47 वीं वार्षिक रिपोर्ट
47th Annual Report
2013 - 14

ECIL

इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited

हैदराबाद / Hyderabad - 500 062

Dr. R.K.Sinha, Chairman, AEC and Secretary, DAE launching Nirbhaya, the tele-distress alarm device, developed by BARC and manufactured by ECIL

Shri P. Sudhakar, C&MD, ECIL explaining ECIL products to Dr. APJ Abdul Kalam, former President of India at BrahMos Industry Meet. Dr. A. Shivathanu Pillai, CEO & MD BrahMos, Rear Admiral S. Mohapatra ED, BrahMos are also seen

47 वीं वार्षिक रिपोर्ट
47th Annual Report
2013-2014

ब्रह्मोस मिसाइल कार्यक्रम हेतु प्रदायित
कमांड एवं नियंत्रण प्रणालियाँ

Command and Control Systems delivered for
BrahMos Missile Program

जवाहरलाल नेहरू पत्तन न्यास, मुंबई में स्थापित
विकिरण संसूचन उपकरण

Radiation Detection Equipment installed
at Jawaharlal Nehru Port Trust, Mumbai

इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड

Electronics Corporation of India Limited

हैदराबाद / Hyderabad - 500 062

Vision

"To contribute to the nation in achieving self reliance in Strategic Electronics"

Mission

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

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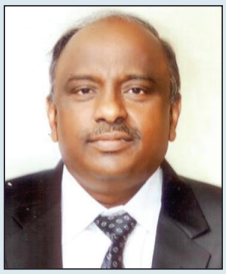
Board of Directors

Shri P Sudhakar
Chairman & Managing Director

Shri Kishor Rungta
Director (Finance)



Shri VSB Babu
Director (Personnel)

Shri KAP Sinha, IAS
Jt. Secretary
Dept. of Atomic Energy,
New Delhi

Shri S S Sundaram
DS & DG (ECS)
Defence Research & Development
Organisation

Shri V R Sadasivam
Jt. Secretary (Finance)
Department of Atomic Energy
(Upto 31.12.2013)

Shri V V R Sastry
Executive Director
Centre for Development of
Telematics (Upto 09.03.2014)

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

Shri K Jagannath
Executive Director (E&I)
NPCIL

Lt Gen. Nitin Kumar Kohli
AVSM, VSM
Signal Officer-in-Chief
Directorate General of Signals
(From 28.02.2014)

Shri Jai Bhagwan Sharma
Company Secretary

Key Executives (As on date of AGM)

SHRI P SUDHAKAR
Chairman & Managing Director

SHRI KISHOR RUNGTA
Director (Finance)

V S B BABU
Director (Personnel)

SHRI M SURYA PRAKASH, IFS
Chief Vigilance Officer

SHRI Ch V R S GOPALAKRISHNA
Executive Director (Aerospace Systems Group & Defence Systems Group)

SHRI P VISWANATH
Executive Director (Control Systems Group, Information Technology & Telecom Group & Field Support Group)

SHRI B P R MURTHY
General Manager (Communications Division & Special Products Division)

SHRI T V S KISHORE KUMAR
General Manager (Aerospace Systems Group)

SHRI J S ANAND
General Manager (Finance & Accounts Group)

SHRI B MAHAVEERA
General Manager (Instruments & Systems Group)

SHRI A K ASTHANA
General Manager (Control Systems Group)

SHRI M C VENKATASUBBAIAH
Head (Components Division)

SHRI K S SHESHADRI
Head (Business Systems Division & Telecommunication Division)

SHRI R MAHENDRAN
Head (Servo Systems Division)

SHRI Y V SUBBA RAO
Head (Corporate Business Development Group)

SHRI Ch MOHAN RAO
Head (Human Resources)

SHRI M BADRINARAYANA
Head (Information Technology Services Division)

SHRI RAMESH AMINHA
Head (Administration)

SHRI D KAMESWARA RAO
Head (Systems & Quality Assurance Group)

SHRI G NAGABHUSHANAM
Head (Engineering Services Division)

SHRI P SURYAKANTH
Head (Corporate Planning & Projects Monitoring)

SHRI M P RAMESH KUMAR
Head (Strategic Electronics Division)

SHRI V KIRAN CHAND
Head (Electronic Manufacturing & Services Division)

SHRI L VASUDEVA MURTHY
Head (Computer Education Division)

SHRI P V S VARA PRASAD
Head (Control & Instrumentation Division)

SHRI N SYAMASUNDAR
Head (Control Automation Division)

SHRI M R K NAIDU
Head (Corporate R & D)

DR. K YOSADA
Head (Software Solutions & Systems Division)

SHRI A V RAJU
Head (Customer Support Division)

SHRI DILIP SAHA
Head (National Population Register)

SHRI JAI BHAGWAN SHARMA
Company Secretary

BRANCHES

SHRI SANKAR DEY
General Manager (North), New Delhi

SHRI D R VENKATASUBBU
Zonal Manager (South), Bangalore

SHRI D DEBNATH
Dy. Zonal Manager (East), Kolkata

SHRI A K TIWARI
Dy. Zonal Manager (West), Mumbai

STATUTORY AUDITORS

M/s Umamaheswara Rao & Co., Chartered Accountants

COST AUDITORS

M/s Nageswara Rao & Co., Cost Accountants

BANKERS

STATE BANK OF INDIA

STATE BANK OF HYDERABAD

BANK OF MAHARASHTRA

ANDHRA BANK

BANK OF BAHRAIN & KUWAIT BSC

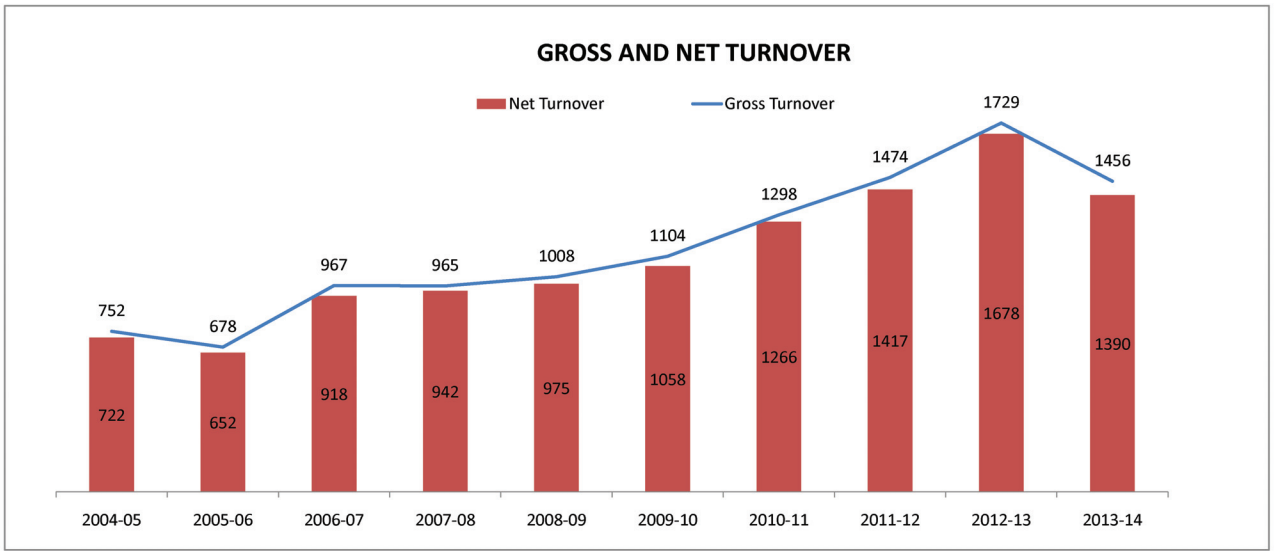
ICICI BANK

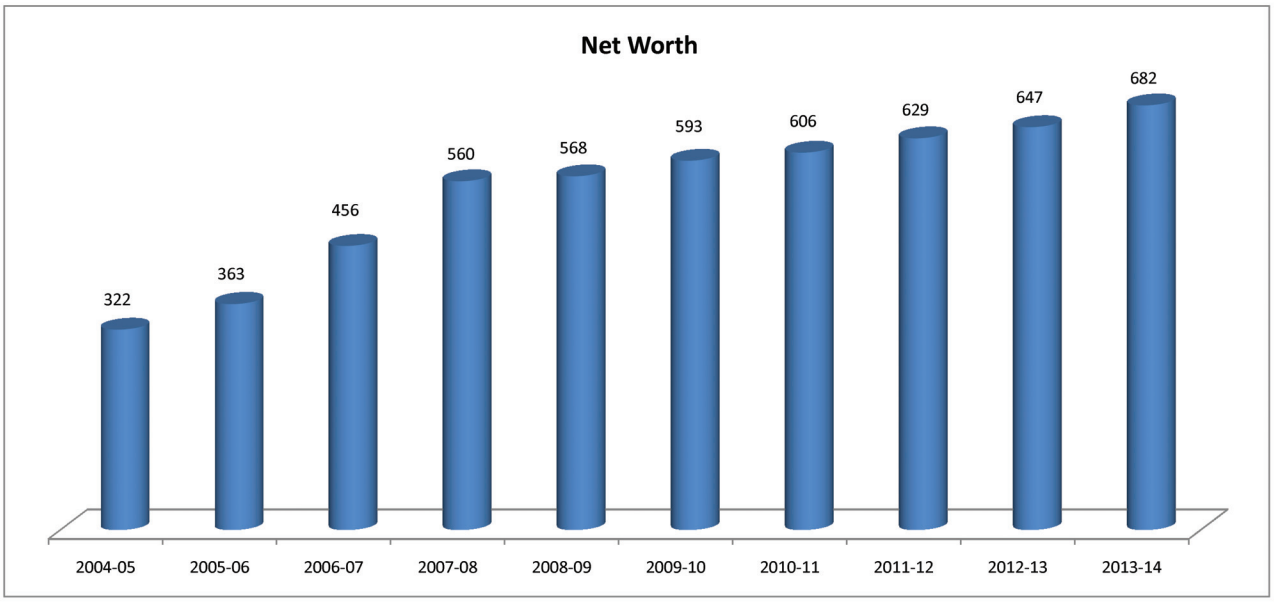
PUNJAB NATIONAL BANK

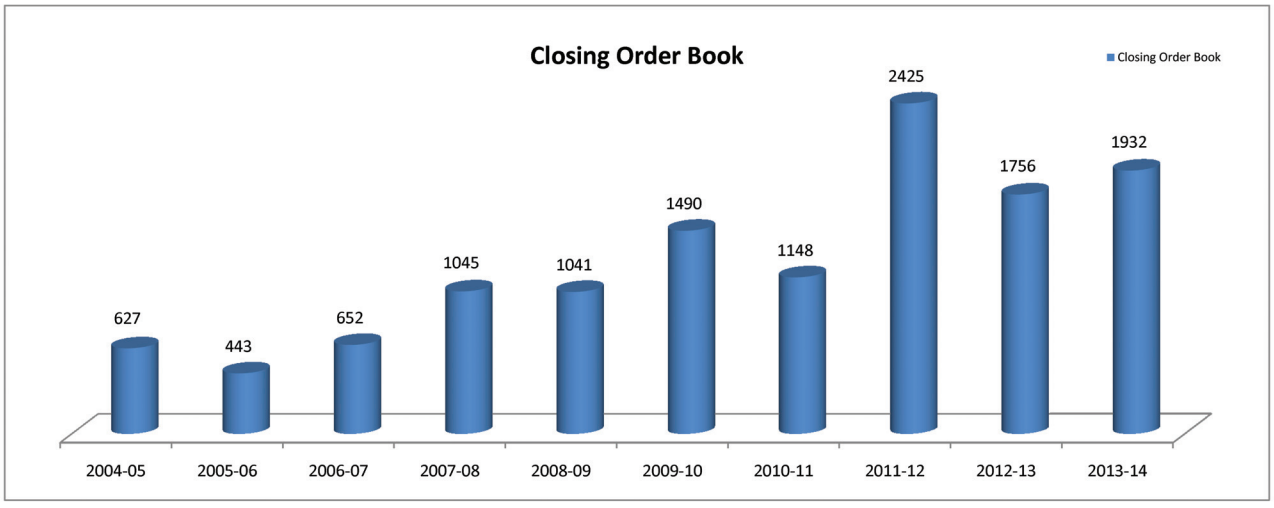
Financial Performance at a glance-ECIL

(Rs. in crores)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Turnover	752	678	967	965	1008	1104	1298	1474	1729	1456
Net Turnover	722	652	918	942	975	1058	1266	1417	1678	1390
Closing Order Book	627	443	652	1045	1041	1490	1148	2425	1756	1932
Material Consumed	420	389	474	432	604	713	728	911	1081	754
Employee Remuneration	172	175	193	242	318	296	382	357	365	344
Depreciation	9	8	12	13	10	8	9	10	18	19
Profit Before Tax	51	52	193	201	19	54	22	55	31	68
Provision for Tax	14	10	65	67	6	12	(1)	18	5	21
Profit after Tax	37	42	128	134	13	42	23	37	26	47
Earnings per Share (in Rupees)	268	284	821	821	83	257	140	224	158	290
Equity Capital	146	155	155	163	163	163	163	163	163	163
Reserves & Surplus	176	208	301	397	405	430	443	469	486	522
Gross Block	192	198	199	204	232	237	242	259	284	318
Inventory	66	77	69	69	127	195	157	198	162	165
Debtors	368	389	463	498	641	846	809	1011	1159	1177
Working Capital	250	280	372	633	685	660	-	-	-	-
Working Capital (as per Revised Schedule VI)	-	-	-	-	-	-	430	343	233	412
Net Worth	322	363	456	560	568	593	606	629	647	682
PRV	711	653	912	936	994	1114	1226	1442	1678	1374
Value Addtion	291	264	438	504	390	401	498	531	597	620


GROSS AND NET TURNOVER
Net Turnover
Gross Turnover
752
678
967
965
1008
1104
1298
1474
1729
1456
722
652
918
942
975
1058
1266
1417
1678
1390
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Net Worth
322
363
456
560
568
593
606
629
647
682
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14


Closing Order Book
Closing Order Book
627
443
652
1045
1041
1490
1148
2425
1756
1932
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13
2013-14

Chairman's Statement

Dear Shareholders,

I have great pleasure in presenting to you the performance of your company during the year 2013-14. Your company has posted a turnover of Rs. 1456 crores, which represents a decrease of about 16% over the previous year. This decrease can be attributed mainly to delayed receipt of orders. The major sales effected by your company in 2013-14 include control and instrumentation systems for nuclear plants, radiation detection equipment for seaports, C^4I systems for missiles, electronic voting machines, communication radios, special antennas, security systems for Delhi city markets and other vital government installations apart from the National Population Register project. I will now present to you a bird's eye view of the performance during the year 2013-14 and the outlook for the future.

