

# Annual Report 2006-07



सी-डॉट  
C-DOT Centre for Development of Telematics

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## C-DOT Management

### Governing Council

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#### 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

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#### 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

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#### Chairman

Executive Director, C-DOT

#### Members

Directors, C-DOT



Centre for Development of Telematics (C-DOT) is the telecom research and development centre of the Government of India.

C-DOT develops total telecom solutions, technologies and applications for the fixed-line, mobile and packet-based converged networks and services. C-DOT's current focus is on projects for defense and security agencies, developing network solutions for packet based next generation networks including leveraging the existing networks. C-DOT is also giving importance to software intensive products and solutions including turnkey projects and to develop, build and operate model projects. Projects to cater to other national requirements to bridge the digital divide and those for North Eastern region and to develop enterprise and broadband solutions are also part of the schemes.

C-DOT's product portfolio includes Advanced Intelligent Network solutions, Access Network products, Wavelength Division Multiplexing (WDM) systems, Satellite Communication systems, Network Management systems, Operation Support systems, Cell and Packet technologies for voice & data communications and Rural Wireless Access and Broadband Solutions based on software defined and Cognitive Radio. C-DOT continues to support the legacy systems deployed in the field.

### The Tenth Five Year Plan and the Year at a Glance

During the tenth five year plan period, India has witnessed a paradigm shift in telecom technology, unprecedented growth rate of networks, introduction of innovative services and stiff market competition.

Most of the schemes which C-DOT had undertaken during tenth five year plan have already been completed and remaining ones would be completed within first one or two years of the 11<sup>th</sup> plan. In four ongoing schemes, the remaining deliverables are in an advanced stage of completion (wherein over 85-90% work is already over). The progress made in some of the major technology programs during the planned period and other achievements are given in the following paras:

- During 10<sup>th</sup> plan period C-DOT continued its efforts in upgrading the features and services offered by existing technologies, also, to meet the changing requirements of the customers.
- C-DOT brought out ATM switches, for strategic Networks and is currently developing state-of-the-art Next Generation Networks (NGN) systems, MPLS Routers etc. Besides other software applications, Indian Navy has adopted ATM technology.
- C-DOT has also developed a wide range of products for access and backbone connectivity on various media like radio, satellite, wireless, and optical fibers. IDR satellite pilot system has been absorbed in the commercial network of BSNL along with optical fibre based DWDM pilot system.
- Recognizing the advantages of software based solutions and progressive skills developed during last many years; C-DOT also focused on the development of innovative software intensive products and solutions. This is one area where C-DOT has been able to have thrust in the commercial market as well. Network Management Systems for local exchanges, trunk exchanges and GSM network are the prime components besides subscriber management, transmission management, clearing house for roaming between BSNL and MTNL, missed card alert systems and enhanced Intelligent Network features etc. Call interception and intelligence system has been developed and has been further adapted for enforcement Directorate. Fixed line based system after pilot trial in BSNL has been revived for MTNL.
- Intelligent Network systems and IMPCS pilot are important mile-stones, both for C-DOT and BSNL.
- C-DOT has been fulfilling its role as a national R&D center by participating and providing technical support for various government programmes like spectrum policy, rural projects, USOFA consultancy project in sharing of passive infrastructure etc.



- Some of the developments like Fibre Access Systems, Value engineered switching base modules, Next generation optical fibre based SDH systems etc. could not be commercially exploited due to various reasons.

To reduce the development time, accelerate pace of development and make entry into the competitive market; C-DOT has entered into various strategic partnerships based on different models ranging from project based understanding, building on core technologies of the partners to equity based ventures.

- With a joint equity based partnership with a foreign major, C-DOT will leap frog into 4G technologies like Mobile Wi-MAX. Extended lab trials are being done.
- Next generation networks, GPON systems using optical fibres, software defined radio and broadband cognitive radios are some examples of project based mutual alliances.
- C-DOT entered into joint working partnership with Canadian Research Centre for Broadband cognitive Radio; with Vanu systems USA for software defined Radio, with Audio codes of Israel for media gateways, with VocalTech of Israel for soft switches, with Intel Corporation and Performance Technologies for signaling gateways. All the systems developed on collaborative basis are already on field trials.

## Activities during the year

- An exercise of Zero Based Budgeting (ZBB) was carried out to plan the schemes / project deliverables for the financial year 2006-07. As part of the outcome budget, the physical targets and financial targets were also defined on quarterly basis.
- A gist of the activities taken up and progress made during the year is as follows:

### • Innovative Services for Business & Industry

- Network Management Systems (NMS) Enhancements
- Operating Support System (OSS)
- Call Interception & Intelligent System (CIIS)
- Other Innovative Services undertaken as part technology support.

### • Advanced Intelligent Network (IN) Services

- IN Enhancements & IN Based Services
- High Bit Rate Network Backbone on Fiber & Satellite
- C-DOT Wavelength Division Multiplexing (WDM)

- Broadband satellite system in Ku band (BBTS)

- G-PON (Gigabit Passive Optical Network)

### • Cell & Packet Technologies For Voice & Data Convergence

- C-DOT NGN (Next Generation Network) Solution in the BSNL Network
- Network Reliability Optimization for AISDN-17 (Navy)

### • Wireless & Mobile Communication

- Wireless Access System

### • Technical Support Services Product enhancements and Field support

- C-DOT MAX Technology Enhancements-features, bug fixes etc.
- C-DOT RAX Technology Enhancements-features, bug fixing etc.



### Innovative Services for Business & Industry

#### Network Management System (NMS)

The NMS project deals with Local NMS, Trunk Automatic Exchange (TAX) NMS, Network Management for GSM mobile networks and Subscriber Management System. NMS includes fault configuration, accounting, performance, subscriber management and security for a multi-vendor and multi-technology environment.

**Trunk Automatic Exchange Network Management System (TAX NMS):** Tender document was finalized for nation-wide deployment of C-DOT TAX NMS solution.

**GSM Network Management System (GNMS):** MoU was signed with M/s BSNL for the deployment of GNMS to provide network management for GSM-based mobile network.

**C-DOT Local Network Management System (LNMS):** New software was released and deployed at sites of BSNL & MTNL; enhancements were also carried out in the subscriber management functionality.

#### Operation Support System (OSS)

Clearing House Application (CLH) for GSM National Roaming, pilot/field trial commenced for BSNL & MTNL.



#### Call Interception & Intelligence System (CIIS)

The CIIS enables intelligence agencies to lawfully intercept voice, data, FAX and SMS transmissions. The system includes implementation for interception of circuit switched calls in landline, mobile and packet switched networks.

**Lawful Interception System (LIS):** Enhancements were carried out in LEIF & LEMF (Lawful Enforcement Interception & Monitoring Function). Proposals were submitted to both, the LEA and MTNL.

#### Advanced IN (AIN)

C-DOT Intelligent Network Product Suite is a state of the art offering in step with the latest technologies. C-DOT's comprehensive portfolio of IN Solutions includes IN Services over legacy wire line networks, GSM and CDMA Mobile Networks and the futuristic packet based Next Generation and 3G IMS Networks. It offers a rich array of services including the traditionally popular Prepaid, Toll free, Premium Charging services and the new generation Internet Call Waiting, Universal Personal Telecommunications and innovative multimedia services among others. The solution is flexible and configurable to suit the needs of small as well as large vendors.

**IN Enhancements & IN based Services:** IN is a suit of services evolves progressively depending upon emergence of newer technologies catering to different network types, namely, fixed line, GSM, CDMA and IP networks each having different IN protocol.

IN enhancements development completed for GSM & CDMA (WIN); field trial is in progress. Development for converged IP network is in progress.

#### High Bit Rate Network Backbone on Fiber & Satellite

DWDM system is a high capacity optical fiber transport system for simultaneously transporting



32 wavelengths, each carrying data up to 2.5 Gbps rate on a single fiber to provide a throughput of 80 Gbps on the fiber.

