



Centre for Development of Telematics

Annual Report

2007-08



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C-DOT Management

Governing Council

Chairman

Minister of Communications & IT

Vice-Chairman

Minister of State for Communications & IT

Members

Scientific Advisor to the Defence Minister

Chairman, Telecom Commission

Member (In-charge C-DOT), Telecom Commission

Member (Finance), Telecom Commission

Secretary, Department of Information Technology

Chairman & Managing Director, BSNL

Executive Director, C-DOT

Directors, C-DOT

Steering Committee

Chairman

Chairman, Telecom Commission

Vice-Chairman

Member (In-charge C-DOT), Telecom Commission

Members

Chairman & Managing Director, ITI Ltd.

Director (Planning), BSNL

Sr. DDG, Telecom Engineering Centre

DDG (TPF), Telecom Commission

Sr. Director, Department of Information Technology

Executive Director, C-DOT

Directors, C-DOT

Project Board

Chairman

Executive Director, C-DOT

Members

Directors, C-DOT

Overview

Centre for Development of Telematics (C-DOT) is the telecom technology development centre of the Government of India. C-DOT develops telecom technologies, solutions and applications for the fixed-line, mobile and packet-based converged networks and services.

C-DOT is committed to national development by providing appropriate and cost-effective telecom technologies and solutions for remote rural areas as well as for the strategic defence sector of the country. C-DOT's current focus is on development of state-of-the-art technologies that are market-oriented, commercially viable and meet fast changing technical requirements.

With a world-class development infrastructure and comprehensive product portfolio, C-DOT provides total telecom solutions directly as well as through strategic alliances and partnerships. C-DOT has an established long-term relationship with its technology licensees, equipment manufacturers, network operators and service providers.

C-DOT's product portfolio includes Advanced Intelligent Network Solutions, Access Network solutions, Satellite Communication Systems, Network Management Systems, Operation Support Systems, Cell and Packet Technologies for voice and data communication and Rural Wireless Access and Broadband Solutions based on Software defined and Cognitive Radio.

Objectives for the Eleventh Five Year Plan

Financial year 2007-08 being the first year of the eleventh five year plan assumes significance for identifying the objectives of five year plan in respect of C-DOT.

Schemes emphasized by C-DOT for the eleventh five year plan lay major emphasis on the technologies related to security, strategic sectors, rural broadband and technology for the north-east region etc. These technology schemes will not only provide telecom solutions related to this priority sector but also contribute to various programmes of national importance linked with the growth.

C-DOT has also been mandated to work as nodal agency for telecom security related programmes including centralised lawful interception, monitoring and analysis as well as creation of a secured network for Defence and Government agencies. Besides, C-DOT will also be working on market oriented projects.

Status of Various Projects as on 31st March, 2008

Major activities were planned for the year 2007-08 based on the objectives set for 11th five year plan. The R&D efforts have been mainly devoted to bring some of the existing technology projects close to logical end as well as initiating the preliminary study/exploratory work in respect of new technology areas proposed for financial year 2007-08 and beyond. The following major achievements/progress are made in the technical projects.

Advanced Intelligent Network (IN) Services

- Field trial is in progress for Wireless Intelligent Network (WIN) system. Enhancements are completed for inter-working with ZTE switch for WIN service's field trial. Integration and testing with ZTE switch are in-progress as part of the field trial mandate for WIN solution.
- Presentation given to MTNL for the enhanced AIN solution proposed to migrate the deployed legacy IN solution of C-DOT in the MTNL network to comply with TRAI guidelines released for multi-operator multi-network scenario. This proposal is awaiting MTNL's communication to commence further activities. The project has been brought to a generic platform level.
- Formulation of specifications for IN for Converged network is completed. Study work is in progress to explore possibility of inter-working of C-DOT IN solution with the soft switch to provide IN for converged network services.

High Bit Rate Network Backbone on Fiber & Satellite

- Development is in progress for a Gigabit Passive Optical Network (GPON) system for two types of ONTs (Optical Network Termination) for applications-SFU (Small Family Unit), residence application and SOHO (Small Office / Home Office) for business applications to provide fibre-to-the-home (FTTH) access to deliver triple play services. Design activities have also commenced for central office equipment, namely, OLT (Optical Line Termination Unit) and outside plant equipment, ONU (Optical Network Unit), for providing fibre-to-curb access.
- System integration and lab testing is completed for STM-1 rate for Ku band and for E3 modem (for North-East and others) for broadband satellite system to cater to the North-East region and other forthcoming area requirements.

Cell & Packet Technologies For Voice & Data Convergence

- System integration is completed for IP/MPLS router & testing in the lab is



in-progress. Prototypes are ready for signaling and media gateway and preliminary version of C-DOT soft-switch and internal validation is in-progress.

- Specification formulation is in progress for new NGN services namely, video call & video mail.
- C-DOT NGN solution with strategic partners installed at allocated field trial site for trial of class 4 (IPTAX) & class 5 (subscriber) service have been upgraded with additional functions and features namely, traffic, billing, new NGN services - video call etc. and same had been tested for commercial trial for these enhanced functionality. Integration of C-DOT developed components with field trial components is in progress.
- Class 5 services also implemented in C-DOT soft switch.

Product Enhancements & Field Support

- Field trial for CIIS (Call Interception & Intelligence System) is in-progress for Enforcement Directorate. Further, enhancement in parallel is also ongoing for CIIS to provide interface support for different technologies (for field trial) at



Enforcement Directorate. Development for advanced lawful interception function based on recent Haryana Police Tender requirements etc. completed. CIIS feature enhancements - fax & data (through internet dial-up) detection & interception for post processing are being carried out.

- Clearing house application for BSNL/MTNL has been integrated for field trial. Field trials and AT (Acceptance Testing) completed for Clearing House application for these networks. Discussion is also in-progress to deploy the application in select zone(s) on commercial basis. Clearing house application feature enhancements is also completed.
- As part of technical support to C-DOT technologies deployed in the field, development & validation completed for Compact Embedded System (CES) for transferring Call Detail Records (CDRs) to billing centres and field trial for the same is expected to commence shortly. Further, a new field release for software namely 2-2-1-9 had been finalized and installed at Ladwa (Kurukshetra, Haryana) for field trial which includes major enhancements namely, centrex feature, interface for CES and enhancements for number of special priority for subscriber & trunk.
- Enhancements are in-progress in C-DOT MAX and RAX to migrate to the next generation technology switches with VoIP capability: signaling gateway & low capacity media gateway prototype is ready for MAX.
- Support for GSM & Trunk Automated Exchange NMS deployment is ongoing in the field.

