

45th वी वार्षिक रिपोर्ट th Annual Report 2011 - 2012

Secure Products
Indian IP



MPROGICON 5000 Series Programmable Logic Controller



ECR 1000 High Speed Ethernet Carrier Switch Router for Transport



Next Generation Bulk Encryption Unit

इलेक्ट्रॉनिक्स कॉर्पोरेशन ऑफ़ इंडिया लिमिटेड
Electronics Corporation of India Limited
हैदराबाद / Hyderabad - 500 062

Vision

“To contribute to the nation in achieving self reliance in Strategic Electronics”

Mission

“To strengthen its status as a valued technology provider to the nation particularly in the areas of Strategic Electronics meeting the requirements of Atomic Energy, Defence, Space, Civil Aviation, Security and such other sectors of strategic, economic and social importance”

Contents

	Page
Board of Directors	5
Key Executives	6
Company Overview	8
Chairman's Statement	24
Directors' Report	27
Significant Accounting Policies	43
Accounts for 2011-2012	46
Auditors' Report	72
Comments of the C & AG	80

Board of Directors



Shri Y.S. Mayya
Chairman & Managing Director



Maj. Gen. (Retd.) Sanjeev Loomba, SM
Director (Personnel)



Shri P Sudhakar
Director (Technical)
(from 01.07.2012)



Dr. C B S Venkataramana, IAS
Joint Secretary (I&M)
Department of Atomic Energy



Shri V R Sadasivam
Joint Secretary (Finance)
Department of Atomic Energy



Lt. Gen. S P Kochhar, AVSM and Bar,
SM, VSM, ADC
Signal Officer-in-Chief & Sr. Col. Commandant
Indian Army (from 04.11.2011)



Shri Umesh Chandra
Senior Executive Director
Safety & KM, NPCIL



Shri V V R Sastry
Executive Director
Centre for Development
of Telematics



Shri D Chakrapani, IAS (Retd.)
Director CIPS
Administrative Staff College of India
(from 17.05.2012)



Prof M Chandrasekhar
Director CIT
Administrative Staff College of India
(upto 07.09.2011)



Lt. Gen. Partha Mohapatra, AVSM
Signal Officer-in-Chief & Sr. Col. Commandant
Indian Army (upto 31.08.2011)



Shri Shiv Kumar Nori
Director (Finance), ECIL
(upto 25.04.2012)



Shri N S S Prasada Rao
Director (Technical), ECIL
(upto 30.06.2012)



Dr. R Sreehari Rao
Chief Controller, (R&D),
DRDO
(upto 30.06.2012)

Key Executives (as on date of AGM)

Shri Y S Mayya
Chairman & Managing Director

Maj. Gen.(Retd.) Sanjeev Loomba, SM
Director (Personnel)

Shri P. Sudhakar
Director (Technical)

Smt. Arti C. Srivastava
Chief Vigilance Officer

Shri Ch V R S Gopalakrishna
Executive Director (Aerospace Systems Group)

Shri G R Koteswara Rao
Executive Director (Instruments & Systems Group)

Cmde Lalit Mohan Khanna
Executive Director (Communication Systems Group, Defence Systems Group and Information Technology & Telecom Group)

Shri P Viswanath
General Manager (Control Systems Group)

Shri T R Raja Mannar
General Manager (Software Solutions & Systems Division and Corporate R & D)

Shri P Thangaraju
General Manager (Field Support Group)

Shri G Umapathi
General Manager (Smart Card Group)

Shri T V S Kishore Kumar
General Manager (Control & Instrumentation Division)

Shri B P R Murthy
General Manager (Special Products Division)

Shri J S Anand
General Manager (Finance & Accounts Group)

Shri T Suresh
Head (Engineering Services Division)

Shri A Ashok Kumar
Head (Electronic Manufacturing & Services Division)

Shri Sankar Dey
Dy. Project Director, NPR & Head (Corporate Business Development Group)

Shri T V Sarma
Head (Radiation Detectors & Instrumentation Division)

Shri B Mahaveera
Head (Security Systems & Projects Division)

Shri Md. Arifuddin
Head (Control & Automation Division)

Shri A K Asthana
Head (Reactor Projects Division)

Shri O V L N Murthy
Head (Antenna Products & SATCOM Division)

Shri M C Venkatasubbaiah
Head (Components Division)

Shri K S Sheshadri
Head (Business Systems Division)

Shri Y Visweswara Rao
Head (Computer Education Division)

Shri R Mahendran
Head (Servo Systems Division)

Shri P Harender
Head (Electronics Warfare Systems Division)

Shri A V Appa Rao
Head (Military Communication Systems Division)

Shri Y V Subba Rao
Head (Telecommunication Division)

Shri Ch Mohan Rao
Head (Human Resources)

Shri M Badrinarayana
Head (Information Technology Services Division)

Shri Ramesh Aminha
Head (Personnel & Administration)

Shri N V Joga Rao
Head (Strategic Electronics Division)

Shri A Bhattacharjee
Head (Customer Support Division)

Shri D Kameswara Rao
Head (Systems & Quality Assurance Group)

Shri G Nagabhushanam
Head (Manufacturing & Engineering Division)

Shri P Suryakanth
Offtg. Head (Corporate Planning & Projects Monitoring)

Shri Jai Bhagwan Sharma
Company Secretary

Branches

Shri H C Kalra
General Manager (North), New Delhi

Shri D S Kulkarni
Zonal Manager (West), Mumbai

Shri Dilip Saha
Dy. Zonal Manager (East), Kolkata

Shri K Durai Raj
Dy. Zonal Manager (South), Chennai

Shri D R Venkatasubbu
Dy. Zonal Manager (South), Bangalore

Auditors

M/S Umamaheswara Rao & Co., Chartered Accountants

Bankers

State Bank of India
State Bank of Hyderabad
Bank of Maharashtra
Andhra Bank
Bank of Bahrain & Kuwait B.S.C
ICICI Bank
Punjab National Bank

Company Overview

Electronics Corporation of India Limited (ECIL) is a wholly owned Government of India Enterprise under the Department of Atomic Energy. Established in 1967 primarily to meet the control and instrumentation requirements of India's nuclear power program, ECIL has played a pioneering role in spurring the growth of indigenous electronics industry in the country. Spanning from miniature components to mammoth systems and encompassing control, communication and computer technologies, ECIL, today is a multi-product, multi-technology organisation providing cutting-edge technology solutions in the strategic areas of Atomic Energy, Defence, Aerospace, Integrated Security and IT & e-Governance.

Technology, Products and Services

ECIL has a wide product range spanning control, communication, computers, instruments, industrial drives and software technologies catering to nuclear, defence, aerospace, security, industrial, medical, scientific, telecommunications, e-governance & IT sectors. ECIL is a proud partner in prestigious national and international projects which push the frontiers of technology. The following list of just completed / on going projects gives a flavour of ECIL's portfolio:

- * C&I systems for the Propulsion Plants.
- * C&I systems for the nation's first 500MWe Fast Breeder Reactor.
- * Quench protection and energy extraction systems for the Large Hadron Collider (LHC) at CERN Geneva.
- * Power Converters for the ITER project.
- * 32 meter Deep Space Network Antenna for the Indian moon mission Chandrayaan-I.
- * 21 Meter MACE telescope for Gamma Ray Astronomy at Hanle.
- * Integrated Security Systems for Commonwealth Games 2010- Delhi.
- * Large COMINT systems for the Armed Forces

- * C⁴I systems for BrahMos and Akash missile programs.

This traditional strength of the Company to develop, absorb and assimilate technologies effectively attenuated the impact of technology embargo on the country's nuclear program.

ECIL's contributions in the Nuclear Sector date back to 1970 and, ever since, ECIL has been supplying Control & Instrumentation, Radiation Monitoring and Detection Systems and several



A modern Control Room for the 500 MWe PHWR at Tarapur. ECIL is vertically integrated to support all layers of NPP C&I hierarchy - encompassing detectors, instruments and control systems

Safety and Process Control Systems for nuclear power plants. Today, all the nuclear power plants across the country have the vital Instrumentation and Control Systems engineered and manufactured by ECIL for their safe and reliable operation. ECIL has footprints over the entire range of the Nuclear Fuel Cycle starting from ore processing to spent fuel reprocessing and waste immobilisation. Several real-time / on-line Process Control & SCADA Systems have been supplied for Oil and Gas Pipelines and also for Power Management.



Computer based control systems incorporating fault-tolerant architectures



Radio EC TR2400



Airborne Speech Secrecy System

Warfare Systems, Simulators, COMINT & Interception Systems, Antennas, SATCOM Systems and Networks, Stabilized platforms for air-borne radars, C⁴I and Missile Support Systems, Encryption and Secrecy Systems, Electronic Fuzes for artillery, precision electro-mechanical components to Sensors and Inertial Navigation Systems.



Indigenously developed Antenna Stabilisation Platform Units are deployed in the multi-mode radar of Tejas

ECIL is India's premier security systems' integrator and solutions' architect. Systems designed and engineered by ECIL protect vital installations and premises all around the country. ECIL has been producing world-class Radiation Detectors of state-of-the art technology that are deployed in CBRN based Security Solutions. ECIL also makes a wide range of Information Security Products like encryption cards, IP encryption units, bulk encryptors and routers.

For the last 40 years, ECIL has been supplying a wide range of professional grade components, equipment and integrated strategic systems to defence and aerospace sectors. The products and solutions span from secure and jam-resistant communications, Electronic



Mobile Autonomous Launcher for BrahMos missiles. ECIL integrates Mobile Command Post and Mobile Autonomous Launchers



C⁴I consists of ruggedised Mobile Command Posts with diverse, redundant communication links carrying encrypted commands.



Security Gadgets at JN Stadium - CWG 2010

ECIL is in the forefront of crafting technology solutions to rural India. Medical Vans equipped with latest digital X-ray and medical diagnostic equipments help bring expert medical advice to villages using satellite communications. ECIL has carried the benefits of IT to the door-steps of farming community by installing kiosk based

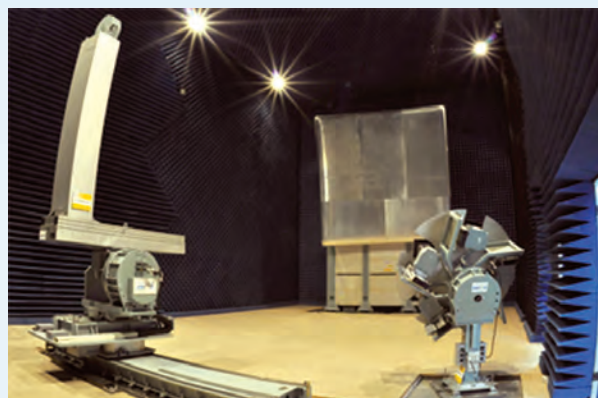
Farmer Information Systems in several Agricultural Market Yards. ECIL has provided end-to-end IT & e-Governance solutions to Banking, Commercial Taxes, Road Transport Authorities, Municipal Corporations, Public Transport utilities, Healthcare and Hospitals.

ECIL's Electronic Voting Machines, with their field proven simplicity, integrity and ruggedness, have helped simplify the electoral process and strengthen democracy, setting a benchmark around the world.

ECIL is a member of the consortium of PSUs responsible for executing the National Population Register Project which includes digitization of demographic data, capturing of bio-metric data and establishment of a database of usual residents in the country. This will form the basis for issue of Resident Identity Cards. ECIL has established a NPR data centre at Hyderabad and a Smart Card Personalization Centre at Tirupathi.

Infrastructure

To support its manufacturing activities the company has set up modern infrastructure for design, manufacture, assembly, testing and qualification of instruments and systems comprising of mechanical, electronic and software components. Facilities include CAD, ASIC / VLSI design, Hybrid Microcircuits, High Density Interconnect PCB facility, Automatic SMD Insertion Machines, On-line PCB Test Equipment, Compact Antenna Test Range, facility for calibration & characterization of Radiation Instruments & Detectors, Environmental Testing and Calibration Laboratories and Corporate Intranet. ECIL is currently establishing an EMI / EMC test facility.



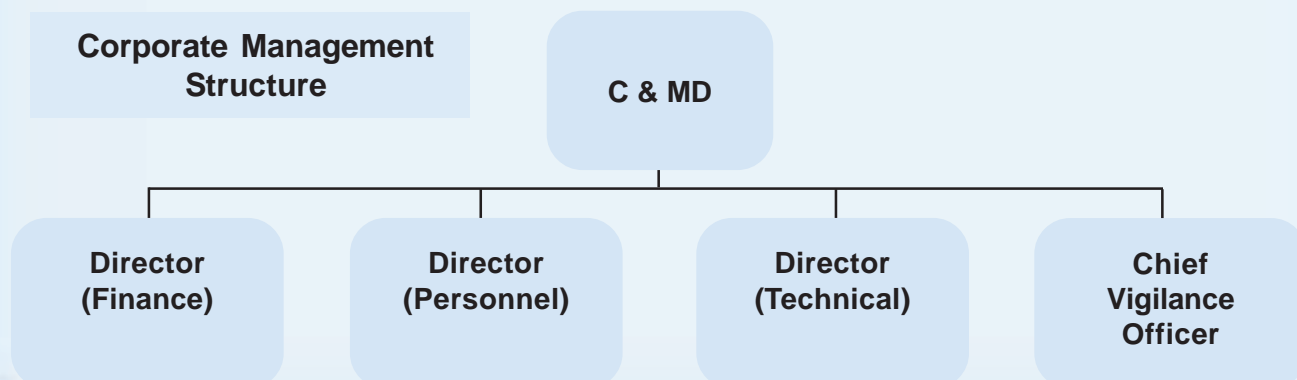
Compact Antenna Test Facility



Smart Card Personalisation Facility - Tirupati



Advanced Network Technologies





Autonomous Underwater Vehicle and Mission Computer



Criticality Alarm System



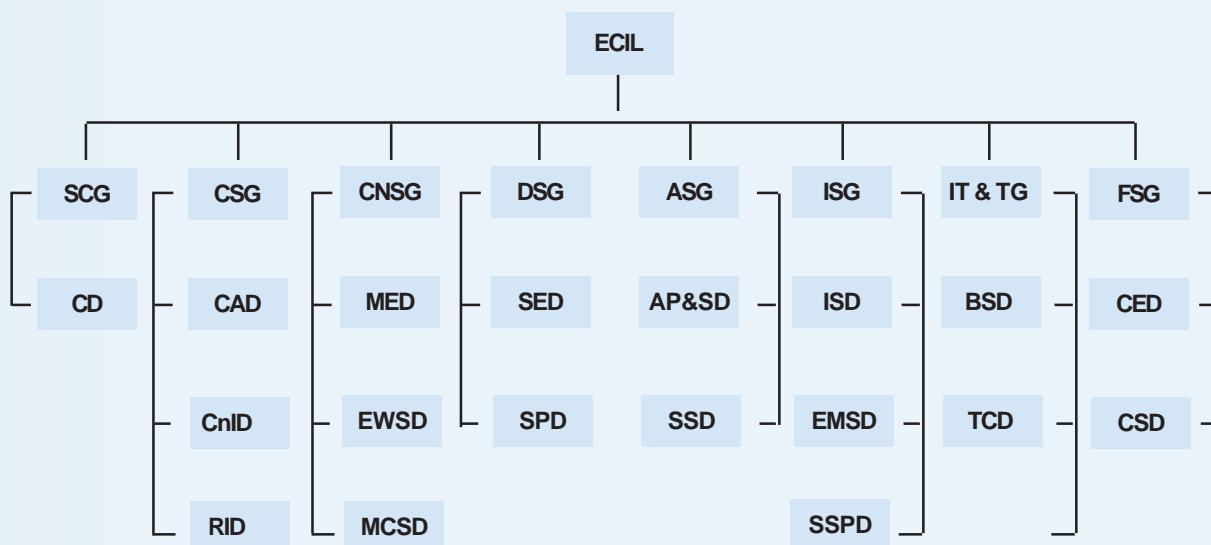
Radiation Detection Equipment for airports and seaports

Convoy Jammer for VIP convoys



Business Verticals & Strategic Business Units

The business operations of the company are organized into 'verticals' : viz., Nuclear, Defence, Aerospace, Instruments & Security, IT & e-Governance. Each vertical is headed by an ED/GM. The Strategic Business Units (SBUs) are grouped under these verticals as shown below:



Organization of SBUs

Strategic Business Units (SBUs)

CSG	Control Systems Group
ASG	Aerospace Systems Group
DSG	Defence Systems Group
CNSG	Communication Systems Group
ISG	Instruments and Security Systems Group
IT & TG	Information Technology & Telecom Group
FSG	Field Support Group
SCG	Smart Card Group

The core area of operation of each of the business division is tabulated in the pages that follow.

Divn.
CAD

Name
Control & Automation Division

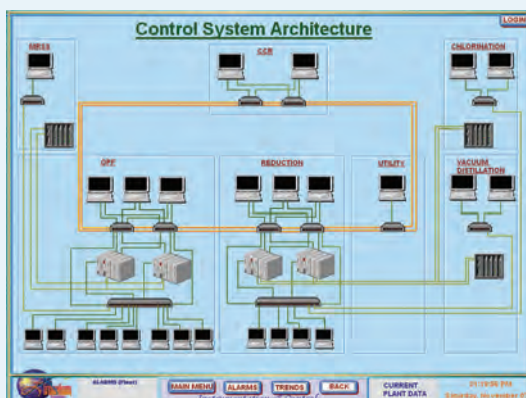


Core area of business and customers

- * Simulators for nuclear and thermal power plants
- * Control & Instrumentation (C&I) for Pressurized Heavy Water Reactors (PHWRs), Fast Breeder Reactors (FBRs), Compact Reactors (LWR)
- * Conventional C&I Panels
- * High Voltage and Pulsed Power Supplies
- * Programmable Logic Controllers (PLC)

CnID

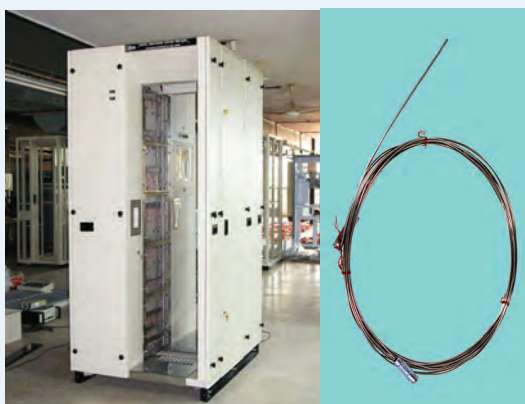
Control & Instrumentation Division



- * Control & Instrumentation Systems for Spent Fuel Reprocessing, Ore Processing, Fuel Fabrication & Assembly and Waste Immobilisation plants
- * Supervisory Control & Data Acquisition Systems for Oil Pipelines, Energy Management etc.

RID

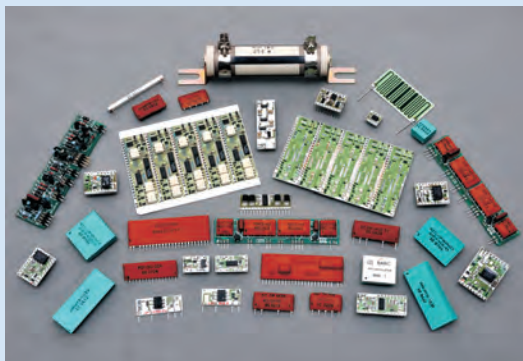
Radiation Detectors & Instrumentation Division



- * Nuclear Instruments
- * Radiation Detectors
- * Radiation Monitoring Systems for health, safety and security

Divn.
CD

Name
Components Division



Core area of busines and customers

- * Printed Circuit Boards
- * Potentiometers
- * Hybrid Micro Circuits
- * Semiconductor Devices
- * Tantalum Capacitors
- * Thermal Batteries

SED

Strategic Electronics Division



- * C⁴I Systems for missiles (BrahMos, Akash)
- * Air Traffic Management
- * Training Simulators
- * Autonomous Underwater Vehicles
- * RF Seekers

SPD

Special Products Division



- * Universal Electronic Fuzes for Artillery

Divn. Name
CNSG Communication Division



Core area of business and customers

- * V/UHF 3060 Radios
- * M-7 Radios
- * TR-2400 / TR-2800 HF Radios
- * Airborne HF and V/UHF Radios
- * UHF SATCOM
- * Electronic Warfare Systems
- * Communication Intelligence (COMINT) Projects
- * Cell Phone / Convoy Jammers
- * ST (Stratosphere & Troposphere) Radars

AP&SD Antenna Products & SATCOM Division



- * Earth Station Antennas
- * VSAT Networks in SATCOM area
- * Tracking Antennas
- * Telescopes
- * Antennas and Stabilized Platforms on aircraft, UAVs and ships

SSD Servo Systems Division



- * Gyros
- * Synchros
- * Solid State Cockpit Voice Recorders
- * Gyro Stabilized Horizontal Roll Bars
- * Actuators
- * Sensor Packages
- * Notch Indicators
- * Pipeline Inspection Gauges

Divn.

Name

Core area of business and customers

ISD

Instruments & Systems Division



- * Integrated Security Systems including video-surveillance, personnel access control, perimeter protection, vehicle access control.
- * X-ray Baggage Inspection Systems
- * Nuclear Industrial Instruments
- * Electronic Toll Collection, Weigh-in-motion
- * Atomic absorption Spectrophotometers
- * Energy Meters and Energy Management System
- * Ship Installed Radiac Systems
- * XBT Probes

EMSD

Electronic Manufacturing Services Division



- * Electronic Voting Machines (EVMs)
- * Electronic Voting Systems (EVS)
- * Preferential EVMs
- * Totalisers
- * Contract Manufacturing

TCD

Telecom Division



- * Surveillance Systems - GSM, CDMA, Satellite & Wireline Monitoring Systems
- * Encryption Systems
- Wireless Encryption, Radios, CDMA, GSM, Wireline Encryption, Voice / Data / Fax / IP / STM / Bulk encryption
- * Access Control Systems
- * High speed Routers

Divn.	Name	Core area of business and customers
BSD	Business Systems Division	 <ul style="list-style-type: none"> * IT Hardware and Networking Solutions * e-Governance Projects
CSD	Customer Support Division	<ul style="list-style-type: none"> * Maintenance of Computers and Computer based systems, C&I systems in NPPs, Defence equipment
CED	Computer Education Division	<ul style="list-style-type: none"> * Computer Education and Training

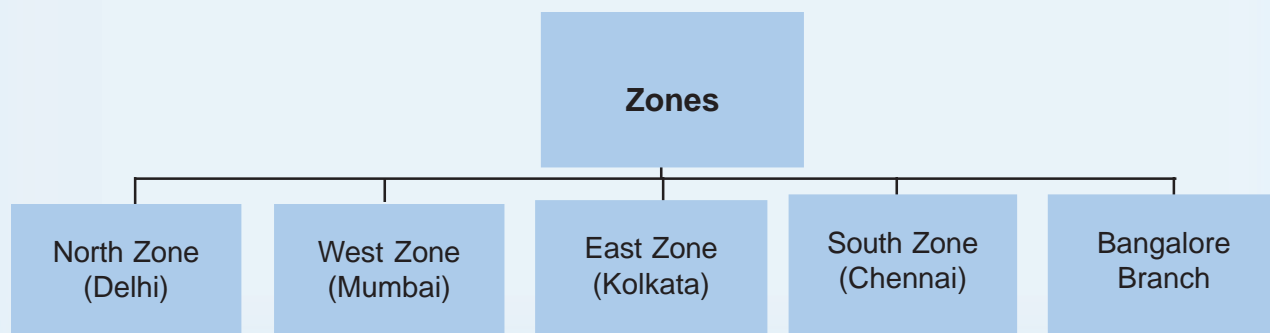
Project Directorates

Increasingly, the company is handling fixed-term, large size projects requiring manpower deployment around the country and synergy among multiple divisions. These are executed as Corporate Projects under specially constituted Project Directorates. The ongoing National Population Register and Socio Economic and Caste Census projects are handled by Project Directorates.

Zonal Offices and Service Network

ECIL has its zonal offices in the five metros catering to business development, marketing and customer support functions. Each zone is headed by a Zonal Manager or Deputy Zonal Manager. Regional Maintenance Centres (RMC) are located at important cities around the country to provide technical support to the customers.

ECIL Zonal Offices



Service Functions

All the verticals / business divisions are supported by the following service divisions / groups.

- * Personnel Group (PG)
- * Finance & Accounts Group (FAG)
- * Corporate Planning & Projects Monitoring (CPPM)
- * Engineering Services Division (ESD)
- * Corporate R&D (CR&D)
- * Software Systems and Solutions Division (SSSD)
- * IT Services Division (ITSD)
- * Systems & Quality Assurance Group (SQAG)
- * Corporate Business Development Group (CBDG)

Significant Events

The following are some of the significant events during the year:

- * Signing of ToT agreement with IIT Bombay for licensed manufacturing of Carrier Ethernet Routers.
- * Inauguration of Strategic Communication laboratory at ECIL, Hyderabad.
- * Inauguration of Smart Card personalisation centre at ECIL, Tirupathi.
- * Inauguration of Compact Antenna Test Facility at ECIL, Hyderabad.
- * Launching of the first Resident Identity Card at Port Blair.
- * Organizing INSAC 2011- 22nd annual conference of Indian Nuclear Society and 3 day symposium on Strategic Electronics in Hyderabad.
- * Signing of MoU between ECIL and BDL.
- * Signing of agreement between ECIL and Swedish Space Corporation for enabling supply of ECIL antennas to SSC.
- * Signing of agreement between Canberra, France and ECIL for collaboration in the area of Nuclear Instruments and Radiation detectors.
- * Inauguration of GET 2011 & 2012 batches and Valedictory of GET 2011 batch.

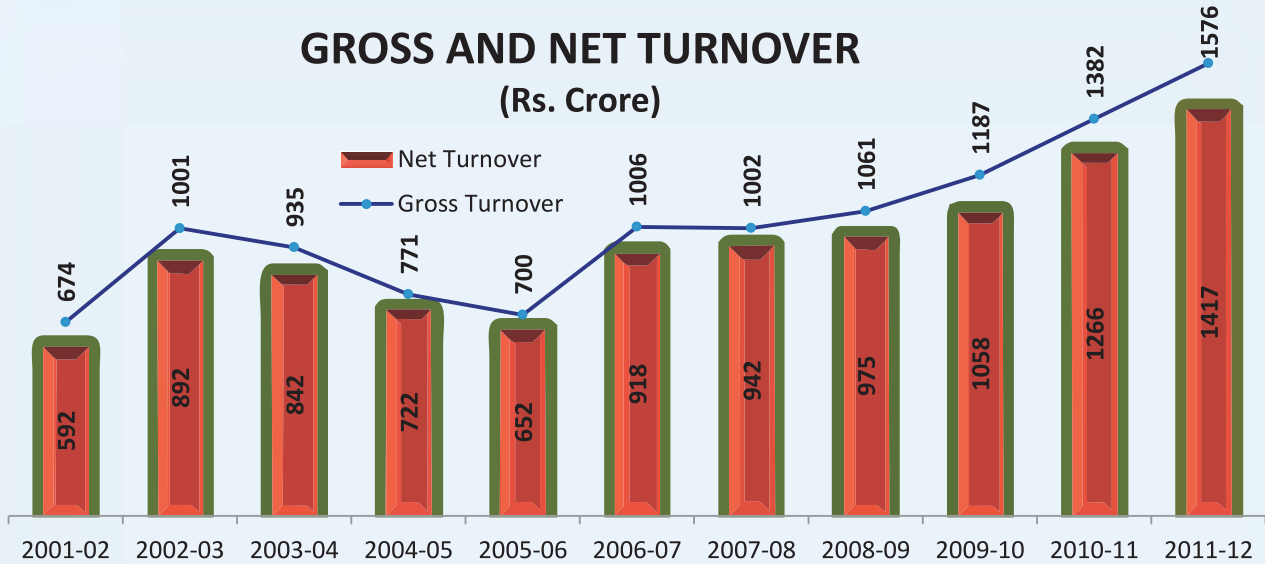
Financial Performance at a glance - ECIL

(Rs.in crores)

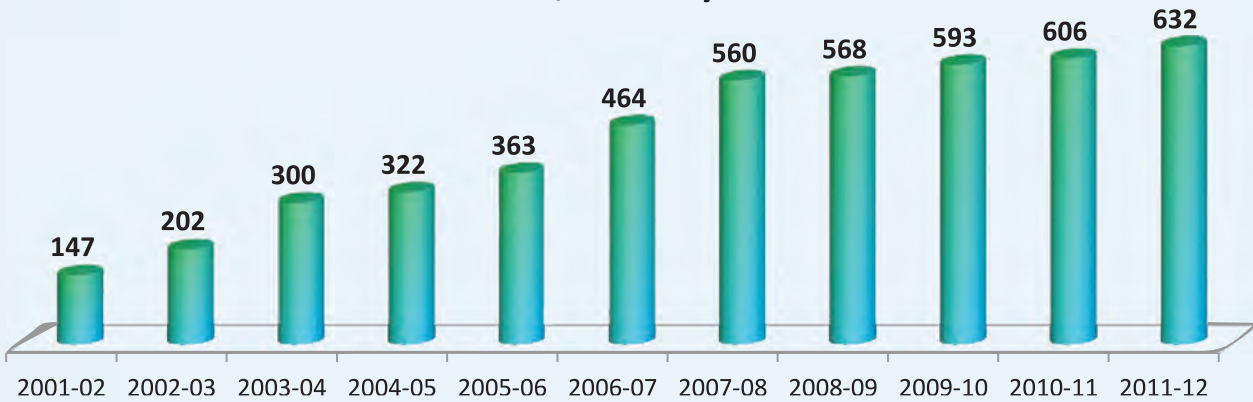
Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*
Gross Turnover	674	1001	935	771	700	1006	1002	1061	1187	1382	1576
Net Turnover	592	892	842	722	652	918	942	975	1058	1266	1417
Closing Order Book	625	611	746	627	443	652	1045	1041	1490	1148	2425
Materials	327	493	472	420	389	474	432	604	713	728	911
Employee Remuneration	168	160	180	172	175	193	242	318	296	382	384
Depreciation	7	6	8	9	8	12	13	10	8	9	10
Profit Before Tax	79	81	131	51	52	193	201	19	54	22	55
Provision For Tax	10	27	33	14	10	64	67	5	12	0	19
Profit After Tax	69	53	98	37	42	128	134	13	42	23	37
Earnings per share	548	420	744	268	284	821	821	83	257	140	224
Equity Capital	126	130	137	146	155	155	163	163	163	163	163
Reserves & Surplus	21	72	163	176	209	301	397	405	429	443	469
Gross Block	150	166	182	192	198	199	204	232	237	242	259
Inventory	145	102	107	66	77	69	69	127	195	157	198
Debtors	167	313	429	368	795	989	1270	1436	1417	1439	1534
Working Capital	89	136	224	250	280	372	633	685	660	774	742
Net Worth	147	202	300	322	363	464	560	568	593	606	632
PRV	617	839	851	711	653	912	936	994	1114	1226	1442
Value Addition	290	346	378	291	264	437	504	389	401	498	530

*** Note:** The figures relating to 2011-12 are restated as per earlier Schedule VI for comparison.

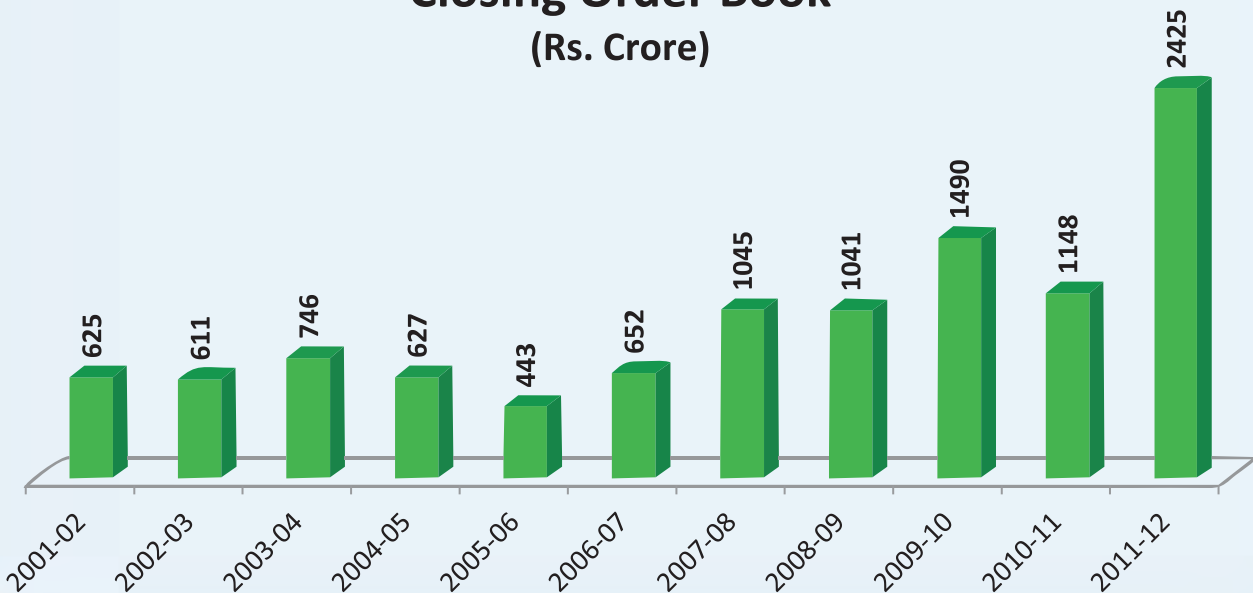
GROSS AND NET TURNOVER (Rs. Crore)



NET WORTH (Rs. Crore)



Closing Order Book (Rs. Crore)





Director, IIT Bombay and C&MD, ECIL signed an agreement on 17th August 2011 at Mumbai for licensing the manufacturing of Carrier Ethernet Routers developed by IIT Bombay to ECIL.



Dr. Baldev Raj, Director, IGCAR interacting with the Graduate Engineer trainees during inauguration of the GET-2011 batch at ECIL on 23rd April 2011.



Dr. R K Sinha, Director, BARC inaugurating the Compact Antenna Test Facility (CATF) at ECIL, Hyderabad on 24th November 2011 in the presence of Dr. S. Banerjee, Secretary, DAE and Chairman, AEC.



Dr. S. Banerjee, Secretary, DAE and Chairman, AEC was the Chief Guest for the Inauguration of GET 2012 batch and Valedictory function of GET 2011 batch.



Honorable Union Home Minister, Shri. P. Chidambaram, launched the first Resident Identity Card at Port Blair on 21st January 2012. ECIL is a consortium partner in the National Population Register (NPR) project and has carried out digitization of the demographic data and capturing of biometrics of usual residents in various states of India.



Padma Vibhushan Prof. P. Rama Rao, delivering a lecture to GETs in ECIL on 14th May 2011.



Shri. S C Chetal, Director, IGCAR inspecting the radiation instruments at ECIL during his visit to RID on 20th August 2011.



Dr. Dieter Kramer, Technical Director, FAIR, visited ECIL on 1st November 2011. As part of Indian in-kind contribution to FAIR (Facility for Antiproton Ion Research) project, ECIL is poised to supply Precision Power Converters to this international facility being built in Darmstadt Germany.



Dr. A. Sivathanu Pillai, CC R&D and CE, BrahMos Aerospace Ltd. at Strategic Electronics Division, ECIL on 21st September 2011.



Smt. Lata Priya Kumar, Honorable Member, National Commission for Schedule Castes visited ECIL on 8th November 2011.



Maj. Gen (Retd) Ravi Khetrpal, C&MD Bharat Dynamics Ltd., and Y S Mayya, C&MD, ECIL signed an MOU at ECIL on 24th Sep 2011 for collaborating in the missile program.



Lt. Gen. S P Kochar, SO - in - C and Director on the Board of ECIL inaugurated the Strategic Communication Laboratory at ECIL on 2nd December 2011.



Shri. S Basu, CE Nuclear Recycle Board (NRB) flagging-off the consignment of C&I equipment for P3A Kalpakkam on 27th Jan 2012.



Dr. S Kailas, Director, Physics Group BARC and Dr. Ramesh Koul Head APsD, BARC at the MACE telescope proof assembly site in AP&SD, ECIL on 22nd December 2011.



ECIL entered into business partnership with SAMEL90 - a Bulgarian company for manufacturing and supply of Jammers in India. Shri. N S S Prasad Rao, Director (Tech) ECIL exchanging MoU documents with Mr. Peter Georgiev, CEO Samel 90 during Defence expo at Delhi on 29th March 2012.



Smt. Neela Satyanarayana, State Election Commissioner, Maharashtra along with Shri Chand Goel, Additional Secretary, visited the EVM manufacturing facility at EMSD, ECIL on 7th June 2011. ECIL developed and supplied 40,000 numbers of new generation Electronic Voting Machines to SEC, Maharashtra which were deployed in the 2012 local body elections. These EVMs include advanced security features and were custom designed for SEC Maharashtra.



Chairman's Statement

Dear Shareholders,

I have great pleasure in presenting to you the performance of your company during the year 2011-12. The company achieved a new high with the turnover registering Rs. 1474 crores – a 14% increase over the previous year. The expenditure arising out of enhanced gratuity, increasing wages, adverse exchange rate variations and interest burden due to non-realization of major debts from various Government customers, have eroded the profits of the company. The year's sale is made up of National Population Register (NPR) project, Socio-economic Caste Census (SECC) project, military radios, electronic voting machines (EVMs), C4I systems for BrahMos, C&I systems for Prototype Fast Breeder Reactor (PFBR), SATCOM terminals and security projects. An opening order book position of Rs. 2425 crores at the beginning of 2012-13, acquisition of additional orders of Rs. 380 crores till date and available leads, portend rapid growth, as our investments in strengthening the HR base, new technology/products and modernization of infrastructure are bearing results. However, the opening up C&I systems for Nuclear Power Plants to competition has thrown a new challenge to the company's growth projections.

Now I present to you a bird's eye view of the performance during the year and outlook for the future.

Performance in 2011-12

During the year, the company posted a turnover of Rs. 1474 crores which is 14% higher than the turnover of the previous year. The major contribution of 48% came from the e-Governance sector, 35% from the Defence sector, 12% from the Nuclear sector and balance 5% from supplies to other sectors in the Government domain. The company has earned a Profit Before Tax of Rs. 55 crores as compared to Rs.22 crores during the previous

year. The order book stood at Rs. 2425 crores at the beginning of 2012-13 as compared to Rs. 1150 crores at the beginning of 2011-12.

Achievements during 2011-12

In the nuclear sector, the company has carried-out the installation & commissioning of C&I equipment for the first 500 MWe Prototype Fast Breeder reactor at Kalpakkam. While the I&C related activity for the 1st reactor at Kudankulam Nuclear Power Project has been completed and the work at the 2nd reactor is in progress. The company suffered loss of revenue due to the disturbances at site resulting in stoppage of work. However, ECIL has harmonized effectively with NPCIL for a quick resumption. The C&I equipment for the Demonstration Fast Reactor Fuel Reprocessing plant at Kalpakkam was supplied on time. An important new business segment was added with the receipt of orders from various sea-ports for the supply of Radiation Detectors for detecting unauthorized movement of radioactive substances through ports via containers, personnel, baggage etc.

ECIL has received additional Phase-II orders from Delhi Police for CCTV systems at Delhi city markets following the completion of Phase-I. The other significant order acquisition was the security system for the Indian chancery building at Kabul.

The Communication Group crossed Rs. 300 crores turnover for the first time. However, due to the delayed receipt of orders for fuzes, the production capacity at Special Products Division remained mostly idle - once again highlighting the uncertainty being faced by the company in acquiring MoD orders. The production of C4I systems for Akash and BrahMos missile programs added Rs. 70 crores to the sales and Rs. 200 crores to the order book, indicating a healthy and growing business line in an area of core competency. The company is making

persistent efforts to increase its share in the growing missile electronics market.

In the Aerospace group, the delivery of Antenna Platform Unit for HAL was completed during the year and progressive delivery and installation of equipment for ICNS project continued. The year also saw the beginning of the proof assembly of MACE telescope in ECIL premises - a first-of-a-kind, complex piece of equipment being built for BARC for Gamma Ray Astronomy. This telescope is expected to be installed at Hanle in Ladakh - 4000 metres above sea level. The unrivalled position of the company in this segment is further strengthened by the receipt of a contract for the design, supply and erection of remote sensing ground stations at Antarctica for National Remote Sensing Centre. The company's synergetic developments efforts and investments in DRDO's programs such as actuators, gimbal payload assemblies, stabilized SATCOM terminals for UAVs and RF seekers for missiles are yielding results in terms of repeat orders.

The company's innovative new EVM for the State Election Commission of Maharashtra was much appreciated. The company continued its development of VVPAT (Voter Verifiable Printer Audit Trail) and new generation EVM for the Election Commission of India.

The data digitization part of the NPR project was largely completed during the year and biometric capture campaign has been started which is expected to contribute significantly to the turnover in 2012-13. Subsequent to the receipt of order from MoRD, Rs. 152 crores of revenue resulted from the Socio- Economic Caste Census project and the company completed 32% of data during the year. The smart card personalisation centre at Tirupati stabilized production and rolled out 7 lakh cards. ECIL, along with the other consortium partner CPSUs, have been asked to take up data digitization and bio-metric capture for balance 40 crores of population (NPR40) which will result in an additional Rs. 600 crores order on ECIL. The company also worked along with the consortium partners and the GoI to finalize plans for production of Resident Identity Cards for the entire nation. This is expected to yield an order of Rs. 1100 crores.

The year saw the introduction and launching of many new products – a carrier-ethernet router based on IIT, Bombay technology, a new generation PLC and a secure network access system - a tool to enforce network security policies in organizations, multi-protocol Bulk-encryption unit etc., With these, the company is consolidating its position in the information security space.

Outlook for 2012-13

The company has set a target of Rs.1700 crores in turnover and Rs. 175 crores gross margin in its MoU with the Department of Atomic Energy for the year 2012-13. The present order book position, orders in pipeline and the leads available, point towards a promising performance exceeding the targets.

The existing and executable orders comprise of NPR and SECC projects, C&I systems and nuclear instruments for DAE projects, radiation detectors for ports, C4I systems for Akash and BrahMos, M7 radios, COMINT projects, Fuzes, MACE telescope, SATCOM terminals for ICNS, remote sensing stations at Antarctica and security projects at Delhi and Kabul.

During the year, the company is expecting to receive orders for Radiological Detection Equipment for airports, power supplies for FAIR and ITER, Military Radios, Phase 3 of Delhi city surveillance, EVMs & VVPAT from ECI, additional orders for C4I systems from BrahMos, NPR 40 and resident identity cards.

Continuing its strong tradition of contributing to major science programs, the company is poised to supply power converters to Facility for Antiproton and Ion Research (FAIR) in Germany and the International Thermonuclear Experimental Reactor (ITER) in France.

Challenges and Roadmap

Your company continues to focus on product development, capability building, modernization and human resource development as thrust areas. The roadmap, as outlined in the VISION 2020 document, is guiding the company's plans, programs and investments.

The opening of the Nuclear C&I segment to competition and potential loss of hitherto assured business will require the company to

make structural adjustments since the large captive capacity developed over the years to support the nation's Nuclear Program may not be sustainable.

Tighter contract management will be vital to the company's fortunes, since profitability of many contracts have suffered due to inadequate coverage against risks and improperly drawn contracts. Similarly, collection of sundry debts will continue to be a high priority area. Right technology/ business tie-ups, and ensuring competitive input costs are central to winning large contracts in the highly competitive defence & security markets. In this respect, the company will benefit from the appointment of a Director (Marketing/ Commercial) immensely.

The company's future growth is linked to effectively harnessing the opportunities unfolding in the defence electronics sector. With proven capability and spare capacity, the company has been seeking policy interventions to provide deemed DPSU status and level playing field vis-à-vis DPSUs.

During the 11th plan period, four major infrastructural facilities were added in the

company premises at a total cost of Rs. 50 crores viz., Compact Antenna Test Facility, High Density Interconnect PCB facility, Calibration & characterization facility for radiation detectors and EMI/EMC test facility. During the 12th plan period, 10 projects of strategic importance are planned with a total outlay of around 400 crores. This will also include expansion of EVM production capacity at EMSD and setting up of a facility for large scale personalization of smart cards.

On the human resources front, the company continues to face major challenges in the areas of succession planning, skill development and re-training, attraction and retention of talent, redeployment / mobility and rising wages. However, with the ongoing GET programs, the company is well on the road to regain vibrancy and technology leadership.

On the whole, the outlook for the company is bright and exciting. I am confident that your company is poised for impressive and sustainable growth in the years to come and will continue to meet the strategic objectives articulated in its VISION.

Thank you

Y S Mayya
Chairman & Managing Director

Directors' Report

To
The Shareholders of
Electronics Corporation of India Limited

Gentlemen,

Your Directors are delighted to present the Forty Fifth Annual Report of your Company for the year ended 31st March, 2012

amounting to Rs. 9.15 crores for the year 2011-12.

Significant Achievements

Major Orders Executed

Some of the important orders executed during the year include Control and Instrumentation Equipment for BHAVINI's Prototype Fast

Operating Results at a Glance

(Rs. Crore)

Particulars	2011-12	2010-2011
Turnover	1474	1298
Production at realisable value	1442	1226
Profit before tax	55	22
Profit after tax	37	23
Net worth	632	606
Capital employed	451	528
Value added	530	498

Financial Highlights

During the year, the company witnessed a growth of 13.56% in turnover and 150% in profit before tax over the previous year. The improved financial performance has been achieved through increase in turnover along with savings in costs.

Share Capital & Unsecured Loans

The authorised share capital of the Company has remained unchanged at Rs.200 crore. The called up and paid up share capital as on 31.03.2012 stood at Rs.163.37 Crores. No loans were taken from the Government during the year.

Dividend

Your Directors are pleased to recommend a dividend @ Rs.56.02 per share of Rs.1000/-



Simulator for
Prototype Fast Breeder Reactor

Breeder Reactor (PFBR), Nuclear Recycle Board's Project P3A and IGCAR's DFRP project in the nuclear area.

In the defence area, the company supplied communication equipment including M7, TR2400 and TR3060 radios, Universal Fuzes,

Ground Support systems for BrahMos and Akash missile programs and VSAT terminals for ICNS project.

For homeland security, video surveillance and security systems have been supplied to BARC and Delhi city markets and Baggage Inspection Systems to Tuticorin port.

In addition, the company has supplied SCADA equipment to oil and steel companies, Electronic Energy Meters to West Bengal State Electricity Board, Voting machines to various state Election Commissions and Integrated Checkpost monitoring systems to the Government of Orissa.

The company has also made substantial progress in digitizing the census data and acquiring bio-metric data for NPR project and



CCTV system for Delhi Metro Rail Corporation

Socio-Economic Caste Census for Ministry of Rural Development.

New products introduced



EVM for SEC Maharashtra

The new products introduced by the company range from components to complex systems for nuclear, defence, aerospace and homeland security requirements. Some of the new products introduced during the year include Beta Gas Activity Monitor, Mobile Automatic Spectrum Monitoring and Direction Finding System, C4I system for higher echelon of Missile Programs, Voter Verifiable Paper Audit Trail (VVPAT)



Biometric Enrolment for National Population Register Project

system for Electronic Voting Machines, Border Check post Automation systems and Integrated IT solutions for the needs of Road Transport and Commercial Tax Departments of the State Governments.

Order Book

The company had an order book position of Rs. 2425 crores on 1-4-2012 of which Rs. 1635 crores could be executed during 2012-13. The balance is due for execution beyond March 2013.

Outlook for 2012-13

The company is confident of meeting the target of Rs. 1700 crores turnover set for this year in view of the robust order book position coupled with several promising order booking prospects. The order booking prospects include communication system for Antarctica, Airborne SATCOM terminals, Communication Radios and Low Intensity Conflict Systems for Defence, Radiation Detection Equipment, Nuclear Instrumentation for 700MW plants, Integrated Security System for Delhi Police Phase II and

Data Digitisation and Smart Card production for the Registrar General of India. The company not only expects to meet its turnover target but also end with a healthy order book for the next year which would enable the company to maintain the tempo and target an even higher turnover for 2013-14.

Research and Development

Research and Development holds the key to the future business and competitiveness of the company. The management has devoted focussed attention on R&D activities which has resulted in a number of new products being introduced apart from adding features to existing products. The details are provided in the Annexure to this report.

Quality

During the year, Integrated Safety Health and Environment (SHE) Management System Surveillance Audit was successfully completed. ISO-9001:2005 (QMS) has been maintained by all the Divisions. Re-certification by NABL has been completed for Calibration and Measurement Laboratory of Standards & Quality Assurance Group.

New Facilities

The company has established a Compact Antenna Test Facility with the technical and financial support from BARC. The facility can measure the essential parameters in the frequency band of 1-40 GHz.

The company has also established a smart card production facility at Tirupathi for the production of smart cards for National Population Register project.

Corporate Social Responsibility

The Corporate Social Responsibility policy of the company was approved by the Board of Directors in line with DPE guidelines for implementation from 2011-12 onwards.

The company has created a reserve by appropriating 3% of the profit for the preceding three years ending with 2011-12 and amounting to Rs. 304.45 lakhs. Out of this, a sum of Rs. 26.68 lakhs has been spent in 2011-12 and the balance will be utilized in the coming years.

The company is working actively with the local administrations to improve the infrastructure of the Government schools in the areas surrounding ECIL. During the year, the company has improved the facilities at some schools by providing toilets, desks and other furniture. The company has also provided computers to the schools and trained the staff for imparting IT education in the schools. The company has also conducted a medical camp in a village in the neighbouring district of Nalgonda.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The company's initiatives in sustainable development led to a reduction of over 6% in specific consumption of water and 2% in power.



A Dentist attending to a patient during the Free Medical Camp

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-I to this report.

Human Resources

During the year a total of 419 persons were

recruited including one internal higher appointment including 2 persons with disabilities. The category-wise distribution of recruitments is as follows:

General	154
OBC	147
SC	77
ST	41

633 employees separated from the company during the year. The manpower as on 31st March, 2012 stood at 4113 excluding C&MD and the other three Directors. The group-wise breakup is as follows:

Group	No. of employees
A	1620
B	980
C	1139
D	278
D1 (Sweepers)	96

The number of SC employees and their percentage in the total employees in different groups are as follows:

Group	No. of employees	Percentage
A	235	14.50%
B	152	15.51%
C	161	13.25%
D	278	21.58%
D1	38	39.58%

The number of ST employees and their percentage in the total employees in different

groups are as follows:

Group	No. of employees	Percentage
A	54	3.33 %
B	60	6.12 %
C	77	6.76 %
D	10	3.59 %
D1	01	1.04 %

Workers' Participation in Management

The participation of worker and officers' representatives in the joint forums is as given below:

(a) Corporate Management Committee:
The President and General Secretary of ECIL Staff and Workers' Union and President and Secretary of ECIL Officers' Association participate in Corporate Management Committee (CMC) meetings as special invitees. The CMC is a high level policy making body at the corporate level chaired by C&MD and consists of Functional Directors, Executive Directors, General Managers and Heads of Divisions. The committee meets regularly and deliberates on the major policy issues including the performance of the company.

(b) Divisional Production Committees:
The representatives of workers and officers participate in Sectional/ Divisional Production Committee meetings in which the performance of the Division, the working plans, the targets set for production, sales and order booking and the present position are reviewed every month.

RTI Act 2005

During the year 2011-12, 164 requests for information were received in addition to 14 requests pending at the end of the previous year i.e. 2010-11. Information was provided against 166 requests and 12 applications were pending

at the end of the year 2011-12. A total of 18 appeals were preferred, 14 were disposed off and 4 appeals were pending for disposal at the end of the year 2011-12.

Implementation of Official Language

As a Government company, ECIL is committed to the official language policies of the Government of India. The use of Hindi in official work is progressively being increased.

Four workshops on Hindi have been conducted. ECIL was awarded the “Rajbhasha Trophy” for the year 2009-10 and the “Rajbhasha Cup” for the year 2010-11.

Joint Venture Company

ECIL – Rapiscan Limited, the JV Company has achieved a turnover (provisional) of Rs.77.22 crore (unaudited) against a target of Rs.70 crore. The turnover includes Rs.47.54 crore from sale of X-Ray Baggage Inspection Systems and spares and Rs.29.66 crore from services and other income.

The profit after depreciation for the year is Rs. 14.86 crore (provisional), compared to Rs.10.94 crore for the previous year.

The JV Company is targeting a growth of 15 % for the current financial year over the previous year's target of Rs.70 Crores. While the demand for XBIS equipment is increasing, the competition is also intensifying with new players entering the market.

The manufacturing of XBIS at ECIL has been reducing due to obsolescence of 500 series technology and lack of progress in the technology transfer from M/s Rapiscan USA for the newer 600 series machines.

Corporate Governance

A report on Corporate Governance is given as Annexure-II.

Audit

M/s. Umamaheswara Rao & Co., Chartered Accountants were appointed as statutory auditors of the company for the year 2011-12. The company's responses to the statutory

auditors' qualifications/reservations on the accounts of the company for the year ended 31.3.2012 are furnished at Annexure-III to this report.

There are no comments from the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of your Company for the year 2011-12 as given in Annexure-IV.

Vigilance

During the year 2011-12, the thrust of the Corporate Vigilance Department (CVD) was to incorporate vigilance as a part of all activities and make it a managerial function. Continuing with the initiatives taken in the previous year, the CVD focussed on preventive vigilance in a proactive and participative manner. Renewed emphasis was, therefore, laid on bringing about greater transparency by leveraging technology. As a step in this direction ECIL has initiated e-tendering and e-auction as a pilot project in one division. The on-line complaint lodging system and on-line filing of Immovable Property Returns has gained acceptance among the employees of ECIL. Furthermore a vigilance compendium containing all CVC guidelines has been hosted on the website along with the latest circulars issued by CVD/DAE. The purchase procedure and CDA Rules are also being updated.

The Whistle blower policy has been adopted by the Board and put in public domain for greater effectiveness. The company is also actively pursuing the implementation of Integrity Pact (IP).

As a part of its endeavor to bring about system improvement, CVD has given several suggestions in the area of personnel management and public procurement which have found favour with the management. CTE like inspections conducted by CVD have also highlighted the need to follow laid-down procedures and guidelines. During this period CVD examined 23 complaints and 10 were disposed of after examination. In order to further sensitize the employees of ECIL regarding the need to be vigilant and ethical in their performance of their duties, various training programs, seminars and interactive sessions on materials management, ethics in

corporate management, vigilance administration etc. were conducted. A book on “Preventive Vigilance for Purchase & Contracts” was released during the Vigilance Awareness Week and hosted on the intra-net.

Directors

Shri Shiv Kumar Nori, Director (F) passed away suddenly on 25th April 2012. The Directors place on record their appreciation for the services rendered by him and offer their condolences to the bereaved family.

Lt. Gen. P Mohapatra, SO-in-C & Sr. Colonel Commandant, Indian Army ceased to be Director from 31st August, 2011.

Shri NSS Prasada Rao, Director (Technical) ceased to be Director from 30th June, 2012.

Prof. M. Chandrasekhar, Director – Centre for Innovation and Technology ASCI ceased to be Director from 7th September, 2011.

The Directors would like to place on record their appreciation for the services rendered by them during their tenure.

Dr. R Sreehari Rao, Chief Controller (R&D) DRDO was appointed as a Director with effect from 20th June, 2011.

Lt. Gen S P Kochhar, SO-in-C & Sr. Colonel Commandant, Indian Army was appointed as Director with effect from 4th November, 2011.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

(a) that in preparation of accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed excepting a few minor deviations due to practical constraints, which have been disclosed in the notes forming part of the Accounts as per Sec. 211(3)(B) of the Companies Act, 1956;

(b) that the Directors have selected such of the accounting policies, applied them consistently and made judgments and estimates, that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31.3.2012 and of the profit of the company for the year ended on that date;

(c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) that the Directors have prepared the Accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

Acknowledgements

The Board wishes to place on record its appreciation of the efforts of the Chairman & Managing Director and his colleagues on the Board and all the employees of the company which has resulted in the company achieving a good performance during the year and hopes that the Company would scale greater heights in the years to come.

Your Directors acknowledge with thanks the support and encouragement received from the Department of Atomic Energy and its constituent units such as Bhabha Atomic Research Centre, Indira Gandhi Centre for Atomic Research, NPCIL and BHAVINI, Defence Research and Development Organization, Ministry of Defence and its constituent units, Indian Space Research Organization, Election Commission, Department of Information Technology, Department of Science and Technology, Ministry of Shipping, Ministry of Finance, Ministry of Civil Aviation, Department of Company Affairs, Ministry of Home Affairs, Department of Public Enterprises and other ministries and departments of Government of India, the Government of Andhra Pradesh, Statutory Auditors, the Chairman and members of the Audit Committee and the office of the Principal Director of Commercial Audit, bankers, foreign collaborators, all the customers and agencies, who are directly or indirectly associated with your Company.

For and on behalf of the Board of Directors

Y S Mayya
Chairman & Managing Director

Hyderabad
27.08.2012

Annexure - I to Directors' Report to Shareholders

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy

- i) Preventive maintenance of sub-station equipments like LT panels, Air circuit breakers, protection relays were carried out periodically to minimize the power losses in the HT & LT distribution systems.
- ii) Replacement of conventional type lighting system with energy efficient lighting system in the new and renovation projects in the organization.
- iii) Regular maintenance of solar water heating system has ensured the efficiency of the system.

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

- i) Energy efficient air conditioning units are being installed in the new and renovation projects in the organization.
- ii) Replacement of old PILCA insulated underground power cables with XLPE insulated cables to minimize the distribution losses.

C. Impact of measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production goods.

There has been a reduction of 2% in the specific power consumption and a consequent reduction in the cost of production.

D. Technology absorption

Efforts made in technology absorption as per Form B

Form B

A. Research & Development (R&D)

1. Specific areas in which R&D is carried out

- i. Airborne Satcom Terminals and Large Earth Station Antennae
- ii. IGBT based High Voltage DC Power Supplies
- iii. RF Seekers
- iv. C⁴I and Checkout systems for Missile Programs
- v. Weather Radars
- vi. Electronic Voting Machines
- vii. Solid State Video Recorder
- viii. Electrical Sub-Station Automation systems
- ix. De-duplication technologies and crypto analysis
- x. Enterprise wide Access Control System Software
- xi. Migration of software to Linux platform

2. Benefits derived as a result of the above R&D:

- i. Business of about Rs.1200 Lakhs from the development of Airborne Satcom Terminal and Large Earth Station Antennae
- ii. Business leads in major science programs like FAIR and ITER from the development of High Voltage DC supplies
- iii. Development efforts in RF Seekers enabled self sufficiency in critical technologies
- iv. Orders worth Rs. 100 Cr. received for C⁴I and Check out systems for Missile Programs

v. Development efforts in Weather Radar enabled the company to address the large requirements of such systems

vi. Mark II EVMs with additional security features resulted in business worth Rs. 53.7 Crores

vii. The development of 3 phase energy meter with automatic meter reading has enabled the company to offer energy efficient solutions to electric power utilities for substation automation.

viii. Deduplication technologies and crypto-analysis are enabling the company to address the large requirements for such technological solutions.

ix. Development of Enterprise wide Access Control System software resulted in business leads in homeland security sector

x. Migration of software to Linux based platforms will enable the company to offer enhanced security and improved performance.

3. Future plan of action:

i. Phased Array Antenna and Carbon Fiber Technology based Antennae.

ii. Software simulation systems with motion platforms

iii. Wide Band Digital Recorder.

iv. Software Defined Radio.

v. Smart Meters.

vi. Platform independent Display Systems for C4I applications.

vii. Intelligent Biometric Access Controllers

viii. Smart card Readers

4. Expenditure on R & D: See table - 1 below

B. Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation.

i. Indigenization of critical sub-systems like Airborne Satcom terminals and 18M Antennae added new products to the profile to AP&SD

ii. Development of ADIOS-3000 system provides solution to obsolescence issues of PLCs

iii. Highly stable (100 ppm) Magnet Power Supplies for critical applications.

iv. Incorporation of the new feature of XML Utility in ECLOGIC –LNX

v. Acquisition of know-how about all issues related to development of simulators

vi. Development of in-house FDM Analyser and De-multiplexer embedded software as a substitute for imported units

vii. Skills developed in the areas - QNX (RTOS) and Platform Independent GUI Development Tools

4. Expenditure on R & D		(Rs. Crores)	
		2011-12	2010-11
i)	Capital	5.57	5.30
ii)	Recurring	38.43	37.98
iii)	Total	44.00	43.28
iv)	Total R&D expenditure as percentage of turnover	2.98%	3.34%

Table - 1

viii. In-house development of complete solution for the Access Controllers

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, import substitution etc.

i. Import substitution of Airborne Satcom terminal with a cost effective solution

ii. Import substitution of large 18 M Reflector Antenna systems

iii. Product improvement and cost reduction in design, development of ADIOS and VME Bus based boards

iv. Indigenization of technology and import substitution for IGBT based 132 KW, 700 Volts DC Switched Power Supply Module (SPM) and real time computer based Equipment Control Cubicle (ECC)

v. New products with indigenous technology and import substitution for Linux based Engineer's Console (ECLOGIC –LNX)

vi. Understanding of software development life cycle procedures and thus streamlining the ECSCADA development

vii. Indigenous technology development and realization of import substitution in areas of EW & ST Radar

viii. Import substitution in T-90 Gyro, T-90 Trigger projects for T-90 Battle Tank

ix. Indigenous technology development in areas of Access Control Solution

3. In case of imported technology (imported during last 5 years reckoned from beginning of financial year).

See table - 2 below

4. New products introduced in 2011-2012

New products introduced by the company in the year 2011-12 range from components to complex systems covering Nuclear, Defence, Aerospace, Security and Telecom domains. A marked enhancement in the quality and the quantity of the R&D deliverables is visible as the company regains critical mass in its efforts to re-establish as a Centre of Excellence in strategic electronics.

Gamma Compensated Neutron Ion Chambers, Pulse Shape Discriminator Module and Hull Monitoring Systems are the new products in Radiation Detectors and nuclear instruments.



Gamma Compensated Neutron Ion Chamber

The Low Capacitive Non-inductive, High Voltage Resistor HW50PS is a new product in the component segment.

Missile Checkout Facility (MCF) is a computerized system developed for testing of AKASH missiles on GO /NO GO basis

Technology imported during the last 5 years (reckoned from the beginning of the financial year)						
Sl. No.	Name & Address of the collaborator	Product	Year of Import	Technology Imported	Has Tech been fully absorbed	If not fully absorbed reasons
Nil						

Table - 2



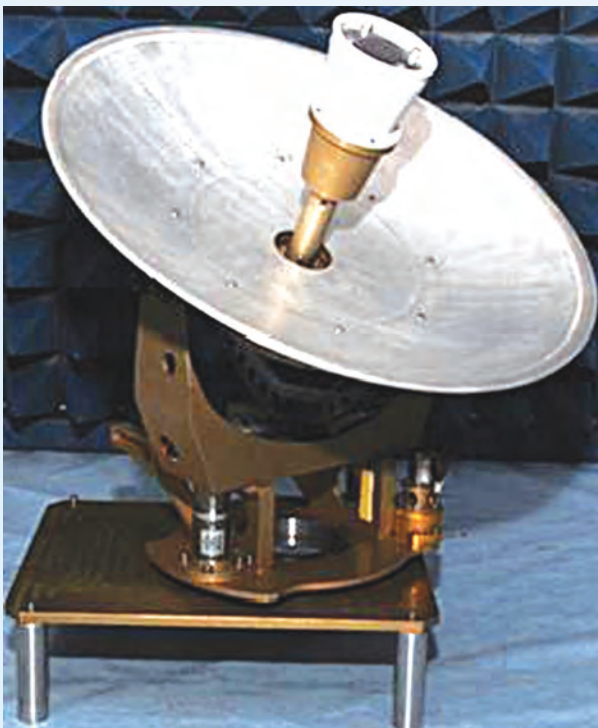
Missile Checkout Facility (Akash)

UHF SATCOM DAMA Terminal suitable for modern SATCOM/LOS communication between military platforms is the new product in the military communications segment.

The 0.45 M Ku-band Airborne SATCOM Terminal, suitable for fitment in UAV, is the new addition in the stabilized platforms category.

The ECR-1000 Router, developed in collaboration with IIT Mumbai, will strengthen the information security technology in the country.

The new EVM Mark-II, developed for the State



0.45 m Airborne SATCOM Antenna



ECR 1000 Series CES Router

Election Commission, Maharashtra is a fitting example of an appropriate technology solution



Electronic Voting Machine with Voter Verifiable Audit Trail

retaining the simplicity and ruggedness of India's time tested EVMs and incorporating enhanced security features. The Voter Verifiable Paper Audit Trail System is an innovative add-on to the EVM which addresses the need of the voter for verifiability without diluting the integrity of EVMs.

C. Foreign Exchange Earnings and outgo:



Hull Monitoring System



Pulse Shape
Discriminator



High Voltage Resistor
HW50PS

I. During the year, the company exported (including third party exports) 6.17 crores worth of its products, which include Speech Secrecy equipment to USA, TR 2400 100W HF Transceivers equipment to Israel, software solutions for Air Traffic Management systems of HIIT, Holland and Control Panels to Tabriz, Iran through BHEL.

Hyderabad
27.08.2012



UHF SATCOM DAMA Terminal

II. The total foreign exchange used and earned is as given below:

Particulars	(Rs. Crores)	
	2011-12	2010-11
Foreign Exchange used	328.38	299.78
Foreign Exchange earned	6.17	0.82

For and on behalf of the Board of Directors

Y S Mayya
Chairman & Managing Director

Annexure - II to Directors' Report to Shareholders

Corporate Governance

The company continues to take several measures to enhance the openness and transparency of all its operations.

Board of Directors

In terms of Sec 617 of the Companies Act, 1956, ECIL is a Government company. The entire paid up capital of the company is held by the

President of India, including the 3 shares held by his nominees.

The Board, as at 31.03.2012, comprises of ten Directors - Chairman & Managing Director, three Whole-time Directors and six Non-Executive Directors. The Board meets at regular intervals and is responsible for the proper direction and management of the company.

Name & Position	Board Meetings		Attendance At last AGM held on 26.08.2011	No. of other Director-ships
	Held during the tenure	Attended		
Whole-Time Directors				
Shri Y S Mayya Chairman & Managing Director	6	6	Yes	1
Maj. Gen.(Retd.) SM Sanjeev Loomba, Director (Personnel)	6	5	Yes	Nil
Shri N S S Prasada Rao Director (Technical)	6	5	Yes	Nil
Shri Shiv Kumar Nori Director (Finance)	6	6	Yes	1
Non-Executive Directors				
Shri V R Sadasivam	6	2	-	4
Shri Umesh Chandra	6	6	-	Nil
Dr. C B S Venkataramana	6	6	Yes	2
Lt. Gen. P Mohapatra (up to 31.08.11)	4	2	-	2
Prof. M. Chandrasekhar (upto 07.09.11)	4	3	Yes	1
Shri V V R Sastry	6	5	-	3
Dr. R Sreehari Rao (from 20.06.11)	5	Nil	-	Nil
*Lt. Gen. S P Kochhar (from 04.11.11)	2	1	-	Nil

Table - 3

During the financial year, six Board Meetings were held on 15th April 2011, 29th June 2011, 03rd August 2011, 26th August 2011, 02nd December 2011 and 21st March 2012. The composition of the Directors, their attendance at the Board Meetings during the financial year and at the last Annual General Meeting are as shown in Table - 3 in facing page.

The remuneration of the whole-time Directors is fixed by the Government of India. Shri V V R Sastry and Prof. M. Chandrasekhar are independent Directors and have been paid Rs.3000/- per sitting upto 30th November, 2011. From 2nd December, 2011 onwards, the sitting fee has been enhanced to Rs. 10,000 per attendance. All other part-time Directors on the Board are officials from the Government / other PSUs and, therefore, are not paid any sitting fees for the meetings attended.

Audit Committee

As on 31st March, 2012, the Audit Committee consisted of Shri V V R Sastry, Shri Umesh Chandra and Shri V R Sadasivam. Prof. M. Chandrasekhar was the Chairman of the Committee upto 23.08.2011. From 2nd December 2011, Shri V V R Sastry is the Chairman of the Audit Committee. Shri Shiv Kumar Nori, Director (F) and Shri N S S Prasada Rao, Director (T) and the Statutory Auditors were the special invitees for all the meetings. The head of the Internal Audit Department is also invited for participation in discussions. The members of the Audit Committee are experienced and have a fair knowledge of project finance, accounts and corporate law.

During the year, 5 (five) meetings were held on 15th April 2011, 29th June 2011, 25th August 2011, 30th December 2011 and 19th March, 2012. The Audit Committee reviewed the implementation of the Accounting Standards, Audit Programmes and Internal Audit Reports. The Committee perused the Annual Financial Statements and interacted with the Statutory Auditors for improvement in the systems for maintaining financial records as well as the data under Cost Accounting Record Rules. The terms of reference of the Audit Committee are in line with Section 292-A of the Act and DPE Guidelines.

Remuneration Committee

The Board at its 244th Meeting held on 2nd December, 2011 has reconstituted the Remuneration Committee with the following members taking into consideration the revised guidelines on constitution of the Remuneration Committee:

- | | |
|---------------------------|----------|
| 1. Shri V V R Sastry | Chairman |
| 2. Shri Umesh Chandra | Member |
| 3. Dr.C B S Venkataramana | Member |

Corporate Management Committee

The Corporate Management Committee is a high level policy making body at the Corporate level which is headed by the Chairman & Managing Director. The Committee consists of all Functional Directors, Executive Directors, General Managers and Heads of Divisions. The Committee meets regularly and deliberates upon the major policy issues including performance of the Company. The President and General Secretary of ECS&WU and President and Secretary of ECOA are the special invitees.

Code of Conduct

The Board of Directors of your Company has laid down a Code of Conduct for all Board Members and Senior Management of the company. The Code of Conduct has been posted on the company's website www.ecil.co.in. All the Board members and the Senior Management personnel have affirmed compliance with the Code of conduct during the year 2011-12.

Whistle Blower policy

With a view to establish a mechanism for the employees to report to the Management about their concerns regarding unethical behaviour and the cases of actual or suspected fraud, violation of Company's general guidelines on Conduct and Ethics, the Board, at its 244th Meeting held on 2nd December 2011, approved the Whistle Blower Policy for its implementation at ECIL. The Policy ensures that adequate safeguards are provided to the genuine Whistle Blower against victimization.

Shareholding Pattern

ECIL is not listed at any Stock Exchange in India or abroad. The entire share capital of the Company is held by the President of India and her nominees.

General Body Meetings

The details of the last three Annual General Meeting of the Company are given below:

Year	Date	Time	Venue
2008-09	18.09.2009	1400 hrs.	Registered Office,
2009-10	13.08.2010	1400 hrs.	ECIL Post office,
2010-11	26.08.2011	1300 hrs	Hyderabad- 500062

Means of Communications

The Company displays the Accounts and other relevant information including those required

under the Right to Information Act on its website www.ecil.co.in.

Compliance

The Company has complied with the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. The Company is also submitting quarterly compliance report regularly to the Department of Atomic Energy, Government of India. The certificate received

from the Statutory Auditors of the Company on compliance with the DPE Guidelines is enclosed with this report.

For and on behalf of the Board of Directors

Hyderabad
27.08.2012

Y S Mayya
Chairman & Managing Director

UMAMAHESWARA RAO & CO.
CHARTERED ACCOUNTANTS



Certificate on compliance of conditions on
CORPORATE GOVERNANCE

To
The Members of
Electronics Corporation of India Limited

We have examined the compliance of the conditions of Corporate Governance by Electronics Corporation of India Limited, for the year ended on 31st March 2012, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises - 2010, which were forwarded by the Department of Atomic Energy (DAE), the Administrative Ministry of ECIL, for compliance with the instructions contained therein.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010", issued by Dept. of public Enterprises, as per which it is the responsibility of Directors and Senior management Personnel to familiarize themselves with the Code and comply with its Standards and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2012.

We further certify that the Company has complied with the Guidelines on Corporate Governance for Central Public Sector Enterprises - 2010, except

- i. Guidelines regarding composition of independent directors on the Board of Directors.
- ii. Guidelines regarding composition of independent directors on the audit committee of the Board.

Place: Hyderabad
Date: 13.08.2012

For UMAMAHESWARA RAO & CO.
Chartered Accountants
FRN 004453S

(RR Dakshinamurthy)
Partner M No 211639



HEAD OFFICE
HYDERABAD

: Flat No. 5-H, 'D' Block, 8-3-324, Krishna Apartments, Yellareddyguda Lane, Ameerpet 'X' Roads, Hyderabad - 500 073.
Tel : 040 - 23751833 Telefax : 040 - 23751823 E-mail : ucognt@umrcas.com

BRANCHES
GUNTUR

: "Samata" 6th Line, Main Road, Brodipet, Guntur - 522 002 Grams : Relief Tel : 0863 - 2355986, 2241392
E-mail : ucognt@umrcas.com

VISAKHAPATNAM : 50-38-9, T.P.T. Colony, Seethammadhara, Visakhapatnam - 530 013.

Significant Accounting Policies

Basis of Accounting:

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (IGAAP) and the provisions of the Companies Act, 1956.

Use of Estimates:

The preparation of financial statements requires estimates and assumptions (including revisions, if any) that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

A. Recognition of Revenue:

(i) Sales include Excise Duty and exclude Sales Tax / Value Added Tax and Service Tax and revenue is recognized on accrual basis inter-alia in the following cases :

- a) In case of FOR destination cases, Revenue is recognized on dispatch if there is reasonable expectation of the goods reaching the destination within the accounting period.
- b) In case of Ex-works, FOT works, FOR Works contracts, revenue is recognized when the goods are handed over to the carrier for transmission to the buyer.
- c) In respect of composite contracts involving supply and services where price break-up is available, revenue in respect of supplies are recognized when goods are delivered to customers unconditionally and service income is recognized based on completion of services. And where price break-up is not available, revenue is recognized as per contract value duly providing for services on estimated basis for the supplies made unconditionally.
- d) Revenue is recognized in respect of services/software against completion of milestones/ acceptance/ acknowledgement, where break-up values for each system/

package are available in contract or based on technical estimates where such break up values are not available.

e) If the sale price is pending finalization, revenue is recognized on the basis of price expected to be realized.

(ii) On transfer of items (for Defence) to the bonded stores awaiting field-testing.

(iii) On completion of customer's prior inspection and acceptance in case the contract so provides, even if the goods are retained in the custody of the Company at the request of the customer.

(iv) In case of turnkey/composite contracts of complex equipment/ systems, where the normal cycle time for completion is more than 12 months, subject to provision of anticipated losses, revenue is recognized (excluding taxes and duties) based on percentage completion method based on the percentage of actual cost incurred upto the reporting date to the total estimated cost of the contract.

B. Internal Capitalisation and Inter-Group Transfers:

i) **Internal Capitalisation:** Equipment manufactured for internal use is capitalized at cost.

ii) **Inter-Group Transfers:** Inter and Intra group transfers are made at agreed transfer price. However, unutilized stock of such items at the year end lying as inventory is valued at cost or NRV whichever is lower.

C. Inventory:

i) Raw materials, stores and spares and components are valued at cost (net of CENVAT/ VAT) by using weighted average cost formula or NRV whichever is lower. Inventories which are non-moving for more than 3 years and which may not be required for further use are suitably provided and in the case of inventories which are less than 3 years old, provision is made as assessed technically.

ii) Work in progress of products / projects is valued at Factory Cost or NRV whichever is lower and such valuation is based on technical estimate as to the stage of progress.

iii) Finished goods are valued at "factory cost" or "net realizable value" whichever is lower.

D. Fixed Assets and Depreciation of Assets:

i) a) Fixed Assets are stated at historical cost net of CENVAT/VAT, if any.

b) Assets are depreciated on straight line method and depreciation is charged on monthly prorata basis for the additions / deletions during the year. The rates of depreciation adopted by the Company are as per Schedule XIV of the Companies Act, 1956, except in the following cases:

(i) Where the cost of the asset is Rs.10,000/- or below (for assets acquired after 01.04.2003) depreciation is at 100% of the cost retaining Re.1/- in the net block.

(ii) Computer Systems acquired by Computer Education Division (CED) and systems sent on hire or for demonstration or for use outside factory is depreciated @ 50%.

(iii) Assets acquired by Electronic Manufacturing Services Division under the heads of (i) Plant and Machinery and (ii) Electronic Testing and Measuring Equipment which are depreciated at the rate of 50%.

(iv) Structures, erections, warehouses, Electrical installations and other similar enabling works at projects / sites are depreciated considering the tenure of the contracts.

(v) Data processing equipment acquired for execution of NPR & SECC project is depreciated @ 50%.

ii) Impairment of Assets: As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its

carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

E. Prepaid Expenses and Prior Period Expense / Income:

Prepaid expenses and prior period expenses / income of items of Rs.1,00,000 and below are charged to natural heads of accounts.

F. Technical Knowhow :

Expenditure on Technical Know how (TKH) fees, Software, Training of Personnel etc., are charged off to revenue on incurrence. However, in case of TKH charges incurred for new product lines or upgradations expenditure is amortised, based on technical assessment over the life cycle of the Project not exceeding 5 years.

G. Demurrages and Wharfages:

Expenditure on demurrages and/or wharfages on all imports, whether capital or otherwise, is charged off to revenue.

H. Foreign Currency Transactions and Exchange Variation:

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of transactions. Gains / losses arising out of the fluctuations in the exchange rate are recognized in the profit & loss account in the period in which they arise.

The foreign currency fluctuations relating to monetary items at the year ending are accounted as gains / losses in the profit & loss account.

I. Government Grants:

Govt. grants related to specific fixed assets are shown as a deduction from the gross value of the assets concerned and those related to Revenue are deducted from the relevant expense accounts in the year in which the expenditure is incurred.

Subject to the conditions of the Grants, fully funded assets are shown at nominal value, while partially funded assets are shown after reduction of the grant amount.

J. Research & Development Expenditure:

Research and development expenditure of revenue nature is charged off to revenue when incurred, while of capital nature is capitalised.

K. Employee Benefits:

i) Provisions for gratuity and leave encashment liability to employees are made on the basis of actuarial valuation as at the year end. Actuarial gains and losses are recognized in the statement of profit and loss as income or expense.

ii) Compensation under VRS is charged off to revenue in the year of incurrence.

L. Borrowing Costs:

Borrowing costs, directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which these are incurred.

M. Deferred Taxes:

Deferred Income Tax is provided using the liability method on all temporary timing differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and the tax laws) that have been enacted upto the date of approval of the financial statements.

N. Investments:

Long term investments are carried at cost. Provision is made for dimunition, other than

temporary, in the value of such investments.

O. Leases:

a) Assets given on operating lease are capitalized. The related lease income is recognized as income, over the lease period, on accrual basis. In respect of lease and sub-lease arrangement, the lease rental received and payable are recognized as income and expenditure respectively in the Profit & Loss Account on accrual basis.

b) Assets given on finance lease are recognized as sale at normal sale price/fair value/ Net Present Value. Finance income is recognized over the lease period. Initial direct costs are expensed in the year of incurrence. In respect of assets taken on finance lease and subsequently sub-leased, the Accounting Policy for finance lease, as stated is applicable.

P. Liquidated Damages:

Claims for liquidated damages against the company are considered, to the extent revenue recognized except those which are considered by the management as negotiable and not payable. However, the same are treated as contingent liability.

Q. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

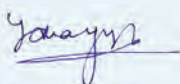
Electronics Corporation of India Limited
Balance Sheet as at 31st March, 2012

(Rs. in Lakhs)

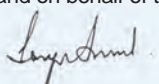
Particulars	Note No.	31.03.2012		31.03.2011	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	1	16,337.12		16,337.12	
(b) Reserves and Surplus	2	46,869.38	63,206.50	44,298.77	60,635.89
(c) Money received against share warrants			-		-
(2) Share application money pending allotment			-		-
(3) Non-Current Liabilities					
(a) Long-term borrowings			-		-
(b) Deferred tax liabilities(net)			-		-
(c) Other Long term liabilities	3	8,807.30		5,956.56	
(d) Long-term provisions	4	3,252.59	12,059.89	3,114.13	9,070.69
(4) Current Liabilities					
(a) Short-term borrowings	5	27,015.97		33,916.42	
(b) Trade Payables	6	36,332.76		23,611.74	
(c) Other Current Liabilities	7	72,784.84		58,132.87	
(d) Short-term provisions	8	7,803.35	1,43,936.92	7,584.13	1,23,245.16
Total			2,19,203.31		1,92,951.74
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	9	10,845.68		9,858.93	
(ii) Intangible Assets		-		-	
(iii) Capital Work-in-Progress	10	1,969.75		2,275.88	
(iv) Intangible Assets under Development		-	12,815.43	-	12,134.81
(b) Non-Current Investments	11		164.64		164.64
(c) Deferred Tax Assets(net)	12		2,491.03		4,103.24
(d) Long-term Loans and Advances	13		2,876.36		2,891.68
(e) Other Non-Current Assets	14		22,596.16		7,473.65
(2) Current Assets					
(a) Current Investments			-		-
(b) Inventories	15	19,839.93		15,660.79	
(c) Trade Receivables	16	80,190.00		73,592.26	
(d) Cash and Cash equivalents	17	30,909.90		27,799.68	
(e) Short-term Loans and Advances	18	16,921.95		13,448.86	
(f) Other current assets	19	30,397.91	1,78,259.69	35,682.13	1,66,183.72
Total			2,19,203.31		1,92,951.74

Significant accounting policies and the accompanying notes are an integral part of the Financial Statements

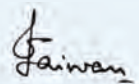
For and on behalf of the Board



YS MAYYA
Chairman & Managing Director &
Director (F) Addl.Charge



SANJEEV LOOMBA
Director (Personnel)



JAI BHAGWAN SHARMA
Company Secretary

As per our report of even date attached

For UMAMAHESWARA RAO & CO.

Chartered Accountants

FRN 004453S



Partner : **A. SIVA PRASAD**
M.No. : 213675

Place: Hyderabad
29.06.2012

Electronics Corporation of India Limited
Statement of Profit & Loss for the year ended 31st March, 2012

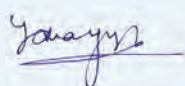
(Rs. in Lakhs)

Particulars	Note No.	31.03.2012	31.03.2011
I Revenue from operations (gross)		147,414.05	129,777.35
Less : Excise duty		5,712.62	3,171.32
II Revenue from Operations (net)	20	141,701.43	126,606.03
III Other Income	21	4,352.44	3,051.40
IV. Total Revenue(II+III)		146,053.87	129,657.43
V Expenses:			
Cost of Materials Consumed	22	91,119.27	72,828.14
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods, wip and traded goods	23	(2,464.38)	3,961.00
Employee Benefits Expense	24	35,755.41	35,496.41
Finance Costs	25	4,131.34	2,848.57
Depreciation Expense		960.30	881.84
Other Expenses	26	10,296.58	10,399.50
Prior Period Items		(25.40)	52.56
Total Expenses		139,773.12	126,468.02
VI Profit before exceptional and extraordinary items and tax (IV-V)		6,280.75	3,189.41
VII Exceptional Items: Income / (Expenditure)	27	(738.15)	(952.73)
VIII. Profit before extraordinary items and tax (VI-VII)		5,542.60	2,236.68
IX. Less: Extraordinary Items		-	-
X Profit before tax(VIII-IX)		5,542.60	2,236.68
XI Tax Expense:			
(1) Current Tax (MAT)		1,635.00	446.00
(2) Minimum Alternate Tax Credit Entitlement		(1,635.00)	-
(3) Deferred Tax		1,612.21	(81.69)
(4) For Earlier Years		269.37	(414.06) (49.75)
XII Profit for the period from continuing operations (X-XI)		3,661.02	2,286.43
XIII. Profit from discontinuing operations		-	-
XIV. Tax expense of discontinuing operations		-	-
XV Profit from discontinuing operations (after tax) (XIII-XIV)		-	-
XVI. Profit for the period (XII+XV)		3,661.02	2,286.43
XVII Earnings per equity		Rs.	Rs.
(1) Basic		224.09	139.95
(2) Diluted		224.09	139.95

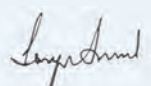
Significant accounting policies and the accompanying notes are an integral part of the Financial Statements

For and on behalf of the Board

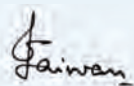
As per our report of even date attached
for UMA MAHESWARA RAO & CO.
Chartered Accountants
FRN 004453S



YS MAYYA
Chairman & Managing Director &
Director (F) Addl.Charge



SANJEEV LOOMBA
Director (Personnel)



JAI BHAGWAN SHARMA
Company Secretary



Partner : **A. SIVA PRASAD**
M.No. : 213675

Place: Hyderabad
29.06.2012

Notes to the Financial Statements for the Year Ended 31.03.2012

Note 1 : Share Capital

(Rs. in Lakhs)		
Particulars	31.03.2012	31.03.2011
Authorised Capital		
20,00,000(Previous year 20,00,000 of Rs. 1000 each) Equity Shares of Rs.1000 each	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital		
16,33,712 (Previous Year 16,33,712) Equity Shares of Rs.1000 each fully paid up	16,337.12	16,337.12
Total	16,337.12	16,337.12
A) Reconciliation of No. of Equity Shares outstanding at the beginning and at the end of the year		
	31.03.2012	31.03.2011
Shares outstanding at the beginning of the year	1,633,712	1,633,712
Add :		
1 No.of shares allotted as fully paid up bonus shares during the year	-	-
2 No.of shares allotted during the year as fully paid up pursuant to a contract without payment being received in cash	-	-
3 No.of shares allotted to employees pursuant to ESOPs/ ESPs	-	-
4 No.of shares allotted for cash pursuant to public issue.	-	-
	1,633,712	1,633,712
Less :		
1 No.of shares bought back during the year	0	0
No. of Shares outstanding at the end of the year	1,633,712	1,633,712
B) No.of Shares held by each shareholder holding more than 5% shares in the Company		
i) Name of the Shareholder	President of India	President of India
ii) No.of shares held in the company	1,633,712	1,633,712
iii) Percentage of shares held	100%	100%
C) Aggregate number of bonus shares issued, shares issued consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date		
	NIL	NIL

Note 2 : Reserves and Surplus
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a General Reserve	2,650.00	2,650.00
b Surplus/(Deficit) in the statement of Profit and Loss		
Opening Balance	41,648.77	40,295.21
Add : Profit for the year	<u>3,661.02</u>	<u>2,286.43</u>
	45,309.79	42,581.64
Less : Appropriations		
Transfer to CSR Fund	304.45	
Provision for Dividend	915.25	800.00
Provision for Dividend Tax	<u>148.48</u>	<u>132.87</u>
Net surplus in the Statement of Profit and loss	43,941.61	41,648.77
c Others:		
Corporate Social Responsibility Fund (CSR)		-
Opening Balance	-	-
Add: Transfer from P&L Appropriation a/c		
Previous years	194.62	-
Current year	<u>109.83</u>	<u>-</u>
	304.45	-
Less : Utilization during the year	<u>26.68</u>	<u>-</u>
Balance in CSR Fund	277.77	-
Total	46,869.38	44,298.77

Note 3 : Other Long-Term Liabilities
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Trade Payables	-	243.74
b) Others :		
Sundry Creditors for Expenses	2,770.49	2,399.73
Advances from customers	4,883.07	1,893.94
Deposits	46.64	148.71
Security Deposit for lease Premises	1,069.20	1,069.20
Others	37.90	201.24
Total	8,807.30	5,956.56

Note 4: Long-term Provisions

(Rs.in Lakhs)		
Particulars	31.03.2012	31.03.2011
a) Provision for Employee Benefits: Leave Encashment	1,622.32	1,654.67
b) Others Provision for Warranty	1,630.27	1,459.46
Total	3,252.59	3,114.13

Note 5 : Short-term Borrowings

(Rs.in Lakhs)		
Particulars	31.03.2012	31.03.2011
(a) Loans repayable on demand From Banks:		
1. Cash Credit (Secured)	11,587.50	0.06
2. Against Fixed Deposits (Secured)	5,428.47	13,916.45
(b) Others:		
From Banks:		
1.Term Loans (Unsecured)	10,000.00	19,999.91
Total	27,015.97	33,916.42

Terms & Conditions :

Nature of Borrowings:	CashCredit	Short Term loans	Against FD
Terms of Repayment	On Demand	On Due Date	Running account
Rate of Interest	10.30%	10.50%	10%
No.of Instalments	Single	Single	-
Maturity period	On Demand	3 Months	-

(Previous year the terms & conditions are same as applicable to current year)

Cash Credit is secured by first charge by way of hypothecation of present and future Raw Materials, Stores, Work-in- Progress, Finished Stock, Book Debts, Fixed Assets and Equitable Mortgage on Land & Buildings, ranking paripassu amongst the consortium member Banks.

Note 6 : Trade Payables

(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Sundry Creditors for goods, machinery etc. Dues to Micro & Small Enterprises Rs.160.18 lakhs (Previous year Rs.235.22 lakhs)	36,332.76	23,611.74
Total	36,332.76	23,611.74

Note 7 : Other Current Liabilities

(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Interest accrued and due on borrowings	255.24	99.19
b) Sundry Creditors for expenses	20,735.70	18,592.82
c) Government Grants-in-Aid	3,201.20	2,958.57
d) Deposits	1,077.78	915.71
e) Advance from Customers	39,789.99	26,643.26
f) Other payables	7,724.93	8,923.32
Total	72,784.84	58,132.87

Note 8 : Short-term Provisions

(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) For Employee Benefits Provision for Gratuity	1,006.18	981.46
Provision for Leave Encashment	4,794.67	4,644.11
b) Others For Proposed Dividend	915.25	800.00
For Tax on proposed Dividend	148.48	132.87
For Warranty Charges	938.77	1,025.69
Total	7,803.35	7,584.13

Fixed Assets
Note : 9 Tangible Assets

(Rs. in Lakhs)

S No	Name of the Asset	Gross Block At Cost				Depreciation				Net Block	
		As at 01.04.2011	Additions & Adj. During The Year	Deductions & Adj. During The Year	Total As At 31.03.2012	upto 31.03.2011	For the year	Previous Years & Adj. During The Year	Total upto 31.03.2012	As At 31.03.2012	As At 31.03.2011
1	Land (Freehold)	869.13			869.13	-			-		869.13
2	Buildings	2,715.28	151.30	6.91	2,859.67	1,660.29	58.39	6.91	1,711.77	1,147.90	1,055.00
3	Plant & Equipment	3,775.02	847.36	170.82	4,451.56	2,358.72	132.89	24.79	2,466.82	1,984.74	1,416.29
4	Furniture & Fixtures	1,400.09	344.64	90.34	1,654.39	907.21	80.89	12.01	976.09	678.30	492.88
5	Vehicles	77.42	21.69		99.11	37.78	7.30	-	45.08	54.03	39.65
6	Office Equipment	2,320.24	210.56	18.66	2,512.14	1,457.92	167.10	16.37	1,608.65	903.49	862.32
7	Others :										
	a) Roads, Bridges & Culverts	75.55	8.77		84.32	27.55	1.26	-	28.81	55.51	48.00
	b) Research & Development - Plant Machinery	116.77	387.23	306.41	197.59	51.46	11.97	-	63.43	134.16	65.31
	c) Electronic Testing & Measuring Equipment	9,797.98	1,323.42	1,044.39	10,076.91	5,473.63	441.42	83.64	5,831.41	4,245.50	4,324.24
	d) Computer Systems Hired out to Customers	1,708.98			1,708.98	1,673.77	11.64	-	1,685.41	23.57	35.21
	e) Air conditioners & Air coolers/Refrigerators	352.66	51.10	10.64	393.12	164.33	15.97	10.65	169.65	223.47	188.32
	f) Water supply & Sewerage	52.52	-	-	52.52	41.49	0.46	-	41.95	10.57	11.03
	g) Electrical Installation & Equipment	728.95	95.73	2.12	822.56	327.63	28.50	1.01	355.12	467.44	401.31
	h) Library	80.58	0.14		80.72	70.82	0.80	-	71.62	9.10	9.77
	i) Sheds, Fixtures and Structures/Erections at Projects/Sites	82.49			82.49	42.01	1.71		43.72	38.77	40.47
	TOTAL	24,153.56	3,441.94	1,650.29	25,945.21	14,294.61	960.30	155.38	15,099.53	10,845.68	9,858.93
	PREVIOUS YEAR	23,676.88	2,829.36	2,352.69	24,153.55	14,224.27	881.84	811.49	14,294.62	9,858.93	9,452.61

Notes:

1. Where the cost of the asset(s) acquired is not readily ascertainable, accounting is done on provisional valuation subject to adjustments in subsequent years in value where the variation exceeds Rs.0.15 lakhs or 15% of the actual valuation whichever is higher. The increase in profit on account of this method is Rs.11.96 lakhs for the year (Previous year increase in profit Rs. 3.49 lakhs).
2.
 - a) The Department of Atomic Energy (DAE) vide their letter no: 5/10(5)/2000-PSU/Vol. III/61 dated 10.01.2002 conveyed the approval of the President of India for transfer of ownership to the Company at free of cost of the land on which the factory is located at Hyderabad admeasuring 278 acres. Further , out of 278 Acres of Land, a “Deed Of Grant” for the land admeasuring 229.01 Acres was executed by DAE in accordance with President Of India’s approval for transfer of ownership of land to ECIL at free of cost through letter dated 06.01.2006. The Land of acres 229.01 has been mutated in the name of ECIL on 19.05.2010 and necessary entries are made in the records of Rights Amendment Register. Out of the remaining Land admeasuring about 49 Acres, a piece of land admeasuring 7.36 Acres (Tank Bed) is State Government’s Land and allowed only for community use and cannot be acquired/mutated on ECIL. The remaining land admeasuring 41.08 Acres, the matter for transfer is under process.
 - b) Title Deed in favour of the Company is yet to be executed for the freehold land admeasuring 0.533 Acres at Moula-Ali acquired by the Company from Andhra Pradesh Industrial Infrastructure Corporation Limited, Hyderabad in 1982-83.
 - c) The Department of Atomic Energy (DAE) vide their letter no: 5/10(5)/2000-PSU/Vol. III/61 dated 10.01.2002 conveyed the approval of the President of India for transfer of ownership to the Company (Zonal office) at free of cost located in Mumbai admeasuring 2773.50 sq.yards. The conveyance of the property is under process.
 - d) ECIL had executed Deeds of Lease with M/s Indian Rare Earth’s Limited, a Govt. Of India Undertaking, for leasing out a part of Zonal office building at Mumbai, admeasuring 12,820 Sq. Ft in Ground Floor & First Floor for a period of 20 years under the following payment conditions (i) Security Deposit of leased premises for Rs.1069.20 Lakhs and (ii) Annual Rent of Rs.1070/- per annum.
 - e) An area of 1.7 acres of land along with building occupied by Kushaiguda Police Station in survey No.303, Moula - Ali, belonging to DAE was leased to the Govt. of AP in the year 1998-99 at a lease rent of Re.1/- per annum.
3. Assets acquired out of Government Grants for Rs.475.74 (previous year Rs.524.55 lakhs) and BARC funded assets for Rs. 1019.16 lakhs (previous year Rs.1014.51 Lakhs) have been shown in additions & deductions thus totaling to Rs.1494.89 Lakhs (previous year Rs.1539.06 Lakhs). The nominal value of such Assets included in Gross Block for the year is Rs.324/-(previous year Rs.408/-)
4. Certain fixed Assets which are fully depreciated and not in use and obsolete having a net value of Re 1/- each amounting to Rs. 191/- are reduced from the Gross Block (Gross Value of all these assets is Rs.155.25 lakhs).

Note 10 : Capital Work-in-Progress
(Rs.in Lakhs)

Particulars	31.03.2012	31.03.2011
1. Capital Equipment-in-Transit	921.60	1,686.95
2. Capital Work-in-progress	1,048.15	588.93
Total	1,969.75	2,275.88

Note 11 : Non Current Investments
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
Unquoted (other than trade) - Long Term (at cost)		
A) Investment in Joint Venture		
1. 14,70,000 equity shares inclusive of Bonus shares 7,35,000 Rs. 10/- each fully paid up in M/s. ECIL - Rapiscan Ltd.	73.50	73.50
B) Investment in Equity Instruments		
2. 7,28,960 equity shares inclusive of Bonus shares 1,92,960 of Rs.10/- each fully paid up in M/s. Andhra Pradesh Gas Power Corporation Limited	91.12	91.12
3. 250 shares of Rs.10/- each fully paid up in ECIL Employees Consumer Co-operative Society Limited	0.02	0.02
Total	164.64	164.64

NOTE 12 : Deferred Tax (Net Asset)
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
Deferred Tax Liability :		
a) Depreciation	4625.82	4111.19
Gross Deferred Tax Liability	<u>4625.82</u>	<u>4111.19</u>
Deferred tax asset :		
a) Provision for Doubtful Debts and Advances	508.61	481.13
b) Wage Revision Arrears	0.00	73.36
c) 43B Disallowances	9598.41	12025.92
d) Others	1179.78	1528.46
e) Carry Forward loss	1016.72	2354.97
Gross deferred tax asset	<u>12303.52</u>	<u>16463.84</u>
Net of deferred tax asset and liabilities	<u>7677.70</u>	<u>12352.65</u>
Net deferred tax asset	<u>2491.03</u>	<u>4103.24</u>
Total		

NOTE 13 : Long Term Loans and Advances
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Capital Advances (Unsecured considered good)	762.52	870.66
(A)	<u>762.52</u>	<u>870.66</u>
b) Deposits :		
Secured considered good	-	-
Unsecured considered good	2,037.13	1,962.29
Doubtful	-	-
TOTAL	<u>2,037.13</u>	<u>1,962.29</u>
Provision for doubtful deposits	-	-
(B)	<u>2,037.13</u>	<u>1,962.29</u>
c) Other Loans & Advances:		
Loans & Advances due from Directors or officers	-	-
Employee advances (Secured considered good)	0.16	-
Employee advances (Unsecured considered good)	35.28	29.29
Others (Unsecured considered good)	41.27	29.44
Doubtful	-	-
Provision for doubtful Loans & Advances	-	-
(C)	<u>76.71</u>	<u>58.73</u>
Total (A+B+C)	<u>2,876.36</u>	<u>2,891.68</u>

NOTE 14 : Other Non-current Assets

(Rs.in lakhs)

Particulars	31.03.2012	31.03.2011
a) Long term trade Receivables		
Secured considered good	-	-
Unsecured considered good	20,910.11	7,307.00
Doubtful	1,324.01	1,253.95
Less: Provision for Doubtful debts	<u>1,324.01</u>	<u>1,253.95</u>
	20,910.11	7,307.00
b) Others		
Minimum Alternate Tax Credit	1,635.00	
Claims Receivable	51.05	166.65
Total	<u>22,596.16</u>	<u>7,473.65</u>

NOTE 15 : Inventories

(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Raw Materials	9,448.26	7,795.43
(includes in transit Rs.2988.07 Lakhs Previous year : Rs. 1783.13 lakhs)		
b) Work-in-Progress	6,425.17	5,710.28
c) Finished Goods	2,843.20	1,086.64
d) Stores & Spares	1,019.87	1,023.12
(includes in transit Rs. 0.68 Lakhs Previous Year : Rs. 14.27 lakhs)		
e) Loose Tools	6.04	4.81
f) Others :		
i) Packing Materials	79.97	16.02
ii) Scrap	17.42	24.49
Total	<u>19,839.93</u>	<u>15,660.79</u>

NOTE 16 : Trade Receivables

(Rs.in lakhs)

Particulars	31.03.2012	31.03.2011
a) Trade Receivables outstanding for a period exceeding six months		
Secured, Considered good	-	-
Unsecured, Considered good	29,392.62	24,631.94
Doubtful	1,072.53	1,525.86
Less : Provision for Doubtful Debts	<u>1,072.53</u>	<u>1,525.86</u>
	29,392.62	24,631.94
b) Others :		
Secured, Considered good	-	-
Unsecured, Considered good	50,797.38	48,960.32
Doubtful	-	-
Less : Provision for Doubtful Debts	<u>-</u>	<u>-</u>
	50,797.38	48,960.32
Total	<u>80,190.00</u>	<u>73,592.26</u>

Note 17 : Cash and Cash Equivalents
(Rs.in lakhs)

Particulars	31.03.2012	31.03.2011
i. Cash and Cash equivalents		
a) Balances with banks:		
i) On current accounts	612.64	719.78
ii) Deposits with original maturity of less than three months	-	-
	612.64	719.78
b) Cheques, drafts on hand	220.81	2.21
c) Cash on hand	3.53	2.48
d) Others :		
i) Cheques in-transit	-	-
ii) Fixed Deposit with banks	5,500.00	10,550.00
iii) Stamps on hand	0.02	0.02
iv) Imprest cash with officers	12.06	0.25
v) Remittance-in-transit	0.72	0.62
	5,512.80	10,550.88
ii. Earmarked balances with bank	60.12	74.33
iii. Balances with banks (Fixed Deposit) held as Security against borrowings	24,500.00	16,450.00
iv. Bank deposits with more than twelve months maturity	-	-
Total	30,909.90	27,799.68

Note 18 : Short-term Loans & Advances
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
a) Loans & Advances to related parties		
Secured, Considered good	-	-
Unsecured, Considered good	-	-
Doubtful	-	-
Less : Allowance for bad & doubtful debts	-	-
	290.99	306.33
b) Deposits	3,109.45	1,458.61
c) Balances with Authorities		
d) Others :		
Advance to Employees (Secured and good)	13.29	33.61
Advance to Employees (Unsecured Considered good)	113.57	135.29
Advance to Suppliers for Goods & Services	3,837.46	2,431.28
Doubtful Advances to Suppliers	333.23	268.89
Less : Allowance for bad & doubtful Advances	333.23	268.89
Advance Tax / TDS (Net of Provision for Income Tax.	8,786.12	8,707.28
Other Advances	771.07	376.46
Debts due by Directors or Officers	-	-
Total	16,921.95	13,448.86

Note 19 : Other Current Assets
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
1. Unbilled Revenue	29,167.80	34,267.41
2. Accrued Income	559.04	914.71
3. Claims with Customers	671.07	500.01
Total	30,397.91	35,682.13

Note 20 : Revenue from Operations
(Rs. in Lakhs)

Particulars	31.03.2012	31.03.2011
Sale of Products	93,525.46	1,05,014.84
Services	53,705.96	24,530.26
Lease Rentals	182.63	232.25
	1,47,414.05	1,29,777.35
Less: Excise Duty	5,712.62	3,171.32
Revenue from Operations	1,41,701.43	1,26,606.03

NOTE 21 : Other Income
(Rs. in Lakhs)

	2011-12	2010-11
1. Interest on		
a) Staff advances	3.50	6.88
b) Electricity Deposits (APSEB)	3.38	2.96
c) Term Deposit Receipts	2,896.42	1,734.83
d) Others	82.08	457.83
	2,985.38	2,202.50
2. Profit on sale of fixed assets	-	1.05
3. Dividend from Joint Venture Company (ECIL - Rapiscan Ltd.)	44.10	44.10
4. Others		
a) Rent	6.73	6.73
b) Sale of scrap	37.86	110.24
c) Insurance Claims	7.25	5.78
d) Customs Duty claims	183.85	126.41
f) Unclaimed liabilities written back	103.44	44.51
g) Price Variation Adjustment	-	1.95
h) LDs Recovered on supplier bills	584.74	236.63
i) Miscellaneous	399.09	271.50
	1,322.96	803.75
Total	4,352.44	3,051.40

Note 22 : Cost of Materials Consumed
(Rs. in Lakhs)

	2011-12	2010-11
1. Consumption of raw materials, assemblies and components		
Opening Stock	6,012.30	4,628.42
Add: Purchases (after sales and adjustments)	92,050.91	73,698.23
Add: Departmental transfers - Production	412.18	384.16
	<u>98,475.39</u>	<u>78,710.81</u>
Less: Provision for obsolescence	-	18.98
Less: Closing Stock	<u>6,459.52</u>	<u>6,012.30</u>
	92,015.87	72,679.53
2. Consumption of		
a) Stores and Spares	72.86	853.77
b) Packing materials	147.13	67.80
c) Tools	<u>3.24</u>	<u>44.02</u>
	223.23	965.59
3. Cost of accessories & spares sold/consumed	208.22	284.97
Sub - Total	92,447.32	73,930.09
Less: Expenditure against Grants-in-Aid	<u>1,328.05</u>	<u>1,101.95</u>
Total	91,119.27	72,828.14

Note 23 : Changes in Inventories of Finished Goods & WIP
(Rs. in Lakhs)

Particulars	2011-12	2010-11
Closing stocks		
i) Finished Stock	2,843.20	1,086.64
ii) Work-in-progress	6,425.17	5,710.28
iii) Scrap	17.42	24.49
	<u>9,285.79</u>	<u>6,821.41</u>
Less: Opening stocks		
i) Finished Stock	1,086.64	1,207.44
ii) Work-in-progress	5,710.28	9,539.72
iii) Scrap	24.49	35.25
	<u>6,821.41</u>	<u>10,782.41</u>
Accretion(+)/Decretion(-)	2,464.38	(3,961.00)

Note 24 : Employee Benefit Expenses
(Rs. in Lakhs)

Particulars	2011-12	2010-11
Salaries, wages and other benefits to employees		
a) Salaries,Wages and Bonus	31,495.96	31,429.67
b) Contribution to Provident Fund including administrative charges	2,567.84	2,738.77
c) Gratuity	910.87	-
d) Welfare expenses	780.74	1,327.97
Total	35,755.41	35,496.41

Note 25 : Finance Costs
(Rs. in Lakhs)

Particulars	2011-12	2010-11
1. Cash Credit Account	413.98	773.50
2. Loans against Fixed Deposits / Others	3,549.24	1,970.32
3. Interest on Income Tax	15.54	-
4. Interest on Advances and Others	152.58	104.75
Total	4,131.34	2,848.57

Note 26 : Other Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
1. Power and Fuel	357.23	353.84
2. Water Charges	186.48	161.91
3. Repairs & Maintenance		
a) Buildings	387.29	246.38
b) Plant & Machinery	57.06	72.96
c) Others	343.98	212.59
	788.33	531.93
4. Rent	162.88	250.08
5. Rates and Taxes	204.44	69.76
6. Insurance	53.24	52.98
7. Printing & Stationery	143.41	122.56
8. Postage, Telegram, Telephones & Telex	113.77	131.92
9. Advertisement	93.45	69.47
10. Travelling and Conveyance expenses	1,639.78	1,208.80
11. Vehicle expenses	291.60	281.26
12. Directors` fees and travelling expenses	4.84	2.15
13. Auditors` fees and expenses		
As Auditors:		
a) Statutory Audit fee		
- Current year	8.00	8.00
- Previous year	-	0.80
b) Expenses	1.23	2.77
	9.23	11.57
14. Other Expenses		
i) Exchange Rate Variation	143.14	(226.72)
ii) Bank Charges	18.22	15.88
iii) Commission on Bank Guarantees	167.94	113.16
iv) Guest House expenses	17.26	13.80
v) Entertainment expenses	9.46	10.77
vi) Professional and Consultancy charges	1,306.70	685.79
vii) Lease Rentals	18.54	68.74
viii) Books and Periodicals	15.44	5.69
ix) Payment to Franchisees	2,196.15	2,170.04
x) Stores Incidentals-Inwards	739.11	495.01
xi) Other Selling Expenses	544.34	408.66
xii) Miscellaneous	1,374.08	1,202.00
	6,550.38	4,962.82
15 i) Write off of RM, SS, Spares etc.	27.68	
Less : Provisions withdrawn	27.68	-
	-	-
ii) Bad Debts written off	861.27	670.19
Less : Provisions withdrawn	728.46	446.90
	132.81	223.29
iii) Other write offs	218.34	0.01
Less : Provisions withdrawn	30.00	
	188.34	

Note 26 : Other Expenses (contd.)
(Rs. in Lakhs)

Particulars	2011-12	2010-11
16. Commission to Selling Agents	144.36	125.62
17. Liquidated Damages	675.27	1,535.72
18. Staff training expenses	27.14	20.75
19. Technical Know-how	-	6.62
20. Donations	-	1.15
21. Provisions:		
Doubtful Advances	112.10	41.36
Material Obsolescence	-	18.98
Doubtful Debts-S.Debtors	138.81	289.79
	250.91	350.13
22. Freight Outwards	243.44	155.52
23. Expenditure on Warranty	676.13	756.42
24. Research & Development Expenses	2,514.57	2,696.85
25. Transfer to other Accounts		
a) Expenditure on Scientific Research & Development- Inhouse	(2,514.57)	(2,696.85)
b) Internal Jobs for capital use	(70.91)	-
c) Insurance Purchases	-	(2.53)
d) Departmental Transfers- Production	(412.18)	(349.22)
e) Service Tax Input Credit	(2,076.63)	(552.72)
f) Others	(81.16)	(82.31)
	(5,155.45)	(3,683.63)
Total	10,296.58	10,399.50

Note 27 : Exceptional Items
(Rs. in Lakhs)

Particulars	2011-12	2010-11
I) Income :		
a) Recovery from bad debts written off	102.25	
b) Provisions withdrawn	1,839.47	1,727.14
	1,941.72	1,727.14
II) Expenditure :		
a) Provision for Gratuity	2,679.87	2,679.87
Total	(738.15)	(952.73)

Note 28:

The financial statements have been prepared in line with the requirements of the Revised Schedule VI of Companies Act, 1956 as introduced by the Ministry of Corporate Affairs from financial year ended on March 31, 2012. Accordingly, assets and liabilities are classified between current and non-current based on the operating cycle of various contract periods and having regard to the company's nature of business.

The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has sufficient impact on presentation and disclosures made in the financial statements. Consequently, the company has reclassified previous year figures to conform to this year's classification.

Note 29: Exemption from disclosure:

Ministry of Corporate Affairs has exempted the Company vide Notification No. 46/4/2012-CL-III dated 11.06.2012 from disclosure requirements of the following provisions as contained in Part II - "Statement of Profit and Loss" of Schedule VI to the Companies Act, 1956:

Para	Particulars
5(ii) (a)	In the case of manufacturing companies
5(ii) (a) 1	Raw materials under broad heads
5(ii) (a) 2	Goods purchased under broad heads
5(ii) (b)	In the case of trading companies, purchases in respect of goods traded in by the company under broad heads
5(ii) (c)	In the case of companies rendering or supplying services, gross income derived from services rendered or supplied under broad heads
5(ii) (d)	In the case of a company which falls under more than one of the categories mentioned in (a) (b) and (c) above, it shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads
5(iii)	In the case of all concerns having work in progress, works in progress under broad heads
5(viii)	The profit and loss account shall also contain by way of a note the following information namely :- <ul style="list-style-type: none"> a) Value of import calculated on CIF basis by the Company during the financial year in respect of <ul style="list-style-type: none"> I) Raw materials II) Components and spare parts III) Capital goods b) Expenditure in foreign currency during the financial year on account of royalty, know how, professional and consultation fees, interest and other matters. c) Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption

Note 30: Effects due to changes in Accounting Policies during the year

a) Due to the change in accounting policy of non inclusion of sales tax and service tax as part of Gross Turnover in line with the Accounting Standards Interpretation (ASI)-14 concerning Accounting Standard AS-9 on Revenue Recognition of ICAI, the Gross Turnover of the company has decreased by Rs. 10230.79 lakhs, (sales tax Rs. 4722.68 lakhs & service tax Rs. 5508.11 lakhs) with no impact on net turnover, gross profit and net profit for the year.

b) Due to recognition of revenue based on percentage completion method based on the percentage of actual cost incurred upto the reporting date to the total estimated cost of the contract, there is a decrease in revenue from Operations (gross) by Rs. 947 lakhs and net profit by the same amount.

Note 31: Amortisation of Gratuity

Consequent to amendment to The Payment of Gratuity Act, 1972 enhancing the ceiling for payment of gratuity from Rs.3.50 lakhs to Rs. 10 lakhs, the total expenditure chargeable to Statement of Profit and Loss was Rs. 13399.37 lakhs during 2010-11. However, the company has been amortizing the said amount in five equal annual installments of Rs. 2679.87 lakhs each commencing from 2010-11. During the year Rs 2679.87 lakhs (Previous year Rs.2679.87 lakhs) has been charged by the company to the Statement of Profit and Loss, and the balance unamortized amount as at 31-03-2012 is Rs.8039.63 lakhs (previous year Rs.10719.50 lakhs)

Note 32: Compliance to Accounting Standards (AS) - (Pursuant to Sec 211 of the Companies Act, 1956)

A) Information in respect of Construction Contracts Accounting Standard AS-7 (Revised 2002) "Construction Contracts":

<p>a) In terms of Accounting Policy No. A (iv) Contract Revenue of Rs.31978.95 Lakhs (previous year Rs.28279.18 lakhs) is recognized as per AS-7 (Construction Contracts), based on the percentage of actual costs incurred to the estimated total cost. (Rs. in lakhs)</p>		
	2011-12	2010-11
b) Aggregate amount of costs incurred and recognized profits (Less Recognized losses) up to 31.03.2012	156287.14	161695.31
c) Advances received (Net)	39119.90	36560.73
d) Gross amount due from customers	52307.83	62988.01
e) Gross amount due to customers	NIL	NIL
f) Retentions, if any	2510.73	NIL
<p>The estimates of total costs and total revenue in respect of construction contracts are reviewed and updated periodically during the year and necessary adjustments are made in the current year's account. The contracts undertaken by the company are large in number and the total estimated cost of contracts undergo a change on account of change in estimates as well as due to change in scope of work. Hence, it is impracticable to specify the nature and quantify the amount of change in the accounting estimates made while recognizing the revenue from contracts with respect to Accounting Standard AS-7.</p>		

B) Revenue Recognition (AS-9):

a) Sales for the year include

- i) Goods which are in deliverable condition and are retained at the instance of the customers for an amount of Rs.656.85 Lakhs (previous year Rs. 641.38 lakhs).
- ii) Goods valuing Rs. 2052.03 Lakhs (previous year NIL) which are transferred to bonded stores awaiting field testing as per Accounting Policy A(ii).

b) Pending final settlement of claims of earlier years

- i) no impact has been considered on the supplies made from 2006-07 to 2010-11 of 248600 units (previous year 248600 units) of EVMs to Election Commission of India at Rs. 8670 per unit (excluding taxes and duties), pending price fixation / revision by Price Review Committee of Election Commission of India.
- ii) no service income has been recognized in respect of claim of Rs.194.04 Lakhs (previous year Rs. 194.04 lakhs) pertaining to 2006-07 against Directorate of Secondary Education Research & Training (DSERT) Bangalore

C) Accounting Standard (AS-12) Grants-in-aid:

Unspent balance of Rs. 3201.20 lakhs as on 31.03.2012 (Previous year Rs. 2958.57 lakhs) out of Grants-in-Aid received from Government of India (GOI) for undertaking various Research & Development Projects is shown under other current liabilities in the Balance sheet.

Sl. No.	Particulars	Rs. in lakhs	
		Year ended 31.03.2012	Year ended 31.03.2011
1	Opening Balance	2958.57	4510.54
2	Total receipts during the year	2046.43	74.53
3	Refund/Withdrawals during the year	0.00	0.00
4	Actually utilized during the year towards		
	a) Revenue Items	1328.05	1101.95
	b) Capital Items	475.74	524.55
5	Closing balance	3201.20	2958.57

D) Employee Benefits (AS - 15):

a) Provident Fund: The Company pays fixed contribution to provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of Rs.2567.84 lakhs (previous year Rs. 2738.77 lakhs) including administrative charges is recognized as expense and is charged in the Statement of Profit and Loss. The obligation of the company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GOI. The overall interest earnings and cumulative surplus is more than the statutory interest payment requirement during the year

b) Gratuity: Gratuity is a funded Defined Benefit Plan payable to the qualifying employees on separation.

It is managed by a separate trust, ECIL Employees Gratuity Fund through 'Employees Group Gratuity cum Life Assurance Scheme' of Life Insurance Corporation of India.

The company makes annual contribution to the Fund based on the present value of the Defined Obligation and the related current service costs which are measured on actuarial valuation carried out as on Balance Sheet date. The liability has been assessed using Projected Unit Credit Method.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation as at the year ended 31.03.2012 are as follows:

Rs. in lakhs

I. Change in Benefit obligation :	2011-12	2010-11
Present value of obligation as at the beginning	20943.48	9295.81
a) Interest Cost	1675.47	743.66
b) Current Service Cost	251.85	40.94
c) Benefits paid	3415.68	2607.42
d) Actuarial (gain) / loss	(170.45)	13470.49
Present value of obligation at the end of the period	19284.67	20943.48
II. Change in fair value of plan assets	2011-12	2010-11
Fair value of Plan Assets at the beginning of the year	9243.42	9615.56
a) Expected return on plan assets	851.50	855.72
b) Contributions	3619.66	1379.56
c) Benefits paid	3415.67	2607.42
d) Actuarial gain/loss on plan assets	NIL	NIL
Fair value of plan assets at the end of the period	10298.91	9243.42
Excess of Obligation over Plan Assets	8985.76	11700.05
III. Expenses recognized in the statement of Profit & Loss Statement:	2011-12	2010-11
a) Current service Cost	251.85	40.94
b) Interest Cost	1675.47	743.66
c) Expected return on Plan Assets	851.50	855.72
d) Net Actuarial (gain)/loss recognized in the period	(170.45)	13470.49
Expenses recognized in the statement of Profit & Loss	905.37	13399.37 #
IV. Amounts to be recognized in the Balance Sheet	2011-12	2010-11
a) Present value of obligation as at the end of the period	19284.67	20943.48
b) Fair value of Plan Assets at the end of the period	10298.91	9243.42
c) Funded Status	(8985.76)	(11700.06)
d) Liability to be recognized in Balance Sheet	8985.76	11700.06
V. Major Category of plan assets as at 31st March, 2012		NIL
VI. Principal Assumptions	2011-12	2010-11
a) Discounting Rate	8%	8%
b) Salary Escalation rate	4%	6%
	# Refer note 31	

i) Short term liability in respect of ex-employees as on 31.03.2012 not included above, amounting to Rs.59.14 Lakhs (previous year Rs. 53.64 lakhs) has been included in Current Liabilities

E) Segment Reporting (AS - 17):

The company is engaged mainly in electronic products and services and considered as a single segment for the purpose of Accounting Standard AS-17 as per strategic reasons. Further, the Company is exempted from disclosure requirements with particular reference to Para 5(ii)a to 5(ii)(c) of Schedule VI as stated vide Note No. 29 above.

During the year under report, substantial part of the Company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

F) Related Party Disclosure (AS - 18):

I) Key Management Personnel

Shri Y S Mayya	Chairman & Managing Director
Shri Maj Gen (Retd) Sanjeev Loomba	Director (Personnel)
Shri N S S Prasada Rao	Director (Technical))
Shri Shiv Kumar Nori	Director(F) (demised on 25.04.2012)

Remuneration to Key Management Personnel – Rs.90.03 Lakhs (Previous year Rs.69.13 Lakhs) as detailed below:

I) Salary:	Rs. 67.75 lakhs (Previous year Rs.57.05 lakhs)
II) Contribution to PF:	Rs. 4.87 lakhs (Previous year Rs.4.05 lakhs)
III) Pension and : other Benefits	Rs. 17.41 lakhs (Previous year Rs.8.03 lakhs)

ii) ECIL- Rapiscan Limited is a Joint Venture company (JV) in which the share holding interest of ECIL is 49%. ECIL has limited influence over the JV in making operating decisions.

Details of transactions:

Rs. in lakhs

Particulars	2011-12	2010-11
Purchase of Goods	146.81	158.75
Sale of goods	116.76	305.24
Services rendered to JVC	365.08	413.17
Services received from JVC	310.32	374.04
Agency arrangements (manpower)	1161.73	478.15
Amounts payable to JVC	673.26	562.62
Amounts receivable from JVC	447.25	709.38

G) Lease Transaction (AS - 19):

The Company does not have any assets as on 31.03.2012, which are taken on lease for its own use.

At the instance of the customers, computer systems have been acquired under lease agreements and are sub-leased to the respective customers under separate sub lease agreements. The lease rental income of Rs.182.63 Lakhs (Previous year Rs.232.25 lakhs) received from the customers and lease rental payments of Rs.18.54 Lakhs (Previous year Rs.68.74 lakhs) to the lease financing companies for the year 2011-12 are accounted for as Income and Expenditure respectively in the Statement of Profit & Loss and included under the heads “Income from Lease Rentals” and “Lease Rental Payments” respectively.

H) Earnings per Share (AS - 20):

Earnings per share as per AS-20 are calculated as shown below:

Particulars	2011-12	2010-11
Numerator : Net Profit after tax as per Profit and Loss Statement	Rs. 3661.01 Lakhs	Rs.2286.43 Lakhs
Denominator : Number of equity shares	1633712 Nos	1633712 Nos
Number of equity shares allotted during the year	NIL	NIL
Weighted average number of equity shares for calculation of earnings per share (Basic & Diluted)	1633712 Nos	1633712 Nos
Nominal value of equity share	Rs.1000/-	Rs.1000/-
Earnings per share (Basic & Diluted)	Rs.224.09	Rs.139.95

I) Impairment of Assets (AS - 28):

Based on the assessment of internal and external factors, no provision for impairment of assets is considered necessary as the realizable value of assets is more than the carrying cost of the assets

J) Provisions, Contingent Liabilities and Contingent Assets (AS - 29):

(a) Provision is made for warranty expenditure at 0.5% on product sales and at 2% on revenue recognized on Construction contracts under AS-7, the details of provisions made are as under:

Rs. in lakhs

Particulars	2011-12		2010-11	
	On product sales	On contracts under AS-7	On product sales	On contracts under AS-7
Opening Balance	810.28	1674.87	645.25	1482.68
Provisions made during the year	287.91	348.15	384.70	404.31
Amounts used / reversed (i.e, incurred and charged against provision)	523.68	28.49	219.67	212.12
Closing balance	574.51	1994.53	810.28	1674.87

(b) Contingent Liabilities and Capital Commitments:

Rs. in lakhs

Sl. No.	Particulars	As at 31.03.2012	As at 31.03.2011
i) Contingent Liabilities (to the extent not provided for)			
a)	Claims against the company not acknowledged as debt		
i)	Court/Arbitration cases	386.84	337.30
ii)	Demands from Government authorities and appeals filed against the Company not provided for in respect of taxation matters.	11710.00	9512.87
b)	Others		
i)	Letters of Credit	8443.33	14171.33
ii)	Cess payable under Section 441 A of the Companies Act, 1956 at 0.1% of the Annual Turnover from 2002-03 to 2011-12	1051.76	904.35
iii)	Others	2214.00	2190.72

ii) Capital Commitments

Rs. in lakhs

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2831.99	3466.47
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Note 33 : Others

i. Expenditure in Foreign Currency (excluding provision)

(Other than exempted from disclosure - refer Note No. 29):

Rs. in lakhs

Particulars	2011-12	2010-11
Foreign Travel	41.03	88.46
Total	41.03	88.46

ii. Export Earnings: (including Deemed Exports)

Rs. in lakhs

Particulars	2011-12	2010-11
Exports - Products	617.35	81.70
Total	617.35	81.70

iii. Trade Payables include an amount of Rs. 160.18 lakhs (previous year Rs. 235.22 lakhs) being the outstanding dues to Micro Enterprises and Small Enterprises. The disclosures relating to Micro and Small Enterprise is given below:

		<i>Rs. in lakhs</i>	
Particulars		2011-12	2010-11
a)	The principal amount remaining unpaid to any supplier as at the end of the accounting year	160.18	235.22
b)	The interest due thereon remaining unpaid to any supplier as at the end of the accounting year	NIL	NIL
c)	The amount of interest paid in terms of section 16 of MSMED Act, 2006 along with the amount of payment made beyond the appointed day during the accounting year	NIL	NIL
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	NIL	NIL
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	NIL	NIL

iv. Inventories:

i) Inventories include:

- a) Material with sub contractors amounting to Rs.434.94 lakhs (previous year Rs. 2114.75 lakhs) and
- b) Finished goods amounting to Rs. 19.79 lakhs (previous year Rs. 43) sent on approval.
- ii) Reduction in value of work-in-progress and finished goods towards obsolescence has been NIL during the year (previous year Rs. 1.49 lakhs)
- v. Trade Receivables include an amount of Rs. 13729 lakhs on account of Integrated Security Systems supplied which was withheld by the venue owners of Common Wealth Games as per the directions of Ministry of Home Affairs. Aggrieved by the same the company went for arbitration. No provision is considered necessary as the matter is under arbitration.
- vi. Two MCVs and one MCP against the order of M/s. Bharat Dynamics Limited on which sale was recognized has been retained in the premises of the Company for more than 10 years at the request of the customer and an amount of Rs.23.94 lakhs is due from the customer.
- vii. No provision is considered necessary in respect of the liability that may devolve on the Company on the differential sales tax of Rs. 2261.29 lakhs (Rs. 2483.59 lakhs) on the unassessed turnover for the period from 2009-10 to 2011-12 (upto Dec 2011) as the company is confident of collecting the tax forms.
- viii. The balances shown under Sundry Debtors, Creditors, Advance received / paid are subject to confirmation and consequent reconciliation, if any.

Electronics Corporation of India Limited
Cash Flow Statement for the period ended 31st March, 2012

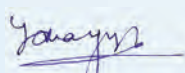
(Rupees in Lakhs)

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	5,542.60	2,236.68
Adjustments for :		
Depreciation	960.30	881.83
Interest expense	4,131.34	2,848.57
Dividends received	(44.10)	(44.10)
Profit/Loss on sale of fixed assets	-	(1.05)
Interest received on Short Term Deposit Receipts	(2,896.42)	(1,734.83)
Operating profit before Working Capital changes	7,693.72	4,187.10
Increase/Decrease Inventories	(4,179.13)	3,807.08
Increase/Decrease Sundry debtors	(6,597.74)	3,722.37
Increase/Decrease Loans and advances	(4,762.14)	(2,068.40)
Increase/Decrease Other Current Assets	(8,897.41)	(6,024.82)
Increase/Decrease Current liabilities	29,825.03	(12,011.01)
Increase/Decrease Provisions	226.82	465.74
Cash generated from operations	13,309.15	(7,921.94)
Direct taxes paid	(600.00)	759.98
Expenditure on CSR Activities	(26.68)	
Grants received	2,046.43	74.53
Grants utilisation	(1,328.05)	(1,101.95)
Cash flow before extraordinary items	13,400.85	(8,189.38)
Extraordinary items	--	--
Net cash from operating activities	13,400.85	(8,189.38)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets { including from grant Rs.475.74 lakhs (previous year Rs.524.55 Lakhs) }	(2,422.79)	(1,814.85)
Sale of fixed assets	-	3.19
Fixed assets in transit and capital work in progress	306.13	619.04
Interest received	3,590.54	1,584.90
Dividend received	44.10	44.10
Net cash from investing activities	1,517.98	436.38
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from term loan from Banks	(6,900.45)	8,916.42
Interest expense	(3,975.29)	(2,796.65)
Dividend paid	(800.00)	(1,470.34)
Dividend tax paid	(132.87)	(244.21)
Net cash used in financing activities	(11,808.61)	4,405.22
Net increase in cash and cash equivalents	3,110.22	(3,347.78)
Cash and cash equivalents (Opening Balance)	27,799.68	31,147.46
Cash and cash equivalents (Closing Balance)	30,909.90	27,799.68

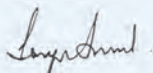
Note: 1. The above statement has been prepared under indirect method except in case of interest, dividend, purchase and sale of investments/Fixed Assets and Taxes, which have been considered on the basis of actual movement of cash, with corresponding adjustments in Assets and Liabilities.

2. "Cash and Cash equivalents" consists of Cash on hand, Balances with Banks and Deposits as shown in Note 17.

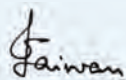
For and on behalf of the Board



YS MAYYA
Chairman & Managing Director &
Director (Finance) Addl. Charge

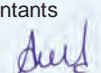


SANJEEV LOOMBA
Director (Personnel)



JAI BHAGWAN SHARMA
Company Secretary

As per our report of even date attached
For UMAMAHESWARA RAO & CO
Chartered Accountants
FRN 004453S



Partner : A SIVA PRASAD
M.No. : 213675

Place: Hyderabad
Date: 29.06.2012

Annexure - III to the Directors' Report

Auditors' Report

Company's Replies

To
The Members of
Electronics Corporation of India Limited
Hyderabad

We have audited the attached Balance Sheet of Electronics Corporation of India Limited (ECIL), Hyderabad, as at 31st March, 2012 and the Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information annexed thereto.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In

Auditors' Report

Company's Replies

making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion:

1. Consequent to the amendment to the Payment of Gratuity Act, 1972 enhancing the ceiling for payment of gratuity from Rs.3.50 lakhs to Rs.10 lakhs per employee, the total expenditure chargeable to the statement of profit and Loss for the year 2010-11 was Rs.13399.37 lakhs. However the company has not charged the entire amount during the year 2010-11 and has been amortising the said amount in five equal annual installments of Rs. 2679.87 lakhs each commencing from the year 2010-11, which constitutes a departure from the Accounting Standards referred in Sec 211(3)(c) of the Act.

Accordingly Rs.2679.87 lakhs has been charged by the company to the statement of Profit and Loss of the year under audit and the unamortised amount as at 31st March 2012 is Rs.8039.63 Lakhs. As a result the profit for the year is understated by an amount of Rs.2679.87 lakhs. Further the Reserves and surplus are overstated by Rs.8039.63 lakhs and the current liabilities are understated by an equal amount.

2. The balances appearing under Trade Receivables, Sundry Creditors Advances to Suppliers, Advances from Customers, EMDs and Security Deposits, claims recoverable and other amounts paid/received include certain amounts which are long outstanding. Pending confirmations, reconciliations and consequent adjustments, if any, of such balances, the impact

Consequent to the amendment to The Payment of Gratuity Act, 1972 increasing the ceiling limit from Rs. 3.5 lakhs to Rs. 10 lakhs with effect from 24th May, 2010, the total amount chargeable to Profit & Loss Account, as per actuarial valuation, as on 31st March, 2011 is Rs.13399.37 lakhs. As the substantial increase in liability pertains to the services of the employees of earlier years and the said provision is too huge to be met in a single financial year, drawing analogy from RBI & IRDA guidelines to Banks and Insurance Companies respectively, to amortize the liability over five years beginning March, 2011; the Company has charged one fifth of the gratuity liability for the financial year 2011-12 also, since the scenario of Banks and Insurance Companies with respect of Gratuity is same with that of the Company and the accounting treatment should conceptually remain same irrespective of the nature of industry, i.e., Companies incorporated under Companies Act, 1956 or otherwise.

Present review mechanism will be strengthened for reviewing the long outstanding dues. Confirmation of balances for customers/suppliers will be sent for the balances outstanding as on 30th September, as against the present practice of 31st December and will be followed up.

Auditors' Report**Company's Replies**

of the same on the Statement of Profit and Loss and Balance Sheet, is not quantifiable.

Opinion:

In our opinion and to the best of our information and according to the explanation given to us, except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph, the financial statements give the information required in the Act in the manner so 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, of the state of affairs of the Company as at 31.03.2012.
- b) in case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 read with Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Act, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. As required by Section 227(3) of the Act, we report that:

- a. 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;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books,
- c. The Balance Sheet, the Statement of Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the

Auditors' Report

Company's Replies

books of account and with the returns received from branches not visited by us;

d. Except for the effects of the matter described in the 'Basis of Qualified Opinion' paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3C of Section 211 of the Act.

e. As per circular No.8/2002, dated 22.03.2002 issued by the Ministry of Law, Justice & Company Affairs, the provisions of section 274 (1)(g) of the Act, are not applicable to the Company, as it is a Government Company.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no dues payable by the Company.

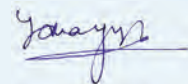
For **Umamaheswara Rao & Co.**
Chartered Accountants,
FRN 004453S



(CA. A Siva Prasad)
ICAI MRN 213675

Place : Hyderabad
Date : 29th June, 2012

For and on behalf of the
Board of Directors



(Y S Mayya)
Chairman & Managing Director

Place: Hyderabad
Date: 27th August, 2012

**Annexure referred to in Paragraph B of
our report of even date:**

Company's Replies

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The Company has a phased programme of physical verification of all fixed assets once in three years and accordingly external agencies have carried out physical verification during the year. Discrepancies reported, though not material, have been reconciled/adjusted in the books of account. In our opinion, the frequency of verification is reasonable.

c) The company has not disposed any substantial part of its fixed assets during the year.

ii. a) Physical verification of inventory has been conducted by external agencies during the year, except for the materials lying with third parties. In our opinion frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventory have been properly dealt with in the books of account except material lying with contractors where verification is not undertaken.

iii. The Company has neither granted nor taken any loans , secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Sec. 301 of the Companies Act, 1956 and accordingly clause (iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and in respect of sale of goods or services. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.

v. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section. Accordingly Clause (v) of paragraph 4 of the Order is not applicable.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of

**Annexure referred to in Paragraph B of
our report of even date:**

Sec. 58A and Sec.58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under

vii. In our opinion, the scope and coverage of the internal audit system has to be enhanced considering the size of the company and the complex nature of its business.

viii. We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 we are of the opinion that prima facie, the prescribed accounts and records have been maintained.

ix. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. There were no outstanding dues as at 31.03.2012 for a period exceeding 6 months from the date they became payable.

b) According to the information and explanations given to us, the dues (net-after 'on account payments' shown as advances) in respect of Income tax, Customs duty , Excise duty , Service Tax and Sales tax which have not been deposited on account of disputes by the company pending before various authorities are as per the details given below:

Tax/Duty	Pending before	Amount (Rs. In Lakhs)
Income Tax	AP High Court	811.00
	CBDT	438.15
	Total	1249.15
Customs	CESTATBangalore	24.14
	Total	24.14
Excise	CESTAT, Bangalore	795.06
	Total	795.06
Service Tax	CESTAT, Chennai	143.89
	Total	143.89
Sales Tax	STAT-Hyderabad	301.02
	ADC-Hyderabad	257.99
	STAT, New Delhi	42.18
	Special Tribunal-Chennai	3.95
	Total	605.14

Company's Replies

Adequate steps are being taken to strengthen the Internal Audit Department

Annexure referred to in Paragraph B of our report of even date:

Company's Replies

x. The Company has not incurred any cash loss during the financial year and does not have accumulated losses as at the end of the financial year. However, had the company followed Accounting Standard 15, Employee Benefits, during the preceding financial year and charged off the provision for gratuity on account of increase in ceiling limit from 3.5 lakhs to 10 lakhs per employee amounting to Rs.13399.37 lakhs, there would have been a cash loss of Rs.7600.98 Lakhs for the preceding financial year. However there would not have been any accumulated losses at the end of the preceding financial year.

xi. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank.

xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xv. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. In our opinion and as per the information and explanations given to us the term loans have been utilized for the purpose for which there were raised.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.

xviii. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xix. The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003

**Annexure referred to in Paragraph B of
our report of even date:**

are not applicable to the company.

xx. The Company has not raised any funds by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Umamaheswara Rao & Co.
Chartered Accountants,
FRN 004453S

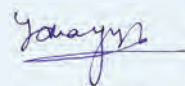


(CA. A Siva Prasad)
ICAI MRN 213675

Place : Hyderabad
Date : 29th June, 2012

Company's Replies

For and on behalf of the
Board of Directors



(Y S Mayya)
Chairman & Managing Director

Place: Hyderabad
Date: 27th August, 2012

Annexure - IV to Directors' Report to Shareholders

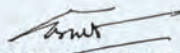
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ELECTRONIC CORPORATION OF INDIA LIMITED, HYDERABAD FOR THE YEAR ENDED 31st MARCH 2012.

The preparation of financial statements of **Electronic Corporation of India Limited, Hyderabad** for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29.06.2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of **Electronic Corporation of India Limited, Hyderabad** for the year ended 31st March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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


(JOHN K. SELLATE)

Pr. Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

Place: New Delhi.
Date: 08.08.2012