### **C-DOT Wavelength Division Multiplexing (WDM)**

Technology approval awarded for DWDM (Dense Wavelength Division Multiplexing), Field trial equipment accepted by BSNL for commercial traffic. TEC testing is in-progress for CWDM (Coarse WDM).

### **Broadband satellite system in Ku band (BBTS)**

Integration and testing is in-progress in the lab; field trial is expected to commence shortly.

### **G-PON (Gigabit Passive Optical Network)**

Design implementation is in-progress and the technology trial is also expected to commence in next two quarters.

## **Cell & Packet Technologies for Voice & Data Convergence**

Cell & packet based networks are the next generation of evolution of the PSTN based telecommunication networks. Use of Internet Protocol (IP) in large telecommunication networks enables delivery of acceptable Quality of Service (QoS) to the customers at a much lower price than most other competing technologies.

The cell-based ATM system from C-DOT has found application in the Defence Sector. As part of the ongoing collaboration exercise, these systems are being customized in order to meet the specific networking requirements of the three Armed Forces of India across various projects under commercial agreements with the Bharat Electronics Ltd.

### **C-DOT NGN (Next Generation Network) Solution in the BSNL Network**

MOU signed with BSNL for the field trial of C-DOT



NGN solution in the network. Pilot field trial for C-DOT NGN with strategic partners is in-progress at site allocated at Noida, Gurgaon and Bangalore for trial of Class-4 (IP TAX) and Class-5 (subscriber) services. Indigenous developments for various components are also in progress.

### **Network Reliability & Optimization for ATM (Asynchronous Transfer Mode) based Integrated Shipboard Data Network (AISDN-17)**

Acceptance testing (AT) of ATM for Defence Customization and Network Reliability & Optimization for AISDN-17 Navy project which include customization for ATM switch, Network Interface Unit (NIU), Network Health Monitoring system (NHMS), Performance Modeling & Latency Measurements, etc have been completed and the feedback incorporated. System has been re-offered for validation. The validation is nearing completion.

## **Wireless & Mobile Communications**

This scheme deals with the development of cost-effective Rural Wireless Access and Broadband solution. Developments under this scheme include the design and development of an All IP-Wireless Access and Broadband solution that inter-operates with the existing PSTN network infrastructure. There are two components of this solution:

Expansion of voice communication services to rural and inaccessible areas using the GSM technology





based on Software Defined Radio (SDR) and, subsequently CDMA wireless technology. These services are intended for individual rural subscribers.

Provision of broadband wireless services in rural areas to facilitate variety of socio-economic development programs such as health, education and employment.

### **Wireless Access System**

Field trial site allocated & equipment installed in the field. Pilot / field trial commencement awaits frequency allocation.

### **North East Region Projects**

The focus for the North Eastern Projects included projects related to Network Management Systems, Satellite based connectivity; Soft Switch based packet-based technologies & technology up gradation support for deployed systems etc.

### **Technical Support Services**

#### **Field Support & Product Support Enhancements**

C-DOT continued to provide product support to the existing network in the field by retrofitting and imparting training to field staff, wherever required to upgrade the technology deployed in the network and addresses the component obsolescence. Various enhancements carried out in the C-DOT switching system are as follows:

#### **C-DOT MAX Technology Enhancement-features, bug fixing etc.**

New software 2218 (3.6) for C-DOT switching system (namely, MAX-XLs and SBM-XLs) has been developed and being tested lab to take care of metering and IOP stability related issues reported from various field sites. The software link will be released to field sites shortly for mass propagation after successful lab validation completion.



A new clean link 2\_2\_1\_9 has also been developed to cater for additional requirements such as the CENTREX features etc, currently under lab testing. The link will be updated to cater other BSNL requirements like Personalized Ring Back Tone (PRBT), Call Completion to Busy Subscribers (CCBS) and Message Waiting indication (MWI) etc.

#### **C-DOT RAX Technology Enhancements-features, bug fixing etc.**

Software version ANR-F02-012.2 supporting auto restoration of link (elimination of manual reset operation as required in previous version) completed the TEC testing and the field trial at 8 sites of AN RAXs connected to C-DOT MAX-XL at Salem (Tamilnadu) in the BSNL network. Approval accorded for its propagation at sites.

**AN-RAX (ISDN) System:** C-DOT AN RAX technology has been upgraded with the development of additional Compact ISDN Terminal Unit hardware (CIT) as a separate set-top box to provide ISDN capability in the system. The system along with software version ANR-F02-110 has been accorded technology approval after successful completion of its TEC testing and field trial with OCB-283 and C-DOT SBM-VE as Local Exchanges. The existing C-DOT 256P RAXs and AN RAXs in the field can be upgraded with the ISDN capability.

### Business Promotion Activities

C-DOT installed Missed Call Alert (MCA) System in GSM network of BSNL and MTNL.

MTNL accepted the C-DOT's commercial proposal on "First Call Activation of VCC (Virtual Card Calling) cards", part of IN services for its implementation in MTNL's GSM network at Delhi.

Techno-commercial proposals submitted on "Compact Embedded System (CES) online collection of CDRs from C-DOT MAX-L / XL", "Subscriber Management (SM) , functionality C-DOT NMS", "Lawful Interception System (LIS)" to BSNL and other government agencies.

C-DOT along with M/s Xalted Informatics Systems Pvt. Ltd. also submitted expression of interest for GPON-based FTTH (Fibre-to-the-Home) system to BSNL.

C-DOT also submitted its bid along with strategic technology partners for the supply, installation, commissioning and technical support of VOIP equipment against the tender in one of the BSNL zones.

C-DOT submitted expression of interest for development of indigenous Network Management System (NMS) to DRDO.

C-DOT signed MoUs with M/s BSNL for the deployment of C-DOT Local Network Management System (LNMS), TAX management and GSM



Network Management System (GNMS) in the network.

MoU was also signed with Universal Services Obligation Fund Administration (USOFA) to provide technical consultancy for the project to support infrastructure for Cellular Mobile Services in rural and remote areas.

C-DOT filed the US patent application on "A Novel Architecture for a Message Bus".

C-DOT applied for IPR on "C-DOT High Voltage Protection (CHVP) C-DOT RAX and MAX technologies".

### Exhibitions & Conferences

C-DOT participated in the "India R&D 2006: Mind to Market" held from December 4-6, 2006 at Vigyan Bhawan, New Delhi. The exhibition was organized by FICCI in partnership with Department of Science & Technology, Department of Industrial Policy and Promotion and CSIR. Hon'ble President of India inaugurated the event.

C-DOT participated in the International Conference & Exhibition "India Telecom 2006" organized by Department of Telecommunications in association with FICCI and TEMA held from 14-16 December, 2006 at Pragati Maidan, New Delhi. Honourable President of India inaugurated the event along with Minister of C & IT.

C-DOT participated in "Convergence India 2007"



organized in New Delhi from 20-22 March, 2007.

### **Promotion of Hindi in C-DOT**

C-DOT is making various efforts to ensure compliance of Official Language Policy of Government of India. Many innovative and different programmes have been initiated in this regard. Technical Seminars in Hindi were organised at both Delhi and Bangalore centres with large participation. C-DOT Celebrated Hindi Utsav from September 14-28, 2006. Famous novelist and writer Krishna Sobti inaugurated the Utsav. During this fortnight authors and poets of eminence like Ashok Vajpayee, Smt. Padma Sachdev, Padma Bhooshan Gopaldas Neeraj, Dr. Ashok Chakradhar and Surendra Sharma were invited. Kavi Sammelans were organised on the occasion of Hindi Diwas at both the centres.

Honourable Parliamentary Committee on Official Language inspected progress of the

implementation of O. L. Policy at C-DOT and suggested measures for further improvements.