Performance during 2013-14

During the year 2013-14, the company has recorded a turnover of Rs. 1456 crores which is lower by 16% over that of the year 2012-13. The e-Governance sector contributed a lion's share of 37% to the turnover with a major portion coming from Electronic Voting Machines. The radiation detection equipment played a major role in the nuclear sector contributing 26%, an increase of 9% over the previous year. The contribution of the defence sector to the turnover in 2013-14 has come down marginally to 23% from 26% in the previous year. The security and aerospace sectors contributed 8% and 4% respectively with the balance 2% coming from other areas.

The company posted a profit before tax of Rs. 68 crores up by Rs. 37 crores over that of the previous year. The rise in profit before tax is due to a determined focus on cost-cutting by the management which has led to a significant reduction in material costs. The order book at the beginning of 2014-15 shows a marginal improvement at Rs. 1932 crores as compared to Rs. 1756 crores in the previous year.

The management's relentless efforts in the past few years to restore its position in the nuclear sector have started yielding efforts and the share of the nuclear sector in the turnover has shown an increase of almost 50% to 26% from the 18% of 2012-13. Major contributions have come from the ATV Project, radiation detection equipment for seaports, container scanning systems and the nuclear instrumentation package for 700MW nuclear power plants.

Electronic Voting Machines have been mainstay in the company's performance in 2013-14 with over Rs. 200 crores of the turnover coming from them. This segment will continue to play a major role this year also.

The defence sector continues to do well despite its share in the turnover falling with respect to the earlier years. Radios and C^4I systems continued to be the mainstays in the defence sector.

The company continued to make progress in the installation and commissioning of the CCTV surveillance systems for Delhi markets and the MACE telescope. The MACE telescope is currently being dismantled after successful completion of the proof assembly and is being shipped to Hanle, Ladakh.

The company continues to invest substantially in R&D for upgrading the product range as well as developing new products to take care of the upcoming requirements as well as obsolescence. The R&D activities span all sectors in which the company is operating. During the year, the company has introduced an improved version of the Smart Card Reader. Safety logic boards have also been developed and supplied to NPCIL while new versions of Switched Mode Power supplies, capable of taking either DC or AC input have been developed which would lead to a significant savings in inventory for users. The company has also developed an integrated electronics system for the Autonomous Underwater Vehicle Programme.

Outlook for 2014-15

Your company has a target of Rs. 1800 crores net turnover with a gross operating margin of Rs. 232 crores for the year 2014-15 in the MOU entered with the Department of Atomic Energy. While the order book is not encouraging the management is making vigorous efforts to get new orders from all its existing and potential customers and hopes to meet the targets despite the difficult conditions.

The company has obtained orders for installation of radiation detection equipment at major airports in India and is pursuing for the same from other airports and seaports as well border posts. The company is also pursuing an opportunity for Electronic Voting Machines in Kerala, apart from the orders from Madhya Pradesh and Maharashtra which are under execution. The company is on the verge of getting an order for 4 lakh electronic fuzes which can keep the fuze facility busy for a period of 2 years. However, considering the lead time for procurement of material, this order may not make any significant contribution in this year.

Challenges

Depletion in manpower and the upgradation of skills of the existing employees in line with the changing requirements is the single most significant challenge facing the company. The company is, therefore, investing heavily in

training to improve the technical as well as the managerial skills so that this challenge is addressed. Lateral recruitments are also resorted to, judiciously, to fill the gaps that need immediate attention. The company is looking at restructuring the operations so that the available resources are deployed more productively.

The company is operating in area where technological obsolescence is extremely high and newer products with enhanced features appear in the market at very short intervals. The company is, therefore, investing heavily and working on several new technologies, often in association with major R&D laboratories and other national institutions, to keep its product range abreast with the market requirements.

The company has entered into an agreement with BARC to establish several new facilities to bring into production the new technologies being developed at BARC which would ensure that the infrastructure of the company is comparable to the best in the 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 while the immediate outlook is uncertain, the long term future continues to be bright. The steps initiated by the management to address the various challenges would start yielding results in a couple of years and would enable the company to face up to the future with confidence.

Thank You

P Sudhakar
Chairman & Managing Director

Vice Admiral Raman Prabhat, Indian Navy inspecting the manufacturing facilities at EMSD

Shri P.Sudhakar, C&MD, ECIL inaugurating the Fire Hydrant system at ECIL

Shri Piyush Agarwal, ED, MTNL and Shri P Sudhakar, C&MD, ECIL signing an MOU for development of Carrier Ethernet Routers manufactured by ECIL in MTNL network. Also seen is Prof. Devang Kakkar, Director, Mumbai.

Dr. A. Sivathanu Pillai, CEO & MD, BAPL, inaugurating the new Corporate R&D facilities at ECIL. Rear Admiral S Mohapatra, ED (Prod.), BAPL is also seen.

Directors' Report

To
The Shareholders of
Electronics Corporation of India Limited

Gentlemen,

Your Directors have immense pleasure in presenting the Forty Seventh Annual Report of your Company for the year ended 31st March, 2014.

Performance highlights:

(Rs. in crores)

	Financial Year	
	2013-14	**2012-13**
a) Turnover (Gross)	**1456**	1729
b) Production at realisable value	**1374**	1678
c) Profit before depreciation, interest, tax and prior period items	**170**	175
d) Prior period expenses	**36**	85
e) Profit before depreciation, finance costs and tax	**134**	90
f) Finance costs	**46**	41
g) Depreciation	**19**	18
h) Profit before tax	**68**	31
i) Provision for tax	**21**	5
j) Profit after tax	**47**	26
k) Net worth	**682**	647
l) Capital employed	**563**	362
m) Value added	**620**	597

Financial Highlights:

During the year, the Company recorded a gross turnover of Rs. 1456 cr compared to Rs. 1729 cr. achieved in the previous year. The decline in the gross turnover was mainly due to non-availability of executable orders. However, there is an increase of 120% in profit before tax (PBT of Rs. 68.33 crores) over the previous year (Rs. 30.96 crores). The improved profitability has been achieved through efficiency in manufacturing operations alongwith savings in costs.

Share Capital & Unsecured Loans:

The authorised share capital of the Company has remained unchanged at Rs.200 crore. The called-up and paid up share capital as on 31.03.2014 stood at Rs.163.37 Crores. No loans were taken from the Government during the year.

Dividend:

Your Directors are pleased to recommend a dividend @ Rs.58.01 per share of Rs.1000/- amounting to Rs.9.48 crores for the year 2013-14.

SIGNIFICANT ACHIEVEMENTS:

Major Orders Executed

The nuclear sector accounted for 26% of your company's turnover in the year 2013-14. 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 and Advance Technology Vessel Project. Your company has also supplied radiation detection equipment for various seaports.

The defence sector contributed about 23% to your company's turnover in the year gone by with major contributions coming from the supply of Radio Model M7 and Radio Model TR 2400 to Indian Air Force and Indian Navy. Your company has also supplied Mobile Autonomous Launcher, Mobile Command Post and AMC to BrahMos and Mobile System for Missile Checkout to Akash Missile Program.

During the year 2013-14, the aerospace business of your company achieved the significant distinction of completing the supply, installation and commissioning of Earth Station Antennas and supply of Satcom products to BARC and ISTRAC.

The homeland security business of your company has been playing an increasingly important role in your company's turnover and has contributed about 8% to your company's top line in 2013-14. Your company has implemented an Integrated Security System for the Phase-II of the Video Surveillance System for Delhi Police. Your company has also implemented CCTV Surveillance Systems, Perimeter Protection Systems and Integrated Security System for various units of Department of Atomic Energy.

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 supplied the Electronic Voting Machines to Election Commission of India in a very challenging time schedule. It also continues to maintain the automation system supplied by it to the Maharashtra Sales Tax Department.

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 T-90 Gyroscopes for the use in stabilizing system for T-90 battle tanks, Ultrastable High Voltage Power Converters, Smart Area Gamma Monitor, High Temperature Boron Coated Counter and Chamber Inspection System etc. 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 2012-13 has been rated 'GOOD'. The MoU self-evaluation report for 2013-14 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 Rs. 1750 crores as on 1st April, 2014 out of which Rs. 1005 crores are executable during the year 2014-15.

Research & 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 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.

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 with the SAP business suite is in progress 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 (ETF) comprising of 10m Semi Anechoic Chamber and test system set up for MIL as well as commercial compliance. The company has acquired Stretch Forming Machine for stretch forming of sheets for reflectors panels of various sizes of Earth Station Antenna. The machine is of 160 ton capacity with a maximum length and width of sheet forming 4950 mm and 1610 mm respectively with tiltable jaws.

The company has commissioned CNC punching machine having interface with AUTOCAD and can directly punch multiple cutouts upto 6mm HR sheets according to program. Further hard anodizing facility for coating process on aluminium and it's alloys for improving the resistance to corrosion, wear and abrasion also established.

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. The 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 total of two persons have been appointed consisting one fire staff on deputation and one higher appointment as Director (P).

A total of 417 (including three fire staff on deputation) employees separated from the company during the year.

Your company employed 3207 persons, including the two Directors, one C&MD and six fire staff on deputation as on 31-3-2014. 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 2014 are as under:

Category	Group A	Group B	Group C	Group D	Group D1
Total employees	1393	675	833	222	81
Scheduled Castes	226 (16.22%)	98 (14.51%)	119 (14.28%)	45 (20.27%)	33 (40.74%)
Scheduled Tribes	70 (5.02%)	50 (7.40%)	73 (8.76%)	08 (3.60%)	01 (1.23%)

During the year 2013-14 Corporate Learning and Development Center has continued its emphasis on developing the technical, functional, managerial and leadership competencies. For this purpose it has taken the help of premier institutions like Indian Institute of Technology, Khargpur, Indian Institute of Management, Kozhikode and Pegasus Institute of Excellence. The focus in respect of technology this year has been to develop competencies in the area of Power Electronics. Engineers have also been sent abroad for exposure on the latest systems being imported by the organization. Training programmes have been also scheduled on EVMs and VVPATs for considerable number of employees to prepare them for providing field support during General Elections 2014. In all 2907 training man-days have been achieved through internal, external and foreign training.

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 including 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:

a) 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 2013-14 and there has been no loss of man days during the year. The Employee relations situation has been cordial during the year.

Implementation of Persons with Disablities Act, 1995:

During the year there was **NO** recruitment.

Implementation of RTI Act:

The Company has received 94 RTI requests for information during the year 2013-14 in addition to the 14 requests carried forward from the previous year. Information was provided against 72 requests, 21 applications were rejected and the balance 15 were pending for disposal as on 31st March, 2014.

Implementation of Official Language Policy:

In consonance with the provisions of the Official Languages Act, 1963 and Official Language Rules, 1976, your company is committed and taking continuous initiatives to promote the implementation of Hindi as Official Language. During the year, the provisions of the Official Language policy have been implemented in every area. Four workshops on Unicode system have been conducted to impart Training to those having a working knowledge of Hindi.

'ECIL Product Profile' and 'ECIL in Defence' have also been prepared in bilingual to exhibit in 'Defence Expo- 2014' for Armed Forces. The Committee of Parliament on Official Language inspected Branch Office, Chennai and Zonal Office (South), Bengaluru during the year. The documents placed before committees of Parliament and various notes submitted to the Government have been prepared in bilingual. The company has been awarded 'Rajbhasha Trophy' by the Town Official Language Implementation Committee (TOLIC- PSUs) for Outstanding implementation of Official Language.

Joint Venture:

ECIL-Rapiscan Limited, the JV Company has achieved a turnover (provisional) of Rs. 85.17 crore (unaudited) against a target of Rs.89.40 crore. The turnover includes Rs. 33.26 crore from sale of X-Ray Baggage Inspection Systems (XBIS) and spares and Rs. 51.91 crore from services and other income. The profit after depreciation and interest but before tax for the year is Rs. 11.64 crores (provisional) as against Rs. 9.07 crores 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 have been appointed by the Comptroller and Auditor General of India. M/s. Umamaheswara Rao & Co., Chartered Accountants have been appointed as statutory auditors of the company for the year 2013-14. The company's responses to the statutory auditors' qualifications/reservations on the accounts of the company for the year ended 31.3.2014 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, 2014 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 2013-14 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.

