## **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) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-18.

- 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 normal R&D

activities carried out at Palakkad Unit.

#### **(c) FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year the Company earned foreign exchange equivalent to ₹ 4.90 Lakh (previous year ₹ 13.69 Lakh) while the foreign exchange outgo was ₹ 533.18 Lakh (previous year ₹ 222.57 Lakh).

#### **(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 Ongoing 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) All employees of Kota Complex opted VRS/VSS and have been relieved on 18.04.2017, one employee who had filed a writ petition in Honorable Rajasthan High Court, Jaipur against the closure decision of Union Cabinet dated 30.11.2016 was also given VRS/VSS as per orders of Hon'ble Rajasthan High Court, Jaipur.
- b) Value wise 96% of movable assets have been disposed off through MSTC.
- c) Sale of immovable assets is in progress through M/s NBCC as per DPE guidelines on closure dated 07.09.2016.
- d) Methodology to handover Palakkad Unit of IL to GOK was discussed between GOK & DHI officials, the matter is in advance stage.



- e) Out of total fund of Rs. 584.57 Crore received from GOI, an amount of Rs. 561.40 Crore has been disbursed towards liabilities of ILEPFT, Ex-Employees, VRS/VSS opted Employees, Bankers Taxes, Unsecured Creditors and towards watch and ward expenses.

## **AUDITORS**

In accordance with Section 143(5) of the Companies Act, 2013, Comptroller and Auditor General of India has appointed Auditors for the Company. 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 2017-18.

Certain qualifications made by the Statutory Auditors in their report dated 01.12.2018 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:**

Pursuant to the Union Cabinet's decision dated 30.11.2016 and DHI directives dated 08.12.2016 all business operations of Kota Complex have been stopped. Palakkad Unit alone remained operative Unit hence Turn Over of the Company has fallen to the level of Rs. 64.00 Crore, In accordance with the Rule-4 of the Companies (Cost Records and Audit) Rules, 2014 which states that Cost audit requirement has been made subject to a turnover based threshold for non-regulated

sector of ₹ 100 crore for all products or services and of ₹ 35 crore for individual product or service. Hence cost audit is not required for our Company from the financial year 2017-18.

The cost audit report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs on 16.04.2018.

## **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 31<sup>st</sup> March, 2018. A copy of his comments under section 143 (6)(b) of the Companies Act, 2013 is placed at Annexure-IV.

## **BOARD OF DIRECTORS**

### **APPOINTMENTS:**

Smt. Parveen Gupta, Deputy Secretary, DHI (DIN: 07571840) was appointed as part-time official Director on the Board of the Company with effect from 27.12.2017 vide DHI's letter No.: 8(1)/2008-PE-VIII dated 27.12.2017.

Shri M. P. Eshwar, Chairman and Managing Director, ILK (DIN: 06718891), has been entrusted with additional Charge of Director (Finance) for six Months with effect from 01.12.2017.

### **CESSATION:**

Additional Charge of Director (Finance) entrusted vide DHI's letter No.: 8(1)/2013-PE-VIII dated 22.06.2017 for six months on



Shri Alamuri Muralidhar, Director (Production), ILK (DIN: 06574638), ceased w. e. f. 01.12.2017 due to non-extension.

Pursuant to DHI's letter No.: 8(1)/2008-PE-VIII dated 27.12.2017, Smt Ritu Pande, Director, DHI (DIN: 01604488), ceased to be part-time official Director with effect from 27.12.2017.

The Board of Directors placed on record the appreciation of the valuable services rendered as well as advice and guidance provided by Smt. Ritu Pande and Shri Alamuri Muralidhar as additional charge of Director (Finance) during their tenure.

#### **ADDITIONAL INFORMATION PURSUANT TO RECOMMENDATIONS OF PARLIAMENTARY COMMITTEE**

	(₹ In Lakh)	
	2017-18	2016-17
(a) Foreign Tours	0.55	2.22
(b) Expenditure on Public Relations / Business Promotion	5.18	5.35
(c) Entertainment Expenditure	NIL	0.09

#### **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.

The Board also acknowledges the sincere support and extends its grateful thanks to Department of Electronics, Department of Public Enterprises, C-DOT, the State Government of Rajasthan, State Government of Kerala, Industrial Development Bank of India (as the Monitoring Agency of BIFR) and the Company's Bankers i. e. 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



# ANNEXURE - I

<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
<b>as on financial year ended on 31.03.2018</b>
<b>[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014]</b>

## 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	00.00
2	Control Valves	8481	100.00
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)
<b>A. Promoters</b>									
(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
<b>SUB TOTAL:(A) (1)</b>	Nil	240453	240453	100	Nil	240453	240453	100	Nil



<b>(2) Foreign</b>									
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
<b>SUB TOTAL (A) (2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	Nil	240453	240453	100	Nil	240453	240453	100	Nil

<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
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
<b>SUB TOTAL (B)(1):</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<b>(2) Non Institutions</b>									
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
<b>SUB TOTAL (B)(2):</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
---	-----	-----	-----	-----	-----	-----	-----	-----	-----

<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	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.		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
	<b>For Each of the Top 10 Shareholders</b>				
(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
<b>Indebtness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	<b>949,039,664</b>	<b>5,361,968,000</b>	<b>Nil</b>	<b>6,311,007,664</b>

Change in Indebtedness during the financial year				
Additions	Nil	1,845,500,000	Nil	1,845,500,000
Reduction	936,199,484	Nil	Nil	936,199,484
<b>Net Change</b>	<b>-936,199,484</b>	<b>1,845,500,000</b>	<b>Nil</b>	<b>909,300,516</b>

Indebtedness at the end of the financial year				
i) Principal Amount	12,840,180	7,207,468,000	Nil	7,220,308,180
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>12,840,180</b>	<b>7,207,468,000</b>	<b>Nil</b>	<b>7,220,308,180</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

		Shri MP Eshwar, Chairman and Managing Director & Addl. Charge of Director (Finance) w. e. f. 01.12.2017	Shri A. Muralidhar, Director (Prod.) & Addl. Charge of Director (Finance) up to 01.12.17	TOTAL
		(WTD)	(WTD)	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in Sec.17 (1) of the Income Tax. 1961.	1954184	1726235	3680419
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	237554	163275	400829
	(c) Profits in lieu of salary u/s section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit or others (specify)	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>2191738</b>	<b>1889510</b>	<b>4081248</b>
	<b>Ceiling as per the Act</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>





**B. Remuneration to other Directors:**

(Amount in ₹)

B. Remuneration to Other Directors:				
S No	Particulars of Remuneration	Name of the Directors		
1	Independent Directors	Shri Yogesh Gautam		Prof. (Dr.) Ram Naresh Singh
	(a) Fee for attending board committee meetings	2400		1600
	(b) Commission as % of profit or others (specify)	Nil		Nil
	(c) Others, please specify	Nil		Nil
	<b>Total (1)</b>	2400+1600=4000		
2	Other Non Executive Directors	Smt. Ritu Pande	Shri AM Manichan	Smt. Parveen Gupta
	(a) Fee for attending board committee meetings	Nil	Nil	Nil
	(b) Commission as % of profit or others (specify)	Nil	Nil	Nil
	(c) Others, please specify.	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil
	<b>Total (B)=(1+2)</b>	4000		
	<b>Total Managerial Remuneration</b>	4000		
	<b>Overall Ceiling as per the Act.</b>	NA	NA	NA

**C. REMUNERATION OF KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri A.K. Shringi General Manager (F&A) And Company Secretary
1	<b>Gross Salary</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	70421
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	5315
	(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
	<b>Total</b>	75736

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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			----- Nil -----		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			----- Nil -----		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			----- Nil -----		
Punishment					
Compounding					

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2017-18

(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 and 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 pioneer in control values actuators, butter the values & below sealed values and Committed 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, 2018, the Board of Directors consists of six Directors. During the financial year ended 31st March, 2018, Five Board Meetings were held on 30th June, 2017, 07th September, 2017, 11th December, 2017, 29th December, 2017 and 27th March, 2018 as against minimum requirement of four meetings.

The details of composition of the Board as at 31.03.2018, the attendance record of the Directors at the Board Meeting held during the financial year 2017-18 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 29.12.17	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 and Additional Charge of Director (Finance) (from 01.12.2017)	5	5	Present	Nil	Nil	Nil
Smt Ritu Pande	Director (Govt. Nominee) (Up to 27.12.2017)	3	2	NA	8	Nil	Nil
Shri A.M Manichan	Director (Govt. Nominee)	5	5	Present	4	Nil	Nil
Smt Parveen Gupta	Director (Govt. Nominee) (From 27.12.2017)	2	1	No	2	Nil	Nil
Shri Alamuri Muralidhar	Director (Production) and Additional Charge of Director (Finance) (up to 01.12.2017)	5	5	Present	1	Nil	Nil
Shri Yogesh Gautam	Independent Director	5	3	No	1	Nil	Nil
Prof. (Dr.) Ram Nareish Singh	Independent Director	5	2	Present	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.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### CORPORATE OVERVIEW:

Our Company, Instrumentation Limited (ILK) having its Registered Office & Headquarters at Kota, Rajasthan was established with a manufacturing Unit at Kota (Raj) 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.

