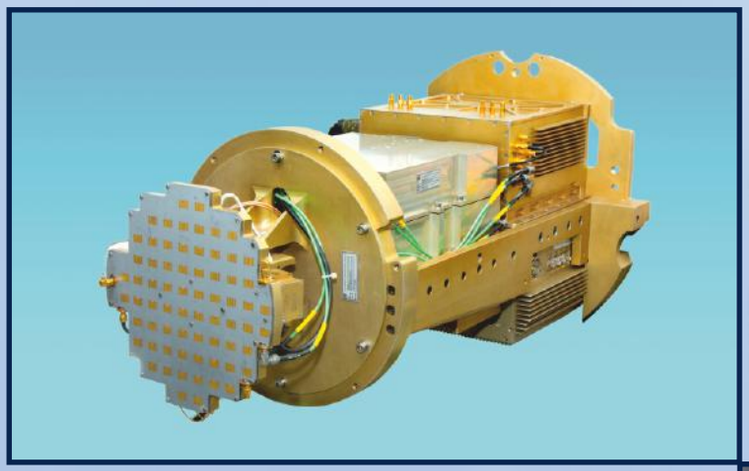
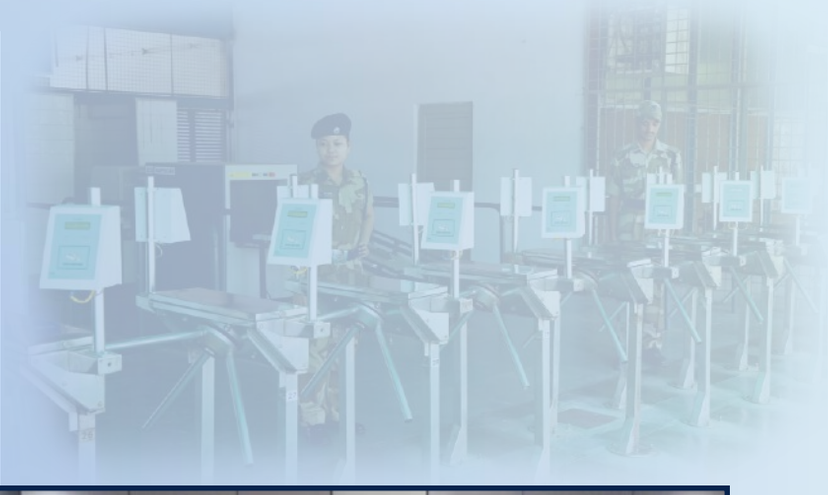
49 वीं वार्षिक रिपोर्ट
49th Annual Report
2015-16



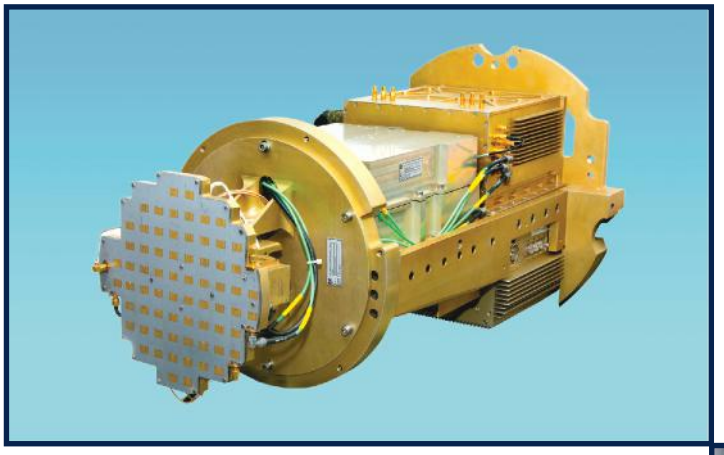


इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited
हैदराबाद / Hyderabad - 500062

Dr. Christopher, Secretary Defence R&D along with Dr. Sudhir Mishra, Chief Executive of BrahMos Aerospace presenting BrahMos Best industry award to Sh. P Sudhakar, C & MD, ECIL

Shri P Sudhakar, C & MD, ECIL receiving Dun & Bradstreet award from Shri Anil Swaroop, Secretary, Ministry of Coal, Govt of India. Seen in the picture is Shri Kaushal Sampat President and MD of D&B - India

49 वीं वार्षिक रिपोर्ट
49th Annual Report
2015-16



Indigenously developed seeker used for terminal guidance of missile

Indigenously developed Limb Monitor installed at Hyderabad Airport for detecting the illicit transport of special nuclear and radiation material

इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड
Electronics Corporation of India Limited
हैदराबाद / Hyderabad - 500062

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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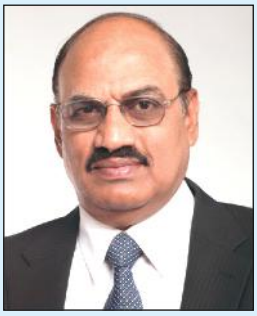
Board of Directors



Shri P. Sudhakar
Chairman & Managing Director

Shri Kishor Rungta
Director (Finance)

Shri VSB Babu
Director (Personnel)

Shri R A Rajeev, IAS
Jt. Secretary (Finance)
Department of Atomic Energy

Shri Sanjeev Sood
Jt. Secretary (I&M)
Department of Atomic Energy
From (03.11.2015)

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

Shri K Jagannath, OS
Executive Director (E&I)
NPCIL

Shri S S Sundaram
DS, Former DG(ECS)
Defence Research &
Developement Organisation
Upto (13.02.2016)

Smt. Nisha Singh, IAS
Jt. Secretary
DAE Branch, New Delhi
Upto (12.11.2015)

Shri Jai Bhagwan Sharma
Company Secretary

Key Executives (As on date of AGM)

Corporate Office

SHRI P SUDHAKAR
Chairman & Managing Director

SHRI KISHOR RUNGTA
Director (Finance)

SHRI V S B BABU
Director (Personnel)

MAJ. GEN. ATUL MEHRA (Retd.)
Executive Director

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

SHRI K C MEENAKSHI SUNDARAM
Head (Corporate R & D)

WG. CDR. HEMANT LOKRAS (Retd.)
Head (Corporate Planning & Performance Monitoring)

SHRI JAI BHAGWAN SHARMA
Company Secretary

Information Technology &Telecom Group

CMDE. SIDDHARTH MISHRA (Retd.)
General Manager

SHRI G K SATYANARAYANA
Head (Telecommunication Division)

SHRI L VASUDEVA MURTHY
Head (Computer Education Division)

Aerospace Systems Group

SHRI M P RAMESH KUMAR
HEAD (Strategic Electronics Division & Antenna Products & SATCOM Division)

SHRI R N MISHRA
HEAD (Servo Systems Division)

Defence Systems Group

BRIG. A UMAR FAROOK, VSM (Retd.)
General Manager (Defence Systems Group & Control Systems Group)

SHRI G V REDDY
Head (Special Products Division)

Communication Systems Group

SHRI K V S N RAJU
HEAD (Electronic Warfare Division)

Instruments & Systems Group

SHRI ANURAG KUMAR
General Manager (Instruments Group & Corporate R & D)

SHRI M OSMAN KHAN
HEAD, (Security Systems & Projects Division)

SHRI R MAHENDRAN
Head (Electronic Manufacturing & Services Division)

Control Systems Group

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

SHRI P RAMA KRISHNA
HEAD (Reactors Project Division)

Others

SHRI M C VENKATASUBBAIAH
Head (Components Division)

SHRI A V RAJU
Head (Customer Support Division)

Finance & Accounts Group

SHRI Y NAGESWARA RAO
Head (Finance & Accounts Group)

Zonal Offices

BRIG. KULDEEP SINGH DALAL (Retd.)
General Manager (North), New Delhi

SHRI D R VENKATASUBBU
Zonal Manager (South), Bangalore

SHRI C S RAMTEKE
Zonal Manager (West), Mumbai

SHRI D DEBNATH
Zonal Manager (East), Kolkata

Statutory Auditors

M/s Ramanatham & Rao.,
Chartered Accountants

Cost Auditors

M/s Nageswara Rao & Co., Cost Accountants

Consortium of Banks

STATE BANK OF INDIA

STATE BANK OF HYDERABAD

BANK OF MAHARASHTRA

ANDHRA BANK

BANK OF BAHRAIN & KUWAIT BSC

ICICI BANK

PUNJAB NATIONAL BANK

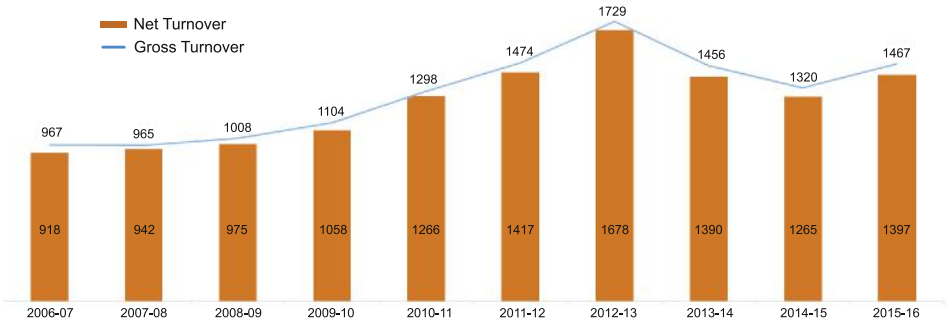
Financial Performance at a glance - ECIL

(₹ in crores)

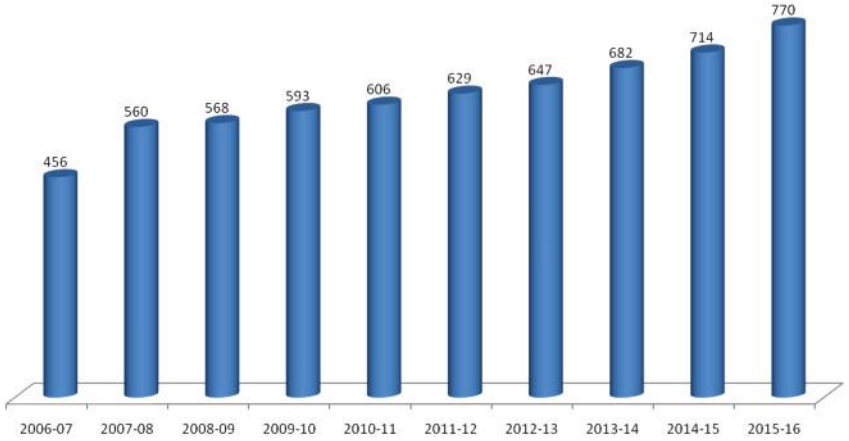
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Turnover	967	965	1008	1104	1298	1474	1729	1456	1320	1467
Net Turnover	918	942	975	1058	1266	1417	1678	1390	1265	1397
Closing Order Book	652	1045	1041	1490	1148	2425	1756	1932	1719	1695
Material Cosumed	474	432	604	713	728	911	1081	754	706	865
Employee Remuneration	193	242	318	296	382	357	365	344	340	315
Depreciation	12	13	10	8	9	10	18	19	26	22
Profit Before Tax	193	201	19	54	22	55	31	68	66	83
Provision for Tax	65	67	6	12	(1)	18	5	21	16	8
Profit after Tax	128	134	13	42	23	37	26	47	50	75
Earnings per Share (in Rupees)	821	821	83	257	140	224	158	290	307	456
Equity Capital	155	163	163	163	163	163	163	163	163	163
Reserves & Surplus	301	397	405	430	443	469	486	522	550	607
Gross Block	199	204	232	237	242	259	284	318	311	290
Inventory	69	69	127	195	157	198	162	165	171	239
Debtors	463	498	641	846	809	1011	1159	1177	1207	1435
Working Capital	372	633	685	660	-	-	-	-	-	-
Working Capital (as per Revised Schedule VI)	-	-	-	-	430	343	233	412	379	602
Net Worth	456	560	568	593	606	629	647	682	714	770
PRV	912	936	994	1114	1226	1442	1678	1374	1270	1406
Value Addition	438	504	390	401	498	531	597	620	564	541