Security Management for Law Enforcement

- Major projects initiated during 2007-08 for C-DOT are those related with telecom related security. These include centralised security management systems for law enforcement agencies, and creation of a secured network. Specifications, architecture and network dimensioning work were initiated with various agencies participating in several meetings to work out the requirements and strategy. C-DOT has already brought the manual request based system to trial stage and the same is proposed to be commercialised soon. This had set the platform for various phases of the future phases of lawful interception, monitoring and analysis starting with digitally automated provisioning, monitoring and analysis system. The IP interception architecture has been configured on a platform. Implementation of secured network for strategic requirement has been initiated. Target provisioning from remote platform has also been tested and configured on C-DOT CIIS platform.



Strategic & Enterprise Solutions

- A new study for secure network for government agencies and defence was undertaken and prototype implementation was demonstrated in labs.

Broadband Technologies & Technologies for NE Region

- Broadband technology, technology for NE and rural / remote areas are the other technology programs.
- For NE region and rural /remote areas, development for migration of C-DOT MAX technology to next generation IP based technology is ongoing which is planned to be pilot tried in NE region. Study of high capacity routers also completed.
- Most components for MAX - Next Generation (MAX-NG) enhancements are implemented; completion of remaining components will be followed by field trials.

Rural Technologies

- Field trials of rural system using software radio technology were conducted in the BSNL network at Salem.
- System integration of rural broadband system is in progress.

Other Activities

Business Promotion Activities

- C-DOT Missed Call Alert (MCA) system is deployed in BSNL & MTNL network. It has also been chosen for field trial on commercial basis in European Operator Network, and on its successful conclusion it is planned to be inducted in other countries.
- Directorate of Enforcement accepted C-DOT's techno-commercial proposal for commissioning of Lawful Enforcement Monitoring Function (LEMF) at Delhi Zonal Office and signed a Project Agreement the same. The solution may be subsequently installed in various other zones and sub-zones of the Directorate after successful completion of this project.
- An MoU signed with M/s Syniverse Technologies for jointly providing Data Clearing House (DCH) services to BSNL and MTNL. C-DOT and Syniverse jointly submitted the bid for the EOI floated by BSNL for providing Data Clearing House Services for GSM Roaming.
- Support for product upgradation for TAX & GSM NMS is in progress.
- A tripartite umbrella MoU signed between C-DOT, Indian Navy and M/s. BEL to establish a framework for cooperation of the parties in development, production & deployment activities relating to products of ATM technology. Subsequently, project agreement for customization, deployment, maintenance, and support of CAX 16 R1 ATM switching system for use by Indian Navy has also been signed. A Project Agreement has been signed between M/s BEL and C-DOT, wherein C-DOT will undertake integration testing of the modified software for C-DOT NIU and C-DOT NHMS products for CMS-SNF Project of Indian Navy and will also provide on-site support for the first ship under CMS-SNF Project.
- TOT Agreement for 256P RAX Release 2 signed with M/s Alpha Design Technologies Pvt. Ltd.
- C-DOT as a technical consultant to USOFA's (Universal Services Obligation Fund Administration) project "Mobile coverage in rural and remote areas of India" provided support to carry out the implementation of the project across the country.
- C-DOT has signed a Definitive Agreement with M/s NMS Works Software Pvt. Ltd, Chennai, for development, validation, deployment and maintenance of a NMS solution inter-working with the multi-technology, multi-vendor EMSs and NEs for the Transmission Network of BSNL, across the country.
- An NDA and an MOU has been signed between C-DOT and IBM India Pvt. Ltd. The purpose of this MOU is to establish a framework for the cooperation of the parties in research and development activities relating to the fields of Telecommunications.
- Field support for MAX and IN is in progress.

Exhibitions and Conferences

C-DOT participated in "BARG and Roamfest" conference held at The Grand, New Delhi from 10th to 12th September, 2007. The event was co-sponsored by BSNL. C-DOT Clearing House, Network Management System and Rural Wireless solutions in the GSM product line were the main highlights of the stall.

C-DOT's CIIS team participated in the 2nd ETSI Plugtest Event on Lawful Interception held by ETSI in Lannion, France from 17th to 21st September, 2007. It was an interoperability testing event

C-DOT participated in the International Conference & Exhibition "India Telecom 2007" organized by Department of Telecommunications in association with Federation of Indian Chambers of Commerce & Industry (FICCI) and Telecom Equipment Manufacturer's Association (TEMA) from 12th to 15th December, 2007 held at Pragati Maidan, New Delhi. Honourable Prime Minister Mr. Manmohan Singh inaugurated the event along with Minister of Communications and IT Thiru A. Raja at Vigyan Bhavan. C-DOT team gave live demonstration of Multioperator Software Defined Radio BSS.



C-DOT participated in the international conference and exhibition "Convergence India 2008" from 19th to 21st March, 2008 held at Pragati Maidan, New Delhi.

Promotion of Hindi at C-DOT

C-DOT is making all efforts to ensure compliance of Official Language Policy of the Govt. of India at both Delhi and Bangalore offices. Many innovative and interesting programmes and competitions are held regularly to inculcate awareness among C-DOTians to use Hindi in their day-to-day official work. Apart from this, workshops are being held on a regular basis so as to encourage the staff to work in Hindi.

C-DOT celebrated Hindi Fortnight as "Hindi Utsav" from 14th to 28th September 2007. Famous media person Padmashri Vinod Dua was invited for "Inse Miliye..." as inaugural event of the Utsav on Hindi Day i.e. 14th September, 2007. During this period various competitions were conducted. Hasya Kavi Sammelans were also organized at both the centres.



C-DOT, Bangalore was awarded Rajbhasha Shield (3rd position) by the Town Official Language Implementation Committee, Bangalore for outstanding work in Official Language implementation during the year 2007-08.

Honourable Parliamentary Committee on Official Language inspected progress of the implementation of Official Language Policy at C-DOT, Bangalore during the month of January 2008 and suggested measures for further improvement.

Process Improvement in C-DOT

Processes related to product development and support service provisioning have been defined based on the CMMI model and customised for C-DOT's line and mode of activities. These Processes cover the Engineering, Technical Support, Project Management and Process Management activities.

The complete Quality Management System (QMS) comprising the Guidelines, Templates, Forms, Checklists and Repositories have been rolled out for implementation in all project activities across the organisation. While the Process implementation is being facilitated along with

regular inspections, internal QA Audits and external Spot Checks, the stabilisation and improvement of the defined Processes is also being carried out through practice and feedback. The effectiveness of the Processes is being monitored through Metrics collection and analysis.

The organisation is readying for a formal assessment in the CMMI model after achieving stability in definition and implementation of the Processes.

Grants Received During 2007-2008 and Expenditure

The grant in aid received during the year was Rs. 99.00 Crores including Rs. 13.00 crores for the North-east Region. The total expenditure on various schemes / projects including North-east upto 31st March, 2008 is Rs. 109.09 crores apart from other book adjustments.