Other manufacturing Unit at Palakkad, Kerala was established in 1974 for self reliance in flow control & measurement elements such as Control Valves, Butterfly Valves, Power Cylinders/ Actuators, Orifice Plate, Flow Nozzles etc.

On 30.11.2016 the Union Cabinet approved closure of Kota Unit and in principle approval for transfer of Palakkad Unit to Govt. of Kerala.

Accordingly, Operations of Kota Unit (comprising of Kota Unit, Marketing Unit, P-DDC Unit and Head Quarter) have been closed w.e.f. 01.04.2017 and all the employees have been relived on VRS/VSS w.e.f 18.04.2017. Other activities for closure of Kota Unit are under process as per DPE guidelines.

Palakkad Unit of IL, which is accredited with ISO 9001:2008, ISO 14001:2015 and OHSAS 18001:2007 Certification is operational and in process of transfer to GOK as 'on going concern'. The process of transfer of Palakkad Unit 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 01.12.2018 on the accounts of the Company for the year 2017-18: -

#### **On Stand-alone Financial Statements:**

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

Regarding Statutory Auditor's observation number (i) to (ix) 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), (12.8), (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 of 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 assets of Kota Complex as on 31.03.2018. 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 Auditor's observation number 2(b) and 8 of Annexure-A to the Report, Note No. (17.6) and (8.2) forming part of accounts are self explanatory.

**R Gopal Rao**  
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 2018.**

The Preparation of financial statements of INSTRUMENTATION LIMITED for the year ended 31 March 2018 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 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **INSTRUMENTATION LIMITED** for the year ended 31 March 2018 under section 143(6) (a) of the Act. 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 supplement audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 142(6) (b) of the Act.

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

**Sd/-**

**(Prachi Pandey)**

**Principal Director of Commercial Audit  
& ex-officio Member, Audit Board-I,  
New Delhi.**

**Place : New Delhi**

**Dated : 8 January 2019**



# 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 2018, 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 Rs.33,98,59,690/- which has not been provided in the accounts, thereby the loss is understated by Rs. 33,98,59,690/- and receivables are overstated by Rs. 33,98,59,690/-.
- (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 Rs.1,29,14,77,861/- 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 Rs.3,45,91,358/- and Rs.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 Rs.24,66,63,861/- & receivables is overstated by Rs.24,66,63,861/-.
- (iii) With reference to note no. 17.6 regarding shortage of inventory which was still not reconciled amounting of Rs.2,38,28,000/- at Palakkad unit which has not been provided in the accounts, thereby the loss is understated by Rs. 2,38,28,000/- and inventory is overstated by Rs. 2,38,28,000/-.
- (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. 12.8 of notes on accounts regarding non-execution of title deed of Building of Rs.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 Rs.1,80,176/- 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 Rs.61,03,51,551/-, inventory is overstated by Rs.2,38,28,000/- and Trade Receivables are overstated by Rs.58,65,23,551/-.

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, 2018, 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(k).

**Report on other Legal and Regulatory Requirements**

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required under section 143(5) of the Companies Act, 2013, we give in the "Annexure A", a statement on the Directions issued by the Comptroller and Auditor General of India.
- As required by section 143(3) of the Act, we report that:
  - 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.
  - 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.
  - 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 by us in preparing this report.
  - 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.

- 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.
- 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.
- 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.
- Being a Government Company, pursuant to the Notification Ref No. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by Government of India, provisions of section 164(2) of the Act are not applicable to the Company.
- 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".
- 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:
  - The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32 to the financial statements;
  - 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;
  - 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: 1<sup>st</sup> Dec., 2018



## 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, 2018:

### 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. Out of this inventory amounting to Rs. 238.28 lakh still to be reconciled.
- 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.
- 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 2018 for a period more than six months from the date of becoming payable are as under:

S. No.	Name of Statutory Dues	Amount (₹)
1	VAT & CST (Net of Inputs)	6,22,020.02
5	Service Tax (Net of Input Credit)	70,36,043.55
6	Income Tax (TDS)	15,59,316.00
	<b>Total</b>	<b>92,17,379.57</b>

- According to the information and explanation given to us, there are disputed statutory dues aggregating of ₹ 10,13,33,481/-. 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. 8.2 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: 1<sup>st</sup> Dec., 2018



### Annexure A- Details of Disputed Statutory dues

Year	Amount CST/UP VAT	Amount K.G.S.T.	Amount RVAT	Total	Particulars
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
2012-13	1,695,815			1,695,815	DC(Appeals), Deptt of Commercial Taxes, Palakkad.
2013-14	2,359,307			2,359,307	DC(Appeals), Deptt of Commercial Taxes, Palakkad.
2014-15	5,255,494			5,255,494	DC(Appeals), Deptt of Commercial Taxes, Palakkad.
2015-16	5,097,830			5,097,830	DC(Appeals), Deptt of Commercial Taxes, Palakkad.
2016-17	6,311,223			6,311,223	DC(Appeals), Deptt of Commercial Taxes, Palakkad.
<b>TOTAL</b>	<b>43,166,932</b>	<b>0</b>	<b>0</b>	<b>43,166,932</b>	
	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
<b>TOTAL</b>	<b>-</b>	<b>38,999,182</b>	<b>19,167,367</b>	<b>58,166,549</b>	
<b>Grand Total</b>	<b>43,166,932</b>	<b>38,999,182</b>	<b>19,167,367</b>	<b>101,333,481</b>	

### "Annexure B" to the Independent Auditors Report

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

S. 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 by Company.	No impact on financial statements.
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: 01 Dec. 2018**





## **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, 2018 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, 2018, 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**

**Place: Camp, New Delhi**

**Date: 01 Dec.2018**

**M.No. 404848**



## BALANCE SHEET

### AS AT 31<sup>st</sup> MARCH, 2018

Particulars	Note No.	As at 31-3-2018	As at 31-3-2017
		₹	₹
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	240,453,000	240,453,000
(b) Reserves & Surplus	3	(7,071,238,274)	(6,907,472,759)
(c) Money received against share warrants		-	-
		<u>(6,830,785,274)</u>	<u>(6,667,019,759)</u>
<b>2. Share Application Money Pending Allotment</b>	4	1,220,096,000	1,220,096,000
<b>3. Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	-	-
(b) Deferred Tax Liability (Net)	6	-	-
(c) Other Long Term Liabilities	7	125,746,081	146,991,697
(d) Long Term Provisions		-	-
		<u>125,746,081</u>	<u>146,991,697</u>
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	8	12,840,180	949,039,664
(b) Trade Payables	9	341,701,072	460,913,071
(c) Other Current Liabilities	10	7,739,619,113	10,223,605,661
(d) Short Term Provisions	11	-	7,981,894
		<u>8,094,160,365</u>	<u>11,641,540,290</u>
<b>Total</b>		<u><b>2,609,217,172</b></u>	<u><b>6,341,608,228</b></u>
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	119,874,154	199,632,389
(ii) Intangible Assets	12	1,045,317	1,540,825
(iii) Capital Work in Progress	12	21,408,920	853,080
(iv) Intangible Assets under Development		<u>142,328,391</u>	<u>202,026,294</u>
(b) Non-Current Investments	13	-	-
(c) Long Term Loans and Advances	14	131,442,180	149,810,527
(d) Deferred Tax Assets (Net)	6	-	-
(e) Other Non-Current Assets	15	<u>6,857,631</u>	<u>3,803,927</u>
		<u><b>280,628,202</b></u>	<u><b>355,640,748</b></u>
<b>2. Current Assets</b>			
(a) Current Investments	16	90,000	90,000
(b) Inventories	17	339,392,971	349,811,498
(c) System Work (At Sites)	18	-	-
(d) Trade Receivables	19	1,291,477,861	1,275,462,870
(e) Cash and Bank Balances	20	543,487,995	4,074,273,828
(f) Short Term Loans and Advances	21	27,242,514	166,469,942
(g) Other Current Assets	22	<u>126,897,629</u>	<u>119,859,342</u>
		<u><b>2,328,588,970</b></u>	<u><b>5,985,967,480</b></u>
<b>Total</b>		<u><b>2,609,217,172</b></u>	<u><b>6,341,608,228</b></u>