### **CMMI Initiative**

Elaborate definition of Processes, for all activities related to product development and support service provisioning, has been completed. The Processes are applicable to all projects organization-wide and define all engineering, support, project management and process management activities. These are mappable to Maturity Level 3 Process Areas of CMMI Model.

The complete Quality Management System (QMS) with guidelines, templates, forms, checklists and repositories defined, to aid in execution of these processes has been worked out.

The user orientation has been completed and the system was ready for roll-out and implementation in the projects across the organization.

## Statement of Accounts 2006-07

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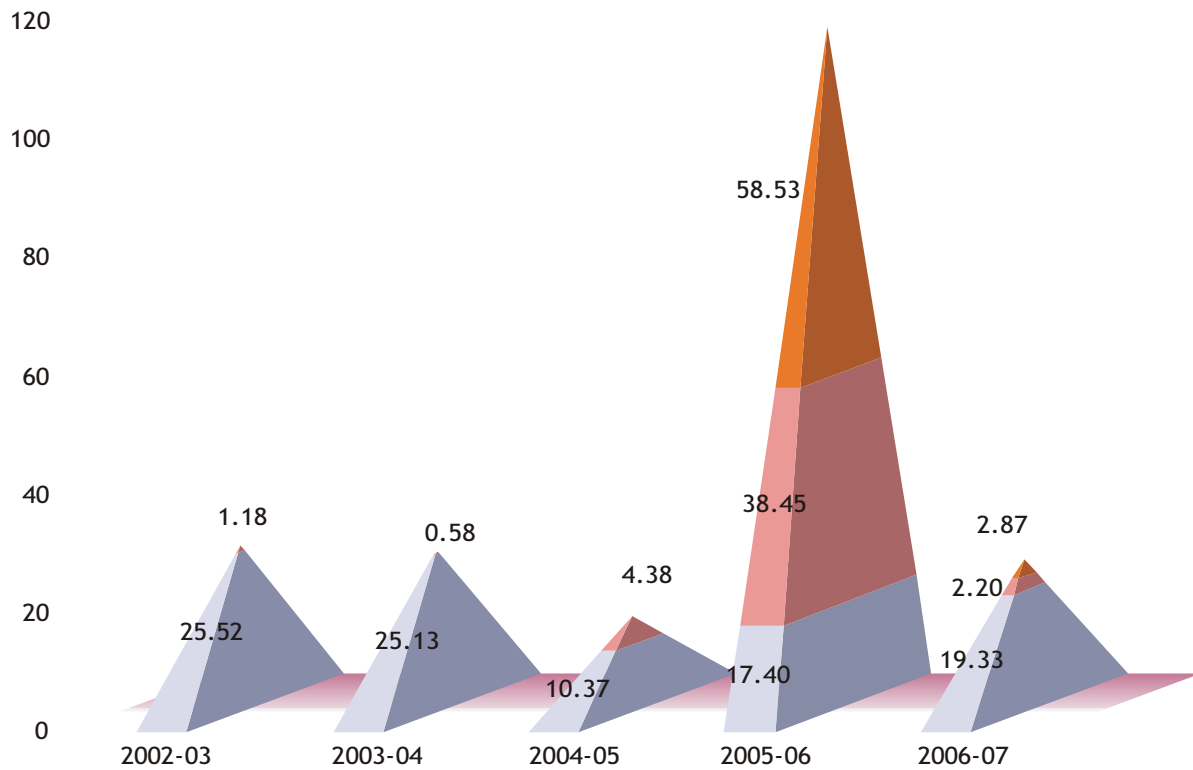
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## Gross Additions to Capital Assets 2002-03 to 2006-07

(Rs. in Crores)



- R & D ASSETS
- OTHER INFRASTRUCTURE ASSETS
- BUILDING



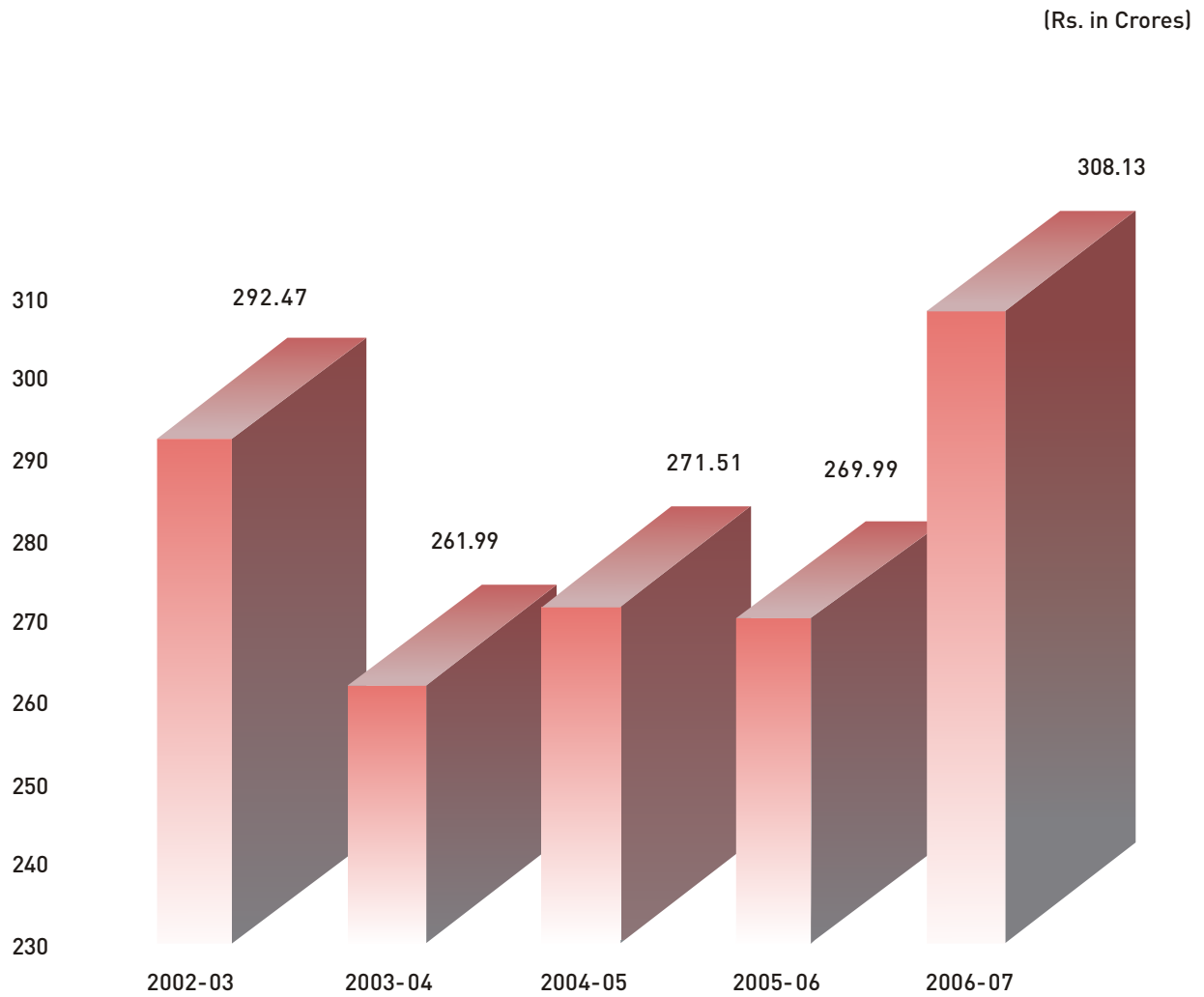
## TOT / Royalty Recoverables from Licensees As on 31-03-2007 and on 31-03-2006

(Rs. in Crores)