Gross and Net Turnover

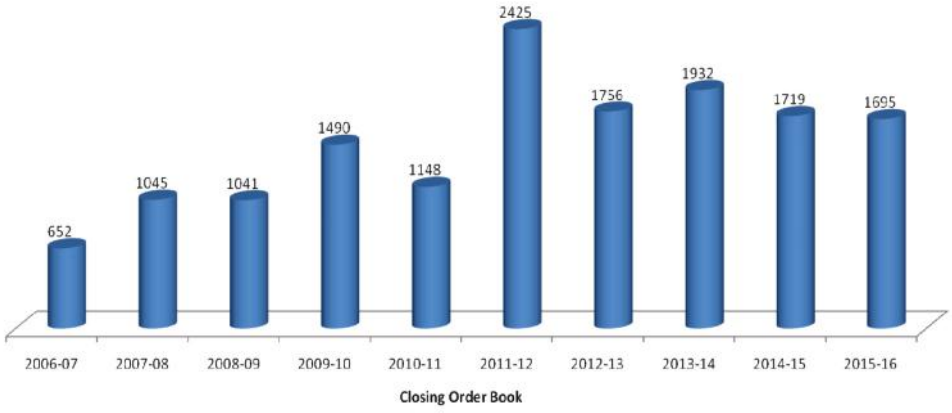
(₹ in crores)

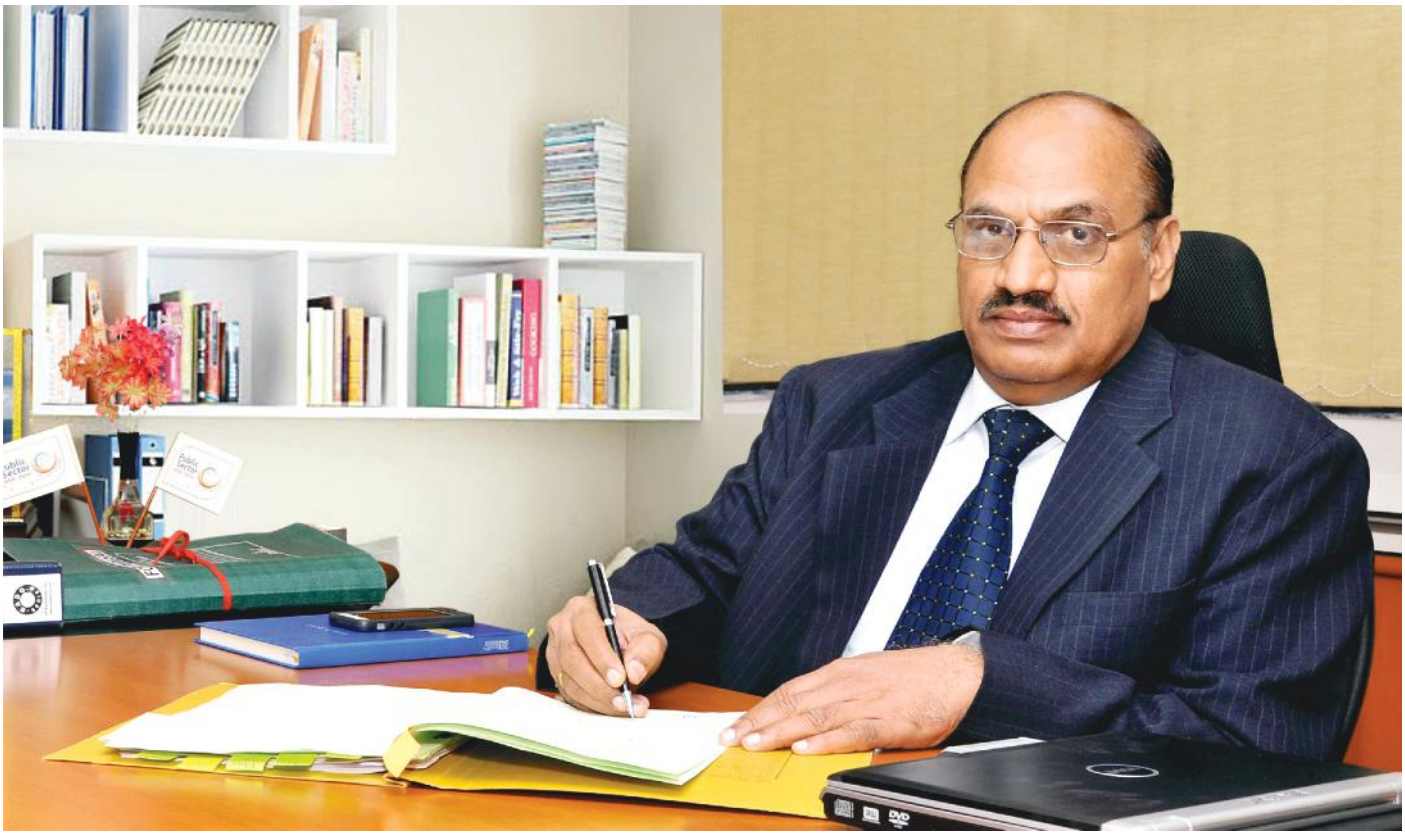


Net Worth



Closing Order Book





Chairman's Statement

Dear Shareholders,

It is my pleasure to present the 49th Annual report and the audited statement of accounts of company for the year ended 31st March, 2016 . It gives me immense pleasure to outline the facts, figures and trends to showcase your company's strong profile and outline its robust future growth.

I now present to you a bird's eye view of the performance during 2015-16 and the outlook for the future.

Highlights of the year 2015-16

The company recorded a turnover of Rs.1467 crore in the year 2015-16 as against Rs.1320 crore in the year 2014-15 with an increase of more than 11%. The company has increased its bottom-line with an increased PBT from Rs.66 crore in 2014-15 to Rs.83 crore in 2015-16 (up by 25%) . The rise in profit is primarily due to improved project management and reduction in employee benefit expenses. The provisioning for Rs 10 Crs towards pension scheme has also been done.

Major contribution includes IT & e-Governance amounting to 33% to the turnover majorly from EVMs and NPR & SECC projects. The Defence sector contributed 32% of the turnover with Universal Electronic Fuzes and Communication systems being the main stay. The Nuclear sector contributed 21% mainly from the supply of Nuclear Instrumentation Package and supply of C&I equipment for upcoming Nuclear Power Projects at Kakrapara and Rawatbhata. Security and Aerospace contributed 5% and 2% respectively.

Significant Achievements

Your Company has achieved significantly in its R&D Programs. The RF Seeker developed in association with BARC and DRDO successfully completed the captive flight trials and going for missile trials. Other R&D projects which has been completed and converted into products include High Temperature Fusion Chamber, Limb Monitor, EC Power Supply, Linear Variable Differential Transformer (LVDT) and Integrated Electronics System (IES) for AUV.

Your Company has successfully delivered the first batch of Ultra Stable Power Convertors for world's major discovery science program by a tri-partite contract signed with FAIR (Facility for Antiproton and Ion Research), Germany and Bose Institute, Kolkata.

The company has entered into the strategic tie-ups / MoUs to strengthen its activities. A few of them are enumerated as below :

- Supply of Secure PLC based SCADA system with Satish Dhawan Space Centre (SDSC), Sriharikota for PSLV application
- MOU with Tetraedr, Belarus for upgrading the command and control system of missile systems procured earlier by Defense Services
- MoU with National Remote Sensing Centre (NRSC) for Design, Development, Fabrication, System Integration and installation of 'S/Ka-band Remote Sensing Data Reception System
- MoU with SAMEL-90, Bulgaria for development and manufacture of various kinds of Jammers
- MoU with Semiconductor Laboratory, Chandigarh for development of Photodiode Detectors for X-ray Systems
- MoU with Space Application Centre, Ahmedabad for providing technical assistance to ECIL for development of multi-band composite feed system for earth stations.

OUTLOOK for 2016-17

The Company has set a target of Rs.1650 crore in turnover in its MoU with the Department of Atomic Energy (DAE) for the year 2016-17. The present order book position, orders in pipeline and the leads available, predict a stellar performance exceeding the target.

The existing major executable orders comprise of Strategic projects of DRDO, Universal Electronic Fuzes, Electronics Voting Machines, Upgradation of MAX exchanges, Jammers and Radio communication products.

The orders in pipeline include EW Systems, C^4I Systems for Akash and BrahMoS , EVMs from ECI and Electronic fuzes from MoD . These orders when received will enhance the order book status by Rs.3000 crores. The company is in pursuit of major leads especially from Defence Communications System and RF Seekers.

CHALLENGES

The Company is facing major challenges in human resources with large number of employees retiring every year leading to depletion in skills. The company is therefore concentrating on recruitment and human resource development to retain the skills and develop new skills to meet the emerging opportunities.

The company has taken initiatives to modernize and upgrade its infrastructure to meet the future and upcoming projects.

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 towards 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 Sub-Delegation of Powers has been revised to further decentralize decision making with accountability at various levels.

In conclusion, I would like to state that the present order book and orders in pipeline depict a bright future of the company. With improved project management skills and enhanced training, the company is poised to reach new heights and will continue to meet its strategic objectives consolidated in its VISION.

Thank you

P Sudhakar
Chairman & Managing Director

ECIL entering into an MOU with Space Application Centre, Ahmedabad for multi Feed Antenna Systems. Seen in the picture are Dr. Tapas Mishra, Director, SAC along with C&MD, ECIL

Smt Aruna Sharma, Secretary, Ministry of Electronics and Information Technology handing over the Transfer of Technology documents for IOT equipment developed by C-DAC to Shri P Sudhakar, C&MD in presence of Prof. Rajat Moona, Director General, C-DAC.

ECIL entering into an MOU with Tetraedr, Belarus, for upgradation of command and control systems

ECIL entering into an MOU with Samel, Bulgaria for the supply of Jammers

Directors' Report

To

The Shareholders of

Electronics Corporation of India Limited

Gentlemen,

Your Directors have immense pleasure in presenting the Forty ninth Annual Report of your Company for the year ended 31st March, 2016.

Performance Highlights

(₹ in Crores)

	Financial Year 2015-16	2014-15
a) Turnover (Gross)	1467	1320
b) Production at realisable value	1406	1270
c) Profit before depreciation, finance cost, tax and prior period & exceptional items	143	141
d) Prior period & exceptional expenses	(3)	14
e) Profit before depreciation, finance costs and tax	146	127
f) Finance costs	41	36
g) Depreciation	22	26
h) Profit before tax	83	65
i) Provision for tax	8	15
j) Profit after tax	75	50
k) Net worth	770	714
l) Capital employed	719	695
m) Value added	541	565

Financial Highlights

During the year, the Company recorded a gross turnover of Rs. 1467 crores compared to Rs. 1320 crores achieved in the previous year. Company has achieved the Profit before tax of Rs. 83 crores compared to Rs. 65 crores achieved in the previous year. There is an increase of 49% in profit after tax (PAT of Rs. 74.54 crores) over the previous year (previous year Rs. 50.17 crores). The improved profitability has been achieved through efficiency in manufacturing operations along with substantial savings in employees costs.

Share Capital & Unsecured Loans

The authorised share capital of the Company has remained unchanged at Rs.200 crores. The called up and paid up Share capital as on 31.03.2016 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. 91.25 per share of Rs.1000/- amounting to Rs.14.90 crores for the year 2015-16.

Significant Achievements

Major Orders Executed

During the year 2015-16, in Nuclear segment the major contributions have come from Radiation Detection Equipment, Control and Instrumentation systems for nuclear programs. Universal electronic fuzes for artillery, Radios, C4I systems for missiles and strategic projects constituted the major orders executed in the defence sector. Orders for Antenna Systems, Gyros, Synchros and Actuators are executed under Aerospace sector. Multi-Post, Multi Vote Electronic Voting Machines and Voter Verifiable Print Audit Trail equipment contributed the major share for the e-Governance segment. Your company has also successfully completed National Population Register and Socio-Economic Caste Census projects.

New Products Introduced

The company has an established R&D facility with motivated engineers to cater for state of the art needs in the business areas of the Company. Sustained efforts have been made to develop new products in association with the leading R&D Centres and Academic Institutions.

The new products introduced during the year covered major sectors in which company operates. Some of the new products introduced during the year include High Temperature Fission Chambers, Limb Monitors, Ultra stable Power Converters, Integrated Electronics System for Autonomous Underwater Vehicles, Rotary Electromechanical Actuators, Linear Electromechanical Actuators, Imaging and Mono pulse seeker, Linear Variable Differential Transformers, Ship Borne Communication Terminals and Multi Band Feed System for Antennae. Details of new products introduced during the year are part of the annexure attached to 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 2014-15 has been rated 'GOOD'. The MoU self-evaluation report for 2015-16 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 order book position of Rs.1640 crores as on 01st April, 2016 out of which Rs.1131 crores is executable during the year 2016-17. The Company has booked the total orders of Rs. 1341 crores during the year.

Research and Development

Research and Development is crucial to the survival of an electronics organisation due to its fast changing nature, continuous technology changes and competition. ECIL has always accorded high priority for R&D with focus on innovation and continual improvement in products and processes. While each strategic business unit carries out development activities in its areas of interest, the Corporate R&D unit coordinates for undertaking development activities which involve multi business units.

Your company also collaborates closely with several national laboratories and premier engineering institutions and converts the technologies developed by them into commercial products. Your company also enlists their support in developing new products as well as enhancements to the existing products to meet the changing customer requirements. The new products and enhancements introduced during the year are provided in the Annexure to this report.

Quality

1. Surveillance audits / Re-certification audits of ISO 9001: 2008 were completed in the business units and awarded extension.
2. Surveillance audit for Environment Management System and Occupational Health and Safety Management was completed and recommended for extension of certification.
3. Audit and Re-certification of Calibration and Measurement Lab was completed.

New Facilities

Company has constructed the magazine store ammunition as per the explosive rules in vogue. The installation of nitrogen injection system as explosive prevention system for oil filled transformers at 33 KVA Sub station of ECIL is completed. Modernisation of the production facilities with state of art infrastructure and equipment in business divisions is completed.

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 pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 are given in Annexure - 'A' to this report.

Particulars of Employees

Pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, as amended, none of the employees of the Company were in receipt of remuneration in excess of limits prescribed under the said rules.

Extract of Annual Return

Extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure 'B' to this report.

Loans / Guarantees / Investments

Particulars of loans, guarantees and investments under section 186 of the Companies Act, 2013 are nil.

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 'H' 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 16 persons have been appointed (including three fire staff officials on deputation).

A total of 362 (including one CVO and three fire staff on deputation) employees separated from the company during the year.

Your company employed 2517 persons, including the

two Directors and one C&MD. It also includes seven fire staff on deputation. Your company has been earnestly implementing the Government directives regarding reservations. The group-wise details of SC / ST employees in the company as on 31st March, 2016 are as under:

Category	Group A	Group B	Group C	Group D
Total employees	1241	469	580	224
Scheduled Castes	204 (16.44%)	65 (13.86%)	88 (15.17%)	56 (25%)
Scheduled Tribes	78 (6.29%)	43 (9.17%)	62 (10.69%)	07 (3.13%)

During the financial year 2015-16 Corporate Learning and Development Center has continued its emphasis on developing the technical, functional, managerial and leadership competencies.

In-House Training

During the year 2015-16 Corporate Learning and Development Centre has organized 19 In-house Training Programmes / Seminars on various technical, functional and management topics of current interest by eminent faculty from reputed Institutions, as well as internal faculty. This has resulted in 1047 man days of training and an expenditure of Rs.9, 99,699 /-

External Training

During the year 2015-16, Corporate Learning Centre had processed nominations of 98 employees for participating in the training programmes organized by various reputed training organizations on Technology and Management Development themes resulting in 262 man days of training and an expenditure of Rs.7,00,211/- towards course fee.

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: Sectional / Divisional Production meetings were held in business divisions at regular intervals. In the said meetings, working plans, targets set for production, sales, order book were reviewed and action plans were made.

b) Representatives of Staff and Workers' Union are invited for the meetings of Corporate Management Committee which is a high level policy making body, Chaired by C&MD and consists of Functional Directors, Executive Directors, General Managers and Heads of Divisions.

Employee Relations

Employee relations are cordial and harmonious across the company. The Industrial situation was normal during the year 2015-16 and there has been no loss of man days during the year.

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.

Implementation of Persons with Disablities Act, 1995

Seven positions in the grade of EG-II were filled during the year against Special Recruitment Drive for Persons with Disabilities. Out of the six reservations, one of the orthopedic employee was permitted

Three-Wheeler to discharge his duties inside the Factory. Recruitment process for six more positions is initiated.

Implementation of RTI Act

The Company has received 116 RTI requests for information during the year in addition to the 31 requests carried forward from the previous year. Information was provided against 128 requests, 13 applications were returned due to non conformity and the balance 6 were pending for disposal at the end of the year.

Implementation of Official Language Policy

During the year, the provisions of the Official Language policy have been implemented at corporate level. Four Junior Hindi Translators have been selected for Zonal offices located at New Delhi, Mumbai, Kolkata and Chennai. Training in Hindi Correspondence has been imparted to employees in four Hindi workshops. Two sessions of Hindi Typing Course classes were conducted for the employees who are having working knowledge of Hindi and two sessions of Hindi Course classes were conducted for the people who are not having working knowledge of Hindi. Various Hindi competitions were conducted for Hindi and Non-Hindi Speaking employees during 'Hindi Week' and for 'Town Official Language Implementation Committee ' of Hyderabad.

Corporate R&D Report 2015 has been published in Bilingual and Products Profile has been updated in Hindi. 'ECIL Gaurav', a bi-annual Hindi house magazine is being published regularly. The documents placed before committees of Parliament, various notes submitted to the Government, MoUs etc. have been prepared in bilingual. The company has been awarded 'Rajbhasha Shield' (1st Prize) by the Town Official Language Implementation Committee of Hyderabad for its excellent implementation of Official Language policy.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received under sexual harassment during the year.

Joint Venture

The JV Company has achieved a turnover (provisional) of Rs.103 crore (un-audited) against a target of Rs.85 crore. The turnover consists mainly of Rs.66.55 crore from sale of X-Ray Baggage Inspection Systems & Spares and Rs.36.52 crore towards servicing and other income excluding port civil work and manpower services. The profit after depreciation & before tax of the Company for the year is Rs.6.79 crore (provisional), compared to Rs.9.24 crore for the previous year.

The JV Company is targeting for current financial year a growth of 10% over the previous year.

Corporate Governance

The Department of Atomic Energy, the Administrative Ministry asked the company to comply with the Guidelines of Corporate Governance for CPSEs laid down by the Department of Public Enterprises

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'

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 2015-16:

S.No.	Sustainability Project undertaken by the Company	Achievement
1.	Energy conservation	Feasibility study for installing 250KVA solar power plant extendable to 500KVA is planned.
2.	Construction of Second effluent treatment plant	Construction is completed and the plant is made operational.
3.	Bio-gas plant	With the Canteen waste and bio-degradable waste, a Bio-gas plant is planned through the support of Department of science and technology.

Statutory Auditors

The Statutory auditors of your Company have been appointed by the Comptroller and Auditor General of India. M/s. Ramanatham & Rao, Chartered Accountants have been appointed as statutory auditors of the company for the year 2015-16. The company's responses to the statutory auditors' qualifications/reservations on the accounts of the company for the year ended 31.3.2016 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, 2016 have been reviewed by Comptroller and Auditor General (C&AG) of India. There are NIL comments from the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the Accounts of your Company for the year 2015-16 as given in Annexure 'F' to this report.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the cost records maintained by the Company in respect of its manufacturing activities are required to be audited by the Cost Auditor.

Your Directors had, on the recommendation of the Audit Committee, appointed M/s Nageswara Rao & Co., Cost Accountants, Secunderabad as Cost Auditors for the Financial Year 2015-16. The Cost Audit Reports for the FY 2015-16 will be filed with the Cost Audit Branch of MCA within the stipulated time.

Vigilance

The Vigilance Department has an independent Chief Vigilance Officer supported by Group Vigilance Officers in each of the business divisions. While the focus of vigilance department is preventive vigilance with respect to procurement processes, they also conduct inspections, investigate issues referred to them and provide suitable suggestions for improvement of the systems.

During the year gone by, the vigilance department held structured review meetings with the CVO every quarter which have yielded several benefits. Implementation of e-procurement and ERP continued to be the thrust areas.

The Vigilance Department has undertaken the following activities during the year:

1. Complaints: Complaints received from CVC/ CBI/ DAE/ Vendors/ Tenderers/ general public are investigated. During the year, 14 complaints were handled and all the complaints were disposed.
2. Filing of immovable property returns: 1692 executives out of 1710 of the company filed their immovable property returns during the year.
3. CDA Rules: The comprehensive amendments to CDA Rules were undertaken.
4. Online Complaint box: Online complaint box placed on the Company website is made operational.
5. Systems improvement: Efforts have been put to improve the functional efficacy and enhance transparency through various interventions. Important areas which require improvement have been identified and the same were reviewed by C&MD in the Structured Vigilance Review meetings held quarterly.

Related Party Transactions

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions.

The transactions entered into with related parties are reviewed on a quarterly basis by the Audit Committee.

Changes in the Board of Directors

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

Shri D Chakrapani, IAS (Retd.) ceased to be Director with effect from 10th May, 2015.

Smt Nisha Singh, IAS, Joint Secretary, (Branch Secretariat), DAE ceased to be Director with effect from 12th November, 2015

Shri S S Sundaram, Former DG, ECS, DRDO ceased to be Director with effect from 13th February, 2016.

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

Shri Sanjeev Sood, Joint Secretary, (I&M), DAE has been appointed as a Director with effect from 03rd November, 2015

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors confirm:

(a) that in preparation of accounts for the financial year ended 31st March, 2016, 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. 129(5) of the Companies Act, 2013;

(b) that the Directors have selected such of the accounting policies, applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31.3.2016 and of the profit and loss 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors have prepared the Accounts for the financial year ended 31st March, 2016 on a 'going concern' basis.

(e) that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Social Responsility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by Ministry of Corporate Affairs & DPE Guidelines the Company has undertaken various activities as per the CSR Policy. The programmes / initiatives / projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which are duly incorporated in our revised CSR policy and forms the guiding principle for all our programmes. The Company has a Corporate Social Responsibility Policy which has approval of the Board of Directors

Pursuant to the Rule 8 of The Companies (Corporate Social Responsibility) Rules, 2014 a report on CSR activities for financial year 2015-16 is annexed herewith as Annexure 'G'.

Statutory Disclosures

a) There was no change in the nature of business of the Company during the financial year 2015-16.

b) The Company has not accepted any public deposits during the financial year 2015-16.

c) No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concerns status and Company's operations in future.

d) The Company maintains an adequate system of internal controls including suitable monitoring procedures, which ensure adequate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies.

e) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31.3.2016 and the date of 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 BARC, IGCAR, 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 Electronics and Information Technology, Department of Science and Technology, Ministry of Shipping, Ministry of Rural Development, 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 Governments of Telangana and 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

Mumbai
Date : 16.09.2016

Annexure - 'A'

Information required to be disclosed in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo.

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

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

iv) Solar water heating system maintenance is carried out periodically for better performance of the system.

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

i) Installation of Automatic Power Factor Control panels in Sub-stations to improve the power factor.

ii) Installation of new Microprocessor relay protection based Air Circuit Breaker Panel in Sub-station.

iii) Replacement of conventional 80W Tube light fixtures with 36W LED lighting fixtures in the corporate office and business divisions.

iv) Replacement of old LT Power Distribution panels in Control rooms of production areas.

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

Annual energy consumption to turnover ratio is improved

D. Technology absorption

Efforts made in technology absorption as per Form B

Form B

A. Research & Development

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

a) High Temperature Fission Chambers

b) Limb Monitor

c) Switch Mode Power Supplies

d) Linear Variable Differential Transformers

e) Imaging and Mono Pulse Seeker

f) Integrated Electronics System for Autonomous Underwater Vehicles

g) Rotary and Linear Electro Mechanical Actuators

h) 7.5m S/X-Band Feed System

i) Ship Borne Terminal

j) Ion Mobility Spectrometry Explosive Detector

k) Radio Interface Encryption Device

l) Secrecy for MOTOTRBO Two Way Radio

m) 10Gbps Interface Tributary Card

n) PRAGYA (Biometric Verification Terminal)

o) Encryption for Transport networks & wireless networks (HF/VHF/UHF)

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

a) Development of High Temperature Fission

Chambers detectors which will work at high temperatures, Limb monitor, a security system for detecting the illicit transport of Nuclear and Radiation material have enabled import substitution, savings in foreign exchange as well as reduction in costs and have resulted in improvement of order book position of the company.

b)Indigenous development of LVDTs, required for Nuclear, Satellites and Missile applications have enabled import substitution.

c)Indigenous development of Imaging & Mono Pulse Seeker, air-borne Radar which helps to guide a missile towards a fixed or maneuvering target in terminal guidance phase of its flight leads to import substitution and improves the order book of the company.

d)Development of IMS explosive detector resulted in expansion of company's business in homeland security.

e)Development of Ship Borne Terminal (SBT) systems and 7.5m S/X Band feed system for Antennae are likely to provide large opportunities in the global market for the company in the near future.

f)The development of PRAGYA, a device for automation of election process with biometric authentication resulted in expansion of company's business in e-governance sector

3 Future plan of action (for R&D in Products and Technologies)

a)Development of new detectors and upgradation of detectors for nuclear facilities

b)Development of Mono-pulse RF Seeker for Nirbhay and Akash -II Missiles

c)Design and development of digital Gauge for general applications

d)Development of mini Autonomous Underwater Vehicle.

e)Design of 11m L & S Band Antenna which is first of its kind in global market

f)Development of Next Generation Antenna Systems working in Frequency bands of S/Ka/X Band

g)Encryption products development/customization for different needs of strategic sectors

Development of new types of Explosive Detector Systems

4. Expenditure on R&D (₹ Crores)

	2015-16	2014-15
i) Capital	5.64	2.56
ii) Recurring	37.52	42.90
iii) Total	43.16	45.46
iv) Total R&D expenditure as percentage of turnover (net)	3.09%	3.59%

B. Technology absorption, adaptation and innovation

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

a)High Temperature Fission Chambers for PFBR were developed and manufactured in association with BARC and IGCAR.

b)An MoU was signed with Space Application Centre, Ahmadabad to develop multi-band composite feed systems used in earth stations.

c)An MoU was signed with National Remote Sensing Centre (NRSC) for Design, Development, Fabrication, System Integration and Installation of `S/ka-band Remote Sensing Data Reception System`.

d)ECIL and BDL have joined hands to develop missile electronic and weapon support systems for major defence projects.

e)An MoU was signed with BARC for technology transfer of Quadrupole Mass Spectrometer.

f)An MoU was signed with IIT, Hyderabad for technical collaboration on upcoming technologies, Joint R&D Projects and other Industry-Academia initiatives.

g)An MoU was signed with IGCAR, Kalpakkam for Technology transfer of Wireless Sensor Network Nodes.

h)An MoU was signed with Semiconductor Laboratory, Chandigarh, Punjab to carryout development of Photodiode Detectors for X-ray systems.

i)An MoU was signed between ECIL and SAMEL-90, Bulgaria for the development and manufacturing of various kind of Jammers in India under phase manufacturing programme in order to increase the Indian content of the Jammers range of products, thereby enabling ECIL to address larger Indian market share in the future.

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

i) Development of High Temperature Fission Chambers, Limb monitor, Ion Mobility Spectrometry (IMS) Explosive Detector, Imaging & mono-pulse seeker, LVDTs, 7.5m S/X-Band Feed System and Ship Borne Terminal and Rotary & Linear Electro Mechanical Actuators resulted in cost reduction and import substitution.

ii) Development of Integrated Electronics System for AUV resulted in product improvement

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

Technology imported during the last 3 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						

C. Foreign Exchange Earnings and outgo:

i) During the year, the Company exported (including third party exports) Rs. 1.27 crores worth of its products.

ii) The details of the total exchange used and earned are:

(₹ Crores)

Particulars	2015-16	2014-15
Foreign exchange used	314.89	313.64
Foreign exchange earned	1.27	0.38

D. New Products

The company has been pursuing the state-of-the-art technologies to establish itself as a Centre of Excellence in strategic and allied sectors, even while continuing to take up projects involving integration of complex and one-of-a-kind systems. A conscious effort also has been made to develop new products in association with leading R&D Centres and DAE institutes. The new products introduced by the company in the year 2015-16 includes Nuclear, Defence, Aerospace, Security, IT, Telecom & e-Governance sectors.

1. High Temperature Fission Chambers

High Temperature Fission Chambers are gas filled detectors for the measurement of Neutron flux in the high Gamma background and capable of functioning at high temperature up to 570°C. These detectors perform key role for control and safety of sodium cooled Fast Reactors. ECIL has developed and manufactured HTFCs for Prototype Fast Breeder Reactor in association with IGCAR and BARC. These detectors can be operated both in pulse mode in lower Neutron flux and DC output current mode in higher range of Neutron flux.

High Temperature Fission Chambers

2. Limb monitor

Limb Monitor is a highly reliable security system for detecting the illicit transport of Special Nuclear and radiation material. The system will detect the presence of any radioactive material carried by the persons passing through the system in 2 mtrs range and generates an alarm to alert the security personnel.

Limb monitor

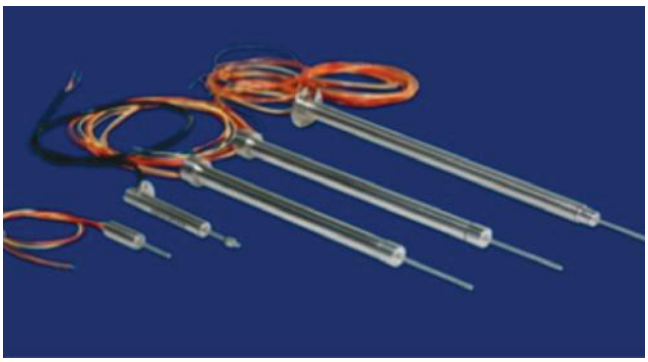
3. EC Power Supply

The power supply to run all electronics systems for Control and Instrumentation of Nuclear Power Plants is one of the most important components to enhance overall plant performance. The EC Power Supply is a rugged fault tolerant hot-pluggable, load sharing power supply designed and developed in association with BARC. These Module based power supplies support Fault Tolerant Power Distribution System.

ECPowerSupply

4. Linear Variable Differential Transformer (LVDT)

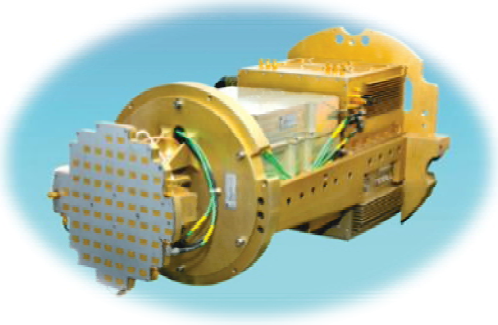
LVDTs developed for critical applications are robust, absolute linear position/displacement transducers which are inherently frictionless with a virtually infinite life cycle.



Linear Variable Differential Transformer (LVDT)

5. Imaging and Mono pulse Seeker

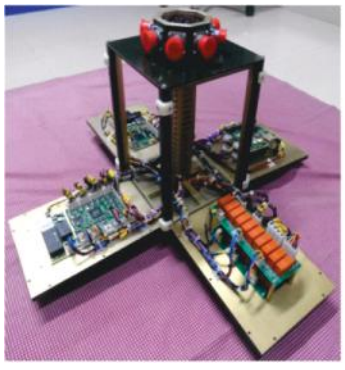
Indigenously developed RF seeker is air-borne Radar which helps to guide a missile towards a fixed or maneuvering target in terminal guidance phase of its flight. Once a target is acquired, an RF seeker locks on to the target and provides real time update of the target parameters such as range, look-angle and their rates. These are used by missile to guide itself towards the target using the tracking Radar system, to provide hit-to-kill capability during terminal guidance of missile.



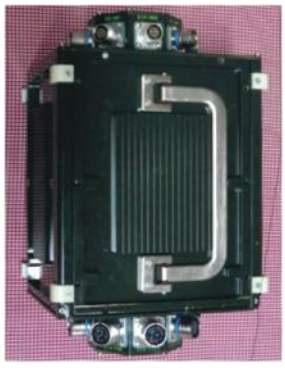
RF Seeker

6. Integrated Electronics System for AUV

The Integrated Electronics System is developed to integrate various Electrical, Electronics, Instrumentation and Computer systems for the Autonomous Underwater Vehicle and is designed in modular way to accommodate different payloads and sensor packages.



Integrated Electronics System (IES)

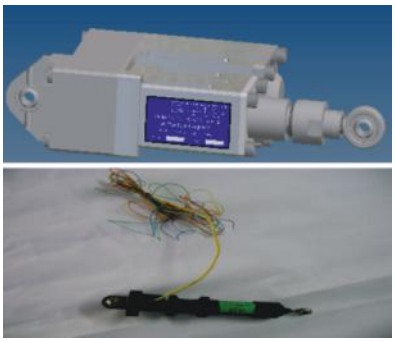


IES in AUV

7. Rotary and Linear Electro-Mechanical Actuators

The Rotary Electro-Mechanical Actuator is developed control the tail fin of the missile during the flight. It consists of a BLDC motor, a set of gears, a driver card to drive the motor and a control card to control the actuation system as a position control system. The Linear Electro Mechanical Actuator is a closed loop position control system comprising of Motor, Tacho Generator, Linear Variable Differential Transformer, Gear train Assembly and Ball Screw.

Rotary- Electro-Mechanical Actuators



Linear Electro Mechanical Actuators

8. 7.5m S/X-Band Antenna System

7.5m S/X-band Tracking Antenna system used to track the Low Earth Orbit (LEO) Satellite and receive data in S & X Band frequencies. The Antenna is designed as dual shaped high efficiency Cassegrain system to achieve G/T of 32dB/°k in X-Band frequency and 18 dB/°k. Pedestal is developed to

have servo capability of velocity, acceleration and tracking accuracy to acquire and auto track LEO (approx. 400 Km) Satellites in S & X Band frequencies.

7.5m S/X-Band Antenna System

9. S/X-Band Feed System

The single channel monopulse scheme in both S and X Band is developed in house and implemented to acquire and auto track the satellite in Azimuth and Elevation from Horizon (N) to Horizon (S) continuously.

S/X-Band Feed System

10. Explosive Detector

The explosive detector is based on Ion Mobility Spectrometry technique, an instrumental method for trace detection of explosives. This technology detects the majority of explosives by analyzing the negative ions in Particle swipe mode. In this technique, sample vapors are converted into ions at atmospheric pressure and these ions are characterized by their gas phase motilities in weak electric fields.

IMS Explosive Detector

11. Interface Encryption Device

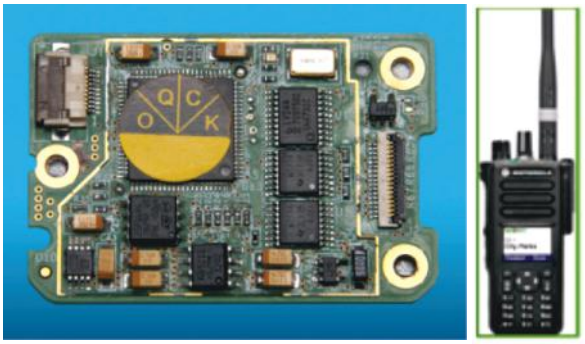
The Radio Interface Encryption Device is developed to provide a secure voice and data for HF/UHF/VHF radios in their network. This unit secures voice/data messages at the input level and handovers the information to the radio, so that the radio sends the cipher messages in the established domain. The device is designed to address noisy environments and latency domains by providing high efficient data retrieval mechanism.

Radio Interface Encryption Device

12. Secure MOTOTRBO Two way radio

MOTOTRBO is a two way digital Radio used for Voice communication in a standalone and network mode through IP backbone which can cover very large area. A mini plug-in card designed to interface

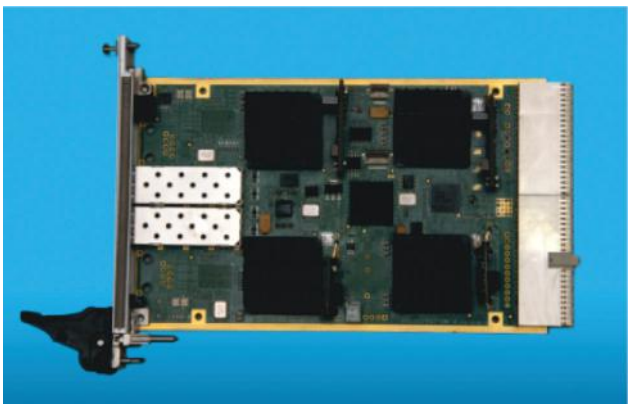
and fit in the Motorola digital radios to provide a secure voice communication.



MOTOTRBO Two way radio

13. 10 Gbps Interface Tributary Card

A 10 Gigabit Ethernet card offers data speeds up to 10 billion bits per second. 10G Interface tributary card is designed for more efficient and less expensive approach to secure high speed data in internet domain. It provides Layer 2 and Layer 3 level secure and configurable solution. This interface card gracefully fits in the tributary slot of 19", 5U chassis (EIA-310) and establishes a backplane connection with the redundant system controller.



10 Gbps Interface Tributary Card

14. Pragya

Pragya is a smart, compact, multipurpose, Transaction Terminal with 7-inch multi-touch capacitive touch screen device that guarantees secure mobile data transactions using biometric authentication. This is integrated with STQC certified Optical Biometric Scanner which can be used in various applications like Security and Access control.

Pragya

For and on behalf of the Board of Directors

Mumbai
16.09.2016

P Sudhakar
Chairman & Managing Director

Annexure - 'B'

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

Form No. MGT 9

1. Registration & Other Details :

1.	CIN	CIN: U32100TG1967GOI001149
2.	Registration Date	11.04.1967
3.	Name of the Company	Electronics Corporation of India Limited
4.	Category/Sub-category of the Company	Private Limited
5.	Address of the Registered office & contact details	ECIL Post, Hyderabad - 500062
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A

II. Principal Business Activities of the Company

(contributing 10 % or more of the total turnover of the company)

S.No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Nuclear Equipment	-	Nuclear, Defence and Securities Equipment and E-Governance Projects consists more than 90% of the Turnover.
2	Defence Equipment	-	
3	Security Equipment	-	
4.	E-governance	-	

III. Particulars of Holding, Subsidiary and Associate Companies

S.No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	ECIL Rapiscan Ltd	U99999TG1995PLC019129	Associate	49%	2(6)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
Category - wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	16,33,712	16,33,712	100	-	16,33,712	16,33,712	100	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	16,33,712	16,33,712	100	-	16,33,712	16,33,712	100	Nil
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)									
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	16,33,712	16,33,712	100	-	16,33,712	16,33,712	100	Nil

B) Shareholding of Promoter :

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	16,33,709	99.97	-	16,33,709	99.97	Nil	Nil
2	Secretary & Chairman, AEC, Govt. Of India, Department of Atomic Energy(DAE)	1	.01	-	1	.01	Nil	Nil
3	Jt. Secretary, DAE	1	.01	-	1	.01	Nil	Nil
4	Chairman & Managing Director, ECIL	1	.01	-	1	.01	Nil	Nil

C) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	16,33,712	100	16,33,712	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Nil		Nil	
	At the end of the year	16,33,712	100	16,33,712	100

D) Shareholding Pattern of top ten Shareholders :
(Other than Directors, Promoters and Holders of GDRs and ADRs) :

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	1. President of India	16,33,709	99.97	16,33,709	99.97
	2. Secretary & Chairman, AEC, Govt. Of India, Department of Atomic Energy(DAE)	1	.01	1	.01
	3. Jt. Secretary, DAE	1	.01	1	.01
	4. Chairman & Managing Director, ECIL	1	.01	1	.01
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year				
	1. President of India	16,33,709	99.97	16,33,709	99.97
	2. Secretary & Chairman, AEC, Govt. Of India, Department of Atomic Energy(DAE)	1	.01	1	.01
	3. Jt. Secretary, DAE	1	.01	1	.01
	4. Chairman & Managing Director, ECIL	1	.01	1	.01

E) Shareholding of Directors and Key Managerial Personnel :

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	1. Chairman & Managing Director, ECIL	1	.01	1	.01
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year				
	1. Chairman & Managing Director, ECIL	1	.01	1	.01

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment (in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	248,89,97,047	100,00,00,000	-	348,89,97,047
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12,28,646	-	-	12,28,646
Total (i+ii+iii)	**249,02,25,693**	**100,00,00,000**	**-**	**349,02,25,693**
Change in Indebtedness during the financial year				
* Addition	-	500,00,00,000		500,00,00,000
* Reduction	93,51,56,098	500,00,00,000		593,51,56,098
Net Change	93,51,56,098	-	-	93,51,56,098
Indebtedness at the end of the financial year				
i) Principal Amount	155,36,66,110	100,00,00,000	-	255,36,66,110
ii) Interest due but not paid	14,03,486	-	-	14,03,486
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	**155,50,69,596**	**100,00,00,000**	**-**	**255,50,69,596**

VI) Remuneration of Directors and Key Managerial Personnel -

A. Remuneration to Managing Director, Whole -time Directors and/or Manager :

S No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Sh. P.Sudhakar C & MD	Sh. Kishor Rungta Director (F)	Sh. VSB Babu, Director (P)	
1	Gross salary	Rs. 32,93,694/-	Rs. 29,61,207/-	Rs. 29,50,575/-	Rs. 92,05,476/-
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 32,93,694/-	Rs. 29,61,207/-	Rs. 29,50,575/-	Rs. 92,05,476/-
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
(c)	Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	 Nil Nil	 Nil Nil	 Nil Nil	 Nil Nil
5	Others, please specify Total (A)	Nil Rs. 32,93,694/-	Nil Rs. 29,61,207/-	Nil Rs. 29,50,575/-	Nil Rs. 92,05,476/-
	Ceiling as per the Act	N.A	N.A	N.A	N.A

B. Remuneration to other directors

S No.	Particulars of Remuneration	Name of Directors			Total Amount
		Sh. D. Chakrapani	Sh. S S Sundaram		
1	Independent Directors				
	Fee for attending board committee meetings	Nil	Rs.1,10,000/-		Rs.1,10,000/-
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	Total (1)	Nil	Rs.1,10,000/-		Rs.1,10,000/-
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	Nil	Nil		Nil
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	Total (2)	Nil	Nil		Nil
	Total (B)=(1+2)	Nil	Rs.1,10,000/-		Rs.1,10,000/-
	Total Managerial Remuneration				Rs.93,15,476/-
	Overall Ceiling as per the Act	N.A	N.A		N.A

C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

S No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS	CFO	
1	Gross salary	Nil	Rs.13,14,701/-	Nil	Rs.13,14,701/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Rs.13,14,701/-	Nil	Rs.13,14,701/-

VII) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fee imposed	Authority [RD /NCLT/ COURT}	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers In Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Shri P Sudhakar, C&MD explaining to Hon'ble Raksha Mantri Shri Manohar Parrikar about Electronic Fuses made by ECIL

Dr. Chidambaram, Principal Scientific Adviser to Govt of India discussing the Radiation Detection Equipments made by ECIL. Seen in the picture are Dr. P Vasudeva Rao, Director IGCAR and Shri Neeraj Sinha, Scientist, PSA Office.

Dr. Sekhar Basu, Chairman, AEC and Secretary DAE at ECIL pavilion of Nuclear summit in USA.
Seen in the picture are Shri Anurag Kumar, GM, ISG, Shri L R Jangra, Head Co-Ordination Division, GCNEP and Shri Ajay Kumar, Counsellor, Embassy of India, Washington DC

Shri K N Vyas, Direcor, BARC and Shri P Sudhakar, C&MD exchanging MOU documents for the supply of equipment

Annexure - 'C'

Corporate Governance

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

Board of Directors

In terms of Sec 2(45) of the Companies Act, 2013, ECIL is a Government Company. The entire paid up capital of the Company is held by the President of India, including the 3 shares held by his nominees.

The Board, as at 31.03.2016, comprises of seven Directors - three Whole-time Functional Directors and four 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 12.06.2015, 29.07.2015, 16.09.2015, 29.12.2015, and 21.03.2016. 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	No. of other Directorships
	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 Nonexecutive Directors				
Shri R A Rajeev	5	1	-	4
Shri K Jagannath	5	4	-	Nil
Lt. Gen. Nitin Kumar Kohli	5	1	-	1
Shri S S Sundaram (up to 13.02.2016)	4	4	Yes	Nil
Smt. Nisha Singh (up to 12.11.2015)	3	Nil	-	Nil
Shri D Chakrapani (up to 10.05.2015)	0	Nil	-	Nil

The remuneration of the Whole-time Functional Directors is fixed by the Government of India. Shri D Chakrapani and Shri S S Sundaram 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.

Board Procedures

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board has been kept informed of major events/items and approvals taken wherever necessary. Chairman &

Managing Director/ Director (F), at the Board Meetings, keep the Board apprised of the overall performance of the Company.

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 2015-16.

The following are the Sub Committees of the Board:

1. Board Sub Committee on Contract and Purchase
2. Board Sub Committee on remuneration
3. Board Sub Committee of CSR
4. Audit Committee

Audit Committee

As on 31st March, 2016, the Audit Committee consisted of Shri R A Rajeev, Shri Sanjeev Sood and Shri K. Jagannath. Director (F), Director (T) and the Statutory Auditors have been the special invitees for all the meetings. The Head of the Internal Audit Department has also been 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 29th July, 2015, 15th September, 2015, 29th December, 2015 and 21st March, 2016. 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 S S Sundaram	3	3
Shri R A Rajeev	4	1
Shri Sanjeev Sood (from 04.03.2016)	1	1
Shri K Jagannath	4	4

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 177 of the Companies Act, 2013 and DPE Guidelines.

Remuneration Committee

The Board at its 262nd held on 12th June, 2015 has reconstituted the Remuneration Committee with the following members taking into consideration the revised guidelines on constitution of the Remuneration Committee:

1. Shri S S Sundaram — Chairman
2. Shri R A Rajeev — Member
3. Shri K Jagannath — Member

The Committee had one meeting i.e. on 06.08.2015 during the financial year 2015-16.

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 ₹.)
1.	Shri P Sudhakar, C&MD	32,93,694/-
2.	Shri Kishor Rungta, Director (F)	29,61,207/-
3.	Shri V S B Babu, Director (P)	29,50,575/-

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 EC MSU and President and Secretary of ECOA are the special invitees.

Familiarisation & Training Programmes of Directors

At the time of induction of a new Director, a welcome letter is addressed to him along with details of business profile of the Company. Relevant Disclosures are taken from the Director and the management of the Company familiarizes the new Director about the Company, its operations, various policies and processes of the Company, various divisions of the Company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practices and orientation programmes etc. conducted by various institutes of repute.

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 2015-16. Details of these transactions were also placed before the Audit Committee meeting.
3. There were no instances on non-compliance on any matter related to any guidelines issued by the Government during the last three years and no penalties / strictures were imposed on the Company by any Statutory Authority on any matter.
4. 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.
5. The Company being PSU, Central Vigilance Commission Guidelines are applicable, which provide adequate safeguard against victimization of employees. No person has been denied access to the Audit Committee.
6. No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees / ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.
7. Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.
8. Administrative and office expenses for the financial year 2015-16 is 3.34% of the total expenses as compared to 4.60% of previous year.

Presidential Directives and Guidelines

The Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time regarding reservation for SCs, STs and OBCs in letter and spirit. Officials dealing with the subject were provided necessary training to enable them to update their knowledge on the

subject and perform their job effectively.

ECIL has implemented the Presidential Directive issued by the Government of India regarding implementation of Executives Pay Revision effective from 1st Jan, 2007.

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.

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 his nominees.

General Body Meetings

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

Year	Date	Time	Venue
2013-14	25.09.2013	14.00 hours	Registered Office, ECIL Post office, Hyderabad- 500062
2014-15	13.09.2014	14.30 hours	
2015-16	16.09.2015	15.00 hours	

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

Postal Ballot

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

Annual General Meeting

49th Annual General Meeting for the financial year 2015-16 will be held on 17th September, 2016 at Registered Office of the Company at Hyderabad

Whistle Blower policy

With a view to establish a mechanism for the employees to report to the Management about their concerns regarding unethical behavior and the cases of actual or suspected fraud, violation of Company's general guidelines on Conduct and Ethics, the Company implemented the Whistle Blower Policy. The Policy ensures that adequate safeguards are provided to the genuine Whistle Blower against victimization.

Compliance

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

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded ECIL as “Excellent” for the year 2014-15.

For and on behalf of the Board of Directors

P Sudhakar
Chairman & Managing Director

Mumbai
Date : 16.09.2016

Annexure - 'D'

N.V.S.S. SURYANARAYANA RAO Mobile: 9849567451.
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, 2016, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises – 2010, which were forwarded by the Department of Atomic Energy (DAE), the Administrative Ministry of ECIL., for compliance with the instructions contained therein.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has adopted a Code of Business Conduct and Ethics for Board Members and Senior Management as per the "Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010", issued by Department of Public Enterprises, as per which it is the responsibility of Directors and Senior Management Personnel to familiarize themselves with the Code of comply with its Standards and affirmed compliance with the Code of Conduct for the financial year ended March 31, 2016.

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

i. Guidelines regarding composition of independent directors on the Board of Directors.

ii. Guidelines regarding composition of independent directors on the audit committee, Remuneration Committee and CSR Committee of the Board.

Place: Hyderabad
Date : 11.07.2016

N.V.S.S. SURYANARAYANA RAO
Company Secretary in Practice
ACS No. 5868 C.P. No. 2886

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

Annexure - 'G'

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2015-16

S. No.	Item Description	Information
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	ECIL is committed towards holistic welfare of the Society by undertaking CSR activities within the ambit of Schedule-VII of the Companies Act 2013, Companies (CSR Policy) Rules 2014 and the Guidelines on CSR issued by DPE, Govt. of India. Out of the thrust areas mentioned in the Schedule-VII of the Companies Act 2013, priority will be given to under privileged, neglected and weaker section of the Society. The Company shall give preference to the local areas for spending at least 75% of the amount earmarked for CSR activities. The remaining amount will be utilized beyond local areas. At least 75% of the new proposals shall be taken up in Project mode. The provisions of the Companies Act, 2013 and CSR Rules made thereafter (including DPE guidelines, as and when issued, on CSR) shall have overriding effect vis-à-vis the provisions of this Policy. The First Level Committee on CSR shall ensure monitoring, co-ordination and supervision of all the Projects/activities of CSR during its implementation.
2	The Composition of the CSR Committee.	Shri S S Sundaram, Independent Director, Chairman Shri Kishor Rungta, Director (Fin.), Member Shri VSB Babu, Director (Per.), Member
3	Average net profit of the company for last three financial years	Rs. 5,478.68 Lakhs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 109.57 Lakhs
5	Details of CSR spent during the financial year a) Total amount to be spent for the financial year b) Amount unspent, if any c) Manner in which the amount spent during the financial year detailed below	Rs. 105.76 Lakhs Rs. 109.57 Lakhs Rs. 3.81 Lakhs As given in the Annexure.

S. No.	Item Description	Information
6.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	The Company has incurred nearly 96% of allocated amount during the year. However, the remaining amount to the extent of 4% could not be incurred due to longer gestation of projects involving activities like construction of toilets etc.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.	The CSR Committee has been taking proper care in implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the company.

Sd/
Chairman & Managing Director

Sd/
Chairman, CSR Committee

Sd/
Director (Personnel)

For and on behalf of the Board of Directors

P Sudhakar
Chairman and Managing Director

Mumbai
Date : 16.09.2016

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project No.	CSR Project or activity identified	Sector in which the project is covered	Projects programs (1) Local area or Other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) Project or programs wise (Rs.)	Amount spent on the projects or programs **Sub-Heads:** 1) Direct expenditure on projects or programs. 2) Overhead (Rs.)	Cumulative expenditure up to to the reporting period, i.e., up to 31.03.2016 (Rs.)	Amount spent : Direct or through implementation agency
1	Distribution of 6,300 Nos. Schools Bags & Water Bottles to the students in 26 Govt. Schools	Education	Local area – Govt. Schools situated in Kapra and Ghatkesar Mandal in R R District, Telangana State	20,00,000	Direct:19,31,675	19,31,675	Direct
2	Provision of water facilities at Govt. School (MPPS, Vampuguda Village), Kapra	Education (Improvement of infra-Structure)	Local area – Vampuguda Village, Kapra, R R District, Telangana State which is a Backward District identified by the Planning Commission for Backward Regions Grant Fund/BRGF.	1,61,120	Direct: 6,080		Direct
3	Construction of Toilet Block for Boys at Govt. School (MPUPS, Gandhi Nagar, Harijanawada, Kapra)	-do-	Local area – Gandhi Nagar, Harijanawada, Kapra R R District, Telangana State	3,30,468	Direct: 2,77,590	2,77,590	Direct
4	Construction of Toilet Block at Govt. School (MPPS, Ahmedguda, RR Dist)	-do-	Local area–ZPHS, Keesara, R R District, Telangana State	5,00,000	Direct: 4,00,000	4,00,000	Direct
5	Construction of Toilet Block for Girls at Govt. School (ZPHS, Keesara, RR Dist)	-do-	Local area–ZPHS, Keesara, R R District, Telangana State	4,13,981	Direct: 3,55,328	3,55,328	Direct
	Total C/F			34,05,569	30,40,673	30,40,673	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
6	Construction of Toilet Block for Girls at Govt. School (ZPHS, Rampally, RR Dist)	Education (Improvement of infra-Structure)	Local area–ZPHS, Keesara, R R District, Telangana State	5,47,514	Direct: 1,96,494	1,96,494	Direct
7	Construction of Toilets at Govt. School (MPPS, Laxmi Nagar, Ashok Nagar, Near NFC) RR Dist.	-do-	Local area– MPPS, Laxmi Nagar, Ashok Nagar, Near, NFC, R R District, Telangana State	2,24,000	Direct: 2,00,000	2,00,000	Direct
8	Construction of Class Rooms at Govt. School (MPPS, Ashok Nagar) RR Dist.	-do-	Local area– MPPS, Ashok Nagar, Near NFC, R R District, Telangana State	8,31,000	Direct: 1,50,000	1,50,000	Direct
9 & 10	Providing Computer education in 12 Govt. Schools, i.e, ZPHS - Kapra, Kushaiguda, Nagavaram, Keesara Chiryal, Dammaiguda, Ghatkesar, Rampally, MPUPS–Gandhinagar, Kamalanagar, Moulali, Cherlapally,	Education/ Skill Development	Local area – Kapra, Keesara, Ghatkesar Mandals in R R District, Telangana State which is a Backward Districts identified by the Planning Commission for Backward Regions Grant Fund (BRGF).	24,72,000	Direct:22,41,055	22,41,055	Direct
11	Distribution of LED Bulbs to the poor people staying in slums/Thandas	-do-	Local area– Slums/Thandas located in Ghatkesar Mandal, in RR Dist.	10,00,000	Direct: 8,74,338	8,74,338	Direct
12 & 13	Conducting Health Camps for the students of 2 Govt. Schools at Kamala Nagar and Moulali, RR Dist	Education/ Health	Local area – 2 Govt. Schools at Kamala Nagar and Moulali in R R District, Telangana State which is a Backward District identified under BRGF.	3,00,000	Direct:2,99,822	2,99,822	Direct
	Total C/F			87,80,083	70,02,382	70,02,382	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
14	Contribution to Clean Ganga Fund set up by Govt. of India	Donations	National cause – Socio economic development of the Society	20,00,000	Direct: 20,00,000	20,00,000	Direct
15	Distribution of sports items to the students in 2 Govt. Schools situated in Tirupathi, AP State, etc.	Education	Local area – Govt. School situated in Renigunta at Tirupathi of AP State, etc.	20,000	Direct:15,516	15,516	Direct
16	Contribution to Armed Forces Flag Fund, Kendriya Sainik Board, Ministry of Defence, Govt. of India	Donations	National cause – Benefit of armed forces veterans, war widows and their dependents	5,00,000	Direct: 5,00,000	5,00,000	Direct
17	Contribution to Chief Minister Relief Fund, Tamilnadu	-do-	National cause – Financial aid to take-up relief & rehabilitation activities in floods affected areas in Chennai-	10,00,000	Direct: 10,00,000	10,00,000	Direct
18	Conservation of natural resources	Environmental Sustainability	Local area - Replacement of old bulbs with LED Bulbs	50,000	Direct: 44,450	44,450	Direct
	Total			1,23,50,083	Direct: 1,05,62,348	1,05,62,348	

Annexure - 'H'

Management Discussion and Analysis

Industry Structure and Developments

India's growth story has remained positive largely on the strength of domestic absorption and the country registered a robust and steady pace of economic growth in 2015-16 with the Gross Domestic Product registered at 7.6 % in 2015-16 . The growing numbers for the last fiscal reinforces India's position as the fast growing economy in the world. The period saw positive changes introduced by the government in major sectors.

The operating environment witnessed bigger challenges with the opening up of global market which led to increased competition and shrinking profits especially in electronics hardware.

Despite these hurdles company managed to keep its position in the market and was able to achieve higher turnover and profitability compare to previous year.

SWOT Analysis

Strengths

- Long and rich experience in high technology solutions and products.
- Strong R & D tie-ups with DRDO, ISRO, BARC and other DAE units.
- In-house R&D and Testing facilities.
- Availability of skilled Human resources and Infrastructure for manufacturing
- Life Cycle Support of Products and Projects.
- Experience in handling large complex project.
- Established Customer Service Network.

Weaknesses

- Delay in collection of sundry debts from customers
- Lack of proactive marketing and product development
- Overdependence on a few markets (nuclear, defence and security)
- Inability to participate in large Tenders
- Long procurement cycle.
- No New Joint Ventures with reputed foreign companies.
- Low value addition in system integration projects
- Long product development cycles
- Inability to attract and retain top talent

Opportunities

- Upcoming Nuclear Programs
- Major Defence Programs
- Ongoing and New Space Programs
- Increasing Security Sector Market
- Election Programs of States, Local Bodies and Parliament
- Upcoming e-Governance programs like PDS, Smart Card etc.
- Weather Radar Programs
- Government's emphasis on indigenous development and manufacture

Threats

- Rapid Technology Obsolescence
- Operational Policy changes
- Procedural constraints for procurement
- Opening up Nuclear control and instrumentation segment for competition
- Non-level playing field in defence sector

Outlook for 2016-17

The Company is confident of meeting its target of Rs.1650 Crs for the financial year 2016-17 with robust order book position and improved project management. The major opportunities being Electronic Voting Machines and VVPATs, Electronic Fuses, C4I Systems for Akash & BrahMos Missile Programs, Control and Instrumentation Packages for Nuclear Programs, Telecommunication equipment and certain strategic projects from Defence sector. The Company is targeting to achieve a much higher turnover with the present order book position and forthcoming opportunities.

Segment-wise Performance

Nuclear

Control and Instrumentation Systems, Radiation Monitoring Instruments and Systems, Operator Training Simulators for Nuclear Power Plants and Facilities are the major constituents of the Nuclear business of the Company. During the year 2015-16, this segment posted a turnover of Rs 293 Crs contributing to 21 % of the company's net turnover.

The major supplies during the year in this segment are Radiation Detection Equipment to the Major Airports for detecting the illicit transport of Special Nuclear and radiation materials and High Voltage Power Supplies for Thermo Nuclear Experimental Reactor, an international nuclear fusion research Project.

The outlook for the nuclear segment is expected to be good due to increased order book position though new opportunities in the Nuclear Programs getting fructified.

Defence

Universal Electronic Fuzes for artillery, Military Radios, C4I Systems for Missiles, Communication Intelligent Systems and certain major strategic projects of Defence constitutes the Defence business of your Company. In the year 2015-16, the sector contributed 32% of the Company's annual turnover amounting to Rs.444 crores with major contribution coming from Electronic Fuzes for Indian Artillery and strategic defence projects.

The Defence budget showed a marginal increase and the Fuze market has also been opened to global market which lead to adoption of competitive pricing policy. The Make in India concept initiated by Government has made tie-ups under ToT imperative. The in-house development of high-end technology has become essential to maintain desired indigenous content.

The outlook for the segment is very good with the company being a major participant in strategic projects and the order book position is also encouraging. The competence of your company in RF Seekers and C4I systems will have a positive impact on its business. The segment is expected to increase its share in the overall business of the company in the coming years.

Security

Integrated Security Solutions involving physical and perimeter protection using video-surveillance and access control, Communication, information and Nuclear security products comprises the Security sector business of your Company. The business in this sector has been sluggish in 2015-16 and with contribution of Rs 88 Crs constituted to about 6% to the Company's turnover.

The outlook of this segment is positive with numerous opportunities emerging in the Security sector. The escalated security threat has increased the Jammer requirement in the Homeland security. The Company has MoU with international partner and has been successfully fulfilling the Jammer requirements of various Police departments across the country. With fruitful partnerships the overall share of this sector indicates an improving trend.

Aerospace

Antenna systems, Cockpit Voice Recorders and Electro-mechanical sub-systems like Gyros, Synchros and Actuators are the major products of your Company catering to aerospace segment. In the year gone by, the Company successfully established L/S Band Receive full motion 11 M Antenna at Master Control Facility, Hassan.

The outlook of this segment will be bright with the increasing order book position. Numerous space programs and the strategic satellite communication systems in the offing is expected to have a catalytic effect in the overall performance of the sector.

e- Governance

Electronic Voting Machines, Voter Verification paper Audit Trail equipment are the major products of your company in e- Governance segment. The solutions provided in this sector includes 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 contributed Rs 455 Crs constituting 33% of the Company's turnover in 2015-16 with SECC and NPR having the major share. The Company supplied Electronic Voting Machines to Kerala State and successfully implemented total computerization of Maharashtra Sales Tax Department. The Company is also imparting IT training in various government schools.

The outlook of this segment is very vibrant and positive with the requirement of Electronic Voting Machines for the forthcoming general elections. The company is geared up to meet the requirement with full optimism.

Risks & Concerns

Apart from the regular 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. Unexpected delays and cost overruns due to delays in execution of projects where multiple agencies are involved constitute an on-going risk including delays in release of payments by the customers.

The depreciation of the rupee with respect to major currencies like dollar is likely to be a major risk as it increases the import cost without collateral increase in the selling price and has an adverse impact on profitability. Inflation, fluctuation in interest and foreign exchange rates are other causes for concern.

Internal Control Systems And Their Adequacy

Your company has a robust system of internal controls in place which are commensurate with the size and nature of the business. The internal controls are in line with the statutory requirements and are designed to safeguard the 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.

Apart from the monitoring mechanisms instituted internally, an auditing firm has also been appointed to conduct internal audit of the company's operations as per the audit plan approved by the Audit Committee. This auditing firm presents its

observations to the Audit Committee. The internal auditors provide reassurance to the affirmations given by the management regarding the adequacy and effectiveness of the control systems. The statutory auditors, as well as the internal auditors, also review the IT systems for the effectiveness of the controls. These observations are reviewed by Audit Committee.

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

For and on behalf of the Board of Directors

P Sudhakar
Chairman and Managing Director

Mumbai
Date : 16.09.2016

Dr. Sekhar Basu, Chairman, AEC and Secretary DAE distributing LED bulbs to people living in remote hamlets as part of ECIL's CSR program. Seen in the photograph alongwith the C&MD are Dr. N Saibaba, Chief Executive, NFC and Dr. A K Roy, Director AMD.

Dr. Jitender Singh, Hon'ble Minister of State for Atomic Energy inaugurating Computer Lab provided by ECIL to a school in Jammu & Kashmir under its CSR program

Shri P Sudhakar, C&MD along with Director (P) distributing school bags at a school near Tirupati as part of CSR activities

Shri P Sudhakar, C&MD explaining the PLC system to Dr. Sekhar Basu, Chairman AEC and Secretary, DAE.

ELECTRONICS CORPORATION OF INDIA LIMITED

Balance Sheet as at 31st MARCH, 2016

(₹ in Lakhs)

	Particulars	Note No.	Figures as at the end of Current Reporting Period 31st March 2016		Figures as at the end of Previous Reporting Period 31st March 2015	
I	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' Funds**					
	(a) Share Capital	2	16,337.12		16,337.12	
	(b) Reserves and Surplus	3	60,709.26		55,049.43	
	(c) Money received against share warrants		-	77,046.38	-	71,386.55
(2)	**Share application money pending allotment**			-		-
(3)	**Non-Current Liabilities**					
	(a) Long Term Borrowings		-		-	
	(b) Deferred Tax Liabilities (Net)		-		-	
	(c) Other Long Term Liabilities	4	25,862.30		32,919.11	
	(d) Long Term Provisions	5	3,176.55	29,038.85	2,652.71	35,571.82
(4)	**Current Liabilities**					
	(a) Short Term Borrowings	6	25,536.66		35,398.83	
	(b) Trade Payables	7	41,108.90		43,761.12	
	(c) Other Current Liabilities	8	74,605.03		42,378.01	
	(d) Short Term Provisions	9	12,493.91	153,744.50	12,294.76	133,832.72
		Total		259,829.73		240,791.09
II.	**ASSETS**					
(1)	**Non-Current Assets**					
	(a) Fixed Assets :					
	(i) Tangible Assets	10A	11,389.97		12,499.15	
	(ii) Intangible Assets	10B	308.00		616.00	
	(iii) Capital Work-in-Progress	11	1,462.62		878.71	
	(iv) Intangible Assets under Development	12	926.75	14,087.34	926.75	14,920.61
	(b) Non-Current Investments	13		164.64		164.64
	(c) Deferred Tax Assets (Net)	14		7,908.52		6,361.80
	(d) Long Term Loans and Advances	15		475.46		422.44
	(e) Other Non-Current Assets	16		23,260.27		28,753.38
(2)	**Current Assets**					
	(a) Current Investments		-		-	
	(b) Inventories	17	23,870.36		17,707.21	
	(c) Trade Receivables	18	135,261.68		108,333.60	
	(d) Cash and Cash equivalents	19	27,382.93		27,873.73	
	(e) Short Term Loans and Advances	20	18,740.34		22,062.60	
	(f) Other Current Assets	21	8,678.19	213,933.50	14,191.08	190,168.22
	Total			259,829.73		240,791.09
III.	**Notes forming part of the Financial Statements**	**1-36**				

For and on behalf of the Board

As per our report of even date attached
For **RAMANATHAM & RAO**
Chartered Accountants
FRN 2934S

P SUDHAKAR	**KISHOR RUNGTA**	**JAI BHAGWAN SHARMA**	**CA C. KAMESHWAR RAO**
Chairman & Managing Director	Director (Finance)	Company Secretary	Partner
			M.No. : 24363

Place: Hyderabad
Date: 20.07.2016

ELECTRONICS CORPORATION OF INDIA LIMITED

Statement of Profit & Loss for the Year ended 31st MARCH, 2016

(₹ in Lakhs)

	Particulars	Note No.	Figures for the Current Reporting Period 31st March 2016		Figures for the Previous Reporting Period 31st March 2015	
I	**Revenue from operations (Gross)**					
	Sale of Products		**96,476.79**		91,987.32	
	Sale of Services		**50,230.66**	**146,707.45**	39,996.63	131,983.95
	Less: Excise Duty			**6,996.68**		5,504.47
	Revenue from operations (Net)			**139,710.77**		126,479.48
	Other operating Revenues	**22**		**746.39**		483.96
	Revenue from Operations			**140,457.16**		126,963.44
II	Other Income	**23**		**3,126.43**		3,839.24
III	**Total Revenue (I+II)**			**143,583.59**		130,802.68
IV	**Expenses:**					
	Cost of Materials Consumed	**24**		**86,500.63**		70,467.93
	Changes in Inventories of Finished Goods, WIP and Traded Goods	**25**		**(879.12)**		(499.19)
	Employee Benefits Expense	**26**		**31,470.87**		34,023.04
	Finance Costs	**27**		**4,097.94**		3,558.76
	Depreciation and Amortization Expense	**10A & 10B**		**2,196.80**		2,604.20
	Other Expenses	**28**		**12,072.88**		12,567.83
	Expenditure on Corporate Social Responsibility (Refer Note 35)	**29**		**105.76**		70.65
	Total Expenses			**135,565.76**		122,793.22
V	**Profit Before Prior Period items (III-IV)**			**8,017.83**		8,009.46
VI	**Prior Period Items : Income / (Expenditure)**	**30**		**313.45**		(1,093.97)
VII	**Profit before exceptional and extraordinary items and tax**			**8,331.28**		6,915.49
VIII	**Exceptional Items : Income / (Expenditure)**	**31**		**(25.94)**		(364.10)
IX	**Profit before extraordinary items and tax**			**8,305.34**		6,551.39
X	**Less: Extraordinary Items**			-		-
XI	**Profit before tax (IX-X)**			**8,305.34**		6,551.39
XII	**Tax Expense:**					
	(1) Current Year Tax		**3,700.00**		2,923.00	
	(2) Minimum Alternate Tax Credit Entitlement		**(399.96)**		-	
	(3) Deferred Tax		**(1,546.72)**		(1,436.08)	
	(4) For Earlier Years		**(902.14)**	**851.18**	46.70	1,533.62
XIII	**Profit for the period from continuing operations(XI-XII)**			**7,454.16**		5,017.77
XIV	**Profit from discontinuing operations**			-		-
XV	**Tax expense of discontinuing operations**			-		-
XVI	**Profit from discontinuing operations (after tax)**			-		-
XVII	**Profit for the period (XIII+XVI)**			**7,454.16**		5,017.77
XVIII	**Earnings per equity share: Refer Note 34(I)**			**Rs.**		Rs.
	(1) Basic			**456.27**		307.14
	(2) Diluted			**456.27**		307.14
	Notes forming part of the Financial Statements	**1-36**				

For and on behalf of the Board

As per our report of even date attached
For **RAMANATHAM & RAO**
Chartered Accountants
FRN 2934S

P SUDHAKAR
Chairman & Managing Director

KISHOR RUNGTA
Director (Finance)

JAI BHAGWAN SHARMA
Company Secretary

CA C. KAMESHWAR RAO
Partner
M.No. : 24363

Place: Hyderabad
Date: 20.07.2016

ELECTRONICS CORPORATION OF INDIA LIMITED

Cash Flow Statement For The Year Ended 31st March , 2016

(₹ in Lakhs)

	Note No.	Figures for the Current Reporting Period 31st March 2016	Figures for the Previous Reporting Period 31st March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT/(LOSS) BEFORE TAX & EXTRAORDINARY ITEMS		**8,305.34**	6,551.39
Adjustments for :			
Depreciation		**2,196.80**	2,604.20
Interest expense		**4,097.94**	3,558.76
Dividends received		**(29.40)**	(44.10)
Interest received on Short Term Deposit Receipts		**(2,120.04)**	(2,315.68)
Expenditure on Corporate Social Responsibility Activities		**105.76**	70.65
Write off of Fixed Assets		**0.33**	0.66
Operating profit before Working Capital changes		**12,556.73**	10,425.88
Increase/Decrease Inventories		**(6,163.15)**	(1,212.35)
Increase/Decrease Sundry debtors		**(22,870.57)**	(3,016.39)
Increase/Decrease Loans and advances		**871.34**	(6,081.02)
Increase/Decrease Other Current Assets		**6,742.46**	(3,018.69)
Increase/Decrease Current liabilities		**21,820.34**	(3,324.53)
Increase/Decrease Provisions		**136.51**	833.05
Cash generated from operations		**13,093.66**	(5,394.06)
Direct taxes paid		-	-
Expenditure on Corporate Social Responsibility Activities		**(105.76)**	(70.65)
Grants received		**3,030.01**	3,000.01
Grants utilisation		**(2,337.55)**	(2,165.49)
Cash flow before extraordinary items		**13,680.36**	(4,630.19)
Extraordinary items		-	-
Net cash from operating activities		**13,680.36**	(4,630.19)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		**(779.95)**	(1,198.67)
Fixed assets in transit and capital work in progress		**(583.91)**	(323.13)
Intangible Assets under development		-	-
Interest received		**2,326.07**	2,293.49
Dividend received		**29.40**	44.10
Net cash from investing activities		**991.61**	815.79
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from term loan from Banks		**(9,862.17)**	8,638.64
Interest expense		**(4,092.75)**	(3,549.92)
Dividend paid		**(1,003.55)**	(947.84)
Dividend tax paid		**(204.30)**	(161.09)
Net cash used in financing activities		**(15,162.77)**	3,979.79
Net increase in cash and cash equivalents		**(490.80)**	165.39
Cash and cash equivalents (Opening Balance)	**19**	**27,873.73**	27,708.34
Cash and cash equivalents (Closing Balance)	**19**	**27,382.93**	27,873.73
D. Notes forming part of the Financial Statements.	**1-36**		

Note:

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

2 Refer Note no.29 & 35 on Corporate Social Responsibility Expenditure.

For and on behalf of the Board

As per our report of even date attached
For **RAMANATHAM & RAO**
Chartered Accountants
FRN 2934S

P SUDHAKAR
Chairman & Managing Director

KISHOR RUNGTA
Director (Finance)

JAI BHAGWAN SHARMA
Company Secretary

CA C. KAMESHWAR RAO
Partner
M.No. : 24363

Place: Hyderabad
Date: 20.07.2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. 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, 2013.

B. 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.

C. 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.

D. INTERNAL CAPITALISATION AND INTER-GROUP TRANSFERS:

i) Equipment manufactