

46 वीं वार्षिक रिपोर्ट th Annual Report 2012 - 13



इलेक्ट्रॉनिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited
हैदराबाद / Hyderabad - 500 062

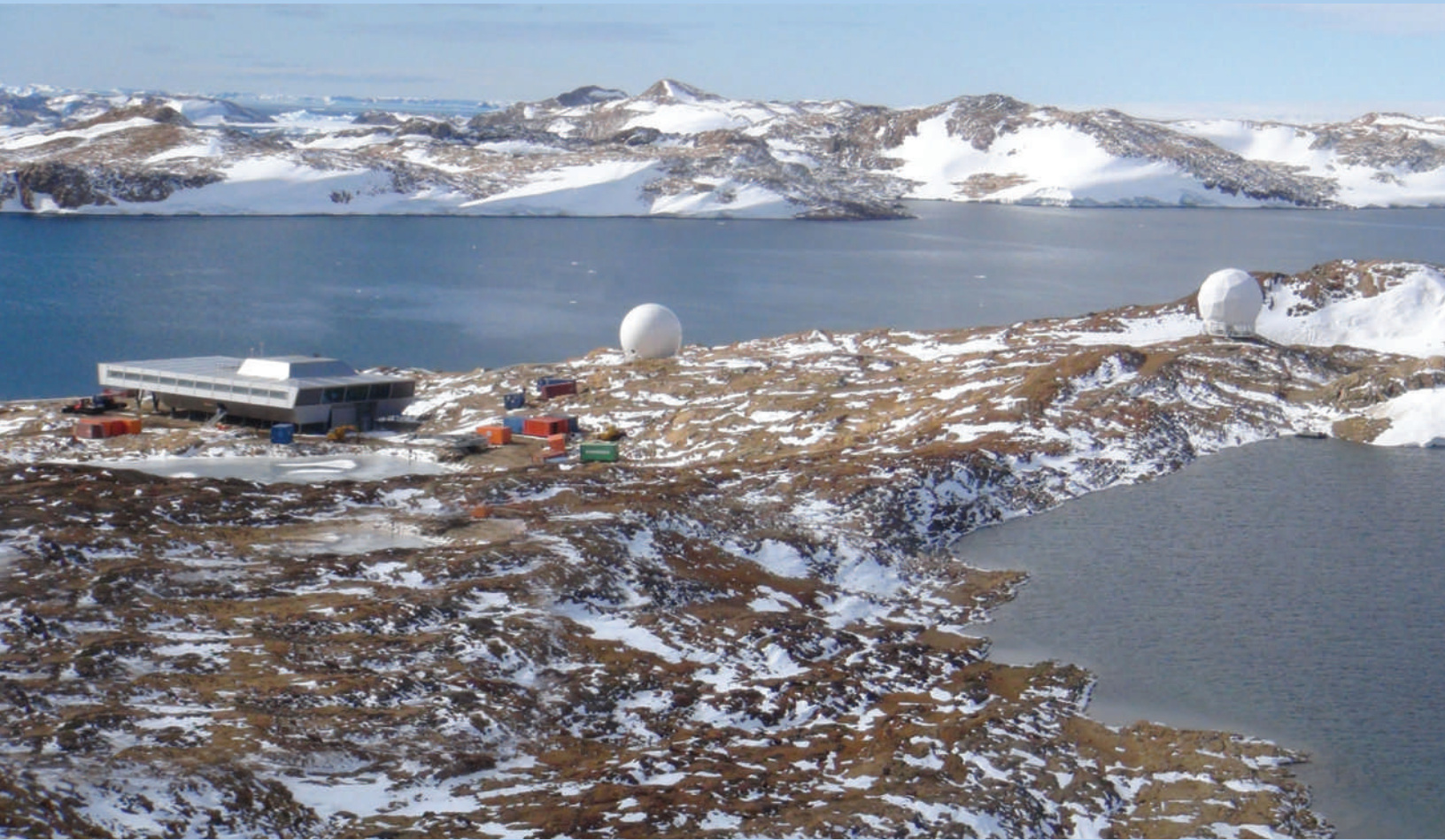


Shri P Sudhakar, then Acting Chairman & Managing Director receiving the SCOPE Gold Trophy for R&D Technology Development and Innovation 2012 from the Hon'ble President of India Shri Pranab Mukherjee



Dr. Ratan Kumar Sinha, Secretary, Department of Atomic Energy and Chairman Atomic Energy Commission addressing the delegates during the Customer meet on Security Gadgets.

46th वीं वार्षिक रिपोर्ट th Annual Report 2012 - 13



Data reception and communication station designed, supplied and operationalized by ECIL at Antarctica



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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, Defense, Space, Civil Aviation, Security and such other sectors of strategic, economic and social importance"

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Board of Directors



Shri P Sudhakar
Chairman & Managing Director
(From 16.09.2013)



Shri Kishor Rungta
Director (Finance)
From (01.02.2013)



Shri VSB Babu
Director (Personnel)
From (05.04.2013)



Shri Y S Mayya
Chairman and Managing Director
(upto 31.08.2012)



Maj. Gen.(Retd.) SM Sanjeev Loomba
Acting C&MD & Director (Personnel)
(upto 28.02.2013)



Shri V R Sadasivam
Jt. Secretary (Finance),
Department of Atomic Energy



Shri K A P Sinha
Jt. Secretary
DAE Branch, New Delhi
From (20.06.2013)



Dr. C B S Venkataramana, IAS
Addl. Secretary (I&M),
Department of Atomic Energy
(upto 20.06.2013)



Shri S S Sundaram
Chief Controller, R&D,
(ECS & LIC)
From (14.02.2013)



Shri K Jagannath
Executive Director (E&I)
NPCIL
From (15.05.2013)



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



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



Lt. Gen.S P Kochhar, AVSM
and Bar,SM,VSM,ADC,
Signal Officer-in-Chief &
Sr.Col. Commandant, Indian Army
Upto (31.08.2013)



Shri Umesh Chandra
Sr. Executive Director
(Safety & KM), NPCIL
(upto 31.08.2012)



Shri Jai Bhagwan Sharma
Company Secretary

Key Executives (As on date of AGM)

Shri P Sudhakar

Chairman & Managing Director

Shri Kishor Rungta

Director (Finance)

Shri V S B Babu

Director (Personnel)

Shri C Muralidhar Rao, IFS

Chief Vigilance Officer

Shri Ch V R S Gopalakrishna

Executive Director (Aerospace 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 & Field Support Group)

Shri T R Raja Mannar

General Manager (Software Solutions & Systems Division and Corporate R & D)

Shri G Umapathi

General Manager (Smart Card Group)

Shri B P R Murthy

General Manager (Communication Systems Group & Special Products Division)

Shri J S Anand

General Manager (Finance & Accounts Group)

Shri G Nagabhushanam

Head (Engineering Services Division)

Shri A K Asthana

Head (Radiation Detectors & Instrumentation Division & Control Automation Division)

Shri M C Venkatasubbaiah

Head (Components Division)

Shri B Mahaveera

Head (Security Systems & Projects Division and Instruments & Systems Division)

Shri A Ashok Kumar

Head (Electronic Manufacturing & Services Division)

Shri P Harender

Head (Electronic Warfare Systems Division)

Shri N Syamasundar

Head (Reactor Products Division)

Shri D Kameswara Rao

Head (Systems & Quality Assurance Group)

Shri Y V Subba Rao

Head (Telecommunication Division)

Shri P V S Vara Prasad

Head (Control & Instrumentation Division)

Shri A V Appa Rao

Head (Military Communication Systems Division)

Shri A Bhattacharjee

Head (Customer Support Division)

Shri K S Sheshadri

Head (Business Systems Division)

Shri R Mahendran

Head (Servo Systems Division)

Shri Ch Mohan Rao

Head, Human Resources

Shri M Badrinarayana

Head (Information Technology Services Division)

Shri M P Ramesh Kumar

Head (Strategic Electronics Division)

Shri Ramesh Aminha

Head (Personnel & Administration)

Shri V Kiran Chand

Head (Antenna Products & Satcom Division)

Shri L Vasudeva Murthy

Head (Computer Education Division)

Shri P Suryakanth

Offg. Head (Corporate Planning & Projects Monitoring)

Shri S Krishna

Offg. Head, Corporate Business Development Group

Shri Jai Bhagwan Sharma

Company Secretary

Branches

Shri TV S Kishore Kumar

General Manager (West), Mumbai

Shri Sankar Dey

Zonal Manager (North), New Delhi

Shri Dilip Saha

Dy. Zonal Manager (East), Kolkata

Shri D R Venkatasubbu

Dy. Zonal Manager (South), Bangalore & Chennai

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 BSC

ICICI Bank

Punjab National Bank

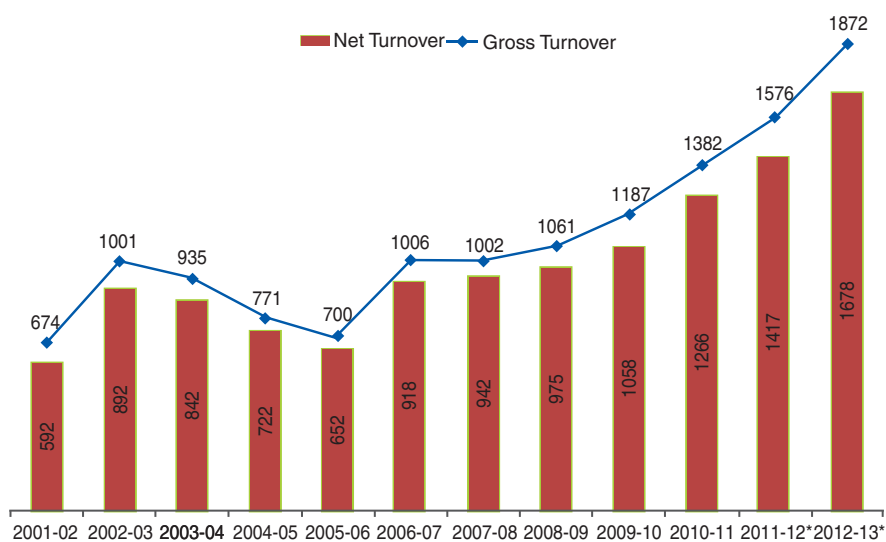
Financial Performance at a glance - ECIL

(₹ In crores)

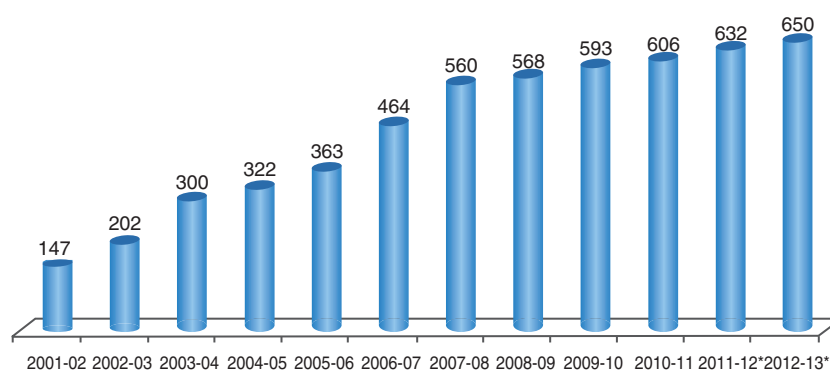
Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13*
Gross turnover	674	1001	935	771	700	1006	1002	1061	1187	1382	1576	1872
Net turn over	592	892	842	722	652	918	942	975	1058	1266	1417	1678
Closing order book	625	611	746	627	443	652	1045	1041	1490	1148	2425	1756
Materials	327	493	472	420	389	474	432	604	713	728	911	1062
Employee remuneration	168	160	180	172	175	193	242	318	296	382	384	365
Depreciation	7	6	8	9	8	12	13	10	8	9	10	18
Profit Before Tax	79	81	131	51	52	193	201	19	54	22	55	31
Provision for Tax	10	27	33	14	10	64	67	5	12	0	19	5
Profit after Tax	69	53	98	37	42	128	134	13	42	23	37	26
Earnings per share	548	420	744	268	284	821	821	83	257	140	224	158
Equity Capital	126	130	137	146	155	155	163	163	163	163	163	163
Reserves & Surplus	21	72	163	176	209	301	397	405	429	443	469	486
Gross Block	150	166	182	192	198	199	204	232	237	242	259	284
Inventory	145	102	107	66	77	69	69	127	195	157	198	162
Debtors	167	313	429	368	795	989	1270	1436	1417	1439	1534	1708
Working Capital	89	136	224	250	280	372	633	685	660	774	742	815
Net Worth	147	202	300	322	363	464	560	568	593	606	632	650
PRV	617	839	851	711	653	912	936	994	1114	1226	1442	1678
Value Addition	290	346	378	291	264	437	504	389	401	498	530	616

*Note: The figures relating to 2011-12 and 2012-13 are restated as per earlier Schedule VI for comparison.

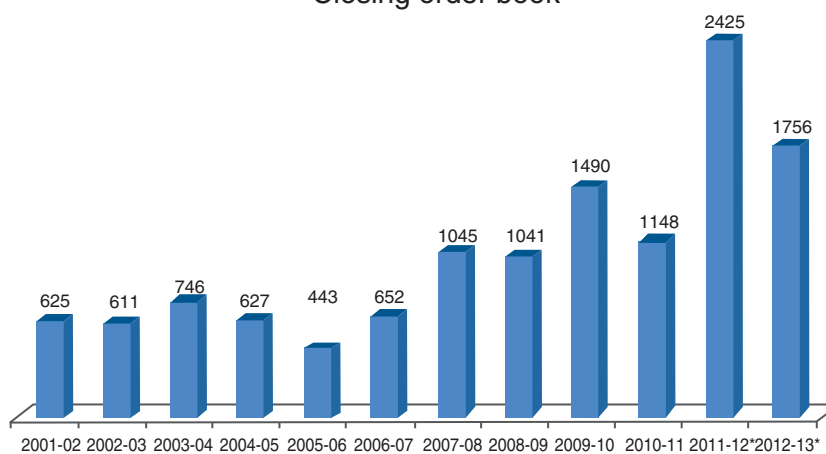
Gross And Net Turnover



Net Worth



Closing order book



Chairman's Statement



Dear Shareholders,

I take great pleasure in presenting to you the performance of your company during the year 2012-13. Your company has posted its highest ever turnover of ₹1729 crores, which represents an increase of 17% over the previous year. This increase has been achieved despite the company having to contend with economic headwinds. The major sales effected by your company in 2012-13 include control and instrumentation systems for the prototype unit of 700MW, radiation detection equipment for seaports, C4I systems for missiles, communication radios, jammers, artillery fuzes, security systems for the Indian embassy at Kabul, Afghanistan and the Delhi city markets apart from the National Population Register project and the Socio-Economic Caste Census project. I will now present a summary of the performance during the year 2012-13 and the outlook for the future.

Performance during 2012-13

During the year 2012-13, the company has recorded a turnover of ₹1729 crores which is higher by 17% over that of the year 2011-12. The defence sector continues to be a major contributor to the turnover with 26% of your company's turnover coming from that sector. The nuclear sector contributed 17% while the security business contributed 12% to the company's top line. The e-Governance sector continued to provide the highest contribution to the turnover for the second year in succession with its contribution standing at 30%. The company has earned a profit before tax of ₹31 crores as compared to ₹55 crores during the previous year. The drop in profit before tax is because of the considered decision of the management to provide for the full outstanding gratuity of ₹80.39 crores instead of ₹26.8 crores annually as provided in the earlier years. The opening order book at the beginning of 2013-14

stood at Rs. 1756 crores as compared to ₹2425 crores at the beginning of 2012-13.

In the nuclear sector, the company has made major strides in the installation of the control and instrumentation equipment for the second unit at the Kudankulam Nuclear Power Plant while making significant progress in the installation and commissioning of C&I activities of the 500MWe prototype fast breeder reactor at Kalpakkam. The company has also started the deliveries of the radiation detection equipment for the major seaports.

A notable achievement during the year has been the acquisition of the order and supply, installation and commissioning of a ground station for earth observation satellite at Antarctica for the National Remote Sensing Centre. This project has been completed in the shortest possible time in adverse weather conditions which has been greatly appreciated by the customer. The year also saw major progress being made in the proof assembly of the MACE telescope for BARC which will later be installed at Hanle in the Ladakh region. This telescope will be used for Gamma Ray Astronomy.

The company has also achieved significant progress in the installation and commissioning of the Phase II of the CCTV surveillance systems for various markets in Delhi and the Indian Embassy at Kabul.

The communications systems contributed ₹182 crores to the turnover on the back of strong demand for the communication jammers apart from the radios. The Special Products Division has also made a major contribution of ₹143 crores to the turnover riding on the order it received in the previous year.

The company has demonstrated its new Electronic Voting Machine as well as the VVPAT (Voter Verifiable Printed Audit Trail) printer. These

underwent trials conducted by the Election Commission of India and the suggestions received by them have been incorporated.

The company has introduced new products meant for the nuclear and defence sectors and also added new features to several products to enhance their utility.

Outlook for 2013-14

Your company has set a target turnover of ₹1800 crores with a gross margin of ₹126 crores for the year 2013-14 in its MOU with the Department of Atomic Energy. While the present order book is not encouraging, the orders in pipeline and the leads the company is pursuing indicate that these targets are achievable with focussed efforts.

The company is vigorously pursuing orders for radiation detection equipment for international and other airports in India as well as the nuclear instrumentation equipment for the four 700MW units being put up by the Nuclear Power Corporation of India. The company has already received an order for Electronic Voting Machines and is expecting a significant order for VVPAT printers. The company has also stepped up its efforts to acquire an order for electronic fuzes which would enable the full utilisation of its fuze facilities for a period of two years.

Challenges

Product development is critical to the company's future. The company is therefore working on several new technologies and is also looking at collaborations with major R&D laboratories and other national institutions to develop new products which would become the mainstay for the company in the near future.

The company is facing major challenges in human resources with a large number of employees

retiring every year leading to a depletion in skills. The company is, therefore, concentrating on recruitment and human resource development in line with the Vision 2020 document to retain the skills and development of new skills to meet the emerging requirements.

The company is also proposing to increase its investment in infrastructure substantially during the XII Plan period to renovate and modernise its infrastructure so that the facilities would be on par with the best in world.

Corporate Governance

The Company's philosophy on Corporate Governance is based on the principles of transparency, compliance of laws, procedures and adhering to the values and business ethics. It

believes that all operations must be spearheaded toward enhancing stakeholder value.

The policies and procedures of the Company are constantly reviewed and updated to ensure transparency in all aspects of the Company's working. The Delegation of Powers has been revised to further decentralise decision making with accountability at various levels.

In conclusion, I would like to state that the future continues to be bright. The steps initiated by the management to address the issues on the human resources, infrastructure and technology fronts would start yielding results in the near future and position the company to achieve the objectives it has set out in its Vision 2020.

Thank You

P Sudhakar

Chairman & Managing Director



Shri GP Srivastava, Chairman, Technology Development Council (TDC) being felicitated by Shri Y S Mayya, Member, TDC on the eve of his superannuation



Shri T Ramasamy, Secretary, Department of Science and Technology inspecting the Compact Antenna Test Facility (CATF) at ECIL. Also seen is Dr. D. K. Srivastava, Director, VECC.



Shri V R Sadasivam, JS (Finance), DAE inaugurating the renovated Finance and Accounts Wing at ECIL. Seen in the picture are Shri VVR Sastry, Director, ECIL, Shri K A P Sinha, JS (BS), DAE and Shri P Sudhakar, C&MD, ECIL



ECIL providing computer training to students of various schools in the Ranga Reddy District of AP as a CSR initiative.

Directors' Report

To
The Shareholders of
Electronics Corporation of India Limited

Gentlemen,

Your Directors have immense pleasure in presenting the Forty Sixth Annual Report of your Company for the year ended 31st March, 2013.

Performance highlights:

	Financial Year (₹ in Crores)	
	2012-13	2011-12
a) Turnover (Gross)	1729	1474
b) Production at realisable value	1678	1442
c) Profit before depreciation, interest, tax and prior period items	175	133
d) Prior period expenses	85	27
e) Profit before depreciation, finance costs and tax	90	106
f) Finance costs	41	41
g) Depreciation	18	10
h) Profit before tax	31	55
i) Provision for tax	5	19
j) Profit after tax	26	37
k) Net worth	647	629
l) Capital employed	600	586
m) Value added	616	530

Financial Highlights :

During the year, the company witnessed a growth of 17.30% in turnover and earned profit before prior period item ₹102.72 crores (previous year ₹62.55 crores). However, there is decrease of 43.64% in profit before tax over the previous year. The decline in the profit for the Financial year 2012-13 was mainly due to amortization of entire balance amount of gratuity of ₹80.40 crores being prior period item. 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 ₹200 crores. The called up and paid up Share capital as on 31.03.2013 stood at ₹163.37 Crores. No loans were taken from the Government during the year.

Dividend:

Your Directors are pleased to recommend a dividend @ ₹39.60 per share of ₹1000/- amounting to ₹6.47 crores for the year 2012-13.

SIGNIFICANT ACHIEVEMENTS:

Major Orders Executed

The nuclear sector accounted for 17% of your company's turnover in the year 2012-13. The major equipment supplied and projects executed include control and instrumentation systems for Prototype Fast Breeder Reactor, 700MW prototype unit and the Kudankulam Nuclear Power Plant. Your company has also supplied radiation detection equipment for various seaports.

The defence sector contributed about 26% to your company's turnover in the year gone by with major contributions coming from the C4I systems for the BrahMos and Akash missiles, communication radios, jammers and artillery fuzes.

During the year 2012-13, the aerospace business of your company achieved the significant distinction of completing the supply, installation and commissioning of a ground station for earth observation satellite at Antarctica for the National Remote Sensing Centre in the shortest possible time.

The homeland security business of your company has been playing an increasingly important role in your company's turnover and has contributed about 12% to your company's top line in 2012-13. Your company has implemented an integrated security system for the Indian Embassy at Kabul and has completed the Phase-I of the video surveillance system for Delhi Police. Significant progress has also been made in implementation of Phase - II of the project.

In the e-Governance sector, your company has made a lot of progress in implementing the National Population Register and the Socio-Economic Caste Census projects. Your company also continues to maintain the automation system supplied by it to the Maharashtra Sales Tax Department and the Kaveri project to the Government of Karnataka.

New products introduced:

The new products introduced during the year cover the major sectors in which the company operates viz. nuclear, defence, security, aerospace. Some of

the new products introduced during the year include MPROGICON PLC, BF3 based Drum Monitors, 0.7M Airborne SATCOM Antenna, Digital Notch Indicators, T-90 Trigger, Secure Network Access System and Digital Signal Processor based Machine Protection System. Details of new products introduced during the year is part of the annexure attached along with this report.

MoU

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Department of Atomic Energy, Government of India. The performance of your company for the year 2011-12 has been rated Good. The MoU self-evaluation report for 2012-13 has been submitted to the Department of Public Enterprises and the rating is under finalization by the Government.

Order Book Position

Your company had an opening order book position of ₹1750 crores as on 1st April, 2013 out of which ₹950 crores are executable during the year 2013-14.

Research and Development

Your company believes that research and development is the key to competitiveness of your company which is critical for the growth of your company. R&D, therefore, receives the focused attention of the management which has resulted in identifying emerging requirements and developing and introducing new products and enhancing the features of existing products and which address these requirements. The strategic business units carry out development of new products in their respective areas while cooperating with other units in opportunities which span several units.

The corporate R&D unit supports the activities of the business units through development of hardware and software required for their products development. Your company also works with various national laboratories and institutes for assimilating the technologies developed there and also for co-development. The R&D activities have

resulted in several new products being introduced during the year some of which have been mentioned earlier. The details are provided in the Annexure to this report.

The R&D activities of the company and its contribution to the nation has been recognized by the Standing Committee on Public Enterprises (SCOPE) which has conferred the SCOPE Gold Trophy for R&D, Technology Development and Innovation on the company for the year 2011-12. The award has been received by Shri P. Sudhakar, Acting Chairman & Managing Director and Director (Technical) from Hon'ble Shri Pranab Mukherjee, President of India at a function held in Vigyan Bhavan, New Delhi on 26th April 2013.

Quality

All the strategic business units of your company are certified for ISO 9001 Quality Management System. Your company is also certified for Integrated Safety, Health and Environment (SHE) management system. The calibration and measurement laboratory of your company has received accreditation from NABL. The software activities of your company are certified to CMMi Level 3.

ERP Implementation of the SAP business suite across the three business units comprising the nuclear vertical and one unit in the defence vertical apart from the Finance and Human Resource areas.

New Facilities:

The company has commissioned an EMI/EMC test facility which can test electronic equipment for compliance to military and civilian standards. The facility can accommodate a 30 tonne sheltered military vehicle of size 12m x 3m x 4m. The facility is fully automated and can conduct radiated susceptibility test upto 18GHz at 60V/m.

Conservation of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo:

The company's initiatives in sustainable development led to a reduction of consumption of water and power.

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 - 'A' to this report.

Particulars of Employees:

Pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, none of the employees of the Company were in receipt of remuneration in excess of limits prescribed under the said rules.

Management Discussion And Analysis

The Management Discussion and Analysis Report required under the guidelines issued by the Department of Public Enterprises, Government of India on Corporate Governance for Central Public Sector Enterprises (CPSEs) is annexed as Annexure 'B' to this report.

Human Resources

Your company considers its human resource as its most vital asset and has been making significant investments in its training and skill development. of the organization and its performance has been improving year after year due to investment in enhancement of knowledge through training and skill development. Your company believes that, in the current dynamic scenario, the assessment of human resource requirement and the skill sets to meet the emerging business requirements should be an on-going process. Accordingly, the management continuously monitors the situation and puts in place appropriate recruitment and training policies to address the depletion on account of superannuation as well as the need for new skill sets.

During the year a total of 204 persons, including 4 with physical disabilities, were recruited including one internal higher appointment as Director (Technical). The category-wise break-up of recruitments is as follows:

General	91
OBC	66
SC	31
ST	16

A total of 551 employees separated from the company during the year.

Your company employed 3767 persons, excluding the two Directors, as on 31-3-2013. Your company has been earnestly implementing the Government directives regarding reservations. The group-wise details of SC / ST employees in the company as on 31 March 2013 are as under:

Category	Group A	Group B	Group C	Group D	Group D1
Total employees	1535	876	1020	255	81
Scheduled Castes	238 (15.50%)	141 (16.09%)	150 (14.70%)	54 (21.17%)	34 (41.97%)
Scheduled Tribes	68 (4.42%)	61 (6.96%)	75 (7.35%)	09 (3.53%)	01 (1.23%)

During the year, the company has recruited 86 GETs who have, then, undergone a six-month intensive training course which has been structured to expose them to all the technologies the company is currently working on so that their services can be productively deployed immediately after the completion of training.

The Corporate Learning and Development Centre has also organized several training programmes on various technical, functional, managerial and leadership areas in association with reputed institutions and eminent faculty to enhance competencies in those areas. On-campus training programmes in specific technical skills were also conducted at well-known institutes. Executive Development Programmes have been conducted at well known management institutes to meet the evolving training needs of the executives to enable them to move laterally as well as progress upwards.

Employee relations continued to be smooth and harmonious across the company. Regular interactions took place among the management,

executives and the workmen through the various forums such as the Corporate Management Committee at the apex level and the Division Production Committees.

Various welfare programmes were organized for the benefit of employees and their families, which included programmes addressing specific needs of sections of employees, such as women. Various cultural programmes and sports meets have been organized for the recreation of the employees and their families.

Workers' Participation In Management:

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

- Participation in Sectional/Divisional Production Committee meetings in which the performance of the Division, working plans, targets set for production, sales & order booking and the present position would be reviewed every month.

- b) Participation of President & General Secretary of ECIL Staff and Workers' Union and President and Secretary of ECOA in Corporate Management Committee(CMC) as special invitees. CMC is a high level policy making body at Corporate level chaired by C&MD and consists of Functional Directors, Executive Directors, Heads of Groups. The Committee meets regularly and deliberates on the major policy issues including performance of the Company.

Employee Relations Situation:

The Industrial situation was normal during the year 2012-13. In pursuance of decision taken in joint National Convention of CPSUs of workers' against the Government policies, the ECIL Staff & Workers' Union which is the recognized Union has went on two days strike on 21.2.2013 & 22.2.2013. On account of the said two days strike a total number of 2573 man days were lost to the Company.

Implementation of Persons With Disabilities Act, 1995:

During the year 4 employees with disabilities were recruited to fill up the vacancies reserved for them.

Implementation of RTI Act:

The company received 201 requests for information during the year in addition to the 12 requests carried forward from the previous year. Information was provided against 118 requests, 81 applications rejected and the balance 14 were pending for disposal on 31st March 2013.

Implementation of Official Language Policy:

Your company has been continuously taking initiatives to promote the implementation of the Official Language (Hindi) in official communications. During the year, the provisions of the Official Language policies have been implemented in every area. Four workshops on

Unicode have been conducted to impart training to those having a working knowledge of Hindi.

The manuals of Electronic Voting Machine have been translated into Hindi. The computer based training (CBT) manuals of the Missile Checkout Facility Operator Module and Maintenance Manual have also been translated into Hindi. Your company was awarded "Rajbhasha Cup" by the Town Official Language Implementation Committee (TOLIC-PSUs).

Joint Venture:

ECIL-Rapiscan Limited, the JV Company has achieved a turnover (provisional) of ₹88.11 crore (unaudited) against a target of ₹77.00 crore. The turnover includes ₹44.78 crore from sale of X-Ray Baggage Inspection Systems (XBIS) and spares and ₹43.33 crore from services and other income. The profit after depreciation and interest but before tax for the year is ₹9.22 crore (provisional) as against ₹9.55 crore for the previous year

Corporate Governance:

The Department of Public Enterprises has laid down the Guidelines of Corporate Governance for CPSEs. The Department of Atomic Energy (DAE), the Administrative Ministry of ECIL asked to comply with the instructions.

The Board Members and senior management have reaffirmed the compliance with the Code of conduct. A report on Corporate Governance is given as Annexure - 'C'.

The Company has obtained a Certificate from Shri N.V.S.S. SURYANARAYANA RAO, Practicing Company Secretary regarding compliance of conditions of Corporate Governance as indicated in the DPE Guidelines. The Compliance certificate is annexed to this report as annexure - 'D'

Statutory Auditors:

The Statutory auditors of your Company are appointed by the Comptroller and Auditor General

of India. M/s. Umamaheswara Rao & Co., Chartered Accountants were appointed as statutory auditors of the company for the year 2012-13. The company's responses to the statutory auditors' qualifications/reservations on the accounts of the company for the year ended 31.3.2013 are furnished at Annexure 'E' to this report.

Comments of The Comptroller and Auditor General of India

The Annual Accounts for the year ended 31st march, 2013 were reviewed by Comptroller and Auditor General (C&AG) of India. 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 2012-13 as given in Annexure 'F' to this report.

Cost Auditors:

The Ministry of Corporate Affairs (MCA), Government of India has vide its order F.No.52/26/CAB-2010 dated 2nd May 2011 directed, inter alia, for commencement of Cost Audit of cost records of manufacturing industries involved in Electrical and Electronics products under Section 233B of the Companies Act, 1956. ECIL, being covered in the criteria specified in the said Circular, required to get its cost audit records audited by a Cost Auditor from the FY 2012-13 onwards.

Under the provisions of Section 233B of the Companies Act, 1956, M/s Nageswara Rao & Co., Cost Accountants, Secunderabad were appointed as Cost Auditors for the Financial Year 2012-13. The due date for filing Cost Audit Reports for the FY 2012-13 with the Cost Audit Branch of MCA is 30th September 2013 and the same will be filed within the stipulated time.

Vigilance :

Your company's vigilance department (CVD) is headed by an independent Chief Vigilance Officer

(CVO) with each SBU having a Group Vigilance Officer, reporting to the CVO. Preventive vigilance is the focus of CVD. The CVD's peruses procurement processes and goes through contracts as well as conduct surprise inspections, apart from investigating any suspicious transactions referred to it.

During the year, the CVD conducted CTE-like inspection of procurement files and issued appropriate guidelines and advice for improvement of the system. A series of training programs and seminars were held to sensitize the employees on vigilance procedures with emphasis on procurement related issues. Two executives have undergone a training programme on Forensic Document Examination conducted by LNJJN National Institute of Criminology and Forensic Science. Transfer of employees working in sensitive areas have also been effected. Sustained efforts by CVD have resulted in online filing of Immovable Property Returns by the employees.

In accordance with the CVC guidelines for Leveraging Technology, the details of all contract / purchase orders of value ₹10 lakhs and above has been made available on the ECIL website. The list of approved vendors has also been hosted on the website.

Changes in the Board of Directors:

The following changes took place in the Directorship of the Company:

Dr. R Sreehari Rao, Chief Controller (R&D) DRDO ceased to be Director with effect from 30th June, 2012.

Shri Umesh Chandra, Sr. Executive Director (Safety and KM), NPCIL ceased to be Director with effect from 31st August, 2012.

Shri Y S Mayya, Chairman & Managing Director ceased to be Director with effect from 31st August, 2012.

Maj. Gen. (Retd.) SM Sanjeev Loomba, Director (Personnel) and also with addl. Charge of Acting Chairman & Managing Director with effect from 1st September, 2012 ceased to be Director with effect from 28th February, 2013.

Dr. C B S Venketaramana, Additional Secretary, DAE, ceased to be Director with effect from 20th June, 2013.

Lt. Gen (Retd.) Shri S P Kocchar ceased to be Director with effect from 31st August, 2013.

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

Shri D. Chakrapani, IAS (Retd.) Director – Centre for Innovation in Public Systems, ASCI was appointed as a Director with effect from 17th May, 2012.

Shri Kishor Rungta, Director (Finance) was appointed with effect from 1st February, 2013.

Shri S S Sundaram, Chief Controller, R&D, (ECS& LIC), was appointed as a Director with effect from 14th February, 2013.

Shri V S B Babu, Director (Personnel) was appointed with effect from 5th April, 2013.

Shri K. Jagannath, Executive Director (E&I), NPCIL was appointed as a Director with effect from 15th May, 2013.

Shri KAP Sinha, Joint Secretary, (Secretariat Branch), DAE was appointed as a Director with effect from 20th June, 2013.

Shri P Sudhakar, Director (Technical) was appointed with effect from 1st July, 2012 and taken Additional charge of Acting Chairman & Managing Director with effect from 1st March, 2013. He has been appointed as Chairman and Managing Director of the Company with effect from 16.09.2013.

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, 2013, 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 31.3.2013 and of the profit of the company for the year ended on that date;
- © 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, 2013 on a 'going concern' basis.

Sustainability Report:

The DPE guidelines on Sustainable Development for CPSEs require CPSEs to disclose their Sustainable Development efforts in a 'Stand Alone Report' or as a separate chapter in the Annual Report. Pursuant to this requirement, the following activities have been undertaken during the year 2012-13:

S.No.	Project as per DPE Guidelines and MoU	Achievement
1.	Waste management	Waste from different divisions is lifted and moved to a central scrap yard for disposal
2.	Conservation of water	Treated effluent water is being used for watering green areas thus achieving a 16.85% reduction in consumption of water over the previous year
3.	Second effluent treatment plant (ETP)	Design and drawings for the second ETP have been completed and construction work will be taken up in the year 2013-14.
4.	Energy conservation	Energy consumption with respect to per unit gross sales reduced by 18.18%
5	Increase in green cover	Added 2100 sq. m to the existing green cover during the year 2012-13

Corporate Social Responsibility:

In line with the guidelines on Corporate Social Responsibility issued by the Department of Public Enterprises, Government of India, your company has a Corporate Social Responsibility policy which has approval of the Board of Directors.

The company has added ₹77.64 lakhs to the CSR reserve by appropriating 3% of the profit after tax for the year 2012-13. An amount of ₹62.59 lakhs has been spent on CSR activities during 2012-13 and the balance will be utilized during the coming years.

The company continued to concentrate on improvement of infrastructure in Government schools in the areas surrounding ECIL with the involvement of the local administration. During the year, the company contributed actively to the improvement of facilities at the identified schools by providing computers, desks, toilets and other furniture. The company has also provided faculty for conducting computer education classes in the schools. Activities undertaken by the Company during the year are annexed as Annexure 'G' to this report.

Acknowledgement

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.

The Board wishes to place on record its appreciation of the efforts and invaluable contribution made and excellent co-operation extended by the employees and executives at all levels 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.

For and on behalf of the Board of Directors

Hyderabad
25.09.2013

P Sudhakar
Chairman & Managing Director

Annexure - 'A' 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) Solar water heating system maintenance is carried out periodically for better performance of the system.

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

- i) Replacement of conventional type lighting system with Energy efficient lighting system in the new and renovation projects in the organization.
- ii) Replacement of HT Bulk Oil Circuit Breakers (BOCB) with Vacuum Circuit Breakers (VCB) and Oil insulated HFU & OLU with SF₆ Gas insulated Ring Main Units, to minimize the Distribution losses and to increase the efficiency of Power system.

C. Impact of measurements at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production goods.

Annual energy consumption is decreased by 3,17,160 KWH units due to implementation of energy conservation measures like minimum usage of Air washing plants, Air conditioning plants and switching off the lights and fans during lunch breaks.

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 Links
- ii. Transportable Ship borne Terminals for Mars Mission
- iii. 1.8 m Tracking Antenna & Control System
- iv. Electronic Voting Machines - Mark V
- v. Voter Verifiable Print Audit Trail (VVPAT)
- vi. Single Phase Smart Meter
- vii. OLE for Process Protocol (OPC) Development
- viii. Remote Telemetry Unit (RTU)-Distributed Network Protocol (DNP) Development
- ix. Gyro for T90S Tank Stabilizing System
- x. Electric Trigger 12.7 mm AD gun for T90S Tank
- xi. Digital Notch Indicator for electric locomotives
- xii. Hospital Management System with latest technologies
- xiii. GIS based Applications for Management of Critical National Resources
- xiv. Integrated Threat Management Appliance
- xv. Armored Vehicle Driver Training Simulator
- xvi. Intelligent Biometric Access Controllers
- xvii. RFID Smart Card Readers
- xviii. Smart Card Management System (SCMS)

- xix. Encryption Equipment
- xx. Ultra stable Power Converters for Facility
- xxi. High Voltage Power Supplies
- xxii. Pulsed Power Systems
- xxiii. Area Gamma Monitor
- xxiv. FDM Signal Analysis and De-multiplexing
- xxv. High Power Amplification in HF frequency band

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

- i. Development of Airborne Satcom Links and 1.8 m Tracking Antenna & Control System resulted in business worth about ₹16 crores.
- ii. Transportable Shipborne terminal will be resulting in ₹10 crores business
- iii. Bulk order worth ₹200 crores is expected to result due to successful development of Electronic Voting Machines - Mark V
- iv. Development of Voter Verifiable Print Audit Trail (VVPAT) resulted in an initial order of ₹50 Lakhs. Larger order is expected after successful completion of field trials
- v. Received order worth ₹28 Lakhs for Single Phase Smart Meter
- vi. Indigenously developed Gyro for T90S Tank Stabilizing System will result in significant business for next 20 years
- vii. Electric Trigger 12.7 mm AD gun for T90S tank is a new product to the existing portfolio
- viii. Digital Notch Indicator for electric locomotives is a reliable replacement for old analog type Notch Indicators with event recording facility
- ix. Development of Driver Training Simulator will enable the company to enter into new area of business
- x. Received order worth ₹3.8 crores for Smart card reader, Intelligent Biometric

Access Controllers (iBAC), Enterprise Biometric Access Control Server (eBACS), Time and Attendance Management System (TAMS) Visitor Management System (VMS) Smart Card Management System (SCMS)

- xi. Orders worth ₹12 crores were received for supply of Ethernet Encryption Equipment (1GigE) and 4 Channel E1 (2Mbps) Bulk Encryption Unit (BEU)
- xii. Received order worth ₹50 crores for supplying Power Converters for Facility for Anti proton and Ion Research (FAIR) Program
- xiii. Received order worth ₹40 Crores for High Voltage Power supplies - Institute of Plasma Research (IPR) / International Thermonuclear Experimental Reactor (ITER)-India, RFX, Padova, Italy
- xiv. ₹6 crores business is made by supplying Pulsed Power Supplies to BTDG, BARC
- xv. Received an order worth ₹0.95 crore for three types of Area Gamma Monitors from IGCAR for their DFRP Project
- xvi. Indigenous development of ST Radar is first of its kind

3. Future plan of action:

- i. Three Phase Smart Meter
- ii. Platform independent OLE for Process Protocol (OPC) - Unified Architecture (UA) development
- iii. Futuristic Secure Network Access System (SNAS) and Integrated Threat Management Appliance (ITMA)
- iv. Access Control Systems based on Fingerprint, Iris and Facial biometrics
- v. Multi-capacity Bulk Encryption Unit (BEU)
- vi. Switched Power Supply Modules, Prototyping and Qualification
- vii. Prototype Power Converters Development and Qualification

- viii. Pulsed Power Systems for Linear Accelerator (LINAC) applications
- ix. Continuous air monitors and Dual phosphor based Hand monitors
- x. Wide Band Digital Recorder
- xi. Waveforms for Software Defined Radio
- xii. Transportable Ship borne terminal
- xiii. Satcom on the Move terminals

4. Expenditure on R&D

	(₹crores)	
	2012-13	2011-12
i) Capital	4.64	5.57
ii) Recurring	42.37	38.43
iii) Total	47.01	44.00
iv) Total R&D expenditure as percentage of total turnover	2.72%	2.98%

B. Technology absorption, adaptation and innovation

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

- i. The Stabilization and Servo Control System Technology for Airborne & Satcom terminals received from BARC is absorbed and the company is in a position to develop Tracking Servo System for the 1.8m Tracking Antenna and Control System
- ii. Know-how acquired on Secure Network Access System (SNAS) from BARC
- iii. Know-how acquired on Carrier Ethernet Switch Router from IIT- Bombay
- iv. Acquisition of know-how on High Voltage Power Supplies (PSM based) from Institute of Plasma Research (IPR) / International Thermonuclear

Experimental Reactor (ITER) India under MoU

2. Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, and Import Substitution etc.

- i. Development of Airborne Satcom terminals and 1.8m Tracking Antenna & Control Systems resulted in both product improvement and Import substitution
- ii. Electronic Voting Machines– Mark V and Voter Verifiable Print Audit Trial (VVPAT) are new products meeting the requirements of Election Commission. These improved products are developed as per the specifications drawn by expert committee
- iii. Single Phase Smart Meter is another improved product added to the product portfolio
- iv. ECSCADA can be interfaced with any external SCADA systems due to the improvement in the product
- v. Development of Solid State Digital Video Recording System, Gyro for T90S Tank Stabilizing System, Electric Trigger 12.7 mm AD gun for T90S Tank and Digital Notch Indicator for electric locomotives will significantly contribute in the company's business as import substitutes
- vi. Secure Network Access System (SNAS) and Integrated Threat Management Appliance (ITMA) are new state-of-the-art products with Indian IP in Information Security domain
- vii. Indigenous technology development and realization of import substitution in the areas of integrated simulator projects
- viii. New products viz., Intelligent Biometric Access Controllers (iBACS), Enterprise Biometric Access Control Server (eBACS), Time and Attendance Management System (TAMS) & Visitor

Management System(VMS)with indigenous technology for high secure zone installations

- ix. Commercially off-the-shelf (COTS) based FDM Signal Analyzer & De-multiplexer System and 500 W HF Power Amplifier for

HF - Jammer System are two major systems indigenously developed as import substitutes for EW applications

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

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

New Products:

Your company introduced several new products during the year. Additional features have also been added to some of the existing products for improving their utility as well as usability. The new products and enhancements introduced span the entire spectrum of sectors in which your company operates. Some of the new products include:

- a) **Low Range Area Radiation Monitoring System**, which is meant to monitor the radiation levels in the accessible areas of nuclear power plants



Radiation Monitoring System

- b) **Passive Assay Based Waste Neutron monitor**, which allows reliable and efficient assay of waste coming out of nuclear reactors for classifying wastes according to disposal category.



Passive Assay Based Waste Neutron Monitor

- c) **Log linear DC channel**, which measures neutron flux in nuclear reactors using compensated ion chambers for detection of neutrons



Log linear DC Channel

- d) **High Voltage Power Supply system**, a water-cooled power supply system based on pulse step modulation and rated at 695V, 190A for use in the International Thermonuclear Experimental Reactor (ITER) programme



Control Cubicle for HVPS

- e) **Ultra-stable Power Converters for the Facility for Antiproton and Ion Research**, Germany with technical support from BARC, VECC and RRCAT.



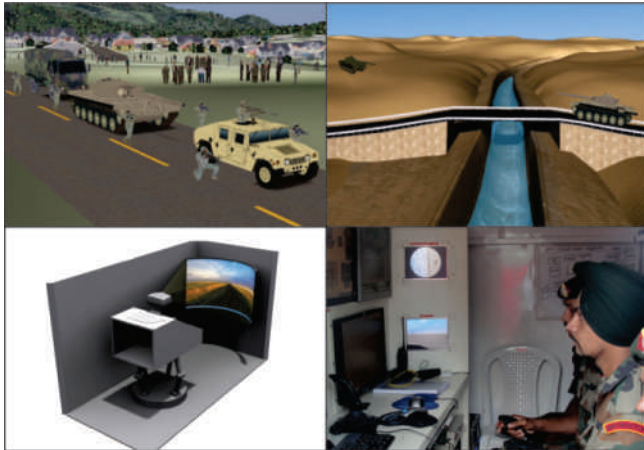
Ultra Stable Power Converters

- f) **Pulsed power supply system** for use in copper vapour lasers.



DC Power Supply and Control Unit

- g) **Armoured Tank Driving Simulator**, to provide basic, refresher, tactical and advanced training



Armoured Tank Driving Simulator

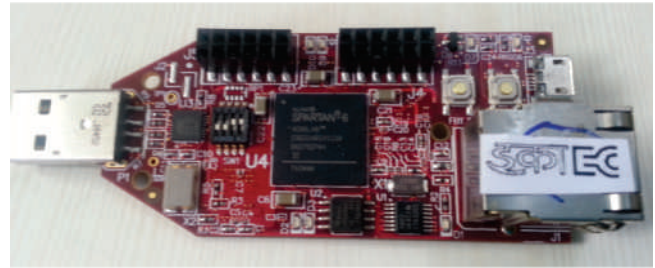
- h) **V.35 Channel Encryption System Mark II**, an improved version of the existing product featuring improved encryption algorithm, redundant power supply and supporting data rates upto 2Mbps for use in missile programmes.

- i) **True Random Number Generator (TRNG)**



V.35 Channel Encryptor System Mark II

module, an FPGA based module using phase jitter produced by a series of free running oscillator for random number generation. This module significantly enhances the robustness of the encryption products.



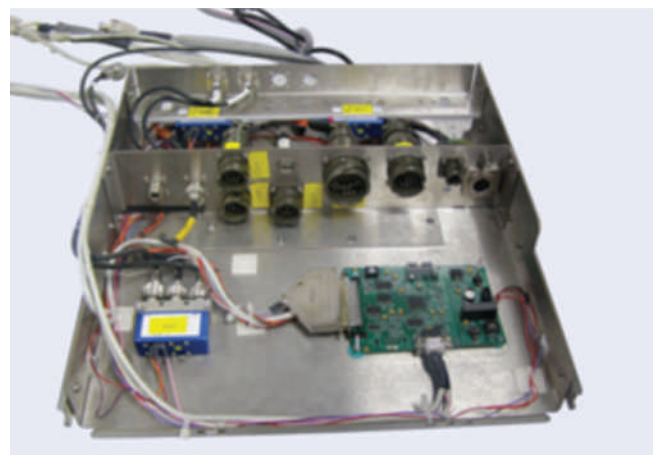
FPGA based TRNG board

- j) **Data Logger System** for recording the telecom data on E1 and V.35 channels facilitating the analysis of such data.



Data Logger System

- k) **Interface Unit for M7 radio**, an import substitution product, used for integration with composite communication system with improved versatility and lower cost.



Interface Unit for M7 Radio

- l) **FDM signal analyser and de-multiplexer**, used in the surveillance of wide-band communications. The system de-multiplexes input signal into 24 distinct voice grade channels containing voice or digitally modulated data.



Signal Analyzer & De-multiplexer

- m) **500W High Frequency Amplifier**, a multi-octave power wide band power amplifier operating in the 2-20MHz frequency range and amplifying signals ranging from 1mW level to 500W with automatic level control to maintain the output at a fixed level for ± 2 dB changes in input levels.
- n) **Electric Trigger** for 12.7mm AD gun



Electric Trigger for 12.7 mm AD Gun

- o) **1.8 metre Tracking Antenna** and Control System for facilitating continuous communication between a UAV and a trailer-based ground data terminal



1.8 M Tracking Antenna and Control System

- p) **18 metre Earth Station Antenna System** for precisely aligning the antenna to a geo-stationary satellite



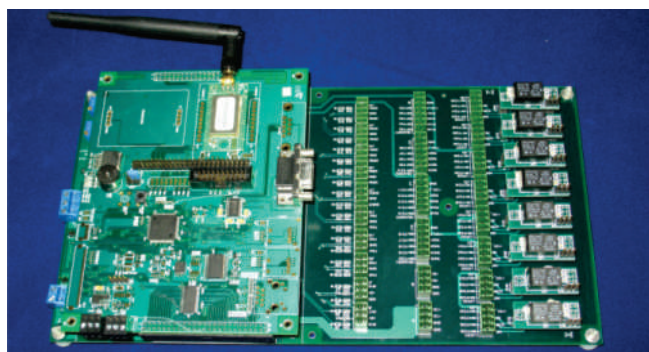
18 M Earth Station Antenna

- q) **Voter Verifiable Paper Audit Trail (VVPAT)** printer for use in conjunction with Electronic Voting Machines (EVM) for auditing the result displayed by the EVM. The printer serves to increase the robustness and verifiability of the election process.



Voter Verifiable Paper Audit Trail (VVPAT) Unit for Electronic Voting Machine - Mark V

- r) **Intelligent Biometric Controller (iBAC)** for use in Time and Attendance Management Systems and Visitor Management Systems



Intelligent Biometric Controller (iBAC)

- s) **PRAMANIKA**, a compact hand-held smart-card reader for validation of the identity of the user with applications in border control, law enforcement and public distribution systems.



Pramanika

C Foreign Exchange Earnings and outgo:

- I. During the year, the Company exported (including third party exports) ₹1.18 crores worth of its products, which includes Accessories for Speech Secrecy equipment to USA, SOFR MMI Software System to Saudi Arabia, ECIL Make Rate Gyros to Malaysia and Power packs for EVM to Bhutan.

- II. The total exchange used and earned

(₹ crores)

Particulars	2012-13	2011-12
Foreign exchange used	325.43	328.38
Foreign exchange earned	1.18	6.17

For and on behalf of the Board of Directors

Management Discussion and Analysis - Annexure - 'B' to Directors' Report

Industry Structure and Developments

The year gone by has been a challenging year with unprecedented economic uncertainty in the world and a slowing down of economic growth across Asia. The country's GDP growth decelerated to a 10 year low of 5% during 2012-13 on the back of dismal performance by all sectors with a contraction in the capital goods output.

Delays in decision making, hurdles in clearance of projects and lack of investments had dampened optimism in the industry negatively impacting the overall market, in general, and strategic electronics market, in particular. The strict control exercised by the government on plan expenditure to address concerns relating to the current account deficit also led to delay in procurement decisions leading to sluggishness in order booking.

The performance of the company may be considered satisfactory during the year being reported and seen in the face of difficult and trying conditions in a contracted market for the company's products and services. Notwithstanding, your company performed very well and achieved its highest turnover.

SWOT Analysis

Strengths

- Multi-disciplinary core competency covering mechanical, electrical, electronics, RF, controls, communications, computers, IT, e-governance areas - all in one campus
- Valuable legacy of indigenous product development
- Close linkages with BARC and other R&D centres of DAE, DRDO and ISRO
- Durability and long-term support
- Growing younger
- Good reputation among customers due to the

track record of handling complex projects successfully

- Excellent customer relationships
- Excellent infrastructure and manufacturing facilities
- Systems and procedures suitable for the most stringent requirements
- Skilled manpower with excellent domain knowledge

Weaknesses

- Own product base has dwindled
- One-of-kind, R&D intensive projects with long cycle times
- Depletion of skill and knowledge base
- Weak middle management
- No captive product or reserved market
- Delay in collection of sundry debts from Govt. customers
- Lack of pro-active marketing and product development
- Overdependence on a few markets (nuclear, defence and security)
- Long product development cycles leading to large lead time to market
- Low value addition in system integration projects which form bulk of the turnover
- Inability to attract and retain top talent

Opportunities

- Growth in Indian Nuclear Power Program
- Large growth in Missile Programs such as Akash, BrahMos, Seekers, EW Systems
- Growth in defence up gradation programmes
- Growth in homeland security business
- Growth in Information Security business

- Access to latest technologies developed in laboratories of DAE, MoD and DoS

Threats

- Opening up Nuclear C&I segment to competition
- Non-level playing field in Defense sector
- New laws impacting competitiveness, speed of response and flexibility of operations vis-à-vis private players Poaching of manpower by private companies and other PSUs
- Rapid technological obsolescence

Outlook for 2013-14

The company is confident of meeting its turnover target of ₹1800 crores for 2013-14 despite the order book position not being robust enough as there are several promising opportunities which have the potential to contribute significantly to this year's turnover. The major opportunities include the new version of Electronic Voting Machines, Communication Radios, Jammers, Nuclear Instrumentation for 700MW power plants, Phase IV of the Integrated Security System for Delhi Police, CBRN Protection system, Electronic Fuzes and Radiation Detection Equipment for Airports. The company believes that the materialisation of these opportunities into orders would not only enable the company to meet its turnover target for this year but also contribute significantly to targeting and achieving a much higher turnover in the next year.

Segment-wise performance and outlook

Nuclear

The nuclear business of the company comprises of the control and instrumentation systems, simulators, nuclear and radiation instruments and monitoring systems for nuclear power plants and the complete fuel cycle including ore processing, fuel fabrication, spent fuel reprocessing and waste immobilisation plants. It also caters to the control and instrumentation requirements of allied nuclear plants, thermal power plants and process

industries. During the year, this segment posted a turnover of ₹278 crores with major contributions coming from instrumentation and control systems for PFBR, 700MW prototype plant and Kudankulam, and radiation detection equipment for various seaports.

Your company was formed primarily to meet the control and instrumentation requirements of the nuclear power and allied programs and this business has earlier been forming a significant part of the company's turnover. However, the share of the nuclear sector in the overall business of the company has been declining and has come down to around 17% last year. The increased emphasis on nuclear power generation with a number of power plants coming up based on indigenous technology, apart from those with foreign technology have opened up a huge opportunity for your company. However, your company has to contend with headwinds due to the opening up of the nuclear control and instrumentation business to competition and the entry of other public and private companies in an area which has, in the past, been an exclusive preserve of your company. The recent decision of NPCIL to award the nuclear instrumentation package for four units of 700MW to your company portends a good augury and might turn out to be a forerunner to your company regaining its pre-eminent position in the nuclear control and instrumentation market.

Defense

The defence business of the company comprises of communication systems, electronic warfare systems, communication intelligence systems, C4I systems for various missiles and electronic fuzes for artillery. This segment has been the largest contributor to your company's turnover in the recent past. In the year gone by, this sector contributed 26% of the company's annual turnover with major contributions coming from C4I systems for BrahMos and Akash missiles, communication jammers, radios and electronic fuzes. While the defence budget continues to increase, the new Defence Procurement Policy (DPP) providing greater participation to private companies and the

increasing interest shown by global defence manufacturers to compete for business pose new challenges. Further, the lack of a level playing field with respect to defence public sector undertakings continues to hamper your company's efforts to play an even greater role in this sector. However, the defence segment will continue to contribute about 25% to the company's turnover in the years to come.

Security

The security business suite of your company comprises of the integrated security system for physical and perimeter protection including video-surveillance and access control and the information security suite comprising of ECR series routers and Secure Network Access Systems and MPROGICON series Programmable Logic Controllers with the planned addition of new products like Integrated Management Threat Appliance (ITMA).

The homeland security business has been playing an increasingly important role in your company's turnover and has contributed to about 12% to the company's turnover in 2012-13. Your company has, during the year, implemented security systems for the Indian Embassy at Kabul and at several important establishments including Delhi High Court. Your company has also completed the Phase I of the video surveillance system for Delhi Police and has made significant progress in the implementation of Phase II and Phase III. Your company is expecting to receive the order for the Phase IV implementation. The business outlook for homeland security is likely to be very bright for several years to come.

Information security has become an important issue as cyber-threats are increasing manifold with each passing day. Your company has introduced three products to address concerns on this score. The MPROGICON programmable logic controller address the need of the country's strategic community for a secure industrial controller. The ECR series router-switches brought out by your company based on the technology developed by

IIT Bombay address the need for a secure router for managing the data and other traffic across public networks. Further, the Secure Network Access System (SNAS), a product developed based on the technology developed at Bhabha Atomic Research Centre (BARC) address the security needs of corporate networks. Your company expects these products to play an increasingly important part in the turnover of the company in the years to come including 2013-14.

Aerospace

The major products of the company catering to the aerospace segment include earth station and other antennas, cockpit voice recorders and electromechanical sub-systems like gyros, synchros and actuators. In the year gone by, the company has successfully completed the supply, installation and commissioning of a Ground Station for the Earth Observation Satellite at Antarctica in the shortest possible time for National Remote Sensing Centre in 2012-13. The outlook for this segment is expected to improve in the coming years due to increase in requirements of antennas, cockpit voice recorders and actuators for unmanned aerial vehicles.

e-Governance

Your company has been playing a stellar role in e-Governance computerising operations in areas which involve the interaction of the common public with the Government such as Sales Tax administration and motor vehicle licensing. In addition, your company is a member of the consortium implementing the National Population Register (NPR) and Socio-Economic Caste Census (SECC) projects. The e-Governance segment contributed to about 30% of the company's turnover in 2012-13 and is expected to maintain its share in 2013-14. While the SECC project is nearing completion and may not contribute significantly to this year's turnover, the NPR project is expected to make a significant impact. Electronic Voting Machines (EVM) will play an important role in the turnover for 2013-14 as there is a large requirement of these machines for the upcoming Lok Sabha elections in 2014.

Risks and concerns

Apart from the regular business risks inherent in any business, there are certain risks specific to strategic electronics industry in India. The government and its agencies are the exclusive customers for the nuclear, defence, aerospace segment while they play a major role in the other business segments in which your company operates. Hence slow down in government decision making due to political instability or an economic climate is a potential risk. Unexpected delays and cost overruns due to delays in execution of projects where multiple agencies are involved constitute an on-going risk as do the delays in release of payments by the customers. Inflation, fluctuation in interest and foreign exchange rates are other causes for concern.

Internal control systems and their adequacy

While improvements are continuously made, your company has a robust system of internal controls to safeguard all assets against loss from unauthorized use or disposal and ensure recording and reporting of all transactions. The control framework includes documented policies and procedures, internal audits and management review. The internal controls are designed to ensure that all records, financial or otherwise, are reliable for preparing financial information and accountability of assets. Internal audit is performed

by an in-house team supported by external auditing teams. All financial and operational control systems are reviewed by the Board of Directors and its Audit Committee.

Regular systems audits, including process and transaction audits are performed on the basis of an annual audit plan which covers all high risk and critical areas at least once in a year. The areas covered by the annual audit plan include material procurement, inventory management, operations review and contract management.

Cautionary Statement

The statements made in this management discussion and analysis describing the company's projections, estimates and expectations may be considered as "forward looking statements" within the meaning of the applicable laws and regulations. Actual results may vary substantially from those expressed or implied. The important developments that could affect the company's operations include significant developments in the political and economic environment in the country, rise in input costs, exchange rate and interest rate fluctuations, environment standards, tax laws and labour relations.

For and on behalf of the Board of Directors

Hyderabad
25.09.2013

P Sudhakar
Chairman & Managing Director

Annexure 'C' to Directors' Report to Shareholders

Corporate Governance

The Company continues to take several measures to enhance the openness and transparency of all its operations. The Company's business philosophy appreciates the need of upholding the highest standard of Corporate Governance in its operations. The management of the Company believes that strong and sound corporate governance practices would enable it to face the challenges of sustainable growth effectively and successfully.

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 31.03.2013, comprises of Eight Directors - Two 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.

During the financial year, Seven Board Meetings were held on 23.06.2012, 27.08.2012, 08.10.2012, 29.11.2012, 11.12.2012, 30.01.2013 and 26.02.2013. The composition of the Directors, their attendance at the Board Meetings during the financial year and at the last Annual General Meeting is as follows:

Name & Position	Board Meetings		Attendance At last AGM held on 27.08.2012	No. of other Director- ships
	Held during the tenure	Attended		
Whole-Time Directors				
Shri Y S Mayya Chairman & Managing Director	2	2	Yes	1
Maj. Gen.(Retd.) SM Sanjeev Loomba, Director (Personnel)	7	7	-	1
Shri N S S Prasada Rao Director (Technical)	1	1	-	Nil
Shri P Sudhakar Director (Technical)	6	6	-	1
Shri Kishor Rungta Director (Finance)	1	1	-	1
Shri Shiv Kumar Nori, Director (Finance) (upto 25.04.12)	Nil	Nil	-	1
Non-Executive Directors				
Shri V R Sadasivam	7	3	-	4
Shri Umesh Chandra	2	2	-	Nil
Dr. C B S Venkataramana	7	7	Yes	2
Lt. Gen. S P Kochhar	7	3	-	Nil
Shri V V R Sastry	7	4	Yes	3
Dr. R Sreehari Rao (upto 30.06.12)	1	1	-	Nil
Shri D Chakrapani (from 17.05.2012)	7	6	-	Nil
Shri S S Sundaram (from 14.02.2013)	1	Nil	-	Nil

The remuneration of the whole-time Directors is fixed by the Government of India. Shri V V R Sastry and Shri D Chakrapani are independent Directors and have been paid sitting fees of ₹10,000/- per meeting. 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.

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 2012-13.

The following are the Sub Committees of the Board:

1. Board Sub Committee on Contract and Purchase

2. Board Sub Committee on remuneration
3. Board Sub Committee of CSR and Sustainability
4. Audit Committee

Audit Committee

As on 31st March, 2013, the Audit Committee consisted of Shri V V R Sastry, Shri D Chakrapani and Dr. C B S Venkataramana. Shri V V R Sastry was the Chairman of the Committee. Director (Finance) and Director (Technical) 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, 4 (four) meetings were held on 23rd June, 2012, 27th August, 2012, 26th December, 2012 and 29th March, 2013. The composition of the Audit Committee and their attendance during the financial year is as follows:

Name & Position	Audit Committee Meetings	
	Held during the tenure	Attended
Shri V V R Sastry, Chairman	4	4
Shri Umesh Chandra, Member Up to 27.08.2012	2	2
Shri V R Sadasivam, Member (Up to 26.02.2013)	3	-
Shri D Chakrapani, Member (from 27.08.2012)	2	2
Dr. C B S Venkataramana, Member (from 26.02.2013)	1	1

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 247th Meeting held on 27th August, 2012 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. Dr. C B S Venkataramana | Member |
| 3. Shri D Chakrapani | Member |

The Committee had one meeting i.e. on 02.11.2012 during the financial year 2012-13.

Details of remuneration paid to the Chairman & Managing Director and other Directors are given below:

Sr No.	Name of Director	All elements of remuneration of Directors (In ₹)
1.	Shri Y S Mayya, C&MD (up to 31.08.2012)	9,71,771
2.	Shri Shiv Kumar Nori, (Up to 25.04.2012)	9,14,733
3.	Maj. Gen. (Retd.) SM Sanjeev Loomba (Up to 28.02.2013)	24,64,480
4.	Shri NSS Prasada Rao (Up to 30.06.2012)	23,56,354
5.	Shri P Sudhakar	18,09,611
6.	Shri Kishor Rungta	3,86,980

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.

Disclosures:

- During the year, there is no transaction of material nature with the Directors or their relatives or the Management that had potential conflict with the interest of the Company.
- A statement of related party transactions during the year as per AS 18 is given in Notes forming part of Annual Accounts of the Company for the year 2012-13. Details of these transactions were also placed before the Audit Committee meeting.
- There were no instances on non-compliance on any matter related to any guidelines issued by the Government during the last three years.

- The Company has complied with the "Corporate Governance Guidelines for CPSE's" issued by Department of Public Enterprises as directed by DAE and quarterly compliance reports have been regularly submitted to the DAE.
- In ECIL, risk management is a part of management system based on safety conscious approach. A policy on risk management is being implemented in accordance with the Guidelines on Corporate Governance.
- The Company being PSU, Central Vigilance Commission Guidelines are applicable, which provide adequate safeguard against victimization of employees. No person has been denied access to the Audit Committee.

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.
- Matter of interest to employees are circulated internally in the form of notices, office orders and instructions.

3. Management's Discussion and Analysis form part of the Annual report.

abroad. The entire share capital of the Company is held by the President of India and his nominees.

General Shareholders Information

ECIL is not listed at any Stock Exchange in India or

General Body Meetings

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

Year	Date	Time	Venue
2009-10	13.08.2010	1400 hours	Registered Office, ECIL Post office, Hyderabad- 500062
2010-11	26.08.2011	1300 hours	
2011-12	27.08.2012	1200 hours	

No special resolution was passed in any of the last three Annual General Meeting.

Postal Ballot

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot. However, the Company will extend the facility of voting by postal ballot, as and when decisions of shareholders will be sought. (on matters of critical nature and notified by the Government of India)

Annual General Meeting

46th Annual General Meeting for the financial year 2012-13 will be held on 25th September, 2013 at Registered Office of the Company at Hyderabad

Whistle Blower policy

With a view to establish a mechanism for the employees to report to the Management about their concerns regarding unethical behavior and

the cases of actual or suspected fraud, violation of Company's general guidelines on Conduct and Ethics, the Company implemented the Whistle Blower Policy. The Policy ensures that adequate safeguards are provided to the genuine Whistle Blower against victimization.

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 Company Secretary in Practice on compliance with the DPE Guidelines is enclosed with this report.

For and on behalf of the Board of Directors

Hyderabad
25.09.2013

P Sudhakar
Chairman & Managing Director

Annexure - 'D'

N.V.S.S. SURYANARAYANA RAO

B.Com, A.C.S.

COMPANY SECRETARY IN PRACTICE

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, 2013, 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 for 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 Department of Public Enterprises, as per which it is the responsibility of Directors and Senior Management Personnel to familiarize themselves with the code of comply with its Standards and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2013.

We further certify that the company has complied with all the Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010.

Place: Hyderabad
Date: 07/08/2013

(NVSS SURYANARAYANA RAO)
PRACTISING COMPANY SECRETARY
ACS No. 5868 C.P.No. 2886



Office: Plot No.232 B, Road No.6, Samathapuri Colony, New Nagole, Hyderabad -500 035. ☎ 040-24058551. ✉ csnvss@gmail.com

Annexure 'G' to Directors' Report

Corporate Social Responsibility Activities undertaken during the year 2012-13

Sl. No	Details of the CSR project	Works carried out and status as on 31.03.2013
1.	Upgradation of educational infrastructure at MandalParishad Upper Primary School, Kamalanagar, Kapra, RR Dist.	Constructed computer laboratory and separate toilets for girls and boys with overhead tank and associated piping.
2.	Upgradation of educational infrastructure at ZillaParishad High School, Kapra, RR Dist.	Classrooms have been constructed and furnished with dual desks. A store-room has also been constructed.
3.	Upgradation of educational infrastructure at MandalParishad Upper Primary School, Harijanawada, Gandhinagar, Kapra, RR Dist.	A multi-purpose hall, which can be used to conduct functions whenever required and be used as a lunch hall at other times, has been constructed and furnished with three seater benches. The girls' toilet block has been renovated and provided with an overhead tank.
4.	Upgradation of educational infrastructure at ZillaParishad High School, Kushaiguda, Kapra, RR Dist	A multi-purpose hall, which can be used to conduct functions whenever required and be used as a lunch hall at other times, has been constructed. An overhead tank has also been provided. Dual desks have been provided for use in classrooms
5.	Computer education in ZillaParishad High Schools at, Kapra, Kushaiguda, Nagaram and MandalParishad Upper Primary Schools at Kamalanagar & Gandhinagar (Harijanawada)	Additional computer systems have been provided to supplement those already available in addition to maintenance of systems. Faculty for imparting computer education has also been engaged.

For and on behalf of the Board of Directors

Hyderabad
25.09.2013

P Sudhakar
Chairman & Managing Director



Shri P Sudhakar, C&MD, ECIL explaining the features of EMI-EMC test facility to Shri K A P Sinha, Joint Secretary (BS), DAE



Voter Verifiable Paper Audit Trail (VVPAT) for Electronic Voting Machine being demonstrated to Dr Nasim Zaidi, Election Commissioner



Shri VV Bhat, Member (Finance), Atomic Energy Commission,
addressing the Graduate Trainee Engineers - batch 2012



"PRAMANIKA" - Smart Card Reader developed by Smart Card Group being demonstrated
to Shri GP Srivastava, Chairman, Technology Development Council (TDC)

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 the 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 etc., 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 breakup 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 breakup 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 breakup 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) Revenue is recognized on transfer of items (for Defence) to the bonded stores awaiting field-testings.
- (iii) Revenue is recognized 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 contract cost incurred upto the reporting date to the total estimated cost of the contract.

B. Internal Capitalisation And Inter-group Transfers:

- i) Equipment manufactured for internal use is capitalized at cost.
- ii) 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.
- iv) Scrap is valued at "net realizable value".

D. Fixed Assets & Depreciation of Assets:

- 1) 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 are as per Schedule XIV of the Companies Act, 1956, except in the following cases:
 - (I) Where the cost of the asset is ₹10,000/- or below (for assets acquired after 01.04.2003) depreciation is at 100% of the cost retaining ₹1/- in the net block.
 - (ii) Computer Systems acquired by 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 a 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 ₹1,00,000 and below are charged to natural heads of accounts.

F. Technical Know How:

Expenditure on Technical Know how 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 timing differences at the Balance Sheet date.

Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been substantively enacted by the Balance Sheet date.

N. Investments:

Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

O. Leases:

- a) Assets given on operating lease are capitalized and 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 off in the year of incurrence.

P. Liquidated Damages:

Claims for liquidated damages against the Company are considered, to the extent revenue recognized except those which are considered by 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 economic resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



Dr. P Vasudeva Rao, Director, IGCAR inspecting the BF₃ Gas Generation, Purification and Filling facility



Signing of MoU between Bose Institute and ECIL for supply of Power Convertors to the Facility for Antiproton and Ion Research (FAIR) Germany



Shri VVR Sastry, Director, ECIL explaining about the new products launched by ECIL at a product demonstration in Bengaluru



Maj. Gen. P. R Sankar, ADG, Ministry of Defence, inspecting the fuze manufacturing facility at ECIL

Electronics Corporation of India Limited

Balance Sheet as at 31st March, 2013

(₹ in Lakhs)

	Particulars	Note No.	31.03.2013		31.03.2012	
I	I. EQUITY AND LIABILITIES					
(1)	Shareholders' Funds					
	(a) Share Capital	1	16,337.12		16,337.12	
	(b) Reserves and Surplus	2	48,637.83	64,974.95	46,869.38	63,206.50
	(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	16,042.97		9,577.60	
	(d) Long-term provisions	4	4,019.52	20,062.49	3,252.59	12,830.19
(4)	Current Liabilities					
	(a) Short-term borrowings	5	35,000.00		27,015.97	
	(b) Trade Payables	6	36,356.82		35,562.46	
	(c) Other Current Liabilities	7	70,994.38		73,791.02	
	(d) Short-term provisions	8	6,331.83	148,683.03	6,797.17	143,166.62
	Total			233,720.47		219,203.31
II.	ASSETS					
(1)	Non-Current Assets					
	(a) Fixed Assets :					
	(i) Tangible Assets	9A	11,614.93		10,845.68	
	(ii) Intangible Assets	9B	1,232.00		-	
	(iii) Capital Work-in-Progress	10	1,947.89		1,969.75	
	(iv) Intangible Assets under Development		-	14,794.82	-	12,815.43
	(b) Non-Current Investments	11		164.64		164.64
	(c) Deferred Tax Assets(net)	12		2,912.64		2,491.03
	(d) Long-term Loans and Advances	13		6,261.76		6,142.99
	(e) Other Non-Current Assets	14		37,572.82		22,596.16
(2)	Current Assets					
	(a) Current Investments			-		-
	(b) Inventories	15	16,171.34		19,839.93	
	(c) Trade Receivables	16	91,440.44		80,190.00	
	(d) Cash and Cash equivalents	17	31,943.67		30,909.90	
	(e) Short-term Loans and Advances	18	15,367.75		13,655.32	
	(f) Other current assets	19	17,090.59	172,013.79	30,397.91	174,993.06
	Total			233,720.47		219,203.31

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 UMAMAHESWARA RAO & CO.
Chartered Accountants, FRN 004453S


P. SUDHAKAR
Acting Chairman & Managing Director


KISHOR RUNGTA
Director (Finance)


JAI BHAGWAN SHARMA
Company Secretary


Partner:
CA. G SIVA RAMA KRISHNA PRASAD
M.No. : 24860

Place: Hyderabad
Date: 18.07.2013

Electronics Corporation of India Limited
Statement of Profit & Loss for the year ended 31st March, 2013

(₹ in Lakhs)

	Particulars	Note No.	31.03.2013	31.03.2012
I	Revenue from operations (gross)		172,940.11	147,414.05
	Less: Excise duty		5,152.15	5,712.62
II	Revenue from Operations (net)	20	167,787.96	141,701.43
III	Other Income	21	4,248.03	4,352.44
IV	Total Revenue (II+III)		172,035.99	146,053.87
V	Expenses:			
	Cost of Materials Consumed	22	106,223.09	91,119.27
	Changes in inventories of finished goods, wip and traded goods	23	(1.43)	(2,464.38)
	Employee Benefits Expense	24	36,508.37	35,755.41
	Finance Costs	25	4,111.01	4,131.34
	Depreciation and Amortization Expense		1,826.41	960.30
	Other Expenses	26	13,096.38	10,296.58
	Total Expenses		161,763.83	139,798.52
	Profit Before Prior Period items		10,272.16	6,255.35
	Less: Prior Period Items	27	(8,466.55)	(2,654.47)
VI	Profit before exceptional and extraordinary items and tax (IV-V)		1,805.61	3,600.88
VII	Exceptional Items : Income / (Expenditure)	28	1,290.43	1,941.72
VIII	Profit before extraordinary items and tax (VI-VII)		3,096.04	5,542.60
IX	Less: Extraordinary Items		0.00	0.00
X	Profit before tax (VIII-IX)		3,096.04	5,542.60
XI	Tax Expense:			
	(1) Current Tax (MAT)	2,061.83		1,635.00
	(2) Minimum Alternate Tax Credit Entitlement	(1,239.74)		(1,635.00)
	(3) Deferred Tax	(421.61)		1,612.21
	(4) For Earlier Years	107.56	508.04	269.37
XII	Profit for the period from continuing operations(X-XI)		2,588.00	3,661.02
XIII	Profit from discontinuing operations		0.00	0.00
XIV	Tax expense of discontinuing operations		0.00	0.00
XV	Profit from discontinuing operations (after tax) (XIII-XIV)		0.00	0.00
XVI	Profit for the period (XII+XV)		2,588.00	3,661.02
XVII	Earnings per equity share:		Rs.	Rs.
	(1) Basic		158.41	224.09
	(2) Diluted		158.41	224.09

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 UMAMAHESWARA RAO & CO.
Chartered Accountants, FRN 004453S


P. SUDHAKAR
Acting Chairman & Managing Director


KISHOR RUNGTA
Director (Finance)


JAI BHAGWAN SHARMA
Company Secretary


Partner:
CA. G SIVA RAMA KRISHNA PRASAD
M.No. : 24860

Place: Hyderabad
Date: 18.07.2013

Notes to the financial statements for the year ended 31.03.2013

Note 1: Share Capital

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
Authorised Capital 20,00,000 (Previous year 20,00,000 of ₹1000 each) Equity Shares of ₹1000 each	20,000.00	20,000.00
Issued, Subscribed & Paid-up Capital 16,33,712 (Previous Year 16,33,712) Equity Shares of ₹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:		
	31.03.2013	31.03.2012
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

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a General Reserve		2,650.00		2,650.00
b Surplus/(deficit) in the statement of Profit and loss				
Opening Balance	43,941.61		41,648.77	
Add : Profit for the year	2,588.00		3,661.02	
	46,529.61		45,309.79	
Less: Appropriations				
Transfer to CSR Fund	77.64		304.45	
Provision for Dividend	647.00		915.25	
Provision for Dividend Tax	109.96		148.48	
Net surplus in the Statement of Profit and loss		45,695.01		43,941.61
c Others :				
Corporate Social Responsibility Fund(CSR) :				
Opening Balance	277.77		-	
Add: Transfer from P&L Appropriation a/c				
Previous Year	-		194.62	
Current Year	77.64		109.83	
Total Available	355.41		304.45	
Less: Utilization during the year	(62.59)	292.82	(26.68)	277.77
Total		48,637.83		46,869.38

Note 3: Other Long - Term Liabilities

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
A) Trade Payables		54.80		-
B) Others :				
1) Sundry Creditors for Expenses		1,458.63		2,770.49
2) Sundry Creditors for Capital items		854.57		770.30
3) Advances from customers		11,914.27		4,883.07
4) Deposits		16.76		46.64
5) Security Deposit for lease Premises		1,069.20		1,069.20
6) Others		674.74		37.90
Total		16,042.97		9,577.60

Note 4: Long - Term Provisions

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
a) Provision for Employee Benefits: Leave Encasement	1,713.16	1,622.32
b) Others Provision for Warranty	2,306.36	1,630.27
Total	4,019.52	3,252.59

Note 5: Short Term Borrowings

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
(a) Loans repayable on demand From Banks:		
1. Cash Credit (Secured)	10,000.00	11,587.50
2. Against Fixed Deposits (Secured)	-	5,428.47
(b) Others :		
From Banks:		
1. Term Loans (Unsecured)	25,000.00	10,000.00
Total	35,000.00	27,015.97

Cash Credit is secured a) by way of hypothecation on all current assets of the Company viz., stocks, stores and spares not relating to P&M (CS&S), bills receivables and book debts and all other movable assets of the Company b) Equitable Mortgage on the land situated at ECIL, Hyderabad to an extent of Ac278.05 gts and Ac 25.10 cents located at Yerram Reddy Palem, Renigunta Mandal, Chittoor Dt.

Terms & Conditions:

Nature of Borrowings :	Cash Credit	Short Term loans	Against FD
Terms of Repayment	On Demand	On due date	-
Rate of Interest	10.15%	10.00%	-
No.of Instalments	Running Account	Single	-
Maturity period	On Demand	3 months	-

Note 6: Trade Payables

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Sundry Creditors for goods		36,356.82		35,562.46
Dues to Micro & Small Enterprises ₹984.58 lakhs				
(Previous year ₹160.18 lakhs)				
Total		36,356.82		35,562.46

Note 7: Other Current Liabilities

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Interest accrued and due on borrowings		240.84		255.24
b) Other Payables :				
i) Sundry Creditors for expenses	31,642.03		21,741.88	
ii) Government Grants-in-Aid	2,641.10		3,201.20	
iii) Deposits	960.48		1,077.78	
iv) Advance from Customers	27,215.18		39,789.99	
v) Other payables	8,294.75	70,753.54	7,724.93	73,535.78
Total		70,994.38		73,791.02

Note 8: Short Term Provisions

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) For Employee Benefits Provision for Leave Encasement		4,806.67		4,794.67
b) Others				
For Proposed Dividend	647.00		915.25	
For Tax on proposed Dividend	109.96		148.48	
For Warranty Charges	768.20	1,525.16	938.77	2,002.50
Total		6,331.83		6,797.17

Fixed Assets

Note: 9A Tangible Assets

Note: 9A Tangible Assets											
S.No.	Name of the Asset	Gross Block At Cost				Depreciation				Net Block	
		As at 01.04.2012	Additions & Adj. During The Year	Deductions & Adj. During The Year	Total As At 31.03.2013	upto 31.03.2012	For the year	Previous Years Deductions & Adj. During The Year	Total upto 31.03.2013	As At 31.03.2013	As At 31.03.2012
1	Land (Freehold)	869.13	-	-	869.13	-	-	-	-	869.13	869.13
2	Buildings	2,859.67	833.53	42.44	3,650.76	1,711.77	97.43	42.44	1,766.75	1,884.01	1,147.90
3	Plant & Equipment	4,451.56	401.24	486.59	4,366.22	2,466.82	582.80	476.74	2,572.88	1,793.33	1,984.74
4	Furniture & Fixtures	1,654.39	212.17	22.27	1,844.29	980.20	112.71	22.26	1,070.65	773.64	678.30
5	Vehicles	99.11	8.79	0.58	107.32	45.07	8.53	0.58	53.02	54.30	54.03
6	Office Equipment	2,512.14	93.18	275.03	2,330.29	1,604.50	171.64	269.94	1,506.19	824.09	903.49
7	Others:										
	a) Roads, Bridges & Culverts	84.32	4.63	-	88.95	28.82	1.32	-	30.13	58.81	55.51
	b) Research & Development - Plant Machinery	197.59	434.78	207.44	424.92	63.44	34.54	-	97.98	326.95	134.16
	c) Electronic Testing & Measuring Equipment	10,076.91	321.84	586.71	9,812.05	5,831.41	452.62	540.68	5,743.35	4,068.70	4,245.50
	d) Computer Systems Hired out to Customers	1,708.98	-	-	1,708.98	1,685.41	-	-	1,685.41	23.57	23.57
	e) Air conditioners & Air coolers/Refrigerators	393.12	80.10	10.05	463.17	169.66	17.87	9.41	178.13	285.04	223.47
	f) Water supply & Sewerage	52.52	1.72	-	54.24	41.96	0.43	-	42.39	11.85	10.57
	g) Electrical Installation & Equipment	822.56	165.25	5.49	982.31	355.12	36.15	4.98	386.28	596.03	467.44
	h) Library	80.72	-	0.08	80.64	71.63	0.66	0.08	72.21	8.43	9.10
	i) Sheds, Fixtures and Structures/Erections at Projects/Sites	82.49	-	-	82.49	43.72	1.71	-	45.44	37.05	38.77
	Total (I)	25,945.21	2,557.22	1,636.67	26,865.76	15,099.52	1,518.41	1,367.11	15,250.82	11,614.93	10,845.68
	Previous Year	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

Note: 9B Intangible Assets

1	Technical Know How	-	1,540.00	-	1,540.00	-	308.00	-	308.00	1,232.00	-
	Total (II)	-	1,540.00	-	1,540.00	-	308.00	-	308.00	1,232.00	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Grand Total (I + II)	25,945.21	4,097.22	1,636.67	28,405.76	15,099.52	1,826.41	1,367.11	15,558.82	12,846.93	10,845.68
	Previous Year	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

Notes:

- 1 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. Thereafter, "Deed Of Grant" for the land admeasuring 229.01 Acres was issued 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 said Land of 229.01 acres has been mutated in the name of ECIL on 19.05.2010 and necessary entries are made in the 'Record of Rights Amendment Register' by the Revenue Authorities. The said 'Deed of Grant' indicated that 31 acres and 10 guntas of land (with specified S.Nos. in 223/7, 288, 711 & 24) will be transferred in ECIL's name as and when the said land is transferred in the name of DAE. Thereby, ECIL is entitled to get further 17 acres 29 guntas as per the above 'Deed of Grant'. However, ECIL is in excess possession of land in the survey nos. relating to grant of 229 acres 01 gunta, to the extent of 20 acres 30 guntas which was not allotted by DAE.
- b) Conveyancing of land at Moula-ali admeasuring 2.65 acres of land which involves 2.11 acres of Exchange and purchase of 0.533 acres at a cost of ₹1,65,103 in favour of the Company from APIIC is yet to be completed.
- 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 of Land admeasuring 2773.50 sq.yards and Buildings (Zonal office) situated at Prabhadevi, Mumbai at free of cost to the Company. The Conveyance of the property is under process.
- d) ECIL had executed Deeds of lease in favour of 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 with an Annual Rent of ₹1070/- per annum and interest free security deposit of ₹1069.20 lakhs.
2. Assets acquired out of Grants given by DAE, Government of India amounting to ₹236.51 lakhs (previous year ₹475.74 lakhs) and assets funded by BARC amounting to ₹26.29 lakhs (previous year ₹1019.16 lakhs) aggregating to ₹262.80 Lakhs (previous year ₹1494.90 lakhs) have been shown in additions & deductions in Fixed Assets Schedule No: 9. The nominal value of such Assets included in Gross Block for the year is ₹102/- (previous year ₹324/-)
3. Obsolete assets having a net value of ₹6.01 lakhs (previous year ₹191) are reduced from the Gross Block. Aggregate Gross Value of all these assets as at 31.03.2013 is ₹1372.15 lakhs. (Previous year ₹155.25 lakhs).
4. The unamortized value of assets acquired for MFID and NPR CV Projects for manufacturing and supply of Biometric Resident Identity Cards, is being amortized in the Ratio of Cards manufactured to target quantity of orders received, whereby ₹422.59 lakhs has been charged off as Depreciation during the year and the balance of ₹55.88 lakhs will be amortized in subsequent year based on number of cards manufactured.

Note 10: Capital Work-in-Progress

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
1. Capital Equipment-in-Transit	1,172.57	921.60
2. Capital Work-in-progress	775.32	1,048.15
Total	1,947.89	1,969.75

Note 11: Non Current Investments

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
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 of ₹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 ₹10/- each fully paid up in M/s. Andhra Pradesh Gas Power Corporation Limited	91.12	91.12
3. 250 shares of ₹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)

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
Deferred Tax Liability:		
a) Depreciation	4624.36	4625.82
Gross Deferred Tax Liability	4624.36	4625.82
Deferred Tax Asset :		
a) Provision for Doubtful Debts and Advances	458.06	508.61
b) 43B Disallowances	12685.64	9598.41
c) Others	49.77	1179.78
d) Carry Forward of losses	0.00	1016.72
Gross Deferred Tax Asset	13193.47	12303.52
Net of Deferred Tax Asset & Liabilities	8569.11	7677.70
Net Deferred Tax Asset Total	2912.64	2491.03

Note 13: Long Term Loans And Advances

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
a) Capital Advances (Unsecured considered good)	817.41	762.52
(A)	817.41	762.52
b) Deposits :		
Secured considered good	-	-
Unsecured considered good	5,385.43	5,303.76
Doubtful	-	-
Total	5,385.43	5,303.76
Provision for doubtful deposits	-	-
(B)	5,385.43	5,303.76
c) Other Loans & Advances:		
Loans & Advances due from Directors or officers	-	-
Employee advances (Secured considered good)	0.74	0.16
Employee advances (Unsecured considered good)	48.98	35.28
Others (Unsecured considered good)	9.20	41.27
Doubtful	-	--
Provision for doubtful Loans & Advances	-	-
(C)	58.92	76.71
Total (A+B+C)	6,261.76	6,142.99

Note 14: Other Non-current Assets

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Long term trade Receivables:				
Secured considered good	-		-	
Unsecured considered good	24,463.70		20,910.11	
Doubtful	3,111.34		2,396.54	
Less: Provision for Doubtful debts	(3,111.34)	24,463.70	(2,396.54)	20,910.11
b) Others				
Unbilled Revenue		10,215.11		-
Minimum Alternate Tax Credit		2,874.74		1,635.00
Claims Receivable		19.27		51.05
Total		37,572.82		22,596.16

Note 15: Inventories

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Raw Materials		6,109.14		9,448.26
(includes Material in transit ₹840.04 Lakhs				
Previous year : ₹2988.07 lakhs)				
b) Work-in-Progress		8,449.55		6,425.17
c) Finished Goods		828.28		2,843.20
d) Stores & Spares		724.59		1,019.87
(includes in transit Rs. Nil				
Previous Year: ₹0.68 lakhs)				
e) Loose Tools		6.19		6.04
f) Others:				
i) Packing Materials		44.20		79.97
ii) Scrap		9.39		17.42
Total		16,171.34		19,839.93

Note 16: Trade Receivables

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Trade Receivables outstanding for a period exceeding six months				
Secured, Considered good	-		-	
Unsecured, Considered good	38,425.63		29,392.62	
Doubtful	-	-	-	
Less: Provision for Doubtful Debts	-	38,425.63	-	29,392.62
b) Others:				
Secured, Considered good	-		-	
Unsecured, Considered good	53,014.81		50,797.38	
Doubtful	-		-	
Less: Provision for Doubtful Debts	-	53,014.81	-	50,797.38
Total		91,440.44		80,190.00

Note 17: Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
i. Cash and Cash equivalents				
a) Balances with banks:				
i) On current accounts	1,785.81		612.64	
ii) Deposits with original maturity of less than three months	-	1,785.81	-	612.64
b) Cheques, drafts on hand		83.19		220.81
c) Cash on hand		6.27		3.53
d) Others:				
i) Cheques in-transit	2.02		-	
ii) Fixed Deposit with banks	-		5,500.00	
iii) Stamps on hand	0.01		0.02	
iv) Imprest cash with officers	3.10		12.06	
v) Remittance-in-transit	0.72	5.85	0.72	5,512.80
ii. Earmarked balances with bank		62.55		60.12
iii. Balances with banks (Fixed Deposit)		30,000.00		24,500.00
iv. Bank deposits with more than twelve months maturity		-		-
Total		31,943.67		30,909.90

Note 18: Short Term Loans & Advances

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
a) Loans & Advances to related parties				
Secured, Considered good	-		-	
Unsecured, Considered good	-		-	
Doubtful	-	-		
Less: Allowance for bad & doubtful debts	-	-	-	-
b) Deposits		376.69		290.99
c) Balances with Authorities		4,010.21		3,109.45
c) Others:				
Advance to Employees (Secured and good)		3.73		13.29
Advance to Employees (Unsecured Considered good)		63.82		113.57
Advance to Suppliers for Goods & Services		5,239.43		3,837.46
Doubtful Advances to Suppliers	358.46		333.23	
Less : Allowance for bad & doubtful Advances	(358.46)	-	(333.23)	-
Advance Tax / TDS (Net of Provision for Income Tax)		4,817.98		5,519.49
Other Advances		855.89		771.07
Debts due by Directors or Officers		-		-
Total		15,367.75		13,655.32

Note 19: Other Current Assets

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
1. Unbilled Revenue	14,483.48	29,167.80
2. Accrued Income	1,565.98	559.04
3. Claims with Customers	1,041.13	671.07
Total	17,090.59	30,397.91

Note 20 : Revenue from Operations

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
Sale of Products	99,450.96	172,940.11	93,525.46	147,414.05
Services	73,489.15		53,888.59	
Less: Excise Duty				
		5,152.15		5,712.62
Revenue from Operations Total		167,787.96		141,701.43

Note 21: Other Income

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
1. Interest On		3,296.66		2,985.38
a) Staff advances	0.34		3.50	
b) Electricity Deposits (APSEB)	5.05		3.38	
c) Term Deposit Receipts	3,269.49		2,896.42	
d) Others	21.78		82.08	
2. Profit On Sale of Fixed Assets		-		-
3. Dividend From Joint Venture Company (ECIL - Rapisca Ltd.)		36.75		44.10
4. OTHERS		914.62		1,322.96
a) Rent	12.76		6.73	
b) Sale of scrap	51.59		37.86	
c) Insurance Claims	17.84		7.25	
d) Customs Duty claims	-		183.85	
e) Unclaimed liabilities written back	-		103.44	
f) Exchange Rate Variation	90.71			
g) LDs Recovered on supplier bills	303.08		584.74	
h) Miscellaneous	438.64		399.09	
Total		4,248.03		4,352.44

Note 22: Cost of Materials Consumed

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
1. Consumption Of Raw Materials, Assemblies And Components				
Opening Stock	6,459.52		6,012.30	
Add: Purchases (after sales and adjustments)	105,345.14		92,050.91	
Add: Departmental transfers - Production	264.29		412.18	
	112,068.95		98,475.39	
Less: Provision for obsolescence	-	112,068.95	-	98,475.39
Less: Closing Stock		5,269.10		6,459.52
		106,799.85		92,015.87
2. Consumption of				
a) Stores and Spares	434.64		72.86	
b) Packing materials	506.91		147.13	
c) Tools	3.51	945.06	3.24	223.23
3. Cost of Accessories & Spares Consumed		380.02		208.22
Sub - Total		108,124.93		92,447.32
Less: Expenditure against Grants-in-Aid		(1,901.84)		(1,328.05)
Total		106,223.09		91,119.27

Note: 23 Changes in Inventories of Finished Goods & WIP

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
Closing Stocks		
i) Finished Stock	828.28	2,843.20
ii) Work-in-progress	8,449.55	6,425.17
iii) Scrap	9.39	17.42
	9,287.22	9,285.79
Less: Opening 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
	9,285.79	6,821.41
Decretion(+) / Accretion(-)	(1.43)	(2,464.38)

Note 24: Employee Benefit Expenses

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
a) Salaries, Wages and Bonus	30,999.96	31,495.96
b) Contribution to Provident Fund including administrative charges	2,616.44	2,567.84
c) Provision for Gratuity	1,960.68	910.87
d) Welfare expenses	931.29	780.74
Total	36,508.37	35,755.41

Note 25: Finance Costs

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
1. Interest Expense	4,076.53	3,963.21
2. Other Borrowing costs	34.48	168.13
3. Applicable net gain/loss on foreign currency transaction and translation	-	-
Total	4,111.01	4,131.34

Note 26: Other Expenses

(₹ in Lakhs)

Particulars	31.03.2013		31.03.2012	
1. Power and Fuel		410.80		357.23
2. Water Charges		391.04		186.48
3. Professional and Consultancy charges		2,153.50		1,306.70
4. Payment to Franchisees		1,867.08		2,196.15
5. Travelling and Conveyance expenses		2,382.26		1,639.78
6. Repairs & Maintenance				
a) Buildings	224.16		387.29	
b) Plant & Machinery	54.05		57.06	
c) Others	384.24	662.45	343.98	788.33
7. Stores Incidentals-Inwards		813.47		739.11
8. Rents		268.76		181.42
9. Rates and Taxes		231.97		205.43
10. Insurance		41.71		53.24
11. Printing & Stationery		123.62		143.41
12. Postage, Telegram, Telephones & Telex		121.62		113.77
13. Advertisement		77.64		93.45
14. Guest House expenses		58.91		17.26
15. Entertainment expenses		10.02		9.46
16. Books and Periodicals		11.18		15.44
17. Vehicle expenses		407.48		291.60
18. Staff training expenses		60.71		27.14
19. Donations		-		-
20. Security Expenses		889.07		833.05
21. Directors' fees and travelling expenses		5.62		4.84
22. Auditors' fees and expenses				
a) Statutory Audit fee				
- Current year	10.00		8.00	
- Previous year	2.00		-	
b) Out of Pocket Expenses	-	12.00	0.24	8.24
23. Exchange Rate Variation		-		143.14
24. Bank Charges		14.70		18.22
25. Commission on Bank Guarantees		152.82		167.94
26. Selling Expenses		1,011.02		544.34
27. Commission to Selling Agents		82.32		144.36
28. Freight Outwards		288.47		243.44
29. Expenditure on Warranty		1,269.25		676.13
30. Liquidated Damages		1,675.14		675.27
31. Miscellaneous		1,049.24		541.03
32. Research & Development Expenses		2,335.17		2,514.57
33. Provisions:				
Doubtful Advances	120.34		112.10	
Material Obsolescence	-		-	
Doubtful Debts-S.Debtors	224.60	344.94	138.81	250.91

34. Amounts Written off				
i) Write off of RM, SS, Spares etc.	-		27.68	
Less : Provisions withdrawn	-	-	(27.68)	-
ii) Bad Debts written off	879.62		861.27	
Less : Provisions withdrawn	(763.18)	116.44	(728.46)	132.81
iii) Fixed Assets written off		6.01		-
iv) Other write offs	7.46		218.34	
Less : Provisions withdrawn	(0.00)	7.46	(30.00)	188.34
35. Transfer to other Accounts				
a) Expenditure on Research & Development	(2,335.17)		(2,514.57)	
b) Internal Jobs for capital use	(11.84)		(70.91)	
c) Purchase incidental variation	(44.15)		-	
d) Departmental Transfers- Production	(264.29)		(412.18)	
e) Service Tax Input Credit	(3,602.06)		(2,076.63)	
f) Others	-	(6,257.51)	(81.16)	(5,155.45)
Total		13,096.38		10,296.58

Note 27: Prior Period Items

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
1. Prior Period Income:		
a) Sales & Services	(757.46)	14.84
b) LD Recovery	(335.28)	-
	(1092.74)	14.84
2. Prior Period Expenses:		
a) Gratuity Amortization	8039.61	2679.87
b) Material Consumed	(686.40)	(9.80)
c) Others	20.60	(0.76)
	7373.81	2669.31
Total	(8,466.55)	(2,654.47)

Note 28: Exceptional Items

(₹ in Lakhs)

Particulars	31.03.2013	31.03.2012
I) Income:		
a) Recovery from bad debts written off	40.54	102.25
b) Provisions withdrawn	1,249.89	1,839.47
	1,290.43	1,941.72
Total	1,290.43	1,941.72

Note : 29

- i. The financial statements have been prepared in line with the requirements of the Revised Schedule VI of the Companies Act, 1956 as introduced by the Ministry of Corporate Affairs from the financial year ended on March 31, 2012. Accordingly, assets and liabilities are classified between current and non-current based on the operating cycle of its various contract periods and having regard to the Company's nature of business.
- ii. Changes/rewording made to the Accounting policies are mainly clarificatory in nature and there is no consequent impact on the Accounts for the year.

Note 30: Exemption From Disclosure:

Ministry of Corporate Affairs has exempted the Company vide Notification No. 46/3/2013-CL-III dated 20.02.2013 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)	<p>The profit and loss account shall also contain by way of a note the following information namely:-</p> <ol style="list-style-type: none"> a) Value of import calculated on CIF basis by the Company during the financial year in respect of <ol 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 31: Amortisation of Gratuity

Consequent to the amendment to 'The Payment of Gratuity Act, 1972' enhancing the ceiling for payment of gratuity from ₹3.50 lakhs to ₹10 lakhs, the total expenditure chargeable to Statement of Profit and Loss was ₹13399.37 lakhs during 2010-11. However, the company started amortizing the said amount in five equal annual installments of ₹2679.87 lakhs each commencing from 2010-11 and accordingly amortized ₹5359.75 lakhs upto 31.03.2012 leaving unamortized amount of ₹8039.61 lakhs as on 31.03.2012. MCA vide their letter dated 30.08.2012 communicated its decision to DAE stating that the issue of amortizing of gratuity liability over five years by ECIL, has been examined and it was decided that the request cannot be acceded to. During the year, the entire unamortized balance of ₹8039.61 lakhs has been charged off under the head Prior Period items in Note No.27 to the Statement of Profit and Loss.

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):

a)	In terms of Accounting Policy No. A (iv) Contract Revenue of ₹31343.73 Lakhs (previous year ₹31978.95 lakhs) is recognized as per AS-7 (Construction Contracts), based on the percentage of actual costs incurred to the estimated total cost.	(₹ in Lakhs)	
		2012-13	2011-12
b)	Aggregate amount of costs incurred and recognized profits (Less Recognized losses) up to 31.03.2013	180361.01	156287.14
c)	Advances received (Net)	30155.91	39119.90
d)	Gross amount due from customers (Unbilled Revenue)	54854.50	52307.83
e)	Gross amount due to customers	NIL	NIL
f)	Retentions, if any	3404.04	2510.73

The estimates of total costs and total revenue in respect of construction contracts are reviewed and updated periodically 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.

B) Revenue Recognition (AS-9):

- a) Sales for the year include
 - i) Goods which are in deliverable condition and are retained by the Company at the instance of the customers for an amount of ₹631.99 Lakhs (previous year ₹656.85 lakhs).
 - ii) Goods valuing ₹7537.11 Lakhs (previous year ₹2052.03 Lakhs) which are transferred to bonded stores awaiting field testing as per Accounting Policy A(ii).
- b) No impact for upward revision has been considered during the year pending price fixation/revision by PRC of Election Commission of India (ECI) in respect of supply of 248600 EVMs during 2006-07 to 2010-11 to ECI which were supplied at the rate of ₹8670/- (plus taxes) per EVM based on the price valid upto 31.03.2006.

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

Unspent balance of ₹2641.10 lakhs as on 31.03.2013 (Previous year ₹3201.20 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.

(₹ in Lakhs)

Sl. No	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
1	Opening Balance	3201.20	2958.57
2	Total receipts during the year	1578.24	2046.43
3	Refund/Withdrawals during the year	0.00	0.00
4	Actually utilized during the year towards		
	a) Revenue Items	1901.83	1328.05
	b) Capital Items	236.51	475.74
5	Closing balance	2641.10	3201.20

D) Employee Benefits- (AS-15):

- a) **Provident Fund:** 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 ₹2616.44 lakhs (Previous year ₹2567.84 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 as specified by GOI to the members. 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 the Life Insurance Corporation of India.

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 31.03.2013 are as follows

(₹ in Lakhs)

I.	Change in Benefit obligation:	2012-13	2011-12
	Present value of obligation as at the beginning	19284.67	20943.48
a)	Interest Cost	1542.77	1675.47
b)	Current Service Cost	261.31	251.85
c)	Benefits paid **	4246.54	3415.68
d)	Actuarial (gain) / loss	1176.26	(170.45)
	Present value of obligation at the end of the period	18018.47	19284.67

**The above amount includes an amount of ₹387.15 lakhs towards differential Gratuity payable on account of removing of ceiling of number of years of Service with retrospective effect from 24-05-2010 as per the Board Resolution dated 27th August, 2012.

(₹ in Lakhs)

II. Change in Fair value of plan assets		2012-13	2011-12
Fair value of Plan Assets at the beginning of the year		10298.91	9243.42
a)	Expected return on plan assets	1030.88	851.50
b)	Contributions	6067.00	3619.66
c)	Benefits paid	4246.54	3415.67
d)	Actuarial gain/loss on plan assets	NIL	NIL
Fair value of plan assets at the end of the period		13150.25	10298.91
Excess of Obligation over Plan Assets		4868.22	8985.76

(₹ in Lakhs)

III. Expenses recognized in the statement of Profit & Loss Statement:		2012-13	2011-12
a)	Current service Cost	261.31	251.85
b)	Interest Cost	1542.77	1675.47
c)	Expected return on Plan Assets	1030.88	851.50
d)	Net Actuarial (gain)/loss recognized in the period	1176.26	(170.45)
Expenses recognized in the statement of Profit & Loss		1949.46	905.37

(₹ in Lakhs)

IV. Amounts recognized in the Balance Sheet		2012-13	2011-12
a)	Present value of Obligation as at the end of the period	18018.47	19284.67
b)	Fair value of Plan Assets at the end of the period	13150.25	10298.91
c)	Funded Status	(4868.22)	(8985.76)
d)	Liability recognized in Balance Sheet **	4920.25	9037.40

** The above amount includes Rs.52.03 lakhs towards differential gratuity payable to ex-employees which is not claimed by them as at 31-3-2013.

V. Major Category of plan assets:

Not applicable. As the funds were invested through fund manager, Central Office, Investment Department of Life Insurance Corporation of India.

VI. Principal Assumptions		2012-13	2011-12
a)	Discounting Rate	8%	8%
b)	Salary Escalation rate	4%	4%
c)	Expected rate of return on plan assets	9.5%	9.5%

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. 30 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 P Sudhakar	Acting Chairman & Managing Director from 01.03.2013 and Director (Technical) from 01.07.2012
Shri Maj Gen (Retd) Sanjeev Loomba	Acting C&MD from 01.09.2012 to 28.02.2013 and Director(Personnel) upto 28.02.2013 (superannuated on 28.02.2013)
Shri Y S Mayya	Chairman & Managing Director upto 31.08.2012. (Repatriated to BARC.)
Shri Kishor Rungta	Director (F) from 01.02.2013
Shri N S S Prasada Rao	Director(Technical) upto 30.06.2012. (superannuated on 30.06.2012)
Shri Shiv Kumar Nori	Director (F) upto 25.04.2012 (demised on 25.04.2012)

Remuneration to Key Management Personnel - ₹89.04 Lakhs (Previous year ₹90.03 Lakhs) as detailed below:

I) Salary	: ₹47.28 lakhs (Previous year ₹67.75 lakhs)
II) Contribution to PF	: ₹3.93 lakhs (Previous year ₹4.87 lakhs)
III) Pension and other Benefits	: ₹37.83 lakhs (Previous year ₹17.41 lakhs)

ii) The Company has 49% stake in the equity share capital of M/s ECIL-Rapiscan limited a joint venture with OSI.

Details of transactions:

(₹ in Lakhs)

Particulars	2012-13	2011-12
Purchase of Goods	18.36	146.81
Sale of goods	60.45	116.76
Services rendered to JV	16.01	365.08
Services received from JV	421.57	310.32
Agency arrangements (manpower)	725.97	1161.73
Amounts payable to JV	255.61	673.26
Amounts receivable from JV	135.35	447.25

G) Lease Transactions (AS-19):

Assets given on Operating Lease

(₹ in Lakhs)

	31-03-2013	31-03-2012
Class of Assets	Buildings	Buildings
Lease Rental Earned during the year	12.77	6.74
Minimum Lease Rental on		
Non-cancellable Leases:		
Not later than One year	30.62	6.74
Later than one year and not later than five years	71.46	0.05
Later than Five Years	0.01	0.14
Gross Value of Assets	53.86	53.86
Current Year Depreciation	0.87	0.87
Accumulated Depreciation	30.05	29.18
Net Value	23.81	24.68

Assets Taken on Operating Lease

(₹ in Lakhs)

	31-03-2013	31-03-2012
Class of Assets	Buildings	Buildings
Lease Rental Incurred during the year	264.62	150.55
Minimum Lease Rental on		
Non-cancellable Leases:		
Not later than One year	192.10	183.77
Later than one year and not later than five years	486.71	481.15
Later than Five Years	118.40	221.35

The company has not taken or given any assets under Finance Lease.

H) Earnings Per Share (AS-20):

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

Particulars	2012-13	2011-12
Numerator:		
Net Profit after tax as per Profit and Loss Statement	₹ 2588.00 Lakhs	₹3661.01 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	₹1000/-	₹1000/-
Earnings per share (Basic & Diluted)	₹158.41	₹224.09

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:

(₹ in Lakhs)

Particulars	2012-13		2011-12	
	On product sales	On contracts under AS-7	On product sales	On contracts under AS-7
Opening Balance	574.51	1994.53	810.28	1674.87
Provisions made during the year	318.71	640.52	287.91	348.15
Amounts used / reversed (i.e, incurred and charged against provision)	199.22	254.50	523.68	28.49
Closing balance	694.01	2380.55	574.51	1994.53

(b) Contingent Liabilities and Capital Commitments

(₹ in Lakhs)

S.No.	Particulars	As at 31.03.2013	As at 31.03.2012
i)	Contingent liabilities (to the extent not provided for)		
a)	Claims against the company not acknowledged as debt		
	i) Court/Arbitration cases	402.88	386.84
	ii) Demands from Government authorities and appeals filed against the Company not provided for in respect of taxation matters. (includes an amount of ₹224.90 lakhs (Previous year ₹224.90 lakhs) recoverable from sub-contractor as per the terms of the contract)	9696.04	11934.90
b)	Others		
	i) Letters of Credit	6393.60	8443.33
	ii) Cess payable under Section 441 A of the Companies Act, 1956 at 0.1% of the Annual Turnover from 2002-03 to 2012-13	1224.70	1051.76
	iii) Others	1043.61	2214.00
c)	No provision is considered necessary in respect of the differential sales tax liability of ₹1042.74 lakhs estimated at next higher rate of tax that may devolve on the Company for non-receipt & submission of statutory forms in respect of pending assessments for the years 2010-11 to 2012-13 (previous year ₹2261.29 lakhs estimated at the highest rate of tax for the years 2009-10 to 2011-12), as the company is confident of collecting the statutory forms from the customers for on ward submission to Commercial tax department.		
d)	There exists no liability whether crystallized or contingent as on 31.03.2013 in terms of the Civil Liability for Nuclear Damage Act, 2010.		

ii) Capital Commitments

(₹ in Lakhs)

	2012-13	2011-12
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4495.20	2831.99

Note 33: Othersi) Expenditure in Foreign Currency (excluding provision)
(Other than exempted from disclosure - refer Note No. 29)

(₹ in Lakhs)

Particulars	2012-13	2011-12
Foreign Travel	144.07	41.03
Total	144.07	41.03

ii. Export Earnings: (including Deemed Exports)

(₹ in Lakhs)

Particulars	2012-13	2011-12
Exports - Products	117.99	617.35
Total	117.99	617.35

iii. Trade Payables include an amount of ₹984.58 lakhs (previous year ₹160.18 lakhs) being the outstanding dues to Micro Enterprises and Small Enterprises.

The disclosures relating to Micro and Small Enterprise is given below:

(₹ in Lakhs)

	Particulars	2012-13	2011-12
a)	The principal amount remaining unpaid to any supplier as at the end of the accounting year	984.58	160.18
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 include:
- a) Material with sub contractors amounting to ₹638.25 lakhs (previous year ₹434.94 lakhs) and
 - b) Finished goods amounting to ₹26.09 lakhs (previous year ₹19.79 lakhs) sent on demonstration / exhibition/approval.
- v. Trade Receivables include an amount of ₹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 in 27 petitions covering the dues. No provision is considered necessary as the Company has received 5 arbitration awards in favour of the Company and confident of receiving the balance awards also in favour as the Company had supplied on similar terms and conditions.
- vi. Two MCV 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 ₹23.94 lakhs is due from the customer.
- vii. The balances shown under Sundry Debtors, Creditors, Advance received / paid are subject to confirmation and consequent reconciliation, if any.
- viii. Figures relating to previous year are either suitably regrouped or recast wherever considered necessary to confirm to the current year's classification.



Electronics Corporation of India Limited

Cash Flow Statement for The Period Ended 31st March, 2013

(₹ in Lakhs)

Particulars	2012 - 13	2011 - 12
A. Cash Flow From Operating Activities		
Net Profit/(loss) Before Tax & Extraordinary Items	2,276.49	5,542.60
Adjustments for:		
Depreciation	1826.41	960.30
Interest expense	4111.01	4,131.34
Dividends received	(36.75)	(44.10)
Interest received on Short Term Deposit Receipts	(3,269.49)	(2,896.42)
Write off of Fixed Assets	6.01	-
Operating profit before Working Capital changes	4,913.68	7,693.72
Increase/Decrease Inventories	3,668.59	(4,179.13)
Increase/Decrease Sundry debtors	(26,243.15)	(6,597.74)
Increase/Decrease Loans and advances	(3,780.59)	(4,762.14)
Increase/Decrease Other Current Assets	14,556.97	(8,897.41)
Increase/Decrease Current liabilities	4,863.68	29,825.03
Increase/Decrease Provisions	1,365.32	226.82
Cash generated from operations	(655.50)	13,309.15
Direct taxes paid	(220.00)	(600.00)
Expenditure on CSR Activities	(62.59)	(26.68)
Grants received	1,578.24	2,046.43
Grants utilisation	(1901.84)	(1,328.05)
Cash flow before extraordinary items	(1,261.69)	13,400.85
Extraordinary items	-	-
Net cash from operating activities	(1,261.69)	13,400.85
B. Cash Flow From Investing Activities		
Purchase of fixed assets { including from grant Rs.236.51 lakhs (previous year Rs. 475.74 Lakhs)}	(3,833.67)	(2,422.79)
Fixed assets in transit and capital work in progress	21.86	306.13
Interest received	3,275.63	3,590.54
Dividend received	36.75	44.10
Net cash from investing activities	(499.43)	1,517.98
C. Cash Flow From Financing Activities		
Proceeds from term loan from Banks	7,984.03	(6,900.45)
Interest expense	(4,125.41)	(3,975.29)
Dividend paid	(915.25)	(800.00)
Dividend tax paid	(148.48)	(132.87)
Net cash used in financing activities	2,794.89	(11,808.61)
Net increase in cash and cash equivalents	1,033.77	3,110.22
Cash and cash equivalents (Opening Balance)	30,909.90	27,799.68
Cash and cash equivalents (Closing Balance)	31,943.67	30,909.90

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 No.17

For and on behalf of the Board

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


P. SUDHAKAR
Acting Chairman & Managing Director


KISHOR RUNGTA
Director (Finance)

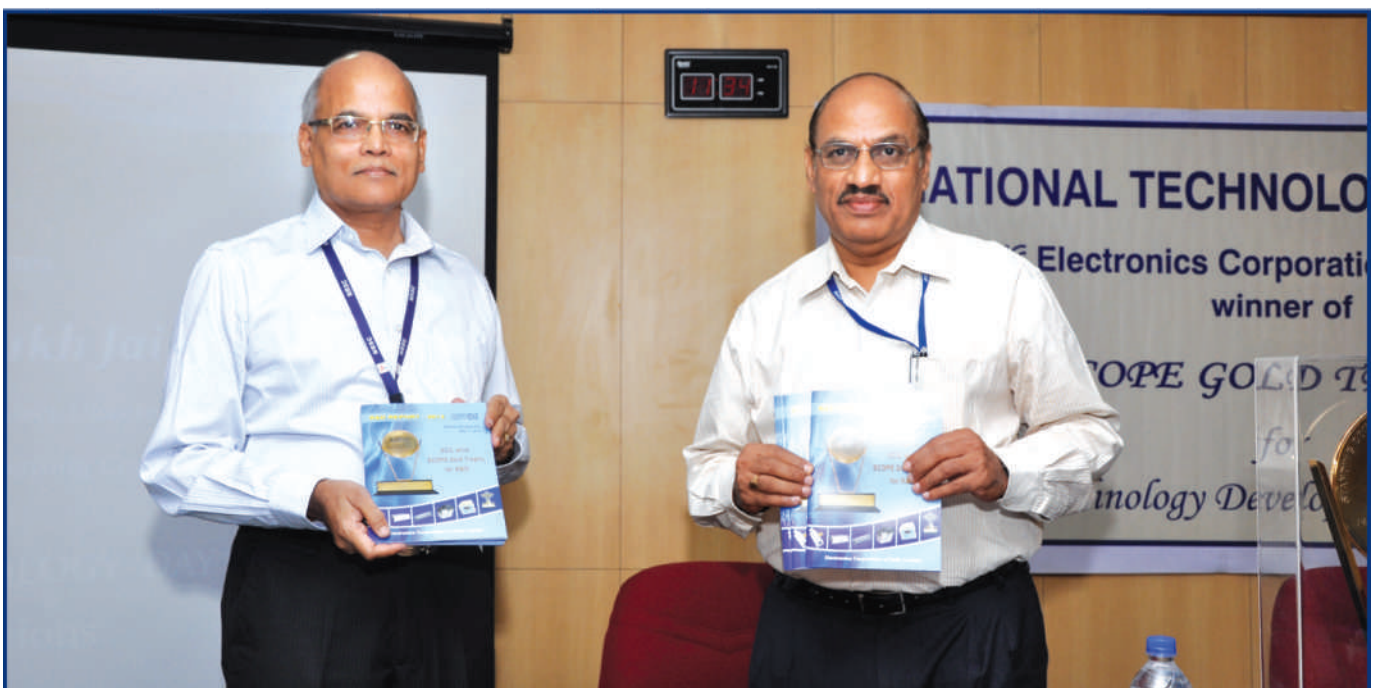

JAI BHAGWAN SHARMA
Company Secretary


Partner:
CA. G SIVA RAMA KRISHNA PRASAD
M.No. : 24860

Place: Hyderabad
Date: 18.07.2013



A British trade delegation led by Mr. James Brokenshire, Minister for Security, discussing with ECIL management on areas of mutual interest and cooperation



Shri D. S. Jain, Deputy Director, NRSC releasing ECIL's R&D report on the occasion of National Technology Day



Enrolment for National Population Register in progress



Dr. Rajat Moona, Director General CDAC evincing interest in CAD products

Annexure-'E' to the Directors' Report

Independent Auditor's Report

Company Replies

To
The Members
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, 2013 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.

Independent Auditor's Report

Company Replies

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

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 per the existing practice and will be followed up.

Independent Auditor's Report

Company Replies

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2013.
- 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 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.

Independent Auditor's Report

Company Replies

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 nominee directors of the Company.

On the basis of written representations received from other directors as on March 31, 2013, and taken on record by the Board of Directors, none of the other directors is disqualified as on March 31 2013, from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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 cess is due and payable by the Company.

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


(**CA. G. Siva Rama Krishna Prasad**)
ICAI MRN 024860

Place: Hyderabad
Date: 18th July 2013

For and on behalf of the
Board of Directors


(**P. Sudhakar**)
Acting Chairman & Managing Director

Place: Hyderabad
Date: 25th September, 2013

Annexure referred to in Paragraph 1) of our Report under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:

Company 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 the In-house Internal Audit Department 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.

Annexure referred to in Paragraph 1) of our Report under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:

Company Replies

iv. In our opinion and according to the information and explanations given to us, internal control systems are to be strengthened so as to be commensurate with the size of the Company and the nature of its business.

Adequate steps are being initiated to strengthen the internal control systems of the Company.

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 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.

Adequate steps are being taken to strengthen the Internal Audit Department.

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, service tax, customs duty, excise duty, Cess and other material statutory dues applicable to it. There were no outstanding dues as at 31-03-2013 for a

Annexure referred to in Paragraph 1) of our Report under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:

Company Replies

period exceeding 6 months from the date they become payable except the unpaid Wealth Tax liability of Rs. 32.25 lakhs.

Wealth Tax Liability is under remittance by the Company to the Income Tax Department.

(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 (₹ In Lakhs)
Income Tax	High Court	711.00
	CBDT	438.15
	Total	1149.15
Customs	Commissioner, Mumbai	134.42
	Total	134.42
Excise	Supreme Court	90.48
	CESTAT, Bangalore	1177.14
	Commissioner, Hyderabad	82.26
	Total	1349.88
Service Tax	CESTAT, Chennai	248.05
	Total	248.05
Sales Tax	High Court, AP	7.31
	High Court, Kerala	213.88
	STAT, AP	313.29
	STAT, New Delhi	42.18
	STAT, Chennai	3.95
	ADC, AP	216.84
	Total	797.45

Annexure referred to in Paragraph 1) of our Report under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:

Company Replies

x. The Company has neither incurred any cash loss during the financial year nor in the financial year immediately preceding the financial year and does not have any accumulated losses as at the end of the 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.

Annexure referred to in Paragraph 1) of our Report under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date:

Company Replies

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 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

For and on behalf of the
Board of Directors


(CA. G. Siva Rama Krishna Prasad)
ICAI MRN 024860


(P. Sudhakar)
Acting Chairman & Managing Director

Place: Hyderabad
Date: 18th July 2013

Place: Hyderabad
Date: 25th September, 2013



Vice Admiral Girish Luthra inspecting the testing process of M7 radio at Communications Division, ECIL



Vice Admiral Raman Prabhat, Program Director, ATPV inspecting the sub-systems of Advanced Technology Vehicle Project at ECIL. Also seen is Shri P.P. Marathe of BARC.

Annexure- F to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ELECTRONICS CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of **Electronics Corporation of India Limited** for the year ended 31 March 2013 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 Standards on Auditing 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 18.07.2013.

I, on 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 **Electronics Corporation of India Limited** for the year ended 31 March 2013. 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 the statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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


(Atreyee Das)

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

Place: New Delhi

Date: 19.09.13



Shri Sekhar Basu, Director BARC, inaugurating the EMI/EMC test facility



Shri R Chidambaram, Principal Scientific Advisor, Government of India inaugurating the Security Exhibition held in BARC



इलेक्ट्रॉनिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited

भारत सरकार (परमाणु ऊर्जा विभाग) का उद्यम
A Government of India (Department of Atomic Energy) Enterprise

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