Sl. No.	Licensee	Amount due as on 31-03-2007	Amount due as on 31-03-2006	Remarks
	<b>PSU's -A</b>			
1	BEL	0.47	0.49	
2	BHEL	0.60	0.90	
3	ECIL	0.46	1.21	
4	IL KOTA	1.90	2.17	
5	ITI	22.80	22.80	C-DOT has taken over buildings and open space belonging to this company at Bangalore.
6	PCL	1.89	2.72	Balance dues are being settled in a phased manner.
	<b>Sub-total- (A)</b>	<b>28.12</b>	<b>30.29</b>	
	<b>NON PSU 's - B</b>			
1	HTL	6.59	6.35	Efforts are on to collect the amount in a phased manner.
2	CGL	2.05	2.20	Legal action contemplated.
3	RTL	0.23	0.43	Legal action contemplated.
4	UTL	0.32	0.82	Amount realised during the year was Rs. 50 Lakhs. For the balance amount, post dated cheques have been received.
5	OTHERS	0.05	0.05	Efforts are on to collect amount.
	<b>Sub-total- (B)</b>	<b>9.24</b>	<b>9.85</b>	
	<b>TOTAL (A) + (B)</b>	<b>37.36</b>	<b>40.14</b>	



## Networth at the end of Last Five Years





# Auditor's Report on the Accounts of C-DOT for the Year ended 31<sup>st</sup> March 2007 and the Management's Replies to the observation thereon.

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

Para No. in the Auditor's Report	Auditor's Observation	Management's Replies thereon
1	We have audited the attached Balance Sheet of Centre for Development of Telematics as at 31 <sup>st</sup> March 2007, the Income & Expenditure Account and also the Receipts & Payments Account for the year ended 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.	<p>Preparation of the financial statements is the responsibility of the Centre.</p> <p>The Auditors are to merely express an opinion on the statements so prepared by the Centre from year to year.</p> <p>As a consequence, this observation is a factual one.</p>
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 material 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>The Auditors have conducted their audit of the financial statements for the year 2006-07 based upon the evidence supporting the various disclosures made in these statements and principles adopted for the purpose.</p>
3	Reference is invited to Point No. 12 (b) of Schedule 15-Significant Accounting Policies, forming part of the Accounts with regard to accounting of gratuity and ex-gratia payment to eligible employees being accounted on cash basis.	<p>a) Gratuity to eligible employees: Though we have adopted the accrual system of accounting for all expenses, in the case of gratuity to eligible employees, we settle their gratuity dues under the "pay as you go" method.</p> <p>This method has been in place in C-DOT since the beginning, as the Centre has been witnessing significant engineer turnover over the years. Hence no need was felt so far to get the liability to gratuity to eligible staff assessed on actuarial basis and provide for the same in the Accounts based thereupon.</p>



Para No. in the Auditor's Report	Auditor's Observation	Management's Replies thereon
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This practice has been consistently indicated in the statement on Significant Accounting Policies adopted for each year, as it is an exception to the general policy of accounting for expenses on accrual basis.

b) Payment of ex- gratia to eligible employees:

i. The expenditure under this head is also not being accounted for on accrual basis.

ii. Hence, no provision was made in the Accounts of the Centre for each year.

iii. This has been stated as an exception in the Statement on Significant Accounting Policies.

iv. This is in view of the following facts:

- The Governing Council, at its 26<sup>th</sup> meeting held on 30<sup>th</sup> March 1999, decided to pay bonus to eligible employees on the same basis as in the case of similar employees in the DOT.
- In 1999, DOT decided to pay Productivity linked Bonus (PLB), to its eligible employees. Accordingly, C-DOT also paid PLB to the eligible employees of the Centre.
- However, the period after 2000 when DOT ceased to be a commercial department with the formation of BSNL, the bonus pattern was changed so that instead of PLB, it came to be paid on adhoc basis.
- Continuance of this payment to eligible employees of C-DOT is dependent upon the policy for each year to be decided by DOT.
- Therefore, no provision for such bonus could be made in the Accounts of C-DOT for each year.



4. Subject to the above, we report that; Being factual, no further comment is necessary.
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our Audit.
  - 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.
  - iii. The Balance Sheet, Income & Expenditure Account and Receipts & Payments Account dealt with by this report are in agreement with the books of Account.
  - 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;
    - a. In the case of the Balance Sheet, the state of affairs of the Centre as at 31<sup>st</sup> March 2007;
    - b. In the case of the Income & Expenditure Account, the excess of expenditure over income for the year ended on that date; and
    - c. In the case of Receipts & Payments, the abstracts 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  
Bangalore  
8th June, 2007

For Centre for Development of Telematics

Sd/  
Vijay Madan  
Executive Director



## Balance Sheet as on 31<sup>st</sup> March...

[ In Rupees ]

	Schedule No.	2007	2006
<b>CORPUS / CAPITAL FUND AND LIABILITIES</b>			
Corpus / Capital Fund	1	3,046,631,075.07	2,665,208,131.69
Reserve & Surplus	2	34,658,685.67	34,658,685.67
Current Liabilities & Provisions	3	182,451,948.30	147,340,662.18
<b>TOTAL</b>		<b>3,263,741,709.04</b>	<b>2,847,207,479.54</b>
<b>ASSETS</b>			
Fixed Assets	4		
Gross Block		4,238,553,698.26	4,054,388,920.77
Less: Depreciation		2,702,232,735.85	2,490,584,420.30
Net Block		1,536,320,962.41	1,563,804,500.47
Assets in Transit	4	2,722,125.00	9,188,045.44
Capital Items in Stock	4	1,217,072.00	0.00
Capital Work in Progress	5	880,719.00	180,719.00
Investments-Long Term	6	390,000,000.00	130,000,000.00
Current Assets, Loans & Advances and Deposits	7	1,332,600,830.63	1,144,034,214.63
<b>TOTAL</b>		<b>3,263,741,709.04</b>	<b>2,847,207,479.54</b>
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/-  
Vijay Madan  
Executive Director

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

Place: Bangalore  
Date: 8th June 2007

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



## Income and Expenditure Account

For the year ended 31<sup>st</sup> March...

( In Rupees )

	Schedule No.	2007	2006
<b>INCOME</b>			
TOT, Royalty, FSR and Publications	8	462,977,486.00	43,081,460.00
Interest Earned	9	6,096,803.68	30,138,381.85
Other Income	10	14,700,608.45	16,425,211.35
<b>TOTAL (A)</b>		<b>483,774,898.13</b>	<b>89,645,053.20</b>
<b>EXPENDITURE</b>			
Establishment Expenses	11	371,969,352.61	369,413,374.99
Operational Expenses	12	139,418,677.30	97,461,624.28
Other Administrative Expenses	13	145,527,802.89	170,241,894.70
Depreciation	4	232,103,198.31	234,509,700.75
<b>TOTAL (B)</b>		<b>889,019,031.11</b>	<b>871,626,594.72</b>
Excess of expenditure over income for the year C=(B-A)		<b>405,244,132.98</b>	<b>781,981,541.52</b>
Add/less (-) :- Adjustments pertaining to earlier years	14	33,332,923.64	-14,624,738.48
<b>Balance being excess of expenditure over income</b>		<b>438,577,056.62</b>	<b>767,356,803.04</b>
Add:- Excess expenditure over income of earlier years		8,030,145,030.43	7,262,788,227.39
<b>Balance being deficit carried to Corpus Fund/ Capital Fund</b>		<b>8,468,722,087.05</b>	<b>8,030,145,030.43</b>
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/-  
Vijay Madan  
Executive Director

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

Place: Bangalore  
Date: 8th June 2007

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



## Schedule - 1 Corpus / Capital Fund

(Forming part of the Balance Sheet as at 31<sup>st</sup> March...)

( In Rupees )

	2007		2006	
<b>Grants form Dept. of Electronics (Presently Dept. of Information Technology)</b>				
Accumulated Balance		335,200,000.00		335,200,000.00
<b>Grants from Dept. of Telecommunication</b>				
Balance at the beginning of the year	10,360,153,162.12		9,608,953,162.12	
<b>Add: Contributions towards Corpus / Capital Fund during the year</b>	<u>820,000,000.00</u>	<u>11,180,153,162.12</u>	<u>751,200,000.00</u>	<u>10,360,153,162.12</u>
<b>Sub-total (A)</b>		11,515,353,162.12		10,695,353,162.12
<b>Less: Balance of net expenditure transferred from the Income and Expenditure Account</b>		<u>8,468,722,087.05</u>		<u>8,030,145,030.43</u>
<b>Sub-total (B)</b>		8,468,722,087.05		8,030,145,030.43
<b>TOTAL (A) - (B)</b>		<b>3,046,631,075.07</b>		<b>2,665,208,131.69</b>



## Schedule 2 - Reserves & Surplus

( Forming part of the Balance Sheet as at 31<sup>st</sup> March... )

( In Rupees )

	2007		2006	
<b>General Reserve</b>				
Balance at the beginning of the year	34,658,685.67		34,658,685.67	
Add: Additions during the year	<u>0.00</u>	34,658,685.67	<u>0.00</u>	34,658,685.67
<b>TOTAL</b>		<b>34,658,685.67</b>		<b>34,658,685.67</b>

## Schedule 3- Current Liabilities & Provisions

( Forming part of the Balance Sheet as at 31<sup>st</sup> March... )

( In Rupees )

	2007		2006	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
1. Sundry Creditors				
a) For Goods	16,311,542.00		12,135,422.69	
b) Others	<u>66,695,251.00</u>	83,006,793.00	<u>55,299,997.00</u>	67,435,419.69
2. Advances received				
- For Funded Projects		52,599,776.22		29,497,629.45
3. Statutory Liabilities		5,965,931.00		6,190,881.00
4. Other Current Liabilities		40,879,448.08		44,216,732.04
<b>TOTAL</b>		<b>182,451,948.30</b>		<b>147,340,662.18</b>

## Schedule 4- Fixed Assets

(Forming part of the Balance Sheet as at 31<sup>st</sup> March....)

( In Rupees )

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2006	Additions	Adj./Write-off	As on 31.03.2007	As on 01.04.2006	For the year	Adj./Write-off	As on 31.03.2007	As on 31.03.2007	As on 31.03.2006	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	0.00	120,000,000.00	120,000,000.00	120,000,000.00
Building-Office	585,003,457.00	28,710,628.00	(43,564,750.35)	570,149,334.65	58,500,345.70	51,600,546.40	(4,356,475.04)	105,744,417.06	464,404,917.59	526,503,111.30	526,503,111.30
Building-Residential	23,627,434.00	0.00	0.00	23,627,434.00	9,325,394.24	715,101.99	0.00	10,040,496.23	13,586,937.77	14,302,039.76	14,302,039.76
R & D Equipment	2,062,586,781.85	168,105,779.00	(1,259,243.00)	2,229,433,317.85	1,589,832,526.95	96,101,901.46	(1,078,552.15)	1,684,855,876.26	544,577,441.59	472,754,254.90	472,754,254.90
R & D Computers	648,129,279.34	25,232,189.44	(14,094,675.00)	659,266,793.78	627,954,265.73	27,235,518.34	(14,080,002.52)	641,109,781.55	18,157,012.23	20,175,013.61	20,175,013.61
Office Equipments & Appliances	335,792,404.56	8,543,150.00	(917,867.00)	343,417,687.56	101,982,562.31	36,354,254.96	(926,574.45)	137,410,242.82	206,007,444.74	233,809,842.25	233,809,842.25
Furniture & Fittings	241,503,120.31	12,169,993.00	0.00	253,673,113.31	65,242,881.66	18,843,023.16	0.00	84,085,904.82	169,587,208.49	176,260,238.65	176,260,238.65
Library Books	37,746,443.71	1,252,852.00	(13,278.60)	38,986,017.11	37,746,443.71	1,252,852.00	(13,278.60)	38,986,017.11	0.00	0.00	0.00
<b>TOTAL</b>	<b>4,054,388,920.77</b>	<b>244,014,591.44</b>	<b>(59,849,813.95)</b>	<b>4,238,553,698.26</b>	<b>2,490,584,420.30</b>	<b>232,103,198.31</b>	<b>(20,454,882.76)</b>	<b>2,702,232,735.85</b>	<b>1,536,320,962.41</b>	<b>1,563,804,500.47</b>	<b>1,563,804,500.47</b>
Assets in Transit	-	-	-	-	-	-	-	-	2,722,125.00	9,188,045.44	9,188,045.44
Capital Items in Stock	-	-	-	-	-	-	-	-	1,217,072.00	0.00	0.00
<b>Previous year's total</b>	<b>2,968,936,421.59</b>	<b>1,143,805,569.89</b>	<b>(58,353,070.71)</b>	<b>4,054,388,920.77</b>	<b>2,312,516,106.97</b>	<b>234,509,700.75</b>	<b>(56,441,387.42)</b>	<b>2,490,584,420.30</b>	<b>1,563,804,500.47</b>	<b>656,420,314.62</b>	<b>656,420,314.62</b>



## Schedule 5- Capital Work in Progress

( Forming part of the Balance Sheet as at 31<sup>st</sup> March.... )

( In Rupees )

	As at 01.04.2006	Additions	Adjustments ( + / - )	Transfer to I & E Account	Transfer to Fixed Assets	As at 31.03.2007	As at 31.03.2006
<b>Campus - Delhi</b>							
1) Main R & D Building	0.00	28,710,628.00	0.00	0.00	-28,710,628.00	0.00	0.00
2) Electro Mechanical Service	0.00	904,928.00	0.00	0.00	-904,928.00	0.00	0.00
3) Campus-Residential Complex	180,719.00	700,000.00	0.00	0.00	0.00	880,719.00	180,719.00
<b>TOTAL</b>	<b>180,719.00</b>	<b>30,315,556.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-29,615,556.00</b>	<b>880,719.00</b>	<b>180,719.00</b>
<b>Previous year's Balance</b>	829,410,883.30	61,638,031.00	25,838,668.00	23,508,907.70	-940,215,771.00	180,719.00	875,088,460.30



## Schedule 6- Investments - Long Term

( Forming part of the Balance Sheet as at 31<sup>st</sup> March... )

( In Rupees )

	No. of Fully Paid Equity Shares	Face Value Per Share (Rs.)	2007	2006
<b>UNQUOTED</b>				
<b>JOINT VENTURE COMPANY</b>				
1. C-DOT Alcatel Research Centre Pvt. Ltd. (CARC)	39,000,000	10	390,000,000.00	130,000,000.00
<b>TOTAL</b>			<b>390,000,000.00</b>	<b>130,000,000.00</b>



## Schedule 7- Current Assets, Loans & Advances and Deposits

{ Forming part of the Balance Sheet as at 31<sup>st</sup> March... }

( In Rupees )

	2007		2006	
<b>A. CURRENT ASSETS</b>				
1. Inventories (As taken, valued and certified by the Management)				
a) Inventory	158,130,781.51		177,620,972.98	
b) Inventory in transit	<u>589,154.00</u>	158,719,935.51	<u>1,231,200.50</u>	178,852,173.48
2. Bank Balances				
a) With Scheduled banks				
On Deposit Accounts	74,437,302.06		218,122,591.00	
On Saving Accounts	<u>18,914,863.75</u>	<u>93,352,165.81</u>	<u>11,066,031.55</u>	<u>229,188,622.55</u>
<b>TOTAL (A)</b>		<b>252,072,101.32</b>		<b>408,040,796.03</b>
<b>B. LOANS &amp; ADVANCES</b>				
1. Loans				
a) Staff		1,875,291.00		2,503,085.00
2. Advances and other amounts recoverable in Cash or in kind or for value to be received				
a) Contractors & Suppliers	404,106,376.71		414,083,175.01	
b) Employees	105,944.00		190,858.69	
c) Prepaid expenses	<u>1,929,343.00</u>	406,141,663.71	<u>7,163,707.75</u>	421,437,741.45
3. Interest Accrued				
a) On Staff Loan	220,393.00		294,517.21	
b) On Bank Deposits	<u>530,099.29</u>	750,492.29	<u>1,104,438.00</u>	1,398,955.21
4. Claims Recoverable		639,104,739.31		285,934,266.94
5. Tax Deducted at Source		<u>23,940,011.00</u>		<u>14,507,409.00</u>
<b>TOTAL (B)</b>		<b>1,071,812,197.31</b>		<b>725,781,457.60</b>
<b>C. DEPOSITS</b>				
a) Office Building	45,000.00		45,000.00	
b) Others	<u>8,671,532.00</u>		<u>10,166,961.00</u>	
<b>TOTAL (C)</b>		<b>8,716,532.00</b>		<b>10,211,961.00</b>
<b>TOTAL (A) + (B) + (C)</b>		<b>1,332,600,830.63</b>		<b>1,144,034,214.63</b>



## Schedule 8- Income from TOT, Royalty, FSR and Publications

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

( In Rupees )

	2007		2006	
<b>1) Income from Royalty</b>				
- Received in Cash	0.00		0.00	
- Accounted on accrual basis	<u>0.00</u>	<b>0.00</b>	<u>0.00</u>	<b>0.00</b>
<b>2) Income from TOT</b>				
- Received in Cash	5,000,000.00		1,700,000.00	
- Accounted on accrual basis	<u>0.00</u>	<b>5,000,000.00</b>	<u>0.00</u>	<b>1,700,000.00</b>
<b>3) Field Support Receipts (FSR)</b>		<b>457,880,186.00</b>		<b>40,459,730.00</b>
<b>4) Income from Publications</b>				
a) Campus-Sale of Tender document	0.00		844,818.00	
b) Others	<u>97,300.00</u>	<b>97,300.00</b>	<u>76,912.00</u>	<b>921,730.00</b>
<b>TOTAL</b>		<b>462,977,486.00</b>		<b>43,081,460.00</b>



## Schedule 9- Interest Earned

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

( In Rupees )

	2007	2006
1) On Term deposits with Schedule Banks	5,683,437.55	11,615,058.42
2) On Saving Account with Scheduled Banks	175,809.05	17,789.92
3) On Loans to Employees / Staff	237,557.08	358,820.51
4) On Campus Mobilisation Advances	0.00	18,146,713.00
<b>TOTAL</b>	<b>6,096,803.68</b>	<b>30,138,381.85</b>

## Schedule 10- Other Income

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

( In Rupees )

	2007	2006
1) Profit on Sale / Disposal of Assets	472,801.22	300,246.16
2) Miscellaneous Income	12,316,409.13	10,984,532.95
3) Gain due to foreign exchange translation	134,140.10	190,730.24
4) Compensation collected - Campus	1,777,258.00	4,949,702.00
<b>TOTAL</b>	<b>14,700,608.45</b>	<b>16,425,211.35</b>



## Schedule 11- Establishment Expenses

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

( In Rupees )

	2007	2006
a) Salaries and Wages	213,752,302.00	210,002,338.00
b) Bonus	700,422.00	784,506.00
c) Contributions to Provident Fund	17,916,162.00	16,807,676.00
d) Contributions to other Funds	5,218,201.00	5,668,681.00
e) Gratuity paid to employees	11,615,005.00	7,065,264.00
f) Staff Welfare expenses	68,673,556.61	70,086,609.99
g) Rent on residentials and Maintenance Expenses	52,293,050.00	54,537,790.00
h) Recruitment and Training Expenses	1,800,654.00	4,460,510.00
<b>TOTAL</b>	<b>371,969,352.61</b>	<b>369,413,374.99</b>



## Schedule 12- Operational Expenses

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

( In Rupees )

	2007	2006
a) R & D Components & Consumables	77,209,640.55	50,519,826.98
b) Freight & Forwarding Charges	3,715,736.00	7,587,862.30
c) Repair & Maintenance-R & D Office Equipments	52,874,244.75	24,272,571.00
d) Design & Development Expenses	4,859,675.00	14,730,194.00
e) Consultancy Expenses	759,381.00	272,702.00
f) Testing Charges	0.00	78,468.00
<b>TOTAL</b>	<b>139,418,677.30</b>	<b>97,461,624.28</b>



## Schedule 13- Other Administrative Expenses

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

( In Rupees )

	2007		2006	
a) Travelling and Conveyance expenses		11,250,226.00		13,299,247.00
b) Vehicle hire charges		482,606.00		382,935.00
c) Rent, Rates & Taxes		823,930.00		22,946,421.00
d) Electricity & Water Charges		57,228,290.00		53,930,082.00
e) Repairs & Maintenance - Others		42,890,101.23		38,765,765.50
f) Newspaper, Periodicals, Journals & CDs		2,203,444.00		5,991,073.00
g) Insurance Charges		1,145,286.00		1,345,200.00
h) Printing, Stationery, Photocopy & Admn Consumables		6,415,262.09		7,527,588.26
i) Postage, Telephone and Communication Charges		11,146,388.67		14,208,757.28
j) Exhibition, Advertisement & Publicity Expenses		2,969,039.00		5,852,108.00
k) Expenses on Conference/Seminar/Membership Fees		5,248,526.00		1,546,784.50
l) Legal, Professional fees & Honorarium		861,036.00		973,164.00
m) Patent fees		323,690.00		1,317,881.04
n) Remuneration to Auditors				
Audit Fees	142,545.00		142,545.00	
Out of pocket expenses	75,549.00		81,292.00	
In other capacities	<u>0.00</u>	218,094.00	<u>15,000.00</u>	238,837.00
o) Hospitality/Entertainment Expenses		837,605.00		430,312.50
p) Bank Charges		1,056,958.67		704,568.51
q) Loss due to foreign exchange translation		193,873.91		15,350.83
r) Miscellaneous Expenses		233,446.32		196,688.43
s) Loss on Sale of Assets		0.00		569,130.85
<b>TOTAL</b>		<b>145,527,802.89</b>		<b>170,241,894.70</b>





## Schedule 14- Adjustments pertaining to Earlier Years (Net)

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

( In Rupees )

	2007		2006	
	Debit	Credit	Debit	Credit
<b>INCOME</b>				
TOT, Royalty, FSR and Publication	5,499,476.00	0.00	0.00	1,037,392.00
Interest Earned	0.00	0.00	0.00	0.00
Other Income	982,963.00	0.00	180,320.00	0.00
<b>EXPENDITURE</b>				
Establishment Expenses	4,332.00	0.00	0.00	0.00
Operational Expenses	0.00	12,375,629.67	926,163.62	0.00
Other Administrative Expenses	43,578,257.35	0.00	0.00	14,694,211.70
Depreciation	0.00	4,356,475.04	381.60	0.00
<b>TOTAL</b>	<b>50,065,028.35</b>	<b>16,732,104.71</b>	<b>1,106,865.22</b>	<b>15,731,603.70</b>
<b>Net Debit / Credit</b>	<b>33,332,923.64</b>			<b>14,624,738.48</b>



## Receipts and Payments Account

For the year ended 31<sup>st</sup> March...

( In Rupees )

Receipts	2007	2006	Payments	2007	2006
<b>I. Bank Balance</b>			<b>I. Expenses</b>		
a) In deposit accounts	218,122,591.00	375,579,661.00	a) Establishment Expenses	361,083,469.61	362,745,324.88
b) Saving accounts	11,066,031.55	-21,878,000.40	b) Operational Expenses	140,101,690.90	145,678,825.06
			c) Administrative Expenses	155,649,268.62	189,063,353.68
<b>II. Grants Received</b>			<b>II. Reimbursement Project</b>		
-From Government of India	680,000,000.00	789,800,000.00	<b>Payments</b>	3,901,883.25	4,268,791.99
<b>III. Reimbursement Project</b>			<b>III. Expenditure on Fixed</b>		
<b>Receipts</b>	32,701,071.00	29,223,015.00	<b>Assets &amp; Capital WIP</b>		
			a) Payments towards Fixed assets	73,963,336.25	142,296,115.18
<b>IV. Joint Venture Receipts</b>	3,885,144.50	1,622,268.00	b) Payments towards Capital WIP	48,853,333.31	42,077,764.00
<b>V. Interest Received</b>			<b>IV. Joint Venture Payments</b>		
a) On Bank Deposits	6,429,699.60	11,830,372.34	a) Investments	260,000,000.00	130,000,000.00
b) Loans, Advances etc.	159,949.00	183,365.00	b) Others	261,813.00	3,745,252.00
<b>VI. Other Income</b>			<b>V. EMD/SD payments</b>	4,563,707.00	8,495,936.00
a) TOT	5,325,000.00	1,700,000.00	<b>VI. Closing Balances</b>		
b) Royalty	21,233,596.00	11,206,865.00	Bank Balances		
c) Field Support Receipts	148,860,647.00	39,332,600.00	a) In deposit accounts	74,437,302.06	218,122,591.00
d) EMD/SD Receipts	6,215,598.00	6,241,997.00	b) Saving accounts	18,914,863.75	11,066,031.55
e) Misc. Income	7,731,340.10	12,717,842.40			
<b>TOTAL</b>	<b>1,141,730,667.75</b>	<b>1,257,559,985.34</b>	<b>TOTAL</b>	<b>1,141,730,667.75</b>	<b>1,257,559,985.34</b>



## Schedule 15 - Significant Accounting Policies

(Forming part of the Accounts for the year ended 31.03.2007)

### 1. General

- a. The financial statements, of which this schedule is a part, are prepared by following 'the going concern' concept.
- b. The Centre charges, to the Income & Expenditure Account of the year of incidence, all costs incurred by it relating to the research efforts.

### 2. Transactions involving foreign exchange

- a. Those having an effect on the Income & Expenditure Account are converted into Indian currency, in which these financial statements are rendered, at the rates of exchange prevailing on the concerned dates thereof.
- b. However, amounts receivable and payable in foreign exchange on the balance sheet date are converted into Indian currency at the rate of exchange prevailing on that date.

### 3. Fixed Assets

- a. The values of these are stated in these accounts based upon their historical costs.
- b. Such values of fixed assets are depreciated each year, under the policy stated in sub-para (f) hereof and the balances are carried forward to the next year. But, where the cost of a Fixed Asset is not more than Rs. 5,000/- in each case, the whole of the cost thereof is charged to revenue in the year of incidence itself.
- c. In spite of the policies stated sub-paras (a) & (b) above, library books are charged to revenue in the accounts of the year of incidence itself, irrespective of their individual values.
- d. Expenditure incurred on the R&D campus is distinctly shown under "Capital Work-in-progress" until capitalization.
- 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 accounts as indicated below :
  - i. Where such assets have been received by the Centre on or before the Balance Sheet date but are not paid for, the values thereof are capitalized, depreciation at appropriate rates provided and a 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, though the relevant documents therefor have been received from the suppliers and payments have / not been made, the values thereof are disclosed under "Assets in Transit", with corresponding liability created. However, no depreciation is provided in such cases;
  - iii. Where neither the assets ordered nor the documents therefor are received on the Balance Sheet date and no payment is also made, no effect is given in these accounts in respect thereof.



**f. Depreciation on Fixed Assets**

- i. The rates provided under the Income Tax Rules 1962 (The Rules), as amended from time to time, are adopted.
- ii. But, Fixed Assets installed and commissioned during the year are depreciated at the full rate provided in The Rules for the whole year, irrespective of the date of installation.
- iii. No depreciation is provided in respect of assets, which are sold, discarded or disposed off during the year.
- iv. Though The Rules provide for a higher rate of depreciation for Application Software than that for Plant & Machinery, all such Application Software acquired during the year are depreciated at the lower rate prescribed by The Rules for Plant & Machinery.

**4. Inventory of Components**

- a. This is valued at "Cost".
- b. For this purpose "Cost" includes overheads at rates determined from time to time.
- c. For determination of the "Cost", the moving weighed average method is adopted.
- d. The above method has been consistently adopted.

**5. Loans**

- a. The Centre gives loans only to its employees.
- b. These loans are recovered in equated monthly installments with a maximum of 40 such installments.
- c. First the principal amount is recovered over the agreed number of installments and then the interest is recovered. However, accounting for interest accrued each year on such loans is also done in the accounts of each year.
- d. As the recovery of the principal and the interest is periodically done through the monthly salaries, these loans are taken to be confirmed by the employees concerned.
- e. In case of employees, who leave the services of the organization during the year, un-recovered balances of loans with interest, wherever due, are recovered from the final settlements made.

**6. Advances**

- a. To employees
  - i. These are recovered from the monthly salaries of the employees concerned.
  - ii. Due to the regularity of this process, the advances from employees are taken as confirmed, while drawing the Balance Sheet of the Centre for the year.



b. To suppliers & contractors

- i. These are given under the relevant agreements for supplies or services.
- ii. These also arise when payment is released under the purchase orders' for components and equipment through arrangements made through banks.
- iii. These are adjusted in the normal course, upon completion of supplies / services [for (i) above] or receipt and inspection of the components, etc., ordered [for (ii) above].

**7. Deposits**

a. To landlords of residential accommodations leased

- i. For staff at Delhi, the advance paid, which is equivalent to three months' lease entitlement, is treated as rent at the point of incidence itself. No rent is paid, as a consequence, for the first three months of the lease period.
- ii. For staff at Bangalore, due to the different practices followed there, the advance paid, which is equivalent to 10 months' lease entitlement, is treated in the books of account as "Deposits", until the end of the lease period. This "Deposits", which does not earn any interest, as per prevailing custom, is recovered at the end of the lease period. Rent is also paid, at the end of each month, commencing with the 1<sup>st</sup> month of the lease period.

b. Miscellaneous Deposits

- i. These are disclosed under this head, depending upon the circumstances of each case and accounted for in the year of settlement of these deposits.

**8. Current Assets & Liabilities**

a. Current Assets

- i. Expenditure incurred on the projects undertaken by the Centre for telecom operators or other government agencies are taken as part of Current Assets to the extent of the balances thereof remaining unrealised on the Balance Sheet date.
- ii. Similarly, TOT / Royalty income, fees for field support to telecom operators and other income, which are generally accounted for on accrual basis, are also treated as part of current assets until they are realized from the concerned organizations.
- iii. Such amounts as the above, being dues from govt. agencies or PSUs, are treated as good for recovery. Hence, no provision is generally made for any part thereof.

b. Current Liabilities

- i. Amounts received by the Centre in advance under projects undertaken for other agencies are shown as current liabilities.
- ii. After incurring expenses connected with the said projects periodically, from the amounts indicated at (i) above, the balance, if any, is taken to the Income & Expenditure Account



## 9. Investments

- i. The participation in the equity of another R&D company has been disclosed in these accounts under the head "Investments".
- ii. These investments are classified as "Long Term", due to the nature thereof.
- iii. These are stated in the accounts at "Cost".

## 10. Purchase of components & other materials

In such cases, the policy adopted is similar to the one stated in para 3 (e) above.

## 11. Provision for Outstanding Liabilities made in the Balance Sheet

- i. Where the goods ordered / the services required are received, but the bills therefor, though received, remain unpaid for on the balance sheet date, they are taken for the purpose of making a provision.
- ii. Where the goods ordered and services required are received, but not the bills therefor, provision is made on the basis of the values thereof known to the Centre; and
- iii. In other cases, no provision is made in this account.

## 12. Revenue Recognition

- a. All income is accounted for on accrual basis.
- b. As for expenses, these are also accounted for on accrual basis with the following exceptions :
  - i. Gratuity to the eligible employees, either on superannuation or otherwise, which is accounted on incidence, due to the existence of the "Pay - As-You go" method for payment of gratuity.
  - ii. Ex-gratia to eligible employees, as the same is payable only when the policy for such payment to equivalent govt. employees 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 :
  - i. The adjustment/(s) is the result of any clerical error.
  - ii. Such a clerical error is detected only in the current year.
  - iii. Such an error(s) relate(s) to one or more past financial year/years; and
  - iv. The value thereof exceeds Rs. 5,000/- in each case.
- d. All expenses and income, other than those covered by para (c) above, are treated as the Current Year's expenditure and income respectively.



## Schedule 16 -Notes on Accounts

(Forming part of the Accounts for the year ended 31.03.2007)

### 1.0 Fixed Assets

- 1.1 Fixed Assets include land (freehold) measuring 40 acres at Delhi (previous year 40 acres).
- 1.2 Fixed Assets do not include equipment and other assets, which were received in the past, under an international aid program.
- 1.3 Land and Buildings taken over by the Centre from a licensee at Bangalore in satisfaction of the dues from the latter have not been included in the Schedule on Fixed Assets forming part of these accounts. The total expenditure incurred in improving these assets taken over was Rs. 148.04 lakhs during the year 2006-07 (2005-06 Rs. 299.37 lakhs). Out of this total, expenditure amounting to Rs. 81.22 lakhs during the year 2006-07 (2005-06 Rs.151.22 lakhs) could have been capitalized as part of the buildings taken over from the licensee, had the take over process been completed and the properties formally transferred to the Centre. The balance of the expenditure, during the past two years, on the assets taken over, being routine administrative expenses, have been correctly charged to revenue in the accounts for these two years. Due to elapse of time, it was not possible to ascertain on the balance sheet date as to whether the amount due from the licensee will be equal to the value of the properties taken over, when decided based on mutual discussions.
- 1.4 Physical Verification
  - (a) Under the formal method of accounting for Fixed Assets, that has been in place since 1993-94, all technical assets procured during the year have been physically verified. However, administrative assets like furniture, office equipment, etc., have not been physically verified during the year.
  - (b) The discrepancies noticed due to physical verification of Fixed Assets, carried out in the previous years, amounting to Rs. 0.68 lakh and Rs. 1.76 lakhs at the Bangalore & Delhi Units of the Centre respectively, remain to be reconciled and appropriately accounted for in the accounts. These will be accounted for in the accounts of the year in which final reconciliation is made.
  - (c) The demand for sales tax on works contract made by the contractor for the campus at Delhi has been accounted for, based upon available information. As a result, an amount of Rs. 174.23 lakhs is included under the head "Building Office" in Schedule 4 to these accounts.

### 2.0 Capital Work-in-Progress

- 2.1 The expenditure incurred during 2006-07 amounting to Rs. 7.00 lakhs (previous year Rs. 1.81 lakhs) on the proposed housing facility at the campus at Delhi is disclosed under this head, while making these accounts.
- 2.2 The cumulative expenditure on the said housing facility at Delhi as on 31.03.2007 amounted to Rs. 8.81 lakhs (as on 31.03.2006 .... Rs. 1.81 lakhs).
- 2.3 The aggregate of all such expenditure on the proposed housing facility will be capitalised in the accounts of the Centre for the year of completion thereof. Depreciation will also be provided on such aggregate expenditure at the rates applicable under the Income Tax Rules.



### **3.0 Current Assets, Loans and Advances**

- 3.1 In respect of advances to employees, appropriate effects have been given in these accounts, wherever discrepancies have been noticed.
- 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. 1971.94 lakhs as on 31.03.2007 (Rs. 2012.69 lakhs as on 31.03.2006).
- 3.3 Due to adoption of the accrual system of accounting for TOT / royalty income, since financial year 2000-01, the accumulated balance of dues from the licencees amounted to Rs. 3736.35 lakhs as on 31.03.2007 (Rs. 4014.30 lakhs as on 31.03.2006).
- 3.4 In accordance with the accounting policy consistently followed by the Centre components procured in the past as part of the technical support to the Centre's licencees but which were not actually transferred to such licencees, have not been included in the value of the year end inventory. The value of such components was Rs. 117.34 lakhs (Rs. 140.82 lakhs as on 31.03.2006).
- 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 current year by the custodians' thereof, has been accounted for as part of the year-end inventory. The value of such components was Rs. 126.40 lakhs (Rs. 64.60 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, will not apply in the Centre's case. Therefore, no provision has been made on this account.
- 3.7 An advance amounting to Rs. 12.70 lakhs (previous year Rs. 12.99 lakhs), representing a value of an imported equipment, continues to be shown under the head "Amount Recoverable". Appropriate accounting will be done for this value, upon final disposal of the case by the Consumer Redressal Forum concerned.

### **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. 85.40 lakhs as on 31.03.2007 (Rs. 582.95 lakhs as on 31.03.2006).

### **5.0 Income and Expenditure Account**

- 5.1 In making this account, no income has been considered on accrual basis under the head "TOT/Royalty".
- 5.2 Fees for the technical support rendered by the Centre to the field units of a telecom operator have been accounted for on accrual basis, even in the absence of a formal MOU in that regard. Accordingly, an amount of Rs. 3000.00 lakhs has been included in the income for the year 2006-07 (Rs. NIL for the year 2005-06).
- 5.3 The value of components consumed during the year 2006-07 was Rs. 772.10 lakhs (previous year Rs. 505.20 lakhs). This value was arrived at by reducing the value of the closing stock of components





as on 31.03.2007 from the aggregate of the value of stock on 01.04.2006 and the purchases made during the year 2006-07. But, due to the change in the basis for working out the cost of the inventory as on 31.03.2007, the consumption of components for the year 2006-07 is higher by Rs. 131.98 lakhs. But for this change in the basis during the year, the consumption would have been lower to this extent. The change in the basis was necessitated by the review of the practices followed.

- 5.4 Components valued at Rs. 89.53 lakhs as on 31.03.2007 (previous year NIL), which were included in the opening inventory on 01.04.2006, have been found to have lost their productive values. Accordingly, the competent authority considered these components as junk to be disposed off as such. This value has, therefore, been ignored, while computing the value of the closing inventory as on 31.03.2007. But for this review, the closing inventory would have been higher and the consumption of the component during the year lower to that extent.

## 6.0 General

- 6.1 The net result of the fluctuations in foreign exchange on transactions in foreign currencies during the year was a loss of Rs. 0.60 lakhs (previous year a gain of Rs. 1.75 lakhs).
- 6.2 The nature of the activities carried on by the Centre being such that these have been helped to be not resulting in any "manufacture" and "sale" of products. As a consequence, the loss applicable to taxation of manufactured products and sale thereof are not been to apply in the case of the 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

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### Canara Bank

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

### Syndicate Bank

Corporate Finance Branch  
Delhi Tamil Sangam Building  
Sector-5, R.K. Puram, New Delhi - 110 022

### 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

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### K. Venkatachalam Aiyer & Co.

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

## Our Offices

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### C-DOT

C-DOT Campus  
Mehrauli  
New Delhi-110 030

### C-DOT

Electronics City  
Phase-I, Hosur Road  
Bangalore - 560 100

### C-DOT

Field Support Centre, CTS, Main Building  
B-Block, 6<sup>th</sup> Floor, P-94, Transport Depot Road  
Kolkata-700 088



सी-डॉट  
C-DOT

Centre for Development of Telematics

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