Statement of Accounts 2007-08

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Annexure dated 18.09.2009 to the Report of the Auditors

Sl.No.	Ref. to Para	Auditor's Observation	Management's Replies thereon
1	Para 1	Vide our Report dated 31.05.2008 to the Members of Centre for Development of Telematics (C-DOT), we had attested the Balance Sheet as on 31st March 2008, the Income & Expenditure Account and the abstract of Receipts & Payments Account for the year ended on that date.	This is a factual statement. Therefore, no additional comment is offered.
2	Para 2	While finalizing the Accounts, the dues from a licensee, amounting to Rs. 2279.99 lacs under current assets were converted into Fixed Assets as per details mentioned in Schedule – 16 (Notes on Accounts) – (Para 1.1(b) and 1.2(a,b,c and d) signed on 31/05/2008.	Initially, it was thought that the dues from the licensee, which was accounted for under Current Assets till 2006-07, could be treated as the value of the Land & Buildings taken over by C-DOT from the said licensee. Accordingly, the Accounts for 2007-08 were originally made, in May 2008, by capitalizing the value and disclosing it under Fixed Assets. However, the issue had to be reviewed in the light of the fact that the licensee concerned did not formally transfer the assets to C-DOT and C-DOT did not possess any document for the formal transfer of the Assets concerned. Therefore, the Accounts have been revised in September 2009, maintaining the original position that existed upto 2006-07. The reference to the Paras in Schedule 16– Notes on Accounts are to the Paras in the Notes on Accounts for the year 2007-08, which was finalized in May 2008 but which are not relevant any longer.
3	Para 3	Since C-DOT has been occupying the premises of the licensee and was said to be irreversible, the exercise as in Para (2) was made, in satisfaction of the said dues. We endorse the same.	As explained against the observation at Sl. No. (2) above, the Management is of the opinion that the said land and premises cannot be capitalized, until formal transfer of ownership is made.
4	Para 4	C-DOT has since changed its view and would like to maintain its status-quo (as it was in earlier years). Accordingly, the accounts are redrafted and certified. Subject to this, the contents of our report dated 31st May 2008 remain the same and is equally applicable to the enclosed Financial Statements.	No comment.

For M/s. K. Venkatachalam Aiyer & Co.
Chartered Accountants

Sd/-
M. Sivakumar (Partner)
Membership No. 23844

For Centre for Development of Telematics

Sd/
(P.V. Acharya)
Executive Director

Report of the Auditors of C-DOT for the Year ended 31st March 2008 and Replies in respect of the observations made therein

To: The Members of Centre for Development of Telematics (Centre)

Sl.No.	Auditor's Observation	Management's Replies thereon
1	We have audited the attached Balance Sheet of Centre for Development of Telematics as at 31st March 2008, the Income & Expenditure Account and also the Receipts & Payments Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Centre's Management. Our responsibility is to express an opinion on these financial statements based on our audit.	This is a factual statement. Hence, no additional comment is considered necessary.
2	We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	<p>This observation is also a factual one.</p> <p>Through this observation, the Auditors convey the fact that the financial statements of the Centre for 2007-08, which they have audited, are in accordance with the generally accepted accounting and auditing standards in India.</p> <p>This observation also conveys the fact that the Accounting Principles used and the significant estimates made by the Management of the Centre, which the Auditors assessed during the course of the audit, have given them a reasonable basis for forming an opinion on the presentation of the financial statements by the Management and that the same is acceptable to them.</p>
3	<p>We report that:</p> <p>i). We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.</p>	<p>The Auditors merely confirm that:</p> <p>The Centre has furnished all the information required by them.</p>

Sl.No.	Auditor's Observation	Management's Replies thereon
ii).	In our opinion, proper books of account, as required by law, have been kept by the Centre so far as appears from our examination of those books.	In their opinion, proper books of account have been maintained by C-DOT.
iii).	The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account, dealt with by this Report, are in agreement with the books of account.	The said books of accounts maintained by C-DOT are in agreement with the financial statement of the year.
iv).	In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read along with the Notes thereon, give the information in the manner required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:	This comment is self explanatory and requires no further observation.
a.	In the case of the Balance Sheet, the state of affairs of the Centre, as at 31st March, 2008;	
b.	In the case of the Income & Expenditure Account, of the excess of expenditure over income for the year ended on that date; and	
c.	In the case of Receipts & Payments Account, the abstract of receipts and payments made during the year ended on that date.	

For M/s. K. Venkatachalam Aiyer & Co.
Chartered Accountants

Sd/-
M. Sivakumar (Partner)
Membership No. 23844

Place: Bangalore
Date: 31st May, 2008

For Centre for Development of Telematics

Sd./
Vijay Madan
Executive Director

Balance Sheet as on 31st March...

(In Rupees)

	Schedule No.	2008	2007
CORPUS / CAPITAL FUND AND LIABILITIES			
Corpus / Capital Fund	1	3,212,583,367.53	3,046,631,075.07
Reserves & Surplus	2	23,658,685.67	34,658,685.67
Current Liabilities & Provisions	3	409,325,822.09	182,451,948.30
TOTAL		3,645,567,875.29	3,263,741,709.04
ASSETS			
Fixed Assets	4		
Gross Block		4,398,273,482.68	4,238,553,698.26
Less: Depreciation		2,921,321,474.31	2,702,232,735.85
Net Block		1,476,952,008.37	1,536,320,962.41
Assets in Transit	4	0.00	2,722,125.00
Capital Items in Stock	4	0.00	1,217,072.00
Capital Work in Progress	5	1,027,062.00	880,719.00
Investments-Long Term	6	520,000,000.00	390,000,000.00
Current Assets, Loans & Advances and Deposits	7	1,647,588,804.92	1,332,600,830.63
TOTAL		3,645,567,875.29	3,263,741,709.04
Significant Accounting Policies	15		
Notes on Accounts	16		

Schedule 1 to 7, 15 and 16 form an integral part of the Balance Sheet

For and on behalf of the Board of Centre for Development of Telematics

Sd/-
P. Venkatesan
Chief Finance Officer

Sd/-
P.V. Acharya
Executive Director

In terms of our report of even date attached
For K. Venkatachalam Aiyer & Co.
Chartered Accountants

Place: Bangalore
Date: 18th September'2009

Sd/-
M. Sivakumar
Partner
M.No. 23844

Income and Expenditure Account

For the year ended 31st March...