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

For and on behalf of the Board

**Yogesh Gautam** Director  
**A.M. Manichan** Director

**R.Gopala Rao** 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 : 01<sup>st</sup> December, 2018

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





## STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

Particulars	Note No.	2017-2018		2016-2017	
		₹	₹	₹	₹
<b>REVENUE FROM OPERATIONS</b>	23	<b>637,925,559</b>		<b>743,799,824</b>	
Jobs done for internal use	24				
<b>Total</b>		<b>637,925,559</b>		<b>743,799,824</b>	
Less :- Excise Duty		<b>6,848,546</b>		<b>56,827,426</b>	
Revenue from Operations (Net)			<b>631,077,013</b>		<b>686,972,398</b>
Other Income	25		<b>56,918,110</b>		<b>94,524,054</b>
<b>Total Revenue</b>			<b>687,995,123</b>		<b>781,496,452</b>
<b>EXPENSES</b>					
Cost of Materials consumed	26		<b>316,323,466</b>		<b>321,560,557</b>
Changes in Inventories of Finished goods & Work-in-process	27		<b>(15,276,356)</b>		<b>4,227,928</b>
Employee benefit expenses	28		<b>241,303,435</b>		<b>692,907,186</b>
Services & Sub-Contracting			<b>77,058,776</b>		<b>74,028,106</b>
Finance Cost	29		<b>31,449,057</b>		<b>193,465,543</b>
Depreciation and Amortisation Exp.	30		<b>17,240,463</b>		<b>82,591,757</b>
Other Expenses	31		<b>176,204,613</b>		<b>150,020,616</b>
<b>Total Expenses</b>			<b>844,303,454</b>		<b>1,518,801,693</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>			<b>(156,308,331)</b>		<b>(737,305,241)</b>
Exceptional items	32.6		<b>340,742</b>		<b>176,360,799</b>
<b>Profit/(Loss) before extraordinary items and tax</b>			<b>(156,649,073)</b>		<b>(913,666,040)</b>
Extraordinary items					
<b>Profit/(Loss) before Tax</b>			<b>(156,649,073)</b>		<b>(913,666,040)</b>
<b>Tax Expenses</b>					
Current Tax					
Deferred Tax					
<b>Profit/(Loss) for the year</b>			<b>(156,649,073)</b>		<b>(913,666,040)</b>
<b>Basic &amp; Diluted EPS</b>	32.7	Basic ₹	<b>- 651</b>		<b>- 3800</b>
		Diluted ₹	<b>- 160</b>		<b>- 935</b>

(Face value of ₹1000/-each)

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

For and on behalf of the Board

**Yogesh Gautam** Director  
**A.M. Manichan** Director

**R.Gopala Rao**  
Chairman and Managing Director

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

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

Place : Camp, New Delhi  
Date : 01<sup>st</sup> December, 2018



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

	2017-2018 ₹	2016-2017 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Tax & Extraordinary items :-	(156,649,073)	(913,666,040)
Depreciation & amortisation	17,240,463	82,591,757
Loss on sale of fixed assets	7,564,923	-
Profit on transfer of Investment (REIL)	-	(419,144,775)
Provision for doubtful debts	-	291,839
Provision - others	-	-
Interest Income	(8,740,311)	(4,182,110)
Dividend Income	-	(21,478,986)
Rent and other Revenue	(29,950,342)	(36,818,699)
Interest Expenses	31,449,057	193,465,543
Operating Profit before working capital changes	(139,085,283)	(1,118,941,471)
Adjustment for:-		
Investment	-	62,475,000
Trade Receivable	(16,014,991)	324,434,240
Inventory	10,418,527	60,653,218
Loans and Advances and Other Current Assets	65,267,654	(46,052,357)
Trade payable, Provisions and Other Liabilities	(2,632,426,057)	5,622,907,256
Net cash from/(used in) operating activities before Tax & extraordinary items	(2,711,840,150)	4,905,475,886
Tax	-	-
Net cash from/(used in) operating activities before extraordinary items	(2,711,840,150)	4,905,475,886
Extra ordinary items	-	-
Net cash from/(used in) operating activities after extraordinary items	(2,711,840,150)	4,905,475,886
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed Assets	(925,055)	(234,659)
Sale of Fixed Assets	36,266,053	-
Loss on Sale of Fixed Assets	(7,564,923)	-
Profit on transfer of Investment (REIL)	-	419,144,775
Investments	-	-
Interest Received	8,740,311	4,182,110
Dividend received	-	21,478,986
Rent and other Revenue received	29,950,342	36,818,699
Net cash from / (used in) investing activities	66,466,728	481,389,911
<b>C. Cash flow from financing activities</b>		
Share application money	-	-
Long term Loan	-	(1,322,101,333)
Borrowings	(936,199,484)	(10,911,471)
Interest Paid	(31,449,057)	(39,731,363)
Net cash from / (used in) financing activities	(967,648,541)	(1,372,744,167)
<b>D. Net increase in cash &amp; cash equivalent (A+B+C)</b>	(3,613,021,963)	4,014,121,630
Cash & Cash equivalent at the beginning of the year	4,052,076,156	37,954,526
Cash & Cash equivalent at the end of the year (Refer Note No.20)	439,054,193	4,052,076,156

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 31<sup>st</sup> March, 2018

### 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. 6.2 & 6.4 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:

- i) Items of income and expenditure are translated at the average rate except depreciation which is converted at the rate adopted for the fixed assets.
- ii) Assets and Liabilities are translated at the closing rate.
- iii) 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 31<sup>st</sup> March, 2018

### 2 SHARE CAPITAL

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
<b>AUTHORISED</b>		
2,50,000 Equity Shares (Previous year 2,50,000) of ₹ 1,000/- each	<u>250,000,000</u>	<u>250,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
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 31-3-2018		As at 31-3-2017	
	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 31-3-2018 No. of Shares	As at 31-3-2017 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 31-3-2018 No. of Shares	As at 31-3-2017 No. of Shares
Equity Shares	753	753

### 3 RESERVES & SURPLUS

Particulars	As at 31.03.2018	As at 31-3-2017
<b>Capital Reserves</b>		
As per last Financial Statement	10,142,031	10,142,031
<b>Statement of Profit &amp; Loss</b>		
As per last Balance Sheet	(6,917,614,790)	(6,003,948,750)
Add : Profit /(Loss) for the year	(156,649,073)	(913,666,040)
Add: Adjustment relating to Fixed Assets	(7,116,442)	-
Closing Balance	(7,081,380,305)	(6,917,614,790)
<b>Less: Miscellaneous Exps. (to the extent not written off)</b>		
As per last Balance Sheet	-	60,701,544
Add : Expenditure on VRS during year.	-	-
	-	60,701,544
Less : Amortisation during the year	-	60,701,544
Deferred Revenue Exps.to the extent not written off	-	-
<b>Total</b>	<u>(7,071,238,274)</u>	<u>(6,907,472,759)</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 31<sup>st</sup> March, 2018

### 4. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31-3-2018	As at 31-3-2017
	₹	₹
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..

### 5. LONG TERM BORROWINGS

Particulars	As at 31-3-2018		As at 31-3-2017	
	Non Current	Current	Non Current	Current
	₹	₹	₹	₹
<b>Unsecured</b>				
(i) Government of India	-	5,845,700,000	-	4,000,200,000
Interest accrued & due	-	-	-	-
(ii) Government of Rajasthan	-	1,361,768,000	-	1,361,768,000
<b>Total</b>	-	<b>7,207,468,000</b>	-	<b>5,361,968,000</b>

- 5.1 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 as on 31.03.2018 ₹ 584,57,00,000/- (previous year ₹ 400,02,00,000/-) as a interest free loan which shall be converted into equity later, for meeting liabilities on closure of Kota unit.

- 5.2 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 31.03.2018 has been classified "Current Liabilities"

### 6. Deferred Tax Liability / Assets (Net)

In view of losses incurred by the Company, the net deferred tax assets as on 31st March, 2018 (being unabsorbed 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 31-3-2018		As at 31-3-2017	
	Current	Non-Current	Current	Non-Current
	₹	₹	₹	₹
Deposits from contractors, Suppliers & others	-	3,001,481	-	4,041,400
Employees Benefits	-	122,744,600	-	142,950,297
	-	<b>125,746,081</b>	-	<b>146,991,697</b>



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 8. SHORT TERM BORROWINGS SECURED

Particulars	As at 31-3-2018		As at 31-3-2017	
	₹	₹	₹	₹
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>From Banks</b>				
Cash Credit A/c	12,840,180	-	949,039,664	-
Interest accrued & due	-	-	-	-
Total	<u>12,840,180</u>	<u>-</u>	<u>949,039,664</u>	<u>-</u>

#### 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 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 facilities to Palakkad Unit of IL) has been settled and paid under OTS in July 2017.

### 9. TRADE PAYABLES

Particulars	As at 31-3-2018		As at 31-3-2017	
	₹	₹	₹	₹
Trade payables :-				
- Dues to Micro & Small Enterprises	11,101,538		5,917,526	
- Dues to Other than Micro & Small Enterprises	<u>330,599,534</u>	<u>341,701,072</u>	<u>454,995,545</u>	<u>460,913,071</u>
Acceptances		-		-
Total Trade Payable		<u>341,701,072</u>		<u>460,913,071</u>

- 9.1 (a) The Company owes dues to Micro and Small enterprises to whom outstanding for more than 45 days as on 31st March, 2018 is ₹ 1,11,01,538/- (previous year ₹ 59,17,526/-). 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 16<sup>th</sup> November 2007 issued by the Ministry of Corporate Affairs:

Particulars	31.03.2018 ₹	31.03.2017 ₹
(a) Principal amount remaining unpaid and interest due thereon	11,101,538	5,917,526
(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 31<sup>st</sup> March, 2018

### 10. OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	₹	₹	₹	₹
Current maturities of Long Term Loans (Refer Note No.5)	7,207,468,000		5,361,968,000	
Interest accrued and due (Refer Note No.5)	-		-	
Advance from Customers against:-				
(a) System contracts	-		-	
Less: On account payments transferred to work in-progress at site (as per contra)	-	-	-	-
(b) Retail Sale	21,240,675		24,733,103	
For Expenses	251,367,558		2,479,498,886	
Others	37,199,593		1,120,447,031	
Employees Benefits	1,000,000	289,567,151	985,080,445	4,585,026,362
Interest accrued but not due	-		-	
Deposits from contractors, Suppliers & others	221,343,287		251,878,196	
Total	7,739,619,113		10,223,605,661	

10.1 Liability for expenses as on 31.03.2017 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, 2018		As at 31 March, 2017	
	₹	₹	₹	₹
- Provision for Contractual obligations	-		-	
- Provision for sales tax on works projects	-		-	
- Others	-		7,981,894	
Total	-		7,981,894	

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 01.04.2017 (₹)	Provision made during the year (₹)	Provision Written Back during the year (₹)	Closing Balance as on 31.03.2018 (₹)
Contingencies	-	-	-	-
Sales Tax	-	-	-	-
Others	7,981,894	-	7,981,894	-
Total	7,981,894	-	7,981,894	-



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 12. FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION					Net-Block	
	As at 01.04.2017	Addition during the year	Deduction/ Sales/ write off Adjustment	As at 31.3.2018	Accumulated Depreciation upto 1.4.2017	For the year	Deduction/ Sales/ write off Adjustment	Accumulated Depreciation upto 31.3.2017	As at 31.3.2018	As at 31.3.2017
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	2	3	4	5	6	7	8	9	10	11
<b>TANGIBLE ASSETS</b>										
Lease hold land	4,338,317	-	-	4,338,317	1,183,176	3,133,231	-	4,316,407	21,910	3,155,142
Roads, Drains & Culverts	4,784,664	-	-	4,784,664	4,545,432	-	-	4,545,432	239,232	239,232
Buildings	127,174,053	-	1,850,377	125,323,676	77,303,045	2,209,901	1,828,267	77,684,679	47,638,997	49,871,008
Electric Installations	26,067,770	-	6,066	26,061,704	14,328,636	1,237,370	6,065	15,559,941	10,501,763	11,739,134
Drainage, Sewerage & Water Supply	5,012,240	-	-	5,012,240	4,486,279	43,480	-	4,529,759	482,481	525,961
Furniture & Fittings	20,960,686	-	12,462,572	8,498,114	20,272,460	26,650	12,051,484	8,247,626	250,488	688,226
Plant & Machinery	457,183,266	925,055	277,440,075	180,668,246	333,151,277	9,395,601	217,286,933	125,259,945	55,408,301	124,031,989
Other Appliances	90,311,219	-	53,898,977	36,412,242	82,810,475	414,728	50,618,238	32,606,965	3,805,277	7,500,742
Transport Equipments	6,673,373	-	1,044,627	5,628,746	4,792,418	283,993	973,370	4,103,041	1,525,705	1,880,955
<b>Total A</b>	<b>742,505,588</b>	<b>925,055</b>	<b>346,702,694</b>	<b>396,727,949</b>	<b>542,873,198</b>	<b>16,744,954</b>	<b>282,764,357</b>	<b>276,853,795</b>	<b>119,874,154</b>	<b>199,632,389</b>
Previous Year	730,809,413	12,421,896	751,465	742,505,588	521,909,928	21,394,706	431,437	542,873,197	199,632,389	
<b>INTANGIBLE ASSETS</b>										
Technical know-how	139,239,811	-	-	139,239,811	139,239,811	-	-	139,239,811	-	-
Softwares	7,348,067	-	-	7,348,067	5,807,242	495,508	-	6,302,750	1,045,317	-
<b>Total B</b>	<b>146,587,878</b>	<b>-</b>	<b>-</b>	<b>146,587,878</b>	<b>145,047,053</b>	<b>495,508</b>	<b>-</b>	<b>145,542,561</b>	<b>1,045,317</b>	<b>-</b>
Previous Year	146,587,878	-	-	146,587,878	144,551,545	495,508	-	145,047,053	1,540,825	-
<b>Total A+B</b>	<b>889,093,466</b>	<b>925,055</b>	<b>346,702,694</b>	<b>543,315,827</b>	<b>687,920,251</b>	<b>17,240,462</b>	<b>282,764,357</b>	<b>422,396,356</b>	<b>120,919,471</b>	<b>199,632,389</b>
Previous Year	877,397,291	12,421,896	751,465	889,093,464	666,461,473	21,890,214	431,437	687,920,250	201,173,214	
<b>Capital work in progress</b>										
Capital work in progress									569,780	569,780
Capital items in stock									20,839,140	283,300
<b>Total C</b>									<b>21,408,920</b>	<b>853,080</b>

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 31-03-2018		As at 31-03-2017	
	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 2<sup>nd</sup> 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.

Vide Union Cabinet decision for Closing Kota Unit of Instrumentation Limited, the land at Sitapura is also to be handed over Govt. of Rajasthan for conveying cabinet approved No. 86/2018 of Govt. of Rajasthan in respect of handover the lease land at Sitapura, Jaipur to RIICO, Govt of Rajasthan.

12.3 Vide Administer Ministry, Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry letter No. 6(1)/2014-PE VIII dated 23.08.2018 conveyed to handover (1) 181.883 acres land at Kota with the built up structure free of all encumbrances to the Govt. of Rajasthan (2) 10.59 acres land (inclusive of 0.59 acre of freehold land) at Sitapura Industrial Area Jaipur to RIICO Accordingly, Lease land 10.59 acres (inclusive of 0.59 acre of freehold land) at Sitapura Industrial Area Jaipur hand over to RIICO, Govt of Rajasthan on 28.8.2018 and 181.883 acres land at Kota with the built up structure free of all encumbrances handover to Tehsildhar, Ladpura, Kota Govt. of Rajasthan.

12.4 As per the decision of the closure of Kota Unit of IL by Union Cabinet dated 30.11.2016, movable assets are disposed off through MSTC as per DPE guidelines on closure issued dated 07.09.2016 and revised on 14.06.2018. The Movable Assets at Delhi, Vadodra, Mumbai & Jaipur owned by the Company are also disposed through Land Management Agency (LMA) i.e. M/s NBCC with the Administer Ministry, Ministry of Heavy Industries & Public Enterprises, Deptt. of Heavy Industry and according to DPE guidelines on closure.



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

- 12.5 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
- 12.6 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 R e v i v a l Scheme. The Company has received total amount of ₹145.81 Crores upto 31.03.2018 (previous year ₹ 145.18 crores upto 31.03.2017) from Govt. of Rajasthan as loan.
- 12.7 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. In view of approval of Union Cabinet for closure of Kota Complex and approval of GOR latter dated 05.06.2018 the land is handover to GOR.
- 12.8 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.
- 12.9 Lease Hold Land is amortized in equal installment over a lease period. As per GOR latter dated 05.06.2018 the land is handover to GOR hence amount of ₹ 31,33,231/- has been amortised during the year.
- 12.10 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.
- 12.11 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, and approval of GOR latter dated 05.06.2018 the land is handover to GOR.

### 13. NON-CURRENT INVESTMENTS

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
<b>LONG TERM INVESTMENT</b>		
<b>TRADE at Cost (Unquoted)</b>	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

### 14. LONG TERM LOANS AND ADVANCES

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
(Unsecured, considered good unless otherwise stated)		
<b>Advances against Capital items</b>	<b>9,559,512</b>	<b>9,569,526</b>
<b>Security Deposits</b>		
Deposits:-		
- With Govt. Departments	-	-
- With Others	-	-
<b>Other Loans &amp; Advances</b>		
- Advances recoverable in cash or kind or for value to be recd.		
- Considered good	<b>121,882,668</b>	<b>140,241,001</b>
- Considered doubtful	-	-
	<u><b>121,882,668</b></u>	<u><b>140,241,001</b></u>
Less: Provision	-	-
- Balance with Port Trust, Customs, excise etc.	-	-
<b>Total</b>	<u><b>131,442,180</b></u>	<u><b>149,810,527</b></u>



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 15. OTHER NON-CURRENT ASSETS

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
Deposits:-		
- With Govt. Departments	5,258,160	1,059,321
- With Others	1,253,192	2,388,947
Interest accrued on deposits & advances	346,279	355,659
<b>Total</b>	<b>6,857,631</b>	<b>3,803,927</b>

### 16. CURRENT INVESTMENTS

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
OTHERS - TRADE AT COST (UNQUOTED)	-	-
350 Equity shares of ₹ 10 each (Previous year Nil)	90,000	90,000
fully paid up in Engineering Projects (India) Ltd.		
<b>Total</b>	<b>90,000</b>	<b>90,000</b>

- 16.1 In view of approval of Union Cabinet for closure of Kota Complex, the Investment in Equity Shares of Engineering Projects (India) Ltd. has been handed over to Deptt. of Heavy Industries, Govt of India, New Delhi in May 2017, approval of same is awaited.

### 17. INVENTORIES

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
1. Stores & Spare parts	5,144,229	8,892,382
2. Loose Tools & Implements	7,099,787	8,881,883
3. A. Finished Goods.	49,338,233	50,596,669
B. Completing Items	-	5,011,357
	49,338,233	55,608,026
4. Work In Process	62,556,405	54,237,304
5. A. Raw Materials	14,311,038	15,493,548
B. Boughtout Components	147,440,155	169,145,411
C. Manufactured Components	53,503,124	86,383,577
	215,254,317	271,022,536
<b>Total</b>	<b>339,392,971</b>	<b>398,642,131</b>
Less : Value reduction considered as Exception Item	-	48,830,633
<b>Total</b>	<b>339,392,971</b>	<b>349,811,498</b>

- 17.1 The above Inventory includes goods :-  
Lying with others 5,116,747 7,176,216
- 17.2 Finished Goods inventory as on 31.03.2018 includes Excise Duty ₹ Nil (previous year ₹ 79,81,894/-).
- 17.3 Estimated realisable value of items amounting to ₹ 1,08,51,398/- (previous year ₹ 1,26,84,425/-) 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.
- 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.



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

- 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. out of the above, items valuing to Rs. 66.33 lakh have been reconciled and balance inventory valuing to Rs. 238.28 lakh is to be reconciled. 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 31-3-2018 ₹	As at 31-3-2017 ₹
In Progress	-	-
Less: On account payment from Customers (as per contra)	-	-
Total	-	-

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

### 19. TRADE RECEIVABLES

Particulars	As at 31-3-2018 ₹	As at 31-3-2017 ₹
(Unsecured, considered good unless otherwise stated)		
<b>Outstanding over six months:-*</b>		
- Considered good	512,657,645	921,131,244
- Considered doubtful	19,305,578	19,305,578
<b>Other debts :-</b>		
- Considered good	736,935,431	299,209,089
- Considered doubtful	-	-
	<u>1,268,898,654</u>	<u>1,239,645,911</u>
Less: Provision	19,305,578	19,305,578
<b>Retention Money **</b>	<u>1,249,593,076</u>	<u>1,220,340,333</u>
	<u>41,884,785</u>	<u>55,122,537</u>
Total	<u>1,291,477,861</u>	<u>1,275,462,870</u>

- 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 ₹ 33,98,59,690/- have been withheld by the customers of Palakkad Unit on this account (previous year ₹ 31,68,91,140).
- 19.3 \* Includes ₹ 21,20,72,503/- (previous year ₹ 21,20,72,503/-) 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 ₹ 3,45,91,358/-) 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 31<sup>st</sup> March, 2018

### 20. CASH AND BANK BALANCES

Particulars	As at 31-3-2018		As at 31-3-2017	
	₹	₹	₹	₹
<b>- Cash on Cash equivalents</b>				
- Cash on hand		244,942		751,977
- Cheques, DDs, Stamps on hand including in transit		868,671		2,505,226
<b>- With scheduled Banks -</b>				
- In current and saving A/c		60,449,251		28,571,310
- In Cash Credit A/c		17,798,931		4,000,224,296
- In Margin Money A/c		-		-
- Deposit with original maturity for less than 3 months		359,690,643		20,000,000
<b>- Other Bank Balances</b>		439,052,438		4,052,052,809
- In Fixed Deposit *				
- Deposit with original Maturity for more than 3 months but less than 12 months	104,433,802		392,000	
- Deposit with original Maturity for more than 12 months	-	104,433,802	21,805,672	22,197,672
- Others		1,755		23,347
<b>Total</b>		543,487,995		4,074,273,828
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS-3 Cash Flow Statements is		439,054,193		4,052,076,156

\* Includes amount ₹ 63,76,926/- (Previous year ₹ 2,21,97,672/-) pledged as margin money.

### 21. SHORT TERM LOANS & ADVANCES

- Loans and Advances (Unsecured, considered good unless otherwise stated)				
- Considered good	5,614,765		140,584,026	
- Considered doubtful	-		-	
	5,614,765		140,584,026	
Less: Provision	-	5,614,765	-	140,584,026
Income Tax & Sales Tax payment in advance and deduction at source		11,071,613		13,263,155
Balance with Port Trust, Customs, excise etc.		4,678,510		6,703,636
Deposits - With Govt. Departments		1,852,185		1,880,685
- With Others		4,025,441		4,038,440
<b>Total</b>		27,242,514		166,469,942

### 22. OTHER CURRENT ASSETS

Particulars	As at 31-3-2018		As at 31-3-2017	
	₹	₹	₹	₹
Interest accrued on deposits & advances		4,243,517		4,446,609
Deposits:-				
- With Govt. Departments		-		-
- With Others		1,127,955		1,127,955
- Claims & other amounts recoverable:				
- Considered good	32,689,774		25,448,395	
- Considered doubtful	-		-	
	32,689,774		25,448,395	
Less: Provision	-	32,689,774	-	25,448,395
Govt. of India		88,836,383		88,836,383
<b>Total</b>		126,897,629		119,859,342

22.1 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 adjusted against consideration of ₹ 48.16 Crores transfer of entire shareholding of IL in REIL to Govt. of India. Balance amount of ₹ 8,88,36,383/- shall be adjusted towards future restructuring/closure liability of IL (₹48.36 Crores - ₹39.28 Crores.)

# Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

## 23. REVENUE FROM OPERATIONS

Particulars	2017-2018		2016-2017	
	₹	₹	₹	₹
<b>A. Retail Sale</b>		<b>615,411,856</b>		<b>654,026,151</b>
<b>B. Execution of System Contracts</b>				
1. System	-	-	-	-
2. Works				
- Completed & Adj.	-	-	-	-
- In progress as on 31-3-2018	-	5,415,000	-	-
	-	5,415,000	-	-
Less:				
- In Progress as on 31-3-2017	-	-	-	-
	-	5,415,000	-	-
<b>C. Other Services</b>		<b>22,513,703</b>		<b>89,773,673</b>
		<b>637,925,559</b>		<b>743,799,824</b>

## 24. JOBS DONE FOR INTERNAL USE

Particulars	2017-2018		2016-2017	
	₹	₹	₹	₹
Capital Items	-	-	-	-
Others	-	-	-	-
<b>Total</b>	-	-	-	-

## 25. OTHER INCOME

Subsidy on Export & duty draw back	-	-	56,425
Excess Liability written back	513,147	-	1,820,939
Interest			
- Banks	7,538,603	-	1,615,012
- Others	1,201,708	8,740,311	2,567,098
Exchange difference (Net)	7,095	-	-
Scrap sale	13,863,815	-	5,399,893
Rent & Other Revenues			
- Township	29,950,342	36,758,697	-
- Others	-	29,950,342	60,002
Miscellaneous income	3,843,400	-	24,767,002

### DIVIDEND

#### From Subsidiary Company

Rajasthan Electronics & Instruments Ltd., Jaipur	-	21,477,917
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#### From Others

Engineering Projects (I) Ltd.	-	1,069
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<b>Total</b>	<b>56,918,110</b>	<b>94,524,054</b>
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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 31<sup>st</sup> March, 2018

### 26. COST OF MATERIALS CONSUMED

Particulars	Unit	2017-2018		2016-2017	
		Qty.	₹	Qty.	₹
<b>(A) RAW MATERIALS CONSUMED</b>					
1. Stainless Steel and Alloy Steel and other special alloys	Kgs	18,842	4,711,573	21,250	5,938,403
	Mtrs	3,187	349,184	2,785	298,726
2. Mild and Alloy Steel	Kgs	15	1,249	16	1,358
	Mtrs	55	160,904	42	86,346
3. Copper and Copper based alloys & other non-ferrous metals excluding Aluminium	Kgs	130	187,359	37	12,709
	Mtrs	1,782	212,385	5,368	662,095
4. Aluminium and its alloys	Kgs	-	-	-	-
	Mtrs	-	-	-	-
5. Others	Kgs	68	14,759	194	52,291
	Mtrs	287	33,486	237	23,845
	Nos.	28	213,526	24	146,104
			5,884,425		7,221,877
Other adjustment			-		-
Total(A)			5,884,425		7,221,877
<b>(B) BOUGHT OUT COMPONENTS</b>					
1. Electrical, Electronics and Electro-mechanical components and sub assemblies			-		639,512
2. Pneumatic fittings			-		-
3. Fastners			4,001,363		4,045,919
4. Other auxiliary components and sub assemblies			-		-
5. Mechanical, Metallic components and sub assemblies			299,283,262		267,345,709
6. Non-metallic components and sub-assemblies			5,883,092		5,244,833
			309,167,717		277,275,973
Other uses/adjustment(Net)			-		-
Total(B)			309,167,717		277,275,973
<b>(C) COMPLETING ITEMS*</b>					
- Opening Stock			5,011,357		2,747,530
- Purchases			-		37,062,707
- Other Adjustments			(3,740,033)		2,263,827
			1,271,324		42,074,064
Less: Used for other than sales			-		-
Closing Stock			-		5,011,357
Total(C)			1,271,324		37,062,707
Total (A) To (C)			316,323,466		321,560,557

\*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 ₹ 1,80,176/- (Previous year ₹ 3,69,645). This does not include such value reduction of manufactured items amounting to ₹ 1,21,229/- (Previous year ₹ 84,211/-).



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

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

Particulars	2017-2018	2016-2017
<b>Closing Balance</b>		
(i) Finished goods	49,338,233	50,596,669
(ii) Work in process	62,556,405	54,237,304
(iii) Manufactured Components	53,503,124	86,383,577
<b>Total</b>	<b>165,397,762</b>	<b>191,217,550</b>
<b>Less: Opening Balance</b>		
(i) Finished goods	47,552,969	56,737,805
(ii) Work in process	54,237,304	60,698,587
(iii) Manufactured Components	56,002,335	78,009,086
<b>Total</b>	<b>157,792,608</b>	<b>195,445,478</b>
	<b>7,605,154</b>	<b>(4,227,928)</b>
Excise Duty includes in Opening Finished Goods Inventory	7,671,202	-
<b>Net Accretion/ (Decretion)</b>	<b>15,276,356</b>	<b>(4,227,928)</b>

### 28. EMPLOYEES' BENEFIT EXPENSES

Particulars	2017-2018	2016-2017
Salaries, Wages, Bonus & Allowances	184,308,740	580,922,541
PF Contribution	12,839,386	38,480,951
Gratuity	17,414,208	27,376,264
Staff Welfare Expenses	26,741,101	46,127,430
<b>Total</b>	<b>241,303,435</b>	<b>692,907,186</b>

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	3,680,419	5,065,636
PF contributions	350,736	475,812
Other perquisites	50,093	702,804
	<b>4,081,248</b>	<b>6,244,252</b>

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
Public Relation Expenses shown in Note No. 31.	2,625	105,370

### 29. FINANCE COST

Bank Borrowings	4,262,386	15,046,877
Others	27,186,671	178,418,666
<b>Total</b>	<b>31,449,057</b>	<b>193,465,543</b>



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 30. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	2017-2018	2016-2017
<b>Depreciation</b>		
Depreciation on Tangible Assets (Pl.see Note No. 12) A	16,744,955	21,394,705
Depreciation on Intangible Assets (Pl.see Note No. 12) B	495,508	495,508
<b>Amortisation of Deferred Revenue Exps.</b>		
Amortisation during the year C	-	60,701,544
<b>Depreciation and Amortisation Expenses (A+B+C)</b>	<b>17,240,463</b>	<b>82,591,757</b>

- 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 ₹ Nil (Previous year ₹7,01,544/-) has been amortized during the year 2017-18.
- 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 ₹ Nil (previous year ₹2,00,00,000/-) has been amortized during the year 2017-18.
- 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 ₹ Nil (previous year ₹2,00,00,000/-) has been amortized during the year 2017-18.
- 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 ₹ Nil (previous year ₹2,00,00,000/-) has been amortized during the year 2017-18.

### 31. OTHER EXPENSES

Particulars	₹ 2017-2018	₹	₹ 2016-2017	₹
Directors fees and expenses	321,298		101,029	
Rent	545,652		2,387,707	
Rates & Taxes	1,752,915		1,399,664	
Insurance	538,461		1,817,370	
Travelling expenses-Directors	1,187,736		745,021	
Travelling expenses-Others	9,668,685		8,673,834	
Conveyance Charges	3,746,430		8,841,295	
Vehicle running & maintenance	2,240,971		2,746,038	
Payment to Auditors (including Cost Auditors)				
(a) As Auditors				
- Fees	202,960		212,809	
- Expenses	50,000	252,960	100,000	312,809
(b) In other capacity in respect of				
- Certification fee	-		-	
- Tax Audit fee	65,720	65,720	73,580	73,580
Legal Expenses		4,701,318		1,682,372
Repairs & Maintenance(other than salaries & wages)				
- Plant & Machinery	48,172		385,478	
- Buildings	12,195,142		18,127,807	
- Others	706,707	12,950,021	1,282,670	19,795,955

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

Particulars	2017-2018 ₹	2016-2017 ₹
Advertisement & Publicity	452,763	666,740
Business Promotion	514,913	429,342
Stores, Spares & Tools Consumed	12,675,514	13,637,295
Packing & Forwarding	20,083,930	18,387,065
Public Relations	2,625	105,370
Other selling & distribution Exps.	46,761,068	387,975
Liquidated Damages	299,448	706,725
Power & Electricity	17,482,468	22,081,067
Water Charges	5,192,990	10,112,300
Social Welfare exp.	104,148	346,654
Research & Development (other than Salaries & Wages)	81,771	847,551
Printing & Stationery	1,711,789	2,358,925
Loss on Sale of fixed assets	7,564,923	-
Claims / sundry debit balances written off	-	1,521,735
Entertainment Expenses	-	9,000
Bank charges	5,368,689	11,893,172
Exchange rate variation(Net)	-	14,569
Postage, Telegram, Telex & Telephone Exps	1,445,940	2,456,913
Provision for Doubtful debt Loans &		
Advance and Claims - Net	-	291,839
Miscellaneous expenses	11,649,766	7,056,251
Bad debts, claims & Advances written off	-	5,322,057
Prior Period Items (Net)	6,839,701	2,811,397
<b>Total</b>	<b>176,204,613</b>	<b>150,020,616</b>

31.1 Other selling & distribution exps. Includes ₹4,59,62,130/- towards payment of addational sales tax demand.

### 31.2 Details of PriorPeriod items are as under :-

Particulars	2017-2018 ₹	2016-2017 ₹
<b>DEDITS</b>		
Audit expenses	-	62,179
Interest	102,369	-
Turnover	-	42,290,970
Others	1,366,701	278,090
Misc. Expenses	5,386,231	-
<b>Total Debits</b>	<b>6,855,301</b>	<b>42,631,239</b>
<b>CREDITS</b>		
Interest	-	677,280
Power & Fuel	-	246,402
Rates & Taxes	-	664,462
Materials etc.	-	38,118,366
Misc. Income	15,600	113,332
<b>Total Credits</b>	<b>15,600</b>	<b>39,819,842</b>
<b>NET CREDIT (DEBIT)</b>	<b>(6,839,701)</b>	<b>(2,811,397)</b>



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 32 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :-

Particulars	2017-2018 ₹	2016-2017 ₹
(a) Guarantees given by Bankers to Customers and others.	62,050,955	313,050,088
(b) Balance of outstanding commitments against letters of credit established by the company	885,974	14,083,555
(c) Claims against the company not acknowledged as debt except where amount is not ascertainable	221,341,630	221,341,630
(d) Less charge memos on account of custom duty	19,167,367	19,167,367
(e) Sales Tax demand disputed in appeals	43,166,932	25,642,745
(f) Service Tax demand disputed in appeals	26,604,290	26,604,290
(g) Pending sales-tax declaration forms (C/E-1 Forms)	376,744	118,026,725
(h) Legal undertaking for Deemed Export project under duty exemption scheme for discharge of export obligations	14,673,595	8,400,000
(i) LD under dispute with UHBVN, Hariyana	82,265,000	82,265,000
(j) Claim of Sales Tax by Dakshinanchal Vidhuit Vitaran Nigam Ltd..	12,609,857	12,609,857
(k) 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	2017-2018 ₹	2016-2017 ₹
(a) Earning in Foreign Exchange Export of goods - Retail sale (F.O.B.BASIS)*	489,981	1,368,952
(b) Value of Imports(CIF) - Raw Materials - Components, Completing items & Spare Parts - Capital Goods	- 53,317,599 -	- 22,257,318 -
(c) Expenditure in foreign currency (does not include expenditure of Branch abroad) - Technical know how and documents - Others	- 54,809	2,284,950 221,690
(d) Value of Consumption <b>Raw materials</b> - Imported - Indigenous <b>Boughtout components</b> - Imported - Indigenous <b>Stores &amp; Spares</b> - Imported - Indigenous	 431,675 5,452,751  57,654,900 251,512,817  49,757 12,625,757	 932,871 6,289,006  34,459,557 242,816,416  42,868 13,594,427
	 7.34 92.66  18.65 81.35  0.39 99.61	 12.92 87.08  12.43 87.57  0.31 99.69

\* Excludes deemed export ₹ 4,07,38,138/- (Previous year ₹ 11,49,77,396/-)

#### 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 31.03.2018 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 31<sup>st</sup> March, 2018

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

(Amount in ₹)

Particulars	2017-18	2016-17
Opening Defined Benefit Obligation on 1-4-2017	92,730,780	-
Service cost for the year	4,153,037	4,145,531
Interest cost for the year	7,110,547	155,457
Actuarial losses (gains)	(10,540,038)	88,429,792
Benefits paid	-	-
Closing defined benefit obligation on 31-3-2018	93,454,326	92,730,780

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

Particulars	2017-18	2016-17
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains (losses)	-	-
Contributions by employer	-	-
Benefits paid	-	-
Closing balance of fund	-	-

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

Particulars	2017-18	2016-17
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	93,454,326	92,730,780
Unrecognised past service cost	-	-
Net liability	93,454,326	92,730,780
<b>Amounts in the balance sheet:</b>		
Liabilities	93,454,326	92,730,780
Assets	0	0
Net Liability	93,454,326	92,730,780

### (d) Expenses recognised during the year:

Particulars	2017-18	2016-17
Current service cost	4,153,037	4,145,531
Interest on obligation	7,110,547	155,457
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the year	(10,540,038)	88,429,792
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Expense recognised	93,454,326	92,730,780

### (e) Investment Details:

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

Particulars	2017-18	2016-17
Discount rate as on 31-3-2018	0.0750	0.0750
Expected return on plan assets at 31-3-2018	0.0000	0.0000
Salary Escalation	0.0500	0.0500
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 31<sup>st</sup> March, 2018

### 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 31.03.2018 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	2017-18	2016-17
Opening Defined Benefit Obligation on 1-4-2017	12,866,665	-
Service cost for the year	7,939,717	10,589,577
Interest cost for the year	1,262,739	397,109
Actuarial losses (gains)	1,823,213	13,003,107
Benefits paid	(11,721,181)	(11,123,128)
Closing defined benefit obligation on 31-3-2018	12,171,153	12,866,665

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

Particulars	2017-18	2016-17
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains (losses)	1,823,213	13,003,107
Contributions by employer	-	-
Benefits paid	-	-
Closing balance of fund	-	-

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

Particulars	2017-18	2016-17
Present value of funded obligations	12,171,153	12,866,665
Fair value of plan assets	-	-
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net liability	12,171,153	12,866,665
<b>Amounts in the balance sheet:</b>		
Liabilities	12,171,153	12,866,665
Assets	-	-
Net Liability	12,171,153	12,866,665

#### (d) Expenses recognised during the year:

Particulars	2017-18	2016-17
Current service cost	7,939,717	10,589,577
Interest on obligation	1,262,739	397,109
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the year	1,823,213	13,003,107
Past service cost	-	-
Losses (gains) on curtailments and settlement	(11,721,181)	(11,123,128)
Expense recognised	12,171,153	12,866,665

#### (e) Investment Details :

Funds managed by Insurer (LIC)

100%

100%

#### (f) Actuarial Assumption :

Particulars	2017-18	2016-17
Discount rate as on 31-3-2018	7.50%	7.50%
Expected return on plan assets at 31-3-2018	-	-
Annual increase in Salary costs	5%	5%
Mortality Rate	Indian Live Mortality (1994-96) Ultimate table	





## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

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 :-

### Key Management personnel :-

Sl.No.	Name	Nature of Relationship
1	Shri R. Gopala Rao	Chairman and Managing Director (Addl. Charge)
2	Shri A. K. Jain	Chairman and Managing Director (Addl. Charge upto 11.09.2018)
3	Shri M.P. Eshwar	Chairman and Managing Director (upto 25.06.2018)
4	Shri A. Muralidhar	Director (Production) (upto 22.04.2018)

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

### ii) Key Management personnel :-

	Nature of Transaction	Value of Transaction (₹)	Balance with related parties as at 31.03.2018 (₹)
Shri M.P. Eshwar	Remuneration	2,191,738	-
Shri A. Muralidhar	-do-	1,889,510	-

32.5 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. Accordingly, the Finance statement have been prepared on the basis of a 'going concern' for Palakkad Unit and 'not on going concern' basis of Kota Complex. Standalone Profit & Loss Accounts and Balance Sheet of Kota Complex and Palakka Unit as below :-

### Profit & Loss Account

Particulars	Kota Complex		Palakkad Unit		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
REVENUE FROM OPERATIONS	449,745	112,147,435	637,475,814	631,652,389	637,925,559	743,799,824
Jobs done for internal use	-	-	-	-	-	-
Total	449,745	112,147,435	637,475,814	631,652,389	637,925,559	743,799,824
Less :- Excise Duty	-	-	6,848,546	56,827,426	6,848,546	56,827,426
Revenue from Operations (Net)	449,745	112,147,435	630,627,268	574,824,963	631,077,013	686,972,398
Other Income	52,047,967	85,677,412	4,870,143	8,846,642	56,918,110	94,524,054
Finished Goods Transfer	-	-	-	-	-	-
Total Revenue	52,497,712	197,824,847	635,497,411	583,671,605	687,995,123	781,496,452
EXPENSES						
Cost of Materials consumed	1,271,324	37,702,219	315,052,142	283,858,338	316,323,466	321,560,557
Changes in Inventories of Finished goods & Work-in-process	-	(823,040)	(15,276,356)	5,050,968	(15,276,356)	4,227,928
Employees Benefit Expenses	57,037,081	499,781,907	184,266,354	193,125,279	241,303,435	692,907,186
Services & Sub-Contracting	25,578,641	43,204,645	51,480,135	30,823,461	77,058,776	74,028,106
Finance Cost	28,221,866	188,036,103	3,227,191	5,429,440	31,449,057	193,465,543
Depreciation and Amortisation Expense	4,255,381	70,049,279	12,985,082	12,542,478	17,240,463	82,591,757
Other Expenses	105,975,789	77,986,539	70,228,824	72,034,077	176,204,613	150,020,616
Total Expenses	222,340,082	915,937,652	621,963,372	602,864,041	844,303,454	1,518,801,693
Profit/(Loss) before exceptional and, extraordinary items and tax	(169,842,370)	(718,112,805)	13,534,039	(19,192,436)	(156,308,331)	(737,305,241)
Exceptional item	35,732,702	37,556,033	(35,391,960)	138,804,766	340,742	176,360,799
Profit/(Loss) before extraordinary items and tax	(205,575,072)	(755,668,838)	48,925,999	(157,997,202)	(156,649,073)	(913,666,040)
Extraordinary items	-	-	-	-	-	-
Profit/(Loss) before Tax	(205,575,072)	(755,668,838)	48,925,999	(157,997,202)	(156,649,073)	(913,666,040)
Tax Expenses						
Current Tax	-	-	-	-	-	-
Deferred Tax	-	-	-	-	-	-
Profit/(Loss) for the year	(205,575,072)	(755,668,838)	48,925,999	(157,997,202)	(156,649,073)	(913,666,040)



# Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

## Balance Sheet

Partieula	Kota Complex		Palakkad Unit		Total	
	As on	As on	As on	As on	As on	As on
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>1. Source Of Funds</b>						
<b>1. Shareholders' Funds</b>						
Share Capital	240,453,000	240,453,000			240,453,000	240,453,000
Reserves & Surplus	(7,071,238,275)	(6,907,472,760)	1	1	(7,071,238,274)	(6,907,472,759)
<b>2. Share Application Money</b>						
Pending Allotment	1,220,096,000	1,220,096,000			1,220,096,000	1,220,096,000
<b>3. Non-Current Liabilities</b>						
(a) Long Term Borrowings	-	-	-	-	-	-
(b) Deferred Tax Liability	-	-	-	-	-	-
(c) Other Long Term Liabilities	-	-	125,746,081	146,991,697	125,746,081	146,991,697
Long Term Provisions	-	-	-	-	-	-
<b>4. Current Liabilities</b>						
(a) Short Term Borrowings	-	909,481,412	12,840,180	39,558,252	12,840,180	949,039,664
(b) Trade Payables	220,985,395	369,427,642	120,715,677	91,485,429	341,701,072	460,913,071
(c) Other Current Liabilities	7,645,748,555	10,130,035,797	93,870,558	93,569,864	7,739,619,113	10,223,605,661
(d) Short Term Provisions	-	310,692	-	7,671,202	-	7,981,894
<b>3. Inter Unit Transfer</b>	(1,166,115,514)	(1,054,837,458)	1,166,115,514	1,054,837,458	-	-
<b>Total</b>	<b>1,089,929,161</b>	<b>4,907,494,325</b>	<b>1,519,288,011</b>	<b>1,434,113,903</b>	<b>2,609,217,172</b>	<b>6,341,608,228</b>
<b>ASSETS</b>						
<b>1. Non-Current Assets</b>						
(a) Fixed Assets						
(i) Tangible Assets	24,810,171	93,003,887	95,063,983	106,628,502	119,874,154	199,632,389
(ii) Intangible Assets	-	-	1,045,317	1,540,825	1,045,317	1,540,825
(ii) Capital Work in Progress	853,080	853,080	20,555,840	-	21,408,920	853,080
(b) Non-Current Investments	-	-	-	-	-	-
(c) Long Term Loans and Advances	-	-	131,442,180	149,810,527	131,442,180	149,810,527
(d) Other Non-Current Assets	-	-	6,857,631	3,803,927	6,857,631	3,803,927
<b>Total</b>	<b>25,663,251</b>	<b>93,856,967</b>	<b>254,964,951</b>	<b>261,783,781</b>	<b>280,628,202</b>	<b>355,640,748</b>
<b>2. Current Assets</b>						
(a) Current Investments	90,000	90,000	-	-	90,000	90,000
(b) Inventories	-	13,816,000	339,392,971	335,995,498	339,392,971	335,995,498
(c) System Work (At Sites)	-	-	-	-	-	-
(d) Trade Receivables	443,025,657	476,914,812	848,452,204	798,548,058	1,291,477,861	1,275,462,870
(e) Cash and Bank Balances	490,693,815	4,050,811,193	52,794,180	23,462,635	543,487,995	4,074,273,828
(f) Short Term Loans and Advances	21,237,296	157,391,922	6,005,218	9,078,020	27,242,514	166,469,942
(g) Other Current Assets	109,219,142	114,613,431	17,678,487	5,245,911	126,897,629	119,859,342
<b>Total</b>	<b>1,064,265,910</b>	<b>4,813,637,358</b>	<b>1,264,323,060</b>	<b>1,172,330,122</b>	<b>2,328,588,970</b>	<b>5,985,967,480</b>
<b>Total</b>	<b>1,089,929,161</b>	<b>4,907,494,325</b>	<b>1,519,288,011</b>	<b>1,434,113,903</b>	<b>2,609,217,172</b>	<b>6,341,608,228</b>



## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 32.6 Exceptional item :-

	2017-2018	2016-2017
	Amount (₹)	Amount (₹)
1. Reduction in value of Inventory to the realistic value	-	48,830,633
2. Write off doubtful of debts	-	25,037,686
3. Write back of credit balance	(71,996,781)	(55,434,826)
4. Write off of debit balance	-	3,053,349
5. Excess provision withdrawn	(310,692)	(47,192)
6. Liability for Gratuity & Earned Leave towards earlier years (Palakkad Unit)	(40,104,492)	138,804,766
7. Write back of Interest on Cash credit as per OTS	(83,061,611)	(310,256,810)
8. Long Term Capital Gain on Sale of Investment(REIL)	-	(419,144,775)
9. VRSNSS on Closure of the Company	2,128,896	745,517,968
10. Sales Tax towards earlier years (Palakkad Unit)	4,712,532	-
11. Guarantee invoked given by Bank (Claimed by customers)	188,972,890	-
	<b>340,742</b>	<b>176,360,799</b>

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

	As on 2017-2018	As on 2016-2017
	(₹)	(₹)
<u>EPS on Profit</u>		
Profit after tax as per Statement of Profit & Loss (Used as denominator)	(156,649,073)	(913,666,040)
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 (Rs. per share)	(651)	(3800)
(Face value of Rs.1000/- each)		
Diluted earning per share (Rs. per share)	(160)	(935)
(Face value of Rs. 1000/- each)		

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

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

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

32.11 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

**Yogesh Gautam** Director  
**A.M. Manichan** Director

**R.Gopala Rao**  
Chairman and Managing Director

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

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

Place : Camp, New Delhi  
Date : 01<sup>st</sup> December, 2018



## ANNEXURE-1

### TOWNSHIP EXPENSES & SOCIAL OVERHEADS

Particulars	2017-2018	2016-2017
<b>TOWNSHIP EXPENSES</b>		
Salaries, Wages & Other benefits to employees.	1,892,405	2,360,249
Repairs & Maintenance	3,015,831	3,483,585
Water charges	1,269,046	1,783,304
Electricity charges	2,593,338	2,938,140
Depreciation	222,163	373,984
	<b>8,992,783</b>	<b>10,939,262</b>
Less :		
<b>TOWNSHIP INCOME</b>		
Rent	24,330,861	26,375,615
Electricity	3,598,962	4,278,780
Water charges	131,844	198,035
Miscellaneous receipts	-	-
	<b>28,061,667</b>	<b>30,852,430</b>
<b>Surplus in Township (A)</b>	<b>-19,068,884</b>	<b>-19,913,168</b>
<b>OTHER SOCIAL OVERHEADS</b>		
Salaries, wages & Other benefits to employees.	1,565,749	5,882,891
Repairs & maintenance	414,227	494,606
Water charges	-	557,767
Electricity	42,766	231,523
Reimbursement of Medical Expenses to employees and Dispensary and Medical expenses	6,884,061	18,650,736
Other public social and cultural activities including grant and subsidies.	1,239,428	277,438
Depreciation	85,525	301,410
<b>SOCIAL OVERHEADS(B)</b>	<b>10,231,756</b>	<b>26,396,371</b>
<b>TOTAL (A+B)</b>	<b>(8,837,128)</b>	<b>6,483,203</b>

## ANNEXURE-2

### CAPITAL EXPENDITURE ON TOWNSHIP AND SOCIAL AMENITIES

PARTICULARS	GROSS - BLOCK				DEPRECIATION	NET - BLOCK	
	As at 1-04-2017	Add- itions during the year	Deduc- tions/ Sales/ write off Adjust.	As at 31-3-2018	Up to 31-3-2018	As at 31-3-2018	As at 31-3-2017
1	2	3	4	5	6	7	8
Roads, Drains & Culverts	1,782,407	-	-	1,782,407	1,711,467	70,940	89,120
Buildings	24,327,722	-	-	24,327,722	18,267,618	6,060,104	6,439,585
Electric Installations	3,603,966	-	-	3,603,966	3,061,876	542,090	616,058
Drainage, Sewerage & Water Su.	2,719,210	-	-	2,719,210	2,585,457	133,753	134,361
Plant & Machinery	1,706,809	-	738,119	968,690	876,797	91,893	193,494
Furniture & Fittings	1,579,592	-	1,365,123	214,469	212,522	1,947	180,008
Other Appliances	2,980,168	-	2,647,044	333,124	317,299	15,825	82,023
Vehicles	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>38,966,874</b>	<b>-</b>	<b>4,750,286</b>	<b>33,949,588</b>	<b>27,033,036</b>	<b>6,916,552</b>	<b>7,734,649</b>
Previous Year	38,557,807	142,067	-	38,699,874	30,965,225	7,734,649	

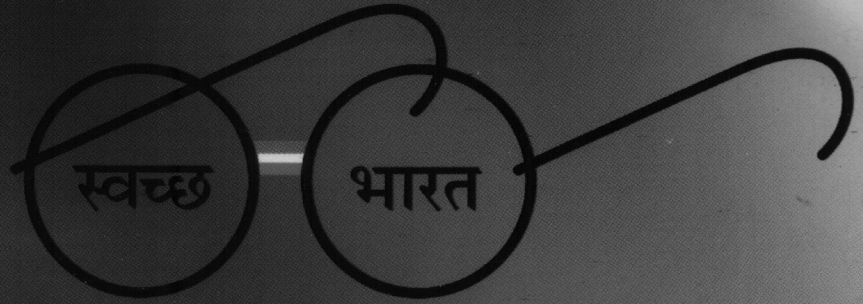
Note : Depreciation for the year amounts to ₹ 3,09,321/- (Previous Year ₹ 6,75,391/-)

## OUR PLANTS AND OFFICES

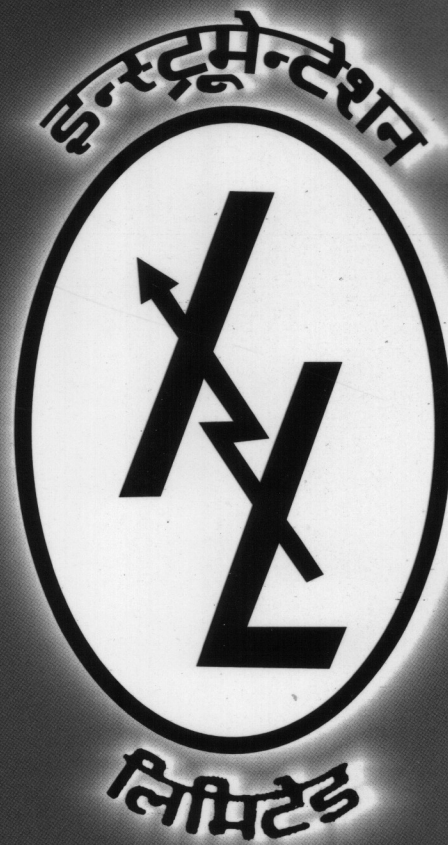
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एक कदम स्वच्छता की ओर



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