In compliance to the provisions of Section 233B of the Companies Act, 1956, M/s Nageswara Rao & Co., Cost Accountants, Secunderabad have been appointed as Cost Auditors for the Financial Year 2013-14. The due date for filing Cost Audit Reports for the FY 2013-14 with the Cost Audit Branch of MCA is 27th September 2014 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 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 2013-14, the focus of CVD was on Preventive Vigilance in a predictive and participative manner to bring about greater transparency. Structured review meetings with CEO were held on quarterly basis on vigilance related matters which yielded positive results. Leveraging technology, implementation of e-procurement and ERP have been the thrust areas. Tender Conclusion reports above the value of five lakhs are being hosted on ECIL website and are in the public domain.

Integrity Pact has been adopted and an IEM has been appointed for a period of three years. Revised purchase procedure and CDA rules are under finalization with inclusion of updated guidelines /rules of CVC/DAE and GOI. CTE like inspection of procurement files were conducted and suitable guidelines /advices given to Heads of Divisions for system improvement. Initiation of disciplinary proceedings against two officials were recommended wherein the provisions of CDA rules were violated.

Online filing of property returns has been satisfactory. Rotational transfers of employees working in sensitive areas were also effected during the year. During the year 2013-14 CVD examined and disposed 20 complaints. Vigilance Awareness Week was observed in a befitting manner in ECIL from 28-10-2013 to 02-11-2013. During the Valedictory function held on 01-11-2013, Shri Sandeep Baldava, Partner & Leader (South), Fraud Investigation & Dispute Services, Ernst & Young, Hyderabad, delivered a talk on "Fraud Risks in India- Latest case studies & Promoting Good Governance –Positive contribution of Vigilance."

Changes in the Board of Directors:

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

Dr. C B S Venkataramana, Addl. Secretary (I&M) ceased to be Director of the company with effect from 20th June, 2013

Lt.Gen. S P Kochhar, Signal Officer-in-Chief, Indian Army ceased to be Director with effect from 31st August, 2013

Shri P Sudhakar, Director (Technical) ceased to be Director (T) with effect from 15th September, 2013

Shri V R Sadasivam, Joint Secretary (Finance), DAE ceased to be Director with effect from 1st January, 2014

Shri V V R Sastry, Executive Director, CDoT ceased to be Director with effect from 10th March, 2014

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

Shri P Sudhakar has been appointed as Chairman & Managing Director with effect from 16th September, 2013

Shri V S B Babu has been appointed as Director (Personnel) with effect from 5th April, 2013

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

Shri K A P Sinha, Joint Secretary, (Secretariat Branch), DAE has been appointed as a Director with effect from 20th June, 2013

Lt. Gen. Nitin Kumar Kohli, Signal Officer-in-Chief, Indian Army has been appointed as a Director with effect from 28th February, 2014

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, 2014, 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 31.3.2014 and of the profit of the company for the year ended on that date;

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

(d) that the Directors have prepared the Accounts for the financial year ended 31st March, 2014 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 2013-14:

S. No.	Project as per DPE Guidelines and MoU	Achievement
1.	Energy conservation	ECIL has replaced 125 Nos of HPMV based street light fittings with LED based Street light fittings and achieved an Energy savings of 45,625 KWH per year.
2.	Second effluent treatment plant (ETP)	Design and drawings for the second ETP have been completed. Construction work has commenced and is under progress. The completion of project is expected by March 2015.

Corporate Social Responsibility:

In line with the guidelines on Corporate Social Responsibility issued by the Department of Public Enterprises, Govt. of India, the Company has a Corporate Social Responsibility Policy which has approval of the Board of Directors.

The company has added Rs. 142.18 Lakhs to the CSR Reserve by appropriating 3% of the Profit after Tax (PAT) for the year 2013-14. An amount of Rs. 74.65 lakhs has been spent on CSR activities during 2013-14. The reason for under utilisation of CSR funds includes delay in finalizing the contractor due to their poor response and short supply of sand on account of regulating the mining activities by State Govt. Now company has expedited the process of tendering and finalistion of contracts and the balance amount will be utilized during the current financial year.

The company continued to concentrate on improvement of infrastructure in Govt. schools in the areas surrounding ECIL with the involvement of the local administration. During the year, the company has also provided faculty for conducting Computer education classes in the Schools. Activities undertaken by the company during the year are enclosed in 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, RRCAT, VECC, NFC, AMD, AERB, 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

P Sudhakar
Chairman & Managing Director

Hyderabad
13.09.2014

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.

iii) Filtration of Transformer Oil to improve the performance of Transformer thereby improving the efficiency of Power Distribution.

iv) Replacement of Window Air conditioners with Star rated Energy Efficient Split Air Conditioners in rooms and labs.

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 130 Nos 125W MV lamp based Street lights with 40W LED based Street lights in the factory.

iii) Replacement of 100 Nos of 80W Tube light fixture with 36W LED lighting fixtures in Admn Bldg.

iv) Replacement of 15-20MVA Power Transformer with new 10MVA Power Transformer with On-Load-Tap-Changing facility.

v) Installation of 3 Nos of Automatic Power factor panels of each 300KVAR to reduce the Power losses.

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

i) Annual energy consumption is decreased by 11,42,780 KWH units due to implementation of energy conservation measures and investments made on replacement of Lighting fixtures and Sub-station equipment.

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. Ultra stable Power Converters
   - II. High Voltage Power Supplies
   - III. Pulsed Power Systems
   - IV. Single Phase Smart Meter
   - V. Real Time Embedded Software Development and IV & V for Nuclear Power Plants
   - VI. Pramanika –Smart Card based hand held Terminal
   - VII. Development of ECSCADA Sub systems and software modules
   - VIII. Wideband Digital Recorder
   - IX. Development of Air Borne Radar Systems
   - X. Development of new Radiation Detectors
   - XI. MPROGICON PLC Modules
   - XII. Secure Mobile Communications

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

   I. Development of Ultra Stable Power Converters resulted in business worth Rs 60 Crores from FAIR program

   II. Development of High Voltage Power supplies resulted in orders worth Rs 40 Crores from IPR/ITER-India, RFX, Padova, Italy

   III. Development of Pulsed Power supplies resulted orders worth Rs 6 Crores from BTDG, BARC

   IV. Indigenous development of Smart card based hand held terminal will have wide range of applications

   V. OPC (Objects linking & embedded Process Control) UA (Unified Architecture) software module from ECSCADA. It has various features like SMS/ECIL based Critical Alarm, Transmission & historian of one sec data which will enhance ECSCADA capabilities to compete with MNCs in the SCADA domain.

   VI. An indigenous Wideband Digital Recorder is designed and developed to replace the existing imported units. This import substitution unit will find application in the maintenance and upgradation of Divya Drishti Project.

   VII. The indigenous development of Air borne Radars will find application in all missiles programs

   VIII. Development of new Radiation detectors are supplied to PFBR

   IX. Development of new PLC modules resulted in orders worth Rs 3 crores

3. Future plan of action

   I. Switched Power supply Modules, Prototyping and Qualification with advanced features

   II. Prototype Power Converters development and Qualification

   III. Development of Pulsed Power systems for LINAC applications

   IV. Development of three phase smart meters

   V. Platform independent OPC UA with client server architecture and support to third party SCADA systems

   VI. Development of Transmit and Receive Module for Wind profiler Applications

   VII. Design and development of SCA complied, Analog and digital wave forms for SDR (Software Defined Radios)

   VIII. SIL2 qualification for MPROGICON PLC system

   IX. Linux based PLC system

   X. Micro PLC system

4. Expenditure on R&D

(Rs. Crores)

		2013-14	2012-13
i)	Capital	4.34	4.64
ii)	Recurring	44.02	42.37
iii)	Total	48.36	47.01
iv)	Total R&D expenditure as percentage of total turnover	3.48%	2.80%

B. Technology absorption, adaptation and innovation

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

   i. Signed MOU with IPR/ITER-India for the Technology Know-how for High Voltage Power Supplies (PSM based)

   ii. Signed MOU with MTNL to deploy ECIL manufactured Carrier Switch Router in MTNL Network at Mumbai

iii. Signed MOU with RRCAT, Indore for carrying out process development and fabrication of LED Fluorimeter for Uranium Analysis

iv. Signed MOU with ELBIT Systems, Israel for Portable Ground Surveliance Radars

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

i. Development of Ultra Stable Power Converters, High Voltage Power Supplies and Pulsed Power Systems resulted in new orders

ii. Development of wideband digital recorder resulted in import substitution

iii. Development of OPC-UA software resulted in ECSCADA Systems interface with third party SCADA systems

iv. Development of MPROGICAN PLC system resulted in product improvement and import substitution

v. Development of new Radiation Detectors enhanced the self reliance in the nuclear program

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.	**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:

New products introduced by the company in the year 2013-14 includes Nuclear, Defence, Aerospace, Security, Telecom and e-Governance domains. A significant enhancement in the quantity and quality of R&D products and technologies is visible as ECIL has re-established itself as a centre of excellence in strategic electronics.

Ultrastable High Voltage Power Converters

The ultrastable High Voltage Power Converters have been developed for meeting the requirements of international science programs at Facility for Anti proton and Ion Research (FAIR), Germany and International Thermonuclear Experimental Reactor (ITER), France. The power converters have been built using switched power supply (SPS) modules to deliver 75A current at a voltage of 7.9 KV. The SPS modules have been designed using Pulse Step Modulation (PSM) technology.

High Voltage Power Supply Unit for FAIR

High Voltage Power Supplies for ITER

Smart Area Gamma Monitor

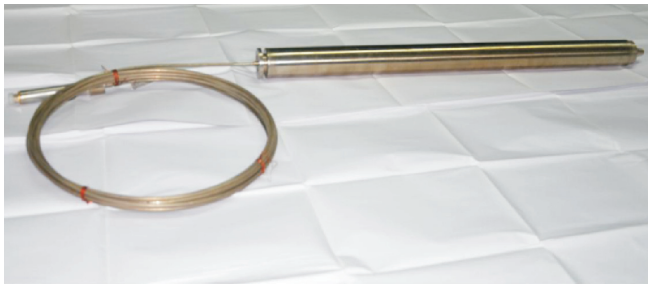
The Smart Area Gamma Monitor can be used to monitor the gamma and X-ray radiation in a specified area. The monitor comprises of a GM detector and an electronic unit containing a high voltage power supply and processing electronics. The detector can be placed upto 100 metres away from the electronic unit. The resistive touch screen on the monitor allows the user to not only configure the unit but also to view the values.

Smart Area Gamma Monitor

The monitor supports an SD card on which the parameters can be logged with a time stamp. The SD card can hold the values of upto 180 days depending on the interval for logging. This ensures that data is available in the event of communication with the host being lost.

High Temperature Boron Coated Counter

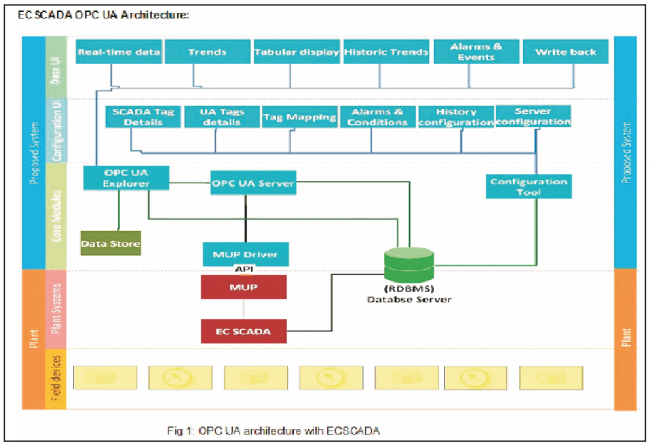
Boron Coated detectors are used for neutron flux monitoring in nuclear reactors. The detectors have a neutron sensitivity of 12cps/nv and are suitable for operation at high temperatures up to 250° C with low capacitance, very high insulation resistance and high signal-to-noise ratio. The detector is integrated into a radiation–resistant tri-axial mineral insulated cable to make it suitable for use in high temperature areas.



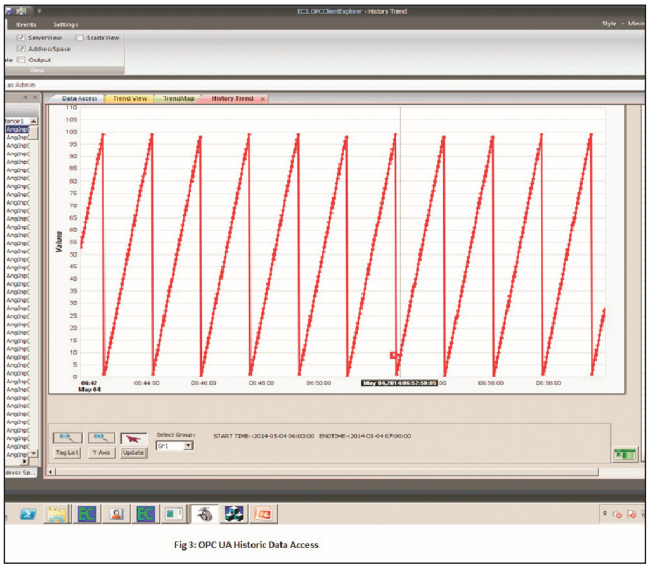
High Temperature Boron Coated Counter

OPC UA support for ECSCADA

ECSCADA is a SCADA-cum-HMI software and deployed in several oil and gas pipelines as well as in power distribution and nuclear facilities. OPC (Object Linking and Embedding for Process Control) is an interoperability standard for reliable data exchange in the industrial automation space.



OPC UA architecture with ECSCADA



OPCUA-HDA

ECSCADA can support both client and server functions facilitating exchange of data with third party systems. Conventional OPC systems also can be integrated with ECSCADA OPC UA by making use of standard wrappers.