(In Rupees)

	Schedule No.	2008	2007
INCOME			
TOT, Royalty, FSR and Publications	8	199,843,797.00	462,977,486.00
Interest Earned	9	13,222,159.17	6,096,803.68
Other Income	10	10,928,384.78	14,700,608.45
TOTAL (A)		223,994,340.95	483,774,898.13
EXPENDITURE			
Establishment Expenses	11	471,667,361.79	371,969,352.61
Operational Expenses	12	108,463,754.62	139,418,677.30
Other Administrative Expenses	13	128,247,412.71	145,527,802.89
Depreciation	4	225,829,244.01	232,103,198.31
TOTAL (B)		934,207,773.13	889,019,031.11
Excess of expenditure over income for the year C=(B-A)		710,213,432.18	405,244,132.98
Add/less (-) :- Adjustments pertaining to earlier years	14	-8,744,758.64	33,332,923.64
Add:- Gratuity provided for		92,579,034.00	0.00
Balance being excess of expenditure over income		794,047,707.54	438,577,056.62
Add:- Excess expenditure over income of earlier years		8,468,722,087.05	8,030,145,030.43
Balance being deficit carried to Corpus Fund/Capital Fund		9,262,769,794.59	8,468,722,087.05
Significant Accounting Policies	15		
Notes on Accounts	16		

Schedule 4, 8 to 16 form an integral part of the Income and Expenditure Account

For and on behalf of the Board of Centre for Development of Telematics

Sd/-
P. Venkatesan
Chief Finance Officer

Sd/-
P.V. Acharya
Executive Director

In terms of our report of even date attached
For K. Venkatachalam Aiyer & Co.
Chartered Accountants

Place: Bangalore
Date: 18th September'2009

Sd/-
M. Sivakumar
Partner
M.No. 23844

Schedule - 1

Corpus / Capital Fund
 (Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	2008		2007	
Grants from Dept. of Electronics (Presently Dept. of Information Technology)				
Accumulated Balance		335,200,000.00		335,200,000.00
Grants from Dept. of Telecommunication				
Balance at the beginning of the year	11,180,153,162.12		10,360,153,162.12	
Add: Contributions towards Corpus / Capital Fund during the year	<u>960,000,000.00</u>	<u>12,140,153,162.12</u>	<u>820,000,000.00</u>	<u>11,180,153,162.12</u>
Sub-total (A)		12,475,353,162.12		11,515,353,162.12
Less: Balance of net expenditure transferred from the Income and Expenditure Account		<u>9,262,769,794.59</u>		<u>8,468,722,087.05</u>
Sub-total (B)		9,262,769,794.59		8,468,722,087.05
TOTAL (A) - (B)		3,212,583,367.53		3,046,631,075.07

Schedule 2

Reserves & Surplus

(Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	2008		2007	
General Reserve				
Balance at the beginning of the year	34,658,685.67		34,658,685.67	
Less: Provisions withdrawn during the year	<u>11,000,000.00</u>	23,658,685.67	<u>0.00</u>	34,658,685.67
TOTAL		23,658,685.67		34,658,685.67

Schedule 3

Current Liabilities

(Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	2008		2007	
CURRENT LIABILITIES				
1. Sundry Creditors				
a) For Goods	12,399,348.50		16,311,542.00	
b) Others	<u>52,610,371.26</u>	<u>65,009,719.76</u>	<u>66,695,251.00</u>	83,006,793.00
2. Advances received				
- For Funded Projects		86,435,568.33		52,599,776.22
3. Statutory Liabilities		7,021,839.00		5,965,931.00
4. Other Current Liabilities		52,443,381.00		40,879,448.08
Sub-total (A)		210,910,508.09		182,451,948.30
PROVISIONS				
1. Gratuity	92,579,034.00		0.00	
2. 6th Pay Commission arrears	105,836,280.00	198,415,314.00	0.00	0.00
Sub-total (B)				
Total (A+B)		409,325,822.09		182,451,948.30

Centre for Development of Telematics

Schedule 4

Fixed Assets

(Forming part of the Balance Sheet as at 31st March....)

(In Rupees)

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 01.04.2007	Additions	Adj./Write-off	As on 31.03.2008	As on 01.04.2007	For the year	Adj./Write-off	As on 31.03.2008	As on 31.03.2007
Land-Free Hold	120,000,000.00	0.00	0.00	120,000,000.00	0.00	0.00	0.00	120,000,000.00	120,000,000.00
Building-Office	570,149,334.65	532,603.00	(631,542.00)	570,050,395.65	105,744,417.06	46,440,513.26	(99,154.00)	417,964,619.33	464,404,917.59
Building-Residential	23,627,434.00	0.00	0.00	23,627,434.00	10,040,496.23	679,346.89	0.00	12,907,590.88	13,586,937.77
R & D Equipment	2,229,433,317.85	121,374,340.18	9,170,916.10	2,359,978,574.13	1,684,855,876.26	101,077,210.71	1,274,626.43	572,770,860.73	544,577,441.59
R & D Computers	659,266,793.78	30,290,884.08	(9,594,450.00)	679,963,227.86	641,109,781.55	26,766,069.79	(5,756,670.00)	17,844,046.52	18,157,012.23
Office Equipments & Appliances	343,417,687.56	7,239,566.00	(2,748,835.00)	347,908,418.56	137,410,242.82	31,678,766.79	(693,602.89)	168,395,406.72	206,007,444.74
Furniture & Fittings	253,673,113.31	3,722,011.00	(1,485,822.94)	255,909,301.37	84,085,904.82	17,327,986.57	(1,456,469.09)	99,957,422.30	169,587,208.49
Library Books	38,986,017.11	1,859,350.00	(9,236.00)	40,836,131.11	38,986,017.11	1,859,350.00	(9,236.00)	0.00	0.00
TOTAL	4,238,553,698.26	165,018,754.26	(5,298,969.84)	4,398,273,482.68	2,702,232,735.85	225,829,244.01	(6,740,505.55)	2,921,321,474.31	1,536,320,962.41
Assets in Transit	-	-	-	-	-	-	-	0.00	2,722,125.00
Capital Items in Stock	-	-	-	-	-	-	-	0.00	1,217,072.00
Previous year's total	4,054,388,920.77	244,014,591.44	(59,849,813.95)	4,238,553,698.26	2,490,584,420.30	232,103,198.31	(20,454,882.76)	2,702,232,735.85	1,536,320,962.41
									1,563,804,500.47

Schedule 5

Capital Work in Progress

(Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	As at 01.04.2007	Additions	Transfer to Fixed Assets	As at 31.03.2008
Campus - Delhi				
1. Main R & D Building	0.00	1,191,784.00	(1,191,784.00)	0.00
2. Electro Mechanical Services	0.00	708,074.00	(708,074.00)	0.00
3. Campus-Residential Complex	880,719.00	146,343.00	0.00	1,027,062.00
TOTAL	880,719.00	2,046,201.00	(1,899,858.00)	1,027,062.00
Previous Year Balance	180,719.00	30,315,556.00	(29,615,556.00)	880,719.00

Schedule 6

Investments - Long Term (Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	No. of Fully Paid Equity Shares	Face Value Per Share (Rs.)	2008		2007	
UNQUOTED						
JOINT VENTURE COMPANY						
1. C-DOT Alcatel Research Centre Pvt. Ltd. (CARC)	39,000,000	10	390,000,000.00		130,000,000.00	
Add: Investment during the year	13,000,000	10	130,000,000.00	5,20,000,000.00	260,000,000.00	390,000,000.00
Total				520,000,000.00		390,000,000.00

Schedule 7

Current Assets, Loans & Advances and Deposits (Forming part of the Balance Sheet as at 31st March...)

(In Rupees)

	2008		2007	
A. CURRENT ASSETS				
1. Inventories (As taken, valued and certified by the Management)				
a) Inventory	168,511,785.84		158,130,781.51	
b) Inventory in transit	<u>2,127,398.00</u>	<u>170,639,183.84</u>	<u>589,154.00</u>	158,719,935.51
2. Bank Balances				
a) With Scheduled banks				
On Deposit Accounts	387,712,572.42		74,437,302.06	
On Saving Accounts	<u>12,102,150.92</u>	<u>399,814,723.34</u>	<u>18,914,863.75</u>	<u>93,352,165.81</u>
TOTAL (A)		570,453,907.18		252,072,101.32
B. LOANS & ADVANCES				
1. Loans				
a) Staff		1,931,456.00		1,875,291.00
2. Advances and other amounts recoverable in Cash or in kind or for value to be received				
a) Contractors & Suppliers	371,482,188.60		404,106,376.71	
b) Employees	687,624.00		105,944.00	
c) Prepaid expenses	<u>8,632,703.00</u>	<u>380,802,515.60</u>	<u>1,929,343.00</u>	406,141,663.71
3. Interest Accrued				
a) On Staff Loan	246,283.58		220,393.00	
b) On Bank Deposits	<u>2,953,613.00</u>	3,199,896.58	<u>530,099.29</u>	750,492.29
4. Claims Recoverable		629,488,778.56		639,104,739.31
5. Tax Deducted at Source		47,897,820.00		23,940,011.00
6. Cenvat Credit receivable		<u>5,021,149.00</u>		<u>0.00</u>
TOTAL (B)		1,068,341,615.74		1,071,812,197.31
C. DEPOSITS				
a) Office Building	0.00		45,000.00	
b) Others	<u>8,793,282.00</u>		<u>8,671,532.00</u>	
TOTAL (C)		8,793,282.00		8,716,532.00
TOTAL (A) + (B) + (C)		1,647,588,804.92		1,332,600,830.63

Schedule 8

Income from TOT, Royalty, FSR and Publications

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008		2007	
1) Income from Royalty				
- Received in Cash	190,800.00		0.00	
- Accounted on accrual basis	<u>0.00</u>	190,800.00	<u>0.00</u>	0.00
2) Income from TOT				
- Received in Cash	38,300,000.00		5,000,000.00	
- Accounted on accrual basis	<u>0.00</u>	38,300,000.00	<u>0.00</u>	5,000,000.00
3) Field Support Receipts (FSR)		161,248,473.00		457,880,186.00
4) Income from Publications				
a) Campus-Sale of Tender document	3,000.00		0.00	
b) Others	<u>101,524.00</u>	104,524.00	<u>97,300.00</u>	97,300.00
TOTAL		199,843,797.00		462,977,486.00

Schedule 9

Interest Earned

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008	2007
1) On Term deposits with Scheduled Banks	12,184,985.59	5,683,437.55
2) On Saving Account with Scheduled Banks	589,771.29	175,809.05
3) On Loans to Employees / Staff	239,612.29	237,557.08
4) Others	207,790.00	0.00
TOTAL	13,222,159.17	6,096,803.68

Schedule 10

Other Income

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008	2007
1) Profit on Sale / Disposal of Assets	212,170.15	472,801.22
2) Miscellaneous Income	9,992,349.93	12,316,409.13
3) Gain due to foreign exchange translation	623,590.70	134,140.10
4) Compensation collected - Campus	100,274.00	1,777,258.00
TOTAL	10,928,384.78	14,700,608.45

Schedule 11

Establishment Expenses

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008	2007
a) Salaries and Wages	320,874,492.00	213,752,302.00
b) Bonus	631,758.00	700,422.00
c) Contributions to Provident Fund	18,767,543.00	17,916,162.00
d) Contributions to other Funds	4,830,888.00	5,218,201.00
e) Gratuity paid to employees	5,629,983.00	11,615,005.00
f) Staff Welfare expenses	66,372,813.79	68,673,556.61
g) Rent on residentials and Maintenance Expenses	48,047,306.00	52,293,050.00
h) Recruitment and Training Expenses	6,512,578.00	1,800,654.00
TOTAL	471,667,361.79	371,969,352.61

Schedule 12

Operational Expenses

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008	2007
a) R & D Components & Consumables	42,173,633.95	77,209,640.55
b) Freight & Forwarding Charges	3,922,174.00	3,715,736.00
c) Repair & Maintenance-R & D Office Equipments	58,374,733.07	52,874,244.75
d) Design & Development Expenses	3,157,599.60	4,859,675.00
e) Consultancy Expenses	528,016.00	759,381.00
f) Testing Charges	307,598.00	0.00
TOTAL	108,463,754.62	139,418,677.30

Schedule 13

Other Administrative Expenses

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008		2007	
a) Travelling and Conveyance expenses		10,048,182.90		11,250,226.00
b) Vehicle hire charges		327,432.00		482,606.00
c) Rent, Rates & Taxes		818,294.00		823,930.00
d) Interest / Penalty Paid		113,911.00		0.00
e) Electricity & Water Charges		54,534,377.00		57,228,290.00
f) Repairs & Maintenance - Others		28,652,756.00		42,890,101.23
g) Newspaper, Periodicals, Journals & CDs		5,769,188.00		2,203,444.00
h) Insurance Charges		722,201.00		1,145,286.00
i) Printing, Stationery, Photocopy & Admin. Consumables		7,893,445.88		6,415,262.09
j) Postage, Telephone and Communication Charges		11,548,527.88		11,146,388.67
k) Exhibition, Advertisement & Publicity Expenses		3,873,670.00		2,969,039.00
l) Expenses on Conference/Seminar/Membership Fees		1,110,350.87		5,248,526.00
m) Legal, Professional fees & Honorarium		1,358,940.00		861,036.00
n) Patent fees		339,950.00		323,690.00
o) Remuneration to Auditors				
Audit Fees	127,000.00		142,545.00	
Out of pocket expenses	24,155.60		75,549.00	
In other capacities	<u>3,500.00</u>	154,655.60	<u>0.00</u>	218,094.00
p) Hospitality/Entertainment Expenses		137,117.00		837,605.00
q) Bank Charges		581,849.64		1,056,958.67
r) Loss due to foreign exchange translation		95,840.94		193,873.91
s) Miscellaneous Expenses		166,723.00		233,446.32
TOTAL		128,247,412.71		145,527,802.89

Schedule 14

Adjustments Pertaining to Earlier Years (Net)

(Forming part of Income & Expenditure Account for the year ended 31st March...)

(In Rupees)

	2008		2007	
	Debit	Credit	Debit	Credit
INCOME				
TOT, Royalty, FSR and Publications	1,679,000.00	0.00	5,499,476.00	0.00
Interest Earned	0.00	0.00	0.00	0.00
Other Income	91,290.00	0.00	982,963.00	0.00
EXPENDITURE				
Establishment Expenses	0.00	2,829,147.00	4,332.00	0.00
Operational Expenses	0.00	731,279.38	0.00	12,375,629.67
Other Administrative Expenses	0.00	1,718,145.70	43,578,257.35	0.00
Depreciation	0.00	5,236,476.56	0.00	4,356,475.04
TOTAL	1,770,290.00	10,515,048.64	50,065,028.35	16,732,104.71
Net Debit / Credit		8,744,758.64	33,332,923.64	

Receipts and Payments Account

For the year ended 31st March...

(In Rupees)

Receipts	2008	2007	Payments	2008	2007
I. Bank Balances			I. Expenses		
a) In deposit accounts	74,437,302.06	218,122,591.00	a) Establishment Expenses	360,825,456.36	361,083,469.61
b) Saving accounts	18,914,863.75	11,066,031.55	b) Operational Expenses	111,138,859.49	220,101,690.90
			c) Administrative Expenses	152,270,554.88	155,649,268.62
II. Grants Received			II. Reimbursement Project		
-From Government of India	1,100,000,000.00	760,000,000.00	Payments	34,396,440.20	3,901,883.25
III. Reimbursement Project			III. Expenditure on Fixed		
Receipts	76,622,123.26	32,701,071.00	Assets & Capital WIP		
			a) Payments towards Fixed		
IV. Joint Venture Receipts	102,489.00	3,885,144.50	assets	142,261,936.77	73,963,336.25
V. Interest Received			b) Payments towards Capital		
a) On Bank Deposits	10,407,526.14	6,429,699.60	WIP	9,557,168.00	48,853,333.31
b) Loans, Advances etc.	86,512.00	159,949.00	IV. Joint Venture Payments		
VI. Other Income			a) Investments	130,000,000.00	260,000,000.00
a) TOT	36,800,000.00	5,325,000.00	b) Others	44,550.00	261,813.00
b) Royalty	4,391,742.00	21,233,596.00	V. EMD/SD payments	5,420,629.00	4,563,707.00
c) Field Support Receipts	11,723,442.00	148,860,647.00	VI. Closing Balances		
d) EMD/SD Receipts	8,057,489.83	6,215,598.00	Bank Balances		
e) Misc. Income	4,186,828.00	7,731,340.10	a) In deposit accounts	387,712,572.42	74,437,302.06
			b) Saving accounts	12,102,150.92	18,914,863.75
TOTAL	1,345,730,318.04	1,221,730,667.75	TOTAL	1,345,730,318.04	1,221,730,667.75

Schedule 15

Significant Accounting Policies

(Forming part of the Accounts for the year ended 31st March, 2008)

Sl.No.	Policy Statement
1.	<p>General</p> <p>The financial statements for the year, comprising of the Balance Sheet, the Income & Expenditure Account, Schedules bearing the numbers 1 to 14 and the Receipts & Payments Account, which are based upon the policies stated hereunder, are prepared following the "going concern" concept.</p>
2.	<p>Transactions involving foreign exchange</p> <p>a. Income & Expenditure Account:</p> <p>Such transactions as are having an impact on the Income & Expenditure Account for the year are converted into Indian Currency at the rates of exchange prevailing on the respective dates thereof.</p> <p>b. Receivables and Payables:</p> <p>Such transactions, the amounts of which are shown as either receivable or payable on the Balance Sheet date, are converted into Indian currency at the rates of exchange prevailing on the Balance Sheet date.</p>
3.	<p>Fixed Assets</p> <p>a. These are stated in these Accounts at their historical costs.</p> <p>b. Fixed Assets are depreciated each year under the policy stated in Sub Para (f) hereof and the balances thereafter are carried forward to the next year and so on. However, in the case of fixed assets, the individual cost of each of which is not more than Rs. 5,000/-, the whole of the cost thereof is charged to revenue in the year of acquisition itself.</p> <p>c. Library books are charged to revenue in the Accounts of the year of acquisition, irrespective of their individual values.</p> <p>d. Expenditure incurred on the R&D Campus as well as the social facilities like housing thereon is shown under "Capital Work-in-Progress" until capitalization.</p> <p>e. The values of R&D Equipment and other assets purchased during the year under arrangements like Letters of Credit, etc., are stated in these financial statements as indicated below:</p>

Sl.No.	Policy Statement
	<ul style="list-style-type: none"> i. Where such assets have been received by the Centre, on or before the Balance Sheet date and put to use, though not paid for, the values thereof are capitalized, depreciation at appropriate rates provided and the liability for the gross values of such assets created. ii. Where, on the other hand, such assets are in transit on the Balance Sheet date and thus not put to use, though the relevant documents therefor have been received from the suppliers and payments have/have not been made, the values thereof are disclosed under "Assets-in-transit" in the Schedule on Fixed Assets, with corresponding liability created therefor. iii. Where neither the assets ordered have been received and put to use before the Balance Sheet date nor the documents therefor received from the suppliers and no payment has been made in respect thereof, no effect is given in the financial statements in respect of the values of such assets.

4. Depreciation on Fixed Assets

- a. For the purpose, the rates provided by the Income Tax Rules 1962 (the Rules), as applicable from time to time, are adopted.
- b. However, fixed assets installed and put to use during the year, are depreciated at full rates provided by the Rules for the whole year, irrespective of the date of putting to use of such assets.
- c. No depreciation is provided in respect of assets, which are sold, discarded or disposed off during the year.
- d. No depreciation is provided in the case of assets in transit indicated in Para 3 (e)(ii) above.
- e. In the past, when the Rules used to provide same rate of depreciation for both Plant & Machinery and Computer/Computer Software, all R&D equipment, including computers were grouped under the same asset group for the purpose of depreciation. However, subsequently, when the Rules were amended to provide distinct rates for general Plant & Machinery and Computer/Software, only computer was depreciated at the higher rate provided for computers/software, while application software continued to get depreciated at the lower rate prescribed for Plant & Machinery.

Sl.No.	Policy Statement
5.	Inventory of Components <ul style="list-style-type: none">a. This is valued at "Cost".b. For this purpose "Cost" includes overheads at rates determined from time to time.c. "Cost" is determined by adopting the moving weighted average method.
6.	Loans to Employees <ul style="list-style-type: none">a. These are recovered in equated monthly installments with a maximum of 40 such installments.b. Recovery is first made of the principal amount due. This is done over the agreed number of installments. After recovery of the full principal amount, interest is recovered. However, accounting for the interest accrued on the loans given to employees on the Balance Sheet date is made adopting the accrual concept.c. As the recovery of the principal amount of loans and the interests due thereon is made through the monthly salaries of the concerned employees, these are assumed to be "confirmed" and accepted by the employees concerned.d. In the case of employees, who leave the services of the organization during the year, the balance of the principal amount and the interest due on the loan, wherever due, are recovered from the final settlements made.
7.	Advances <ul style="list-style-type: none">a. <u>To employees</u><ul style="list-style-type: none">i. These are also recovered from the monthly salaries of the employees concerned.ii. As a consequence, such advances are taken as confirmed and accepted by the employees concerned.b. <u>To suppliers & contractors</u><ul style="list-style-type: none">i. Such advances are given under the relevant agreements for supplies or services.ii. Such advances also arise, when payment is released to the supplier/contractor, under the purchase orders, etc., for components, equipment and services through arrangements made through banks.iii. Such advances are adjusted in the normal course upon completion of supplies by the supplier or rendering of the services by the service provider.

Sl.No.	Policy Statement
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8. Deposits

a. To landlords of residential accommodations leased

- i. For Staff of the Bangalore unit of the Centre, advance equivalent to 10-months' rent is paid. This advance is accounted for under "DEPOSITS" and shown as such until the tenure of the leases come to an end.
- ii. Such "Deposits" do not earn any interest, as per prevailing practice.
- iii. For staff of the Delhi unit of the Centre, as per the practice prevailing there, advance equal to three months rent is paid at the beginning of the lease and this advance is treated as rent paid and not as deposits, unlike as in Bangalore. In the case of the leases for the Bangalore staff, rent is also paid, in addition to the "deposits".

b. Miscellaneous Deposits

Deposits made to public utilities for water, electricity and gas for the staff canteen are booked under this head and shown as such until the said services are used.

9. Current Assets & Liabilities

a. Current Assets

- i. Expenditure incurred on the projects undertaken by the Centre for other agencies is taken as part of "Current Assets" to the extent of such balances remaining unrealized on the Balance Sheet date.
- ii. Similarly, TOT/Royalty income, fees for field support to telecom operators and other income, which have been accounted for on accrual basis, are also treated as part of "Current Assets" until realization.
- iii. Such amounts as are due in this regard, on the Balance Sheet date, from Government agencies or Public Sector Undertakings are treated as good for recovery.

b. Current Liabilities

- i. Amounts received by the Centre from other agencies in advance under projects undertaken for the latter, are shown as "Current Liabilities".
- ii. After incurring expenses connected with such projects, from the amounts indicated at (i) above, the balance, if any, is accounted for as either "Income" or "Expenditure", as the case may be.

Sl.No.	Policy Statement
10.	Investments <ul style="list-style-type: none">a. The aggregate of the contributions to the equity capital of another R&D company has been disclosed under this head.b. These investments are long term in nature.c. These are stated in the financial statements at "Cost".
11.	Provision for Outstanding Liabilities made on the Balance Sheet date <ul style="list-style-type: none">a. Where the goods ordered / the services required are received on that date, but the bills therefor, though received, remain unpaid for, the aggregate of such values is adopted for the purpose of making a provision.b. Where the goods ordered/the services required are received but the bills therefor are not received on the Balance Sheet date, provision therefor is made on the basis of the values known to the Centre in respect thereof; andc. In other cases, no provision is made, while making these financial statements.
12.	Purchase of components & other materials <p>In such cases, the policy adopted is similar to the one adopted in the case of "Fixed Assets", as stated in Para 3 (e)(i to iii) above.</p>
13.	Revenue Recognition <ul style="list-style-type: none">a. All income is accounted for on accrual basis.b. As for expenses, these are also accounted for on accrual basis except in the case of ex-gratia to eligible employees, as the same is payable only when the policy for such payment to corresponding levels in the Government of India is known for each year.c. Income & Expenses relating to past financial years are accounted for under "Adjustments pertaining to earlier years", when the following conditions are simultaneously satisfied:<ul style="list-style-type: none">i. The adjustment is the result of any clerical error.ii. Such a clerical error is detected only in the current financial year.iii. Such an errors relate(s) to one or more past financial year/years; andiv. The value thereof exceeds Rs. 5,000/- in each case.d. All other expenses and income are treated as current year's expenditure and income, respectively.

Schedule 16

Notes on Accounts

(Forming part of the Accounts for the year ended 31.03.2008)

1.0 Fixed Assets

1.1 Fixed Assets include:

- a. Free hold land at Delhi measuring 40 acres (Previous Year 40 acres)
- b. Fixed Assets do not include Equipment and other assets, which were received in the past under an International Aid program.

1.2 Physical verification

- a. A formal method of accounting for Fixed Assets has been in place since 1993-94. Under this method, all Technical Assets procured during the year have been physically verified. However, Administrative Assets like furniture, office equipment, etc., procured during the year, have not been physically verified.
- b. The discrepancies noticed between physical and financial records with respect to Fixed Assets, carried out in the previous years, amounting to Rs. 0.68 lakhs and Rs. 1.76 lakhs, at the Bangalore and Delhi units of the Centre, respectively, remain to be reconciled and appropriately accounted for in the Accounts. While the former balance will be reconciled on completion of normal administrative efforts by the Bangalore, the latter balance can only be accounted for upon completion of the enquiry proceedings against an employee, which has been before an enquiry authority over the past five years and the receipt of the report of the enquiry officer.

2.0 Capital Work-in-Progress

- 2.1 The expenditure incurred during 2007-08 amounting to Rs. 1.46 lakhs (Previous year Rs. 7.00 lakhs) on the proposed housing facility at the campus at Delhi is disclosed under the head while making these accounts.
- 2.2 The cumulative expenditure on the said housing facility at Delhi was Rs. 10.27 lakhs (Previous year Rs. 8.81 lakhs).
- 2.3 The aggregate of all such expenditure on the proposed housing facility will be capitalized in the Accounts' of the Centre in the year of completion thereof.

3.0 Current Assets, Loans and Advances

- 3.1 In respect of advances to employees, appropriate effects have been given, while making these accounts, wherever discrepancies were noticed.

Centre for Development of Telematics

- 3.2 The aggregate of the amounts realizable from other organizations on account of the projects undertaken by this Centre from time to time on the former's behalf stood at Rs. 2031.91 lakhs as on 31.03.2008. (Rs. 1971.94 lakhs as on 31.03.2007)
- 3.3 Due to the adoption of the accrual system of accounting, in FY 2000-01, TOT/ Royalty dues from licensees also came to be accounted for on such accrual basis. The accumulated balance thereof from the licensees amounted to Rs. 3692.55 lakhs as on 31.03.2008 (Rs. 3736.35 lakhs as on 31.03.2007).
- 3.4 In accordance with the Accounting Policy consistently followed by this Centre, components procured in the past as part of the technical support to the Centre's licensees but which were not actually transferred to such licensees, have not been included in the value of the year end inventory. The value of such components was Rs. 68.63 lakhs (Rs. 117.34 lakhs as on 31.03.2007).
- 3.5 In making these Accounts, the value of the components procured in the past, treated as consumed in the Accounts of the concerned years, but which were surrendered to the Stores during the year by the custodians thereof, has been accounted for as part of the year end inventory. The value of such components was Rs. 56.65 lakhs (Rs. 126.40 lakhs for the previous year).
- 3.6 As the Centre continued to hold the view that it is part of the "Government", it has been assumed that the provisions of the Fringe Benefit Tax Law, which became effective from the year 2005-06 and modified since then, will not apply in the Centre's case. Therefore, no provision has been made on this account.

4.0 Contingent Liabilities not provided for

- 4.1 On account of unexpired letters of credit issued by bankers in respect of purchase orders for components and equipment Rs. 2.74 lakhs as on 31.03.2008 (Rs. 85.40 lakhs as on 31.03.2007).
- 4.2 On account of bank guarantees given by /on behalf of the Centre Rs. 97.05 lakhs (Previous Year Rs. 132.49 lakhs)

5.0 Income and Expenditure Account

- 5.1 Though the Centre adopts the accrual system of accounting in respect of all its income, no income has been considered on such basis in respect of TOT/royalty, there being no information on the sale, etc., if any, made by any of the licensees.
- 5.2 According to the accrual system of accounting followed, an income of Rs. 1362.50 lakhs has been assumed in making the current year's Accounts on account of fee for support rendered

by the Centre during the year to a telecom operator. (Previous year Rs. 3000.00 lakhs) This is inspite of the fact that the telecom operator concerned has neither paid the amount of Rs. 3000.00 lakhs due at the end of the previous year nor has paid any part of the amount due for the current year. No part of this amount due is considered bad for recovery, as the telecom operator is a Government of India entity and as the same is therefore treated equivalent to a sovereign debt.

- 5.3 The Centre is advised that there is no liability to service tax in respect of its activities atleast until 01.06.2007. However, adhering to prudent principals as well as the recommendations of the Institute of the Chartered Accountants of India, liability to service tax has been created and kept in suspense account in respect of fees for field support for the period 01.06.2007 to 31.03.2008, while making these accounts. However, service tax will become payable only when the fees is actually received from the telecom operator concerned.
- 5.4 The Centre adopts the Central Government system of payment of basic pay and some of the other allowances to its staff. Accordingly, provision has been made in the Accounts of the Centre for the current year on account of likely increases in the basic pay and such other allowances, due to the possibility of accepting the recommendations of the 6th Central Pay Commission (CPC) for Central Government Employees. As the impact of the recommendations of the CPC is likely to extend to the period since 01.01.2006, this provision has been made, in making these Accounts. The amount so provided was Rs. 1058.36 lakhs (Previous year- Nil). As a consequence, the expenditure on account of establishment expenses (Schedule 11) has gone up by this amount.
- 5.5 Though the C-DOT Byelaws provide that the Centre would have a gratuity fund trust on the same lines as ITI, neither such a Trust could be formed so far nor any actuarial valuation of the liability on account of gratuity to eligible employees could be made. In this regard, reference is invited to Para 12 (b)(i) to Schedule 15 Significant Accounting Policies which formed a part of the Accounts for the year ended 31.03.2007. The Centre has so far been discharging its obligation on account of gratuity to eligible employees on cash basis. In making the Accounts for the current year, a deviation has been made in the sense that a provision has been created on account of gratuity that would become payable, if all eligible employees on 31.03.2008, were to make a claim therefor. The amount of such a provision made in the current year's Accounts was Rs. 925.79 lakhs. (Previous year- Nil) This provision:
- a. will be used to pay gratuity to an eligible employee included therein, who may leave the service of the Centre in future, and
 - b. will be appropriately enhanced, while making the accounts for the future years. As a result of this new practice, the system of making settlement of gratuity payments on cash basis will come to an end from the next financial year.

- 5.6 The value of components consumed during the year was Rs. 421.74 lakhs (Previous year Rs.772.10 lakhs). This value was arrived at by reducing the value of the closing stock of components as on 31.03.2008 from the aggregate of the values of such stock as on 01.04.2007 and the purchases made during the year 2007-08.

6.0 General Notes

- 6.1 The net result of the fluctuations in foreign exchange on transactions in foreign currencies during the current year was a gain of Rs. 5.28 lakhs (Previous year Loss of Rs. 0.60 lakh)
- 6.2 The nature of the activities carried on by the Centre being such that these have been held to be not resulting in any "manufacture" and "sale" of products. As a consequence, the laws' applicable to taxation of manufactured products and sale thereof are not deemed to apply in the case of this Centre. However, some of the technical services rendered by the Centre have been recognized as services attracting the levy of service tax.
- 6.3 Previous year's figures have been re-grouped or re-arranged wherever necessary.

Our Bankers

Canara Bank

12, Aradhana Enclave
Sector-13, R.K. Puram, New Delhi-110 066

Syndicate Bank

Corporate Finance Branch
6, Sarojini House, Bhagwan Dass Road,
New Delhi-110 001

Canara Bank

KIADB Building, Bommasandra Industrial Area Complex
Hosur Road, Bommasandra
Bangalore - 560 099

Central Bank of India

Sona Towers, 71/1, Millers Road
Bangalore-560 052

Our Statutory Auditors

K. Venkatachalam Aiyer & Co.

Chartered Accountants
IV Floor, Jelitta Towers
21/1, Mission Road
Bangalore - 560 027

Our Offices

C-DOT

C-DOT Campus
Mehrauli
New Delhi-110 030

C-DOT

Electronics City
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Bangalore - 560 100

C-DOT

Field Support Centre, CTS, Main Building
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C-DOT Campus, Mehrauli, New Delhi-110030

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