Wide Band Digital Recorder

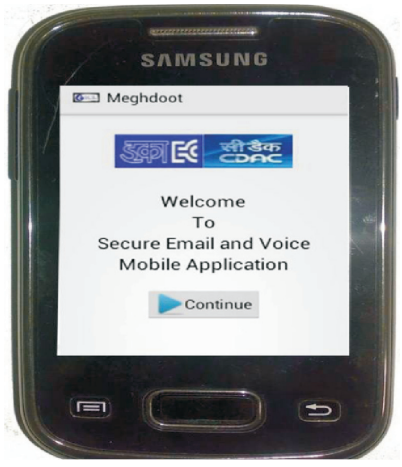
WBDR is used for high speed recording of the analog 70 MHz IF signal up to maximum bandwidth of 40 MHz. The signal is recorded on solid state drives. The replay feature enables reconstruction of the recorded signal back to the 70 MHz IF. The WBDR operates from an intuitive GUI and can be controlled remotely over a network.

Wideband Digital Recorder

The unit is IRIG-B compliant and has a single channel which records at 200 million samples per second with 16 bit resolution with 4 hours of recording at 40 MHz. The sampling rate, IF and the bandwidth are configurable. The unit can support solid state storage media of upto 4 TB.

Solution for Secure Mobile Communications-MEGHDOOT

Meghdoot is a product which enables mail and voice mobile communication securely over GPRS/ 3G network. This solution assures end-to-end security meeting the confidentiality, integrity and authentication requirements of the mobile user. The product supports mobiles working on Symbian and Android operating systems. This product also facilitates monitoring by Law Enforcement Agencies (LEA). The secure voice solution employs a proprietary algorithm

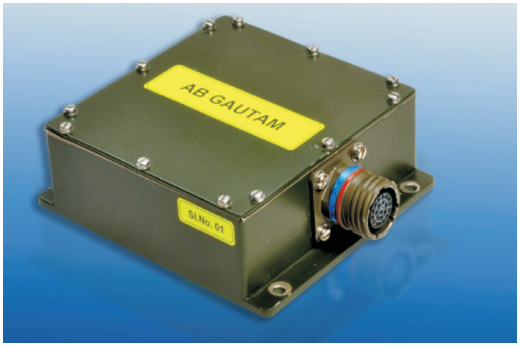


Application Screen shot

to provide toll quality voice on a 3G network. Secure SMS uses a proprietary algorithm to text confidential information securely on a mobile network.

Airborne GAUTAM

Airborne GAUTAM (AB GAUTAM) Encryption Unit is designed to provide encryption/ decryption for messages sent from Mobile Satellite Services (MSS) terminal. A high speed Digital signal processor provides high level secured encryption / decryption and performs necessary control operations.This Unit will detect automatically from the input message for encryption or decryption.



AB-Gautam

The data received from the Ethernet data port connected to the PC is analyzed for authentication, encryption/decryption and processed, formatted and fed to the respective functional blocks. The encrypted data is then sent to the terminal interface block. The data received from the decryption block is processed, formatted and sent to the terminal interface block.

Single Phase Two Wire Static Energy Meter-EM5869S (Smart Meter)

The Smart Meter is a single phase two wire static energy meter designed for use in two wire distribution systems and generally used in domestic and agricultural applications. The unit conforms to ARE: 13779(1999) / CBIP Tech. Report 88 standard including the latest amendments and can be configured for both pre-paid and post-paid operation.

The Meter can be configured remotely and facilitates remote acquisition of monthly billing information, time of day data, load profile and instantaneous values. The unit provides indication of tampering on the LCD display and enables remote connection and disconnection.

Smart Energy Meter

C. Foreign Exchange Earnings and outgo:

I. During the year, the Company exported (including third party exports) Rs. 2.40 crores worth of its products, which includes Switches, Foam plug, M 802 Booster assembly to South Africa.

II. The total exchange used and earned

(Rs. Crores)

PARTICULARS	2013-14	2012-13
Foreign exchange used	228.23	325.43
Foreign exchange earned	2.40	1.18

For and on behalf of the Board of Directors

P Sudhakar
Chairman & Managing Director

Hyderabad
13.09.2014

Management Discussion & Analysis - Annexure – 'B' to Directors' Report

Industry Structure and Developments

The growth in the Indian economy has slowed down during the year 2013-14 due to contraction in key sectors, external environment, inflationary pressures etc. Among other sectors, manufacturing and services sector have slowed down. The world economy has slide down from 3.1% in 2012 to 3% in 2013. The weakening of the Indian rupee against major currencies has raised the cost of imported inputs and impacted profitability. However, the slow growth appears to have bottomed out and economic activity is expected to pick up during the latter part of the financial year 2014-15.

The Indian economy is expected to grow by 5.5% in 2014-15. This forecast, based on a premise that the monsoon would be normal and the global recovery would gather pace, is already being challenged due to the monsoon playing truant and the crises prevailing in various parts of the world. This is further accentuated by an increasing pressure to open the Indian markets.

Though the turnover has come down significantly during 2013-14, the performance of the company may still be considered satisfactory in view of the difficult economic situation. The company has, however, recorded a more than 100% jump in the profit before tax due to the various cost saving measures implemented by the company.

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
- Joint development with technology partners for complementary technologies
- 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
- 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 Sytems
- 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
- Growing defence budget allocation
- Government's emphasis on indigenous development and manufacture of defence equipment

Threats

- Opening up of Nuclear C&I segment to competition
- Non-level playing field in defence sector
- Rapid technological obsolescence
- Difficulty in sourcing critical technologies

Outlook for 2014-15

The company is confident of meeting its turnover target of Rs. 1800 crores for 2014-15 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 immobilization plants. It also caters to the control and instrumentation requirements of allied nuclear plants, thermal power plants and process industries. During the year 2013-14, this segment posted a turnover of Rs. 355 crores contributing 26% of the company's net turnover. The major contributions have come from instrumentation and control systems for ATV project, radiation detection equipment for seaports, control and instrumentation systems for the nuclear island of the 500MW prototype fast breeder reactor and 700 MW pressurized heavy water reactor project.

The outlook for the nuclear segment is expected to be robust this year as the order book is good with several promising leads for radiation detection equipment as well as control and instrumentation systems for nuclear plants.

Defence

The defence business of the company includes communication systems, communication intelligence systems, C^4I systems for various missile programs, electronic warfare systems and electronic fuzes for artillery. In the year 2013-14, this sector contributed Rs. 327 crores forming 23% of the company's turnover with major contributions coming from military radios and C^4I systems for missile programmes.

The Defence Procurement Policy (DPP) which provides for greater participation to private companies and the inclination of the global defence manufacturers to compete for this business present challenges to the existing suppliers including your company. Further, the preferential treatment accorded to defence public sector undertakings continues to hamper your company's efforts to garner a greater share of the business in this sector. While the outlook for this segment is challenging, the segment is expected to maintain its share in the overall business of the company in the near future.

Security

The security business suite of your company comprises of the integrated security system for physical and perimeter protection, including video-surveillance, access control and jammers, and the information security suite comprising of ECR series Carrier Ethernet Switch routers, Secure Network Access Systems, Integrated Threat Management Appliance and MPROGICON series Programmable Logic Controllers.

The homeland security business added Rs. 108 crores to the company's turnover in 2013-14. The major contributors have been the integrated video surveillance systems for the Delhi Police Phase II, and the units of Department of Atomic Energy. Jammers formed a significant part of the sales in the year gone by.

While the outlook for security business is very bright, there are causes for concern as several projects have failed to take off. The delay in finalisation of orders for the Delhi Police - Phase III and CBRN (Chemical, Biological, Radiation and Nuclear) protection system for the Parliament House make the outlook for the security systems business a little uncertain. Despite this, the segment is expected to maintain its share in the company's turnover during 2014-15.

In the information security space, the MPROGICON PLC has made inroads into the aerospace sector. However, while there are several promising leads for the ECR routers and Secure Network Access Systems, they have not translated into orders despite the intense marketing efforts. The company continues to be hopeful that these products would contribute their due share to the company's turnover in the years to come.

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 of a 11 metre High Gain Telemetry Antenna for the Integrated Test Range, Chandipur and has made substantial progress in the realisation of the MACE telescope. The outlook for this segment is uncertain in the short run but is expected to improve due to increase in requirements of antennas, cockpit voice recorders and actuators for unmanned aerial vehicles.

e-Governance

The e-Governance suite of your company includes products like the Electronic Voting Machines (EVM), Voter Verifiable Paper Audit Trail (VVPAT) printers. The solutions suite encompass computerization of operations in areas involving the interaction of the common public with the Government such as sales tax administration, motor vehicle licensing and integrated check posts. 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 generated Rs. 518 crores which forms 37% of the company's turnover in 2013-14 with Electronic Voting Machines providing the lion's share.

While the outlook for the EVMs continues to be robust this year, the other products and solutions may see a decline.

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 and e-Governance segments. The heightened concerns regarding inflationary trends may not only result in reduction in availability of credit and increase in interest expense but also deferment of procurements. Unexpected delays and cost

overruns due to delays in execution of projects where multiple agencies are involved constitute an on-going risk as to the delays in release of payments by the customers.

The volatility witnessed in the exchange rate of the rupee vis-à-vis major currencies like the dollar and the euro constitute an additional risk due to the increase in costs on import content where the same cannot be passed on to the customer. Inflation and changes interest rates are other causes for concern.

Internal control systems and their adequacy

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.

The company has a pre-audit system which covers cash payments and major contracts. 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" that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise. Actual results, performances and achievements could differ materially from those expressed or implied in such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their date. The foregoing discussion and analysis should be read in conjunction with the Company's financial statements included in this report and the notes thereto. 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

P Sudhakar
Chairman & Managing Director

Hyderabad
13.09.2014

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 standards 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 on 31.03.2014, comprises of eight Directors - three Whole-time Functional Directors and five part-time 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, five Board Meetings were held on 28.05.2013, 18.07.2013, 25.09.2013, 23.12.2013 and 23.03.2014. 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 25.09.2013	No. of other Director-ships
	Held during the tenure	Attended		
Whole-Time Functional Directors				
Shri P Sudhakar Chairman & Managing Director	5	5	Yes	1
Shri Kishor Rungta Director (Finance)	5	5	Yes	1
Shri V S B Babu Director (Personnel)	5	5	Yes	Nil
Part time Non-Executive Directors Shri V R Sadasivam (upto 31.12.2013)	4	3	-	4
Dr. C B S Venkataramana (upto 19.06.2013)	1	1		2
Shri K A P Sinha (from 20.06.2013)	4	3	-	Nil
Shri K Jagannath (from 15.05.2013)	5	5	-	Nil
Lt. Gen. S P Kochhar (upto 31.08.2013)	2	Nil	-	2
Shri V V R Sastry (upto 09.03.2014)	4	3	Yes	3
Shri D Chakrapani (from 17.05.2013)	5	2	-	Nil
Lt.Gen.Nitin Kumar Kohli (from 28.02.2014)	1	Nil	-	Nil
Shri S S Sundaram	5	2	-	

The remuneration of the Whole-time Functional 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 Rs. 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 2013-14.

The following are the Sub-Committees of the Board:

1. Board Sub-Committee on Contracts 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, 2014, the Audit Committee consisted of Shri V V R Sastry (upto 09.03.2014), Shri D Chakrapani and Shri K A P Sinha. Shri V V R Sastry was the Chairman of the Committee (upto 09.03.2014). Director (F), Director (T) and the Statutory Auditors were the special invitees for all the meetings. The Head of the Internal Audit Department is also invited for participation in discussions. The members of the Audit Committee are experienced and have a fair knowledge of project finance, accounts and corporate law.

During the year, 4 (four) meetings were held on 18th July, 2013, 23rd September, 2013, 23rd December, 2013 and 9th March, 2014. 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 (Upto 09.03.2014)	4	4
Shri D Chakrapani	4	2
Dr. C B S Venkataramana (from 18.07.2013)	1	-
Shri K A P Sinha (from 23.09.2013)	3	3

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 Companies Act, 1956 and DPE Guidelines.

Remuneration Committee

The Board at its 255th Meeting held on 25th September, 2013 has reconstituted the Remuneration Committee with the following members taking into consideration the revised guidelines on constitution of the Remuneration Committee:

1. Shri V V R Sastry — Chairman
2. Shri D Chakrapani — Member
3. Shri K A P Sinha — Member

The Committee held two meetings on 09.03.2014 and 23.03.2014 during the financial year 2013-14.

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

Sl No.	Name of Director	All elements of remuneration of Directors (in Rs.)
1.	Shri P Sudhakar, C & MD	27,84,763/-
2.	Shri Kishor Rungta, Director (F)	24,18,531/-
3.	Shri V S B Babu, Director (P)	24,19,531/-

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:

1. 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.

2. 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 2013-14. Details of these transactions were also placed before the Audit Committee meeting.

3. There were no instances of non-compliance on any matter related to any guidelines issued by the Government during the last three years.

4. 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 submitted to the DAE.

5. 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.

6. The Company, being a 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

1. 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.

2. Matters 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.

General Shareholders Information

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

General Body Meetings

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

Year	Date	Time	Venue
2011-12	26.08.2011	1300 hours	Registered Office, ECIL Post office, Hyderabad- 500062
2012-13	27.08.2012	1200 hours	
2013-14	25.09.2013	1400 hours	

No special resolution has been 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

The 47th Annual General Meeting for the financial year 2013-14 will be held on 13th September, 2014 at Registered Office of the Company at Hyderabad

Whistle Blower Policy

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

P Sudhakar
Chairman & Managing Director

Hyderabad
13.09.2014

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 2014, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises - 2010, which were forwarded by the Department of Atomic Energy (DAE), the Administrative Ministry of ECIL, for compliance with the instructions contained therein.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010", issued by Dept. of public Enterprises, as per which it is the responsibility of Directors and Senior Management Personnel to familiarize themselves with the Code and comply with its Standards and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2014.

We further certify that the Company has complied with the Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010 except composition of independent directors on the Board of Directors for a short period (from 10.3.2014 to 31.03.2014).

Place: Hyderabad
Date: 11.08.2014

For NVSS SURYANARAYANA RAO
PRACTISING COMPANY SECRETARIES
ACS NO 5868 C.P. 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 2013-14

Sl No.	Details of the CSR Project	Works carried-out and status as on 31.03.2014
1.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Yellareddyguda, Kapra, RR District.	Constructed Dining Hall and Toilet Block with water facility
2.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Kapra, RR District.	Provided Grills & Aluminum Sliding Shutters and Supplied Dual Desks
3.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Vampuguda (Weaker Sections Colony), Kapra, RR District.	Constructed a Class Room, Kitchen, Office Room, Compound Wall and renovated Toilet Block and made provision for water
4.	Upgradation of educational infrastructure at Zilla Parishad High School, Kushaiguda, RR District.	Supplied Dual Desks and repaired water tank
5.	Upgradation of educational infrastructure at Mandal Parishad Upper Primary School, Kamala Nagar, Kapra, RR District	Constructed Multi-purpose Hall, Kitchen and Parapet wall on the Second Floor,
6.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Kushaiguda, RR District.	Supplied Dual Desks
7.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Harijanawada, Nagawaram, RR District.	Constructed Multi-purpose Hall, Toilet Block for Girls. Modified Varandah into Office Room. Renovated Toilet Block for Boys.
8.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Pedda Cherlapally, RR District.	Constructed Toilet Block for Boys and Girls; Compound Wall on one side and raised existing Compound Wall on the remaining three sides
9.	Providing Computer education in Zilla Parishad High Schools at Kapra, Kushaiguda, Dammaiguda, Nagawaram and Mandal Parsihad Upper Primary Schools, Gandhinagar, Kamalanagar, Moula-ali & Cherlapally in RR District.	Additional Computer Systems have been provided to supplement those already available in addition to maintenance of Computer Systems. Faculty for imparting Computer education has also been provided.
10.	Contribution to CM Relief Fund	Contributions towards emergency needs of Society through CM Relief Funds of AP and Uttakhand States.
11.	Upgradation of educational infrastructure at Zilla Parishad High School, Main Road, Nagawaram, RR District.	Under progress: Construction of Computer Lab and replacement of damaged Ceramic Tiles in Class Rooms & Balcony.
12.	Upgradation of educational infrastructure at Mandal Parishad Primary School, JJ Nagar Colony, Kapra, RR District.	Under progress: Construction Office Room, Kitchen, Sump, Supply of Dual Desks
13.	Upgradation of educational infrastructure at Mandal Parishad Primary School, Chinna Cherlapally, RR District.	Under progress: Construction of Toilet Block for Boys & Girls, Raising of existing Compound Wall, Providing Gate, Grills, Window Shutters & Supply of Dual Desks. etc.

For and on behalf of the Board of Directors

P Sudhakar
Chairman & Managing Director

Hyderabad
13.09.2014

Dr. A. Sivathanu Pillai, Chairman, BrahMos Aerospace inspecting the EMI /EMC Test Facility at ECIL. Rear Admiral S. Mahapatra, ED, BrahMos and Shri P. Sudhakar, C&MD, ECIL are also seen.

Shri M.Y.S. Prasad, Director, SHAR interacting with MPROGICON PLC team

Signing of an MOU with Elbit Systems, Israel for cooperation in surveillance radars

Signing of Tri-partite Contract between FAIR Germany, Bose Institute, Kolkata and ECIL for supply of Ultrastable Power Convertors

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

(ii) Computer Systems acquired by 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%.

2) Impairment of Assets: As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

E. Prepaid Expenses and Prior Period Expense / Income :

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

F. Intangible Assets:

a) The cost of software(which is not an integral part of the related hardware) acquired for internal use, together with outsourced cost of development / implementation, resulting in significant future economic benefits is recognized as an intangible asset in the books of accounts when the same is ready for use and will be amortized on straight line method over a period to be specified as per the technical evaluations from the year the asset is put to use.

Intangible assets that are not yet ready for their intended use as at the Balance sheet date are classified as " Intangible Assets under Development"

b) 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 Statement of Profit & Loss 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 Statement of Profit & Loss.

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 Statement of Profit & Loss 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.

Shri P Sudhakar, C&MD, ECIL launching indigenous Tyre Killer. Shri Kishor Rungta, Director (F) and Shri V S B Babu, Director (P) are also seen.

Prof. Oliver Kester, Project Leader, FAIR, Dr. D.K. Srivastava, Director, VECC, Prof. Sibaji Raha, Director, Bose Institute at the one day Industrial Meet on Indian contributions to FAIR, Germany

Multipurpose Hall with study desks provided by
ECIL in one of the near-by Govt. School as part of CSR activity

Shri Ashok Pavadia, Jt. Secretary, DPE inaugurating the seminar on the new guidelines on CSR and sustainability at ASCI, Hyderabad conducted by ECIL. Shri Narsing Rao, C&MD, Coal India, C&MD and D(P), ECIL are also seen

Electronics Corporation of India Limited

Balance Sheet as at 31st March, 2014

(Rs. in Lakhs)

	Particulars	Note No.	31.03.2014		31.03.2013	
I	**I. EQUITY AND LIABILITIES**					
(1)	**Shareholders' Funds**					
	(a) Share Capital	1	**16,337.12**		16,337.12	
	(b) Reserves and Surplus	2	**52,193.40**	**68,530.52**	48,637.83	64,974.95
	(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	**17,381.88**		16,042.97	
	(d) Long-term provisions	4	**4,137.57**	**21,519.45**	4,019.52	20,062.49
(4)	**Current Liabilities**					
	(a) Short-term borrowings	5	**26,760.19**		35,000.00	
	(b) Trade Payables	6	**46,667.73**		36,356.82	
	(c) Other Current Liabilities	7	**60,059.47**		70,994.38	
	(d) Short-term provisions	8	**6,947.91**	**140,435.30**	6,331.83	148,683.03
	Total			**230,485.27**		233,720.47
II.	**ASSETS**					
(1)	**Non-Current Assets**					
	(a) Fixed Assets :					
	(i) Tangible Assets	9A	**14,190.88**		11,614.93	
	(ii) Intangible Assets	9B	**924.00**		1,232.00	
	(iii) Capital Work-in-Progress	10	**555.58**		1,947.89	
	(iv) Intangible Assets Under Development	11	**926.75**	**16,597.21**	-	14,794.82
	(b) Non-Current Investments	12		**164.64**		164.64
	(c) Deferred Tax Assets(net)	13		**4,620.10**		2,912.64
	(d) Long-term Loans and Advances	14		**3,516.54**		6,261.76
	(e) Other Non-Current Assets	15		**23,945.02**		37,572.82
(2)	**Current Assets**					
	(a) Current Investments			-		-
	(b) Inventories	16	**16,494.86**		16,171.34	
	(c) Trade Receivables	17	**115,274.99**		91,440.44	
	(d) Cash and Cash equivalents	18	**27,708.34**		31,943.67	
	(e) Short-term Loans and Advances	19	**16,162.80**		15,367.75	
	(f) Other current assets	20	**6,000.77**	**181,641.76**	17,090.59	172,013.79
	Total			**230,485.27**		233,720.47

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

For and on behalf of the Board

P SUDHAKAR	KISHOR RUNGTA	JAI BHAGWAN SHARMA
Chairman & Managing Director	Director (Finance)	Company Secretary

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

Partner :
CA. B. RADHA KRISHNA
M.No. : 022061

Place: Hyderabad
Date: 23.07.2014

Electronics Corporation of India Limited

Statement of Profit & Loss for the year ended 31st March, 2014

(Rs. in Lakhs)

	Particulars	Note No.	2013-14		2012-13	
I	**Revenue from operations (gross)**			**145,619.72**		172,940.11
	Less : Excise duty			**6,574.79**		5,152.15
II	**Revenue from Operations (net)**	21		**139,044.93**		167,787.96
III	**Other Income**	22		**3,426.77**		4,157.32
IV.	**Total Revenue (II+III)**			**142,471.70**		171,945.28
V	**Expenses:**					
	Cost of Materials Consumed	23		**75,351.57**		108,090.17
	Changes in inventories of finished goods, WIP and traded goods	24		**1,648.09**		(1.43)
	Employee Benefits Expense	25		**34,439.29**		36,508.37
	Finance Costs	26		**4,608.46**		4,111.01
	Depreciation and Amortization Expense			**1,923.54**		1,826.41
	Other Expenses	27		**14,006.97**		11,138.59
	Total Expenses			**131,977.92**		161,673.12
	Profit Before Prior Period items			**10,493.78**		10,272.16
	Less : Prior Period Items	28		**(1,525.25)**		(8,466.55)
VI	**Profit before exceptional and extraordinary items and tax (IV-V)**			**8,968.53**		1,805.61
VII	**Exceptional Items : Income / (Expenditure)**	29		**(2,135.82)**		1,290.43
VIII.	**Profit before extraordinary items and tax (VI-VII)**			**6,832.71**		3,096.04
IX.	**Less: Extraordinary Items**			**-**		-
X	**Profit before tax (VIII-IX)**			**6,832.71**		3,096.04
XI	**Tax Expense:**					
	(1) Current Year Tax		3,332.00		-	
	(2) Current Tax (MAT)		-		2,061.83	
	(3) Minimum Alternate Tax Credit Entitlement		(80.43)		(1,239.74)	
	(4) Deferred Tax		(1,707.46)		(421.61)	
	(5) For Earlier Years		549.45	**2,093.56**	107.56	508.04
XII	**Profit for the period from continuing operations(X-XI)**			**4,739.15**		2,588.00
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)**			**4,739.15**		2,588.00
XVII	**Earnings per equity share:**			**Rs.**		Rs.
	(1) Basic			**290.08**		158.41
	(2) Diluted			**290.08**		158.41

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

For and on behalf of the Board

P SUDHAKAR
Chairman & Managing Director

KISHOR RUNGTA
Director (Finance)

JAI BHAGWAN SHARMA
Company Secretary

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

Partner :
CA. B. RADHA KRISHNA
M.No. : 022061

Place: Hyderabad
Date: 23.07.2014

Notes to the financial statements for the year ended 31.03.2014

Note 1 : Share Capital

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
Authorised Capital		
20,00,000(Previous year 20,00,000 of Rs. 1000 each) Equity Shares of Rs.1000 each	**20,000.00**	20,000.00
Issued, Subscribed & Paid-up Capital		
16,33,712 (Previous Year 16,33,712) Equity Shares of Rs.1000 each fully paid up	**16,337.12**	16,337.12
Total	**16,337.12**	16,337.12
A) Reconciliation of No.of Equity Shares Outstanding at the Beginning and at the end of the year:		
	31.03.2014	31.03.2013
Shares outstanding at the beginning of the year	**16,33,712**	16,33,712
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.	**-**	-
	16,33,712	16,33,712
Less :		
1 No.of shares bought back during the year	**0**	0
No. of Shares outstanding at the end of the year	**16,33,712**	16,33,712
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	**16,33,712**	16,33,712
iii) Percentage of shares held	**100%**	100%
C) Aggregate number of bonus shares issued, shares issued consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:	**NIL**	NIL

Note 2 : Reserves and Surplus

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
(a) General Reserve		**2,650.00**		2,650.00
(b) Surplus/(deficit) in the Statement of Profit and Loss				
Opening Balance	45,695.01		43,941.61	
Add : Profit for the year	4,739.15		2,588.00	
	50,434.16		46,529.61	
Less : Appropriations				
Transfer to CSR Fund	142.18		77.64	
Provision for Dividend	947.84		647.00	
Provision for Dividend Tax	161.09		109.96	
Net surplus in the Statement of Profit and loss		**49,183.05**		45,695.01
(c) Others				
Corporate Social Responsibility Fund(CSR) :				
Opening Balance	292.82		277.77	
Add : Transfer from P&L Appropriation a/c				
Previous Year	-		-	
Current Year	142.18		77.64	
Total Available	435.00		355.41	
Less : Utilization during the year	(74.65)	**360.35**	(62.59)	292.82
Total		**52,193.40**		48,637.83

Note 3 : Other Long - Term Liabilities

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
(a) Trade Payables		**-**		54.80
(b) Others :				
1) Sundry Creditors for Expenses		**2,551.14**		1,458.63
2) Sundry Creditors for Capital items		**1,549.05**		854.57
3) Advances from customers		**11,099.75**		11,914.27
4) Deposits		**196.85**		16.76
5) Security Deposit for lease Premises		**1,069.20**		1,069.20
6) Others		**915.89**		674.74
Total		**17,381.88**		16,042.97

Note 4 : Long - Term Provisions

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
(a) Provision for Employee Benefits Leave Encashment	**1,787.54**	1,713.16
(b) Others Provision for Warranty	**2,350.03**	2,306.36
Total	**4,137.57**	4,019.52

Note 5 : Short Term Borrowings

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
(a) Loans repayable on demand		
From Banks	-	-
From Others	-	-
(b) Loans and advances from related parties	-	-
(c) Deposits	-	-
(d) Other loans and advances :		
From Banks:		
i) Cash Credit (Secured)	**4,585.29**	10,000.00
ii) Against Fixed Deposits (Secured)	**22,174.90**	-
iii) Term Loans (Unsecured)	**-**	25,000.00
Total	**26,760.19**	35,000.00

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
Terms of Repayment	Running Account
Rate of Interest	10.40%
No.of Instalments	Running Account
Maturity period	--

Note 6 : Trade Payables

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
a) Sundry Creditors for goods Dues to Micro & Small Enterprises Rs.3344.05 lakhs (Previous year Rs.984.58 lakhs)		**46,667.73**		36,356.82
Total		**46,667.73**		36,356.82

Note 7 : Other Current Liabilities

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
(a) Interest accrued and due on borrowings		**-**		240.84
(b) Other Payables :				
i) Sundry Creditors for expenses	**26,694.26**		31,642.03	
ii) Government Grants-in-Aid	**71.00**		2,641.10	
iii) Deposits	**765.01**		960.48	
iv) Advance from Customers	**25,006.82**		27,215.18	
v) Other payables	**7,522.38**	60,059.47	8,294.75	70,753.54
Total		**60,059.47**		70,994.38

Note 8 : Short Term Provisions

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
a) For Employee Benefits Provision for Leave Encashment		**4,858.05**		4,806.67
b) Others				
For Proposed Dividend	947.84		647.00	
For Tax on proposed Dividend	161.09		109.96	
For Warranty Charges	980.93	**2,089.86**	768.20	1,525.16
Total		**6,947.91**		**6,331.83**

Fixed Assets
Note: 9A Tangible Assets

(Rs. in Lakhs)

S.No.	Name of the Asset	Gross Block At Cost				Depreciation				Net Block	
		As at 01.04.2013	Additions & Adj. During the Year	Deductions & Adj. During the Year	Total As At 31.03.2014	upto 31.03.2013	For the year	Previous Years Deductions & Adj. During the Year	Total upto 31.03.2014	As At 31.03.2014	As At 31.03.2013
1	**Land (Freehold)**	**869.13**	**0.68**	**-**	**869.81**	**-**	**-**	**-**	**-**	**869.81**	869.13
2	**Buildings**	**3,650.76**	**414.47**	**20.62**	**4,044.61**	**1,766.75**	**98.12**	**6.52**	**1,858.36**	**2,186.25**	1,884.01
3	**Plant & Equipment**	**4,366.22**	**511.46**	**204.24**	**4,673.44**	**2,572.88**	**525.20**	**136.04**	**2,962.05**	**1,711.40**	1,793.33
4	**Furniture & Fixtures**	**1,843.69**	**438.40**	**14.74**	**2,267.35**	**1,070.65**	**145.65**	**11.65**	**1,204.65**	**1,062.69**	773.64
5	**Vehicles**	**107.32**	**3.77**	**-**	**111.09**	**53.02**	**7.95**	**-**	**60.97**	**50.12**	54.30
6	**Office Equipment**	**2,330.29**	**111.82**	**67.20**	**2,374.90**	**1,506.19**	**132.34**	**54.41**	**1,584.13**	**790.78**	824.09
7	**Others :**										
	a) Roads, Bridges & Culverts	**88.95**	**-**	**-**	**88.95**	**30.13**	**1.32**	**-**	**31.45**	**57.50**	58.81
	b) Research & Development - Plant Machinery	**424.92**	**274.24**	**181.42**	**517.74**	**97.98**	**58.53**	**0.28**	**156.22**	**361.52**	326.95
	c) Electronic Testing & Measuring Equipment	**9,812.05**	**1,580.99**	**681.86**	**10,711.18**	**5,743.35**	**516.67**	**582.92**	**5,677.10**	**5,034.08**	4,068.70
	d) Computer Systems Hired out to Customers	**1,708.98**	**23.48**	**38.39**	**1,694.07**	**1,685.41**	**(0.03)**	**(8.62)**	**1,694.01**	**0.06**	23.57
	e) Air conditioners & Air coolers/Refrigerators	**463.17**	**59.48**	**22.46**	**500.20**	**178.13**	**21.30**	**22.35**	**177.08**	**323.12**	285.04
	f) Water supply & Sewerage	**54.24**	**1.58**	**2.60**	**53.22**	**42.39**	**0.48**	**2.51**	**40.36**	**12.86**	11.85
	g) Electrical Installation & Equipment	**982.31**	**935.80**	**44.42**	**1,873.69**	**386.28**	**77.57**	**12.22**	**451.63**	**1,422.05**	596.03
	h) Library	**80.64**	**-**	**0.36**	**80.28**	**72.21**	**0.66**	**0.36**	**72.51**	**7.76**	8.43
	i) Sheds, Fixtures and Structures/Erections at Projects/Sites	**82.49**	**24.32**	**25.19**	**81.62**	**45.44**	**3.77**	**10.89**	**38.32**	**43.31**	37.05
	j) ERP - Hardware	**0.60**	**282.55**	**-**	**283.15**	**-**	**25.76**	**-**	**25.76**	**257.39**	-
	k) Assets held at customers site (BOOT/BOMT)		**0.42**	**-**	**0.42**	**-**	**0.24**	**-**	**0.24**	**0.18**	-
	Total (I)	**26,865.76**	**4,663.47**	**1,303.51**	**30,225.72**	**15,250.82**	**1,615.54**	**831.53**	**16,034.83**	**14,190.88**	11,614.94
	Previous Year	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

Note: 9B Intangible Asset

1	Technical Know How	**1,540.00**	**-**	**-**	**1,540.00**	**308.00**	**308.00**	**-**	**616.00**	**924.00**	1,232.00
	Total (II)	**1,540.00**	**-**	**-**	**1,540.00**	**308.00**	**308.00**	**-**	**616.00**	**924.00**	**1,232.00**
	Previous Year	1,540.00			1,540.00	308.00	308.00		308.00	1,232.00	
	Grand Total (I+II)	**28,405.76**	**4,663.47**	**1,303.51**	**31,765.72**	**15,558.82**	**1,923.54**	**831.53**	**16,650.83**	**15,114.88**	**12,846.94**
	Previous Year	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

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) Convyancing 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 Rs.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 Convyance 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 Rs.1070/- per annum and interest free security deposit of Rs.1069.20 lakhs.

2. Assets acquired out of Grants given by DAE, Government of India amounting to Rs.341.07 lakhs (previous year Rs.236.51 lakhs) and assets funded by BARC amounting to Rs.50.81 lakhs (previous year Rs.26.29 lakhs) aggregating to Rs.391.88 Lakhs (previous year Rs.262.80 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 Rs.74/- (previous year Rs.102/-)

3. Obsolete assets having a net value of Rs.10.44 lakhs (previous year Rs.6.01 lakhs) are reduced from the Gross Block. Aggregate Gross Value of all these assets as at 31.03.2014 is Rs.861.73 lakhs. (Previous year Rs.1372.15 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 Rs.55.88 lakhs has been charged off as Depreciation during the year (Previous year Rs. 422.59 lakhs).

5. An amount of Rs.340.65 lakhs has been incurred towards procurement of cost of tools for execution of order received from Election Commission of India. An amount of Rs.257.47 lakhs has been charged off based on the EVMs manufactured during the year 2013-14. The balance of Rs.83.18 lakhs will be charged off in the year 2014-15.

Note 10 : Capital Work-in-Progress

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
1. Capital Equipment-in-Transit	**95.57**	1,172.57
2. Capital Work-in-progress	**460.01**	775.32
Total	**555.58**	1,947.89

Note 11 : Intangible Assets Under Development:

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
1. Enterprise Resource Planning Licenses and Implementation	926.75	-
Total	**926.75**	-

Note 12 : Non Current Investments

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
Unquoted (Other Than Trade) - Long Term (At Cost)				
A) Investment in Joint Venture				
1. 14,70,000 equity shares inclusive of Bonus shares of 7,35,000 Rs. 10/- each fully paid up in M/s. ECIL - Rapiscan Ltd.		**73.50**		73.50
B) Investment in Equity Instruments				
1. Investment in M/s Andhra Pradesh Gas Power Corporation Limited :				
2,67,940 equity shares of Rs. 10/- each	26.80		26.80	
1,92,960 Bonus shares of Rs.10/- each	0.00		0.00	
2,68,000 equity shares of Rs. 10/- each at Rs. 24/- per share.	64.32	**91.12**	64.32	91.12
2. 250 shares of Rs.10/- each fully paid up in ECIL Employees Consumer Co-operative Society Limited		**0.02**		0.02
Total		**164.64**		164.64

Note 13 : Deferred Tax (Net Asset)

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
Deferred Tax Liability :		
a) Depreciation	**5020.80**	4624.36
Gross Deferred Tax Liability	**5020.80**	4624.36
Deferred Tax Asset :		
a) Provision for Doubtful Debts and Advances	**6575.06**	458.06
b) 43B Disallowances	**11988.57**	12685.64
c) Others	**49.70**	49.77
Gross Deferred Tax Asset	**18613.33**	13193.47
Net of Deferred Tax Asset & Liabilities	**13592.53**	8569.11
Net Deferred Tax Asset **Total**	**4620.10**	2912.64

Note 14 : Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
a) Capital Advances (Unsecured considered good)		**72.70**		817.41
(A)		**72.70**		817.41
b) Deposits :				
Secured considered good		**-**		-
Unsecured considered good		**3,369.66**		5,385.43
Doubtful	68.18		50.11	
Provision for Doubtful deposits	(68.18)	**-**	(50.11)	-
TOTAL		**3,369.66**		5,385.43
Provision for doubtful deposits		**-**		-
(B)		**3,369.66**		**5,385.43**
c) Other Loans & Advances:				
Loans & Advances due from Directors or officers		**-**		-
Employee advances (Secured considered good)		**-**		0.74
Employee advances (Unsecured considered good)		**41.89**		48.98
Advance to Suppliers for Goods & Services (doubtful)	286.61		286.61	
Less: Provision for Doubtful Advances	(286.61)	**-**	(286.61)	-
Others (Unsecured considered good)		**32.29**		9.20
Balances with authorities		**-**		-
Doubtful		**-**		-
Provision for doubtful Loans & Advances		**-**		-
(C)		**74.18**		58.92
Total (A+B+C)		**3,516.54**		6,261.76

Note 15 : Other Non-Current Assets

(Rs. in Lakhs)

Particulars		31.03.2014		31.03.2013	
a)	Long term trade Receivables				
	Secured considered good	-		-	
	Unsecured considered good	2,418.18		24,463.70	
	Doubtful	9,431.50		3,111.34	
	Less: Provision for Doubtful debts	(9,431.50)	**2,418.18**	(3,111.34)	24,463.70
b)	Others				
	Unbilled Revenue		**21,521.94**		10,215.11
	Minimum Alternate Tax Credit		-		2,874.74
	Claims Receivable good		**4.90**		19.27
	Claims Receivable Doubtful	2.89			
	Less: Provision for Doubtful claims	(2.89)	**-**		
	Total		**23,945.02**		37,572.82

Note 16 : Inventories

(Rs. in Lakhs)

Particulars		31.03.2014		31.03.2013	
a)	Raw Materials (includes Material in transit Rs. 1260.79 lakhs Previous year : Rs. 840.04 lakhs)		**8,221.59**		6,109.14
b)	Work-in-Progress		**6,897.19**		8,449.55
c)	Finished Goods		**741.94**		828.28
d)	Stores & Spares (includes in transit Rs. Nil Previous Year : Nil)		**609.65**		724.59
e)	Loose Tools		**5.45**		6.19
f)	Others :				
	i) Packing Materials		**19.04**		44.20
	ii) Scrap		**-**		9.39
	Total		**16,494.86**		16,171.34

Note 17 : Trade Receivables

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
a) Trade Receivables outstanding for a period exceeding six months				
Secured, Considered good	-		-	
Unsecured, Considered good	54,903.82		38,425.63	
Doubtful	-		-	
Less : Provision for Doubtful Debts	-	**54,903.82**	-	38,425.63
b) Others :				
Secured, Considered good	-		-	
Unsecured, Considered good	60,371.16		53,014.81	
Doubtful	-		-	
Less : Provision for Doubtful Debts	-	**60,371.16**	-	53,014.81
Total		**115,274.99**		91,440.44

Note 18 : Cash and Cash Equivalents

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
i. Cash and Cash equivalents				
a) Balances with banks:				
i) On current accounts	723.04		1,785.81	
ii) Deposits with original maturity of less than three monhts	-	**723.04**	-	1,785.81
b) Cheques, drafts on hand		**181.84**		83.19
c) Cash on hand		**2.33**		6.27
d) Others :				
i) Cheques in-transit	**-**		2.02	
ii) Fixed Deposit with banks	-		-	
iii) Stamps on hand	**-**		0.01	
iv) Imprest cash with officers	**0.41**		3.10	
v) Remittance-in-transit	**0.72**	**1.13**	0.72	5.85
ii. Earmarked balances with bank		**-**		62.55
iii. Balances with banks (Fixed Deposit)		**26,800.00**		30,000.00
iv. Bank deposits with more than twelve months maturity		**-**		-
Total		**27,708.34**		31,943.67

Note 19 : Short Term Loans & Advances

(Rs. in Lakhs)

Particulars	31.03.2014		31.03.2013	
a) Loans & Advances to related parties				
Secured, Considered good	-		-	
Unsecured, Considered good	-		-	
Doubtful	-		-	
Less : Allowance for bad & doubtful debts	-	-	-	-
b) Deposits		**2,218.20**		376.69
c) Tax Credits available		**4,214.54**		4,010.21
d) Others :				
Advance to Employees (Secured and good)		**0.77**		3.73
Advance to Employees (Unsecured Considered good)		**65.99**		63.82
Advance to Suppliers for Goods & Services		**5,674.22**		5,239.43
Advance Tax / TDS (Net of Provision for Income Tax)		**3,453.62**		4,817.98
Other Advances		**535.45**		855.89
Debts due by Directors or Officers		**-**		**-**
.				
Total		**16,162.80**		15,367.75

Note 20 : Other Current Assets

(Rs. in Lakhs)

Particulars	31.03.2014	31.03.2013
1. Unbilled Revenue	**893.90**	14,483.48
2. Accrued Income	**4,104.76**	1,565.98
3. Claims with Customers	**1,002.11**	1,041.13
Total	**6,000.77**	17,090.59

Note 21 : Revenue from Operations

(Rs. in Lakhs)

Particulars		31.03.2014		31.03.2013	
Sale of Products		94,172.20		99,450.96	
Services		51,447.52	**145,619.72**	73,489.15	172,940.11
Less: Excise Duty			**6,574.79**		5,152.15
Revenue from Operations	**Total**		**139,044.93**		167,787.96

Note 22 : Other Income

(Rs. in Lakhs)

Particulars		2013-14		2012-13	
1. Interest on					
a) Staff advances		0.75		0.34	
b) Electricity Deposits (APSEB)		5.07		5.05	
c) Term Deposit Receipts		2,438.79		3,269.49	
d) Others		227.36	**2,671.97**	21.78	**3,296.66**
2. Dividend from Joint Venture Company (ECIL - Rapiscan Ltd.)			**36.75**		36.75
3. Others					
a) Rent		31.18		12.76	
b) Sale of scrap		43.18		51.59	
c) Insurance Claims		0.70		17.84	
d) Unclaimed liabilities written back		262.25		-	
e) LDs Recovered on supplier bills		205.00		303.08	
f) Miscellaneous		175.74	**718.05**	438.64	823.91
	Total		**3,426.77**		4,157.32

Note 23 : Cost of Materials Consumed

(Rs. in Lakhs)

Particulars	2013-14		2012-13	
1. Consumption of Raw Materials, Assemblies and Components				
Opening Stock	5,269.10		6,459.52	
Add: Purchases (after sales and adjustments)	78,621.97		107,212.22	
Add: Departmental transfers - Production	203.87		264.29	
	84,094.94		113,936.03	
Less: Provision for obsolescence		**84,094.94**		113,936.03
Less: Closing Stock		**6,960.80**		5,269.10
		77,134.14		108,666.93
2. Consumption of				
a) Stores and Spares	94.12		434.64	
b) Packing materials	39.48		506.91	
c) Tools	123.24	**256.84**	3.51	945.06
3. Cost of Accessories & Spares Consumed		**216.04**		380.02
Sub - Total		**77,607.02**		109,992.01
Less: Expenditure against Grants-in-Aid		**(2,255.45)**		(1,901.84)
Total		**75,351.57**		108,090.17

Note 24 : Changes in Inventories of Finished Goods & WIP

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Closing Stocks		
i) Finished Stock	**741.94**	828.28
ii) Work-in-progress	**6,897.19**	8,449.55
iii) Scrap	**-**	9.39
	7,639.13	9,287.22
Less: Opening 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
Decretion(+)/Accretion(-)	**1,648.09**	(1.43)

Note 25 : Employee Benefit Expenses

(Rs. in Lakhs)

Particulars	2013-14	2012-13
a) Salaries,Wages and Bonus	**30,251.74**	30,999.96
b) Contribution to Provident Fund including administrative charges	**2,577.07**	2,616.44
c) Provision for Gratuity	**728.03**	1,960.68
d) Welfare expenses	**882.45**	931.29
Total	**34,439.29**	36,508.37

Note 26 : Finance Costs

(Rs. in Lakhs)

Particulars	2013-14	2012-13
1. Interest Expense	**4,486.28**	4,076.53
2. Other Borrowing costs	**122.18**	34.48
3. Applicable net gain/loss on foreign currecny transaction and translation	**-**	-
Total	**4,608.46**	4,111.01

Note 27 : Other Expenses

(Rs. in Lakhs)

Particulars	2013-14		2012-13	
1. Power and Fuel		**421.33**		410.80
2. Water Charges		**409.17**		391.04
3. Professional and Consultancy charges		**2,385.56**		2,143.97
4. Travelling and Conveyance expenses		**2,306.09**		2,382.26
5. Repairs & Maintenance				
a) Buildings	256.43		224.16	
b) Plant & Machinery	4.50		54.05	
c) Others	318.32	**579.25**	384.24	662.45
6. Stores Incidentals-Inwards		**1,289.59**		813.47
7. Rents		**239.21**		268.76
8. Rates and Taxes		**233.14**		231.97
9. Insurance		**87.58**		41.71
10. Printing & Stationery		**106.03**		123.62
11. Postage, Telegram, Telephones & Telex		**112.97**		121.62
12. Advertisement		**51.74**		77.64
13. Guest House expenses		**71.21**		58.91
14. Entertainment expenses		**8.90**		10.02
15. Books and Periodicals		**13.76**		11.18
16. Vehicle expenses		**336.54**		407.48
17. Staff training expenses		**33.47**		60.71
18. Security Expenses		**1,047.93**		889.07
19. Directors' fees and travelling expenses		**7.90**		5.62
20. Payment to Auditors				
a) As Auditor	13.24		14.49	
b) For Taxation Matters	0.45		0.53	
c) For Company Law Matters	0.48		0.32	
d) For Management Services	6.35		5.00	
e) For Other Services	0.56		0.51	
f) For reimbursement of Expenses	0.13	**21.21**	0.68	21.53
21. Exchange Rate Variation		**245.59**		(90.71)
22. Bank Charges		**34.83**		14.70
23. Commission on Bank Guarantees		**104.34**		152.82
24. Selling Expenses		**398.27**		1,011.02
25. Commission to Selling Agents		**4.48**		82.32
26. Freight Outwards		**149.53**		288.47
27. Expenditure on Warranty		**1,279.12**		1,269.25
28. Liquidated Damages		**2,291.18**		1,675.14
29. Miscellaneous		**412.97**		1,049.24
30. Research & Development Expenses		**2,146.63**		2,335.17

31.	Provisions:				
	Doubtful Advances	-		120.34	
	Doubtful Debts-S.Debtors	2,496.69	**2,496.69**	224.60	344.94
32.	Amounts Written off				
	i) Bad Debts written off	2,071.65		879.62	
	Less : Provisions withdrawn	(1,951.50)	**120.15**	(763.18)	116.44
	ii) Fixed Assets written off		**10.44**		6.01
	iii) Other write offs	7.29		7.46	
	Less : Provisions withdrawn	0.00	**7.29**	-	7.46
33.	Transfer to other Accounts				
	a) Expenditure on Research & Development	(2,146.63)		(2,335.17)	
	b) Internal Jobs for capital use	(6.71)		(11.84)	
	c) Purchase incidental variation	(3.39)		(44.15)	
	d) Warranty Charges	(104.81)		-	
	e) Departmental Transfers- Production	(203.87)		(264.29)	
	f) Service Tax Input Credit	(2,991.71)		(3,602.06)	
			(5,457.12)		(6,257.51)
	Total		**14,006.97**		11,138.59

Note 28 : Prior Period Items

(Rs. in Lakhs)

Particulars	**2013-14**		2012-13	
1. Prior Period Income:				
a) Sales & Services	(1,460.96)		(757.46)	
b) LD Recovery	0.00		(335.28)	
c) Other Receipts	2.40	**(1,458.56)**	0.00	(1,092.74)
2. Prior Period Expenses :				
a) Depreciation	20.78		0.00	
b) Miscellaneous Expenses	(2.14)		0.00	
c) Gratutiy Amortization	0.00		8,039.61	
d) Material Consumed	(18.10)		(686.40)	
e) Others	66.15	**66.69**	20.60	7,373.81
Total		**(1,525.25)**		(8,466.55)

Note 29 : Exceptional Items

(Rs. in Lakhs)

Particulars	**2013-14**		2012-13	
I) Income :				
a) Recovery from bad debts written off	15.99		40.54	
b) Provisions withdrawn	1,628.85	**1,644.84**	1,249.89	1,290.43
II) Expenditure :				
a) Provision for Doubtful Debts		**(3,780.66)**		-
Total		**(2,135.82)**		1,290.43

Note : 30

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. Due to the inclusion of accounting policy on Intangible Assets, the expenditure incurred on ERP Software License & implementation amounting to Rs. 926.75 lakhs is shown under Note: 11" Intangible Assets under Development".

Note 31: Exemption from Disclosure:

Ministry of Corporate Affairs has exempted the Company vide Notification No. 46/1/2014-CL-III dated 30.01.2014 from disclosure requirements of the following provisions as contained in Part II - "Statement of Profit and Loss" of Schedule VI to the Companies Act, 1956:

Para	Particulars
5(ii)(a)	In the case of manufacturing companies
5(ii)(a) 1	Raw materials under broad heads
5(ii)(a) 2	Goods purchased under broad heads
5(ii)(b)	In the case of trading companies, purchases in respect of goods traded in by the company under broad heads
5(ii) (c)	In the case of companies rendering or supplying services, gross income derived from services rendered or supplied under broad heads
5(ii) (d)	In the case of a company which falls under more than one of the categories mentioned in (a) (b) and (c) above, it shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads
5(iii)	In the case of all concerns having work in progress, works in progress under broad heads
5(viii)	The profit and loss account shall also contain by way of a note the following information namely :- a) Value of import calculated on CIF basis by the Company during the financial year in respect of 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 32: Compliance to Accounting Standards (AS)
(Pursuant to Sec 211 of the Companies Act, 1956) read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

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 Rs. 30869.08 Lakhs (previous year Rs.31343.73 lakhs) is recognized as per AS-7 (Construction Contracts), based on the percentage of actual costs incurred to the estimated total cost. *(Rs.in Lakhs)*		
		2013-14	2012-13
b)	Aggregate amount of costs incurred and recognized profits (Less Recognized losses) up to 31.03.2014	**200083.23**	180361.01
c)	Advances received (Net)	**31257.97**	30155.91
d)	Gross amount due from customers (Unbilled Revenue)	**53673.82**	54854.50
e)	Gross amount due to customers	**NIL**	NIL
f)	Retentions, if any	**6342.55**	3404.04

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 Rs. 3637.92 Lakhs (previous year Rs. 631.99 lakhs).

ii) Goods valuing Rs. Nil (previous year Rs.7537.11 Lakhs) which are transferred to bonded stores awaiting field testing as per Accounting Policy A(ii).

b) The price revision for the Electronic Voting Machines supplied during the period 2006-07 to 2010-11 to the Election Commission of India was finalized and accordingly an amount of Rs. 701.95 lakhs was recognized as income during the year 2013-14.

C) Accounting Standard AS-12 : Grants–in–Aid

Unspent balance of Rs.71.00 lakhs as on 31.03.2014 (Previous year Rs. 2641.10 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.

(Rs.in lakhs)

Sl. No	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
1	Opening Balance	**2,641.10**	3,201.20
2	Total receipts during the year	**26.42**	1,578.24
3	Refund/Withdrawals during the year	**0.00**	0.00
4	Actually utilized during the year towards a) Revenue Items	**2,255.45**	1,901.83
	b) Capital Items	**3,41.07**	236.51
5	Closing balance	**71.00**	2,641.10

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 Rs. 2577.07 lakhs (Previous year Rs. 2616.44 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 31.03.2014 are as follows

(Rs.in lakhs)

I.	Change in Benefit obligation :	2013-14	2012-13
	Present value of obligation as at the beginning	18,018.47	19,284.67
a)	Interest Cost	1,441.48	1,542.77
b)	Current Service Cost	264.53	261.31
c)	Benefits paid **	3,827.64	4,246.54
d)	Actuarial (gain) / loss	246.48	1,176.26
Present value of obligation at the end of the period		**16,143.33**	18,018.47

** The above amount includes an amount of Rs.2.43 lakhs towards differential Gratuity paid 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.

(Rs.in lakhs)

II. Change in Fair value of plan assets		2013-14	2012-13
Fair value of Plan Assets at the beginning of the year		13,150.25	10,298.91
a)	Expected return on plan assets	1,220.73	1,030.88
b)	Contributions	3,303.73	6,067.00
c)	Benefits paid	3,827.64	4,246.54
d)	Actuarial gain/loss on plan assets	NIL	NIL
Fair value of plan assets at the end of the period		13,847.07	13,150.25
Excess of Obligation over Plan Assets		**2,296.26**	4,868.22

III. Expenses recognized in the statement of Profit & Loss Statement:		2013-14	2012-13
a)	Current service Cost	264.53	261.31
b)	Interest Cost	1,441.48	1,542.77
c)	Expected return on Plan Assets	1,220.73	1,030.88
d)	Net Actuarial (gain)/loss recognized in the period	246.48	1,176.26
Expenses recognized in the statement of Profit & Loss		731.76	1,949.46

IV. Amounts recognized in the Balance Sheet		2013-14	2012-13
a)	Present value of Obligation as at the end of the period	16,143.33	18,018.47
b)	Fair value of Plan Assets at the end of the period	13,847.07	13,150.25
c)	Funded Status	(2,296.26)	(4,868.22)
d)	Liability recognized in Balance Sheet **	2,348.29	4,920.25
	** The above amount includes Rs.52.03 towards gratuity payable to ex-employees which is not claimed by them as at 31-3-2014.		

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		2013-14	2012-13
a)	Discounting Rate	8%	8%
b)	Salary Escalation rate	4%	4%
c)	Expected rate of return on plan assets	9.05%	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. 31 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) Remuneration to Key Management Personnel – Rs.76.23 Lakhs (Previous year Rs.89.04 Lakhs) as detailed below:

The break up of above remuneration is disclosed as under: (Rs.in lakhs)

2013-14

Name of the Key Management Personnel	**Position Held**	**Salary**	**Contribution to PF**	**Pension and other benefits**	**Total**
Shri P Sudhakar	C&MD and Addnl. Charge Director(Technical)	19.94	2.06	5.85	27.85
Shri Kishor Rungta	Director (Finance)	19.22	1.98	2.98	24.18
Shri V S B Babu	Director (Personnel)	18.92	1.95	3.33	24.20
Grand Total		**58.08**	**5.99**	**12.16**	**76.23**

2012-13

Name of the Key Management Personnel	Position Held	Salary	Contribution to PF	Pension and other benefits	Total
Shri P Sudhakar	Acting C&MD and D(T)	13.29	1.35	3.46	18.10
Maj Gen.(Retd) Sanjeev Loomba, SM	Acting C&MD and D(P)	16.87	1.71	6.06	24.64
Shri Y S Mayya	C&MD	8.08	-	1.63	9.71
Shri Kishor Rungta	Director (Finance)	3.02	0.31	0.54	3.87
Shri NSS Prasada Rao	Director (Technical)	4.39	0.44	18.74	23.57
Shri Shiv Kumar Nori	Director (Finance)	1.20	0.12	7.83	9.15
Grand Total		46.85	3.93	38.26	89.04

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:

(Rs. In lakhs)

Particulars	2013-14	2012-13
Purchase of Goods	**331.81**	18.36
Sale of goods	**2.45**	60.45
Services rendered to JV	**1.40**	16.01
Services received from JV	**573.08**	421.57
Agency arrangements (manpower)	**1,289.70**	725.97
Amounts payable to JV	**453.51**	255.61
Amounts receivable from JV	**26.38**	135.35

G) Lease Transactions (AS-19):
Assets given on Operating Lease

	31-03-2014	31-03-2013
Class of Assets	**Buildings**	Buildings
Lease Rental Earned during the year	**31.18**	12.77
Minimum Lease Rental on Non-cancellable Leases:		
Not later than One year	**52.38**	30.62
Later than one year and not later than five years	**169.32**	71.46
Later than Five Years	**83.07**	0.01
Gross Value of Assets	**53.86**	53.86
Current Year Depreciation	**0.87**	0.87
Accumulated Depreciation	**30.92**	30.05
Net Value	**22.94**	23.81

Assets Taken on Operating Lease

	31-03-2014	31-03-2013
Class of Assets	**Buildings**	Buildings
Lease Rental Incurred during the year	**272.77**	264.62
Minimum Lease Rental on Non-cancellable Leases:		
Not later than One year	**220.49**	192.10
Later than one year and not later than five years	**183.38**	486.71
Later than Five Years	**-**	118.40

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	**2013-14**	2012-13
Numerator : Net Profit after tax as per Profit and Loss Statement	**Rs.4,739.15 Lakhs**	Rs. 2,588.00 Lakhs
Denominator : Number of equity shares	**16,33,712 Nos**	16,33,712 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)	**16,33,712 Nos**	16,33,712 Nos
Nominal value of equity share	**Rs.1,000/-**	Rs.1,000/-
Earnings per share (Basic & Diluted)	**Rs.290.08**	Rs.158.41

I) Impairment of Assets (AS-28):

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

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

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

(Rs. In lakhs)

Particulars	**2013-14**		2012-13	
	On product sales	**On contracts under AS-7**	On product sales	On contracts under AS-7
Opening Balance	**694.01**	**2,380.55**	574.51	1,994.53
Provisions made during the year	**345.76**	**581.98**	318.71	640.52
Amounts used / reversed (i.e. incurred and charged against provision)	**257.50**	**413.83**	199.22	254.50
Closing balance	**782.27**	**2,548.70**	694.01	2,380.55

(b) Contingent Liabilities and Capital Commitments

(Rs.in Lakhs)

Sl.No.	Particulars	As at 31.03.2014	As at 31.03.2013
i)	Contingent liabilities (to the extent not provided for)		
a)	Claims against the company not acknowledged as debt		
	i) Court/Arbitration cases	**697.71**	402.88
	ii) Demands from Government authorities and appeals filed against the Company not provided for in respect of taxation matters.(includes an amount of Rs.224.90 lakhs (Previous year Rs.224.90 lakhs) recoverable from sub-contractor as per the terms of the contract)	**9,497.12**	9,696.04
b)	Others		
	i) Letters of Credit	**3,853.47**	6,393.60
	ii) Cess payable under Section 441 A of the Companies Act, 1956 at 0.1% of the Annual Turnover from 2002-03 to 2013-14 (as per ii run)	**1,370.32**	1,224.70
	iii) Others	**2,693.69**	1,043.61
c)	No provision is considered necessary in respect of the differential sales tax liability of Rs. 1,112.97 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 2011-12 to 2013-14 (previous year Rs. 1,042.74 lakhs), 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 31.03.2014 in terms of the Civil Liability for Nuclear Damage Act, 2010.		

ii) Capital Commitments

(Rs.in Lakhs)

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**2,165.56**	4,495.20

Note 33: Others

i. Expenditure in Foreign Currency (excluding provision)
(Other than exempted from disclosure - refer Note No. 31)

(Rs. in Lakhs)

Particulars	**2013-14**	2012-13
Foreign Travel	**55.61**	144.07
Total	**55.61**	144.07

ii. Export Earnings: (including Deemed Exports)

(Rs. in Lakhs)

Particulars	**2013-14**	2012-13
Exports – Products	**240.28**	117.99
TOTAL	**240.28**	117.99

iii. Trade Payables include an amount of Rs.3344.05 lakhs (previous year Rs. 984.58 lakhs) being the outstanding dues to Micro Enterprises and Small Enterprises.

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

(Rs. in Lakhs)

	Particulars	**2013-14**	2012-13
a)	The principal amount remaining unpaid to any supplier as at the end of the accounting year	**3,344.05**	984.58
b)	The interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**62.56**	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 Rs 83.72 lakhs (previous year Rs. 638.25 lakhs) and

b) Finished goods amounting to Rs.3.74 lakhs (previous year Rs. 26.09 lakhs) sent on demonstration/exhibition/approval.

v. On account of complexities involved in realization of debts in Instruments and Systems Group and Information Technology & Telecom Group, the Company has made an aggregate provision of Rs.3780.66 lakhs (previous year Rs. Nil) towards doubtful debts and shown under Exceptional items in the Statement of Profit and Loss.

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 Rs.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, 2014

(Rs. In Lakhs)

		2013-14	2012-13
A.	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) Before Tax & Extraordinary Items	**6,832.71**	3,096.04
	Adjustments for :		
	Depreciation	**1,923.54**	1826.41
	Interest expense	**4,608.46**	4111.01
	Dividends received	**(36.75)**	(36.75)
	Interest received on Short Term Deposit Receipts	**(2,438.79)**	(3,269.49)
	Write off of Fixed Assets	**10.44**	6.01
	Operating profit before Working Capital changes	**10,899.61**	5,733.23
	Increase/Decrease Inventories	**(323.52)**	3,668.59
	Increase/Decrease Sundry debtors	**(13,095.85)**	(26,243.15)
	Increase/Decrease Loans and advances	**1,203.90**	(3,780.59)
	Increase/Decrease Other Current Assets	**12,275.19**	16,564.79
	Increase/Decrease Current liabilities	**3,525.83**	4,801.09
	Increase/Decrease Provisions	**382.16**	608.36
	Cash generated from operations	**14,867.32**	1,352.32
	Direct taxes paid	**(180.00)**	(220.00)
	Expenditure on CSR Activities	**(74.65)**	(62.59)
	Grants received	**26.42**	1,578.24
	Grants utilisation	**(2,596.52)**	(1901.84)
	Cash flow before extraordinary items	**12,042.57**	746.13
	Extraordinary items	**-**	-
	Net cash from operating activities	**12,042.57**	746.13
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets {including from grant Rs. 341.07 lakhs (previous year Rs.236.51 Lakhs)}	**(4,201.93)**	(3,833.67)
	Fixed assets in transit and capital work in progress	**1,392.31**	21.86
	Intangible Assets under development	**(926.75)**	-
	Interest received	**1,267.79**	1,267.81
	Dividend received	**36.75**	36.75
	Net cash from investing activities	**(2,431.83)**	(2,507.25)
C.	**Cash Flow from Financing Activities**		
	Proceeds from term loan from Banks	**(8,239.81)**	7,984.03
	Interest expense	**(4,849.30)**	(4,125.41)
	Dividend paid	**(647.00)**	(915.25)
	Dividend tax paid	**(109.96)**	(148.48)
	Net Cash used in financing activities	**(13,846.07)**	2,794.89
	Net increase in Cash and Cash equivalents	**(4,235.33)**	1,033.77
	Cash and Cash Equivalents (Opening Balance)	**31,943.67**	30,909.90
	Cash and Cash Equivalents (Closing Balance)	**27,708.34**	31,943.67

Note: 1. The above statement has been prepared under indirect method except in case of interest, dividend, purchase and sale of invesments 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.18

For and on behalf of the Board

P SUDHAKAR
Chairman & Managing Director

KISHOR RUNGTA
Director (Finance)

JAI BHAGWAN SHARMA
Company Secretary

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

Partner :
CA. B. RADHA KRISHNA
M.No. : 022061

Place: Hyderabad
Date: 23.07.2014

Dr. R K Sinha, Chairman, AEC flagging off the first consignment of MACE Telescope to Hanle, Ladakh

Dr. Vasudeva Rao, Director, IGCAR addressing the ECIL engineers at Nalanda Complex

A British Trade delegation discussing with ECIL management on area of mutual interest and cooperation.

Shri D. Ravindranath, Director, Master Control Facility, Hassan inaugurating the stretch forming machine at ECIL

Annexure – 'E' to the Directors' Report

Independent Auditor's Report

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, 2014 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 notified under Companies Act, 1956("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Company Replies

Independent Auditor's Report

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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting polices 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 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*

Company Replies

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. It is also submitted that there has been an improvement over the previous Financial Year 2012-13 leading to appropriate accounting action relating to Provisions, LDs, etc.,

Independent Auditor's Report

Company Replies

true and fair view in conformity with the accounting principles generally accepted in India.

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31.03.2014.

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

Independent Auditor's Report

of Profit and Loss and the Cash Flow statement dealt with by this report comply with the Accounting Standards notified under Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

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, 2014, and taken on record by the Board of Directors, none of the other directors is disqualified as on March 31 2014, 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. B.Radha Krishna)
ICAI MRN 022061

Place : Hyderabad
Date : 23.07.2014

Company Replies

For and on behalf of the
Board of Directors

(P.SUDHAKAR)
Chairman & Managing Director

Place : Hyderabad
Date : 13.09.2014

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:

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.

Company Replies

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 further so as to be commensurate with the size of the Company and the nature of its business.*	While certain steps are already initiated towards strengthening internal controls as pointed out by Audit, additional efforts will be made to evolve a broad based internal control system considering Corporate & Statutory requirements.
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. 73 or any other relevant provisions of the Companies Act, 2013 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.*	With reference to F.Y 2012-13, during F.Y 2013-14, it can be seen that Internal Audit function is affectively put in action by carrying out rectifications required as result of Internal Auditors comments leading to improvements. However, further steps will be initiated to enhance Internal Audit function taking into account changed business environment and complexities thereof.
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,	

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

sales tax, service tax, customs duty, excise duty, Cess and other material statutory dues applicable to it. There were no outstanding dues as at 31-03-2014 for a period exceeding 6 months from the date they become payable.

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

Tax/Duty	Pending before	Amount (Rs. In Lakhs)
Income Tax	High Court	711.00
	CBDT	424.37
	CIT(Appeals)	1,332.38
	Total	**2,467.75**
Customs	Commissioner, Mumbai	134.42
	Total	**134.42**
Excise	Supreme Court	90.48
	CESTAT, Bangalore	989.70
	Commissioner, Hyderabad	82.26
	Total	**1,162.44**
Service Tax	CESTAT, Chennai	273.95
	Total	**273.95**
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:

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,

Company Replies

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:

we report that no funds raised on short-term basis have been used for long-term investments.

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

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

Company Replies

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

(CA. B.Radha Krishna)
ICAI MRN 022061

Place : Hyderabad
Date : 23.07.2014

For and on behalf of the
Board of Directors

(P.SUDHAKAR)
Chairman & Managing Director

Place : Hyderabad
Date : 13.09.2014

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 31st MARCH 2014.

The preparation of financial statements of **Electronics Corporation of India Limited** for the year ended 31st March 2014 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 23.07.2014.

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 31st March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Atreyee Das 28/8/14

(Atreyee Das)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board-IV

Place: New Delhi.
Date: 28.08.14

The Committee of Parliament on Official Language discussing with ECIL and DAE higher officials on implementation of Official Language during inspection of Branch Office, ECIL, Chennai

Shri V V R Sastry, Director, ECIL visiting ECIL Stall at Strategic Electronics Summit exhibition at Bangalore

Shri P Sudhakar, C&MD, ECIL receiving ELCINA - "Electronics Man for the Year 2013-14" Award

Shri Kishor Rungta, Director (F) receiving the ELCINA award for R&D from Dr. Killi Kruparani, Minister of State, Communications and Information Technology

Shri S. Basu, Director, BARC inaugurating the new Raw Material and finished Goods Stores at EMSD, ECIL

Dr. R. Chidambaram, PSA, launching ECIL Routers into MTNL network in Mumbai.
Shri A. K. Garg, C&MD MTNL and Prof. Aswin Gumaste are also seen

इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited
भारत सरकार (परमाणु ऊर्जा विभाग) का उद्यम
A Government of India (Dept. of Atomic Energy) Enterprise
ईसीआईएल (पो.) / **ECIL Post,** हैदराबाद/ **Hyderabad - 500 062**
वेब / **Web: www.ecil.co.in**

Printed at : Sree Ramana Process Pvt. Ltd., Sec-bad. Ph : 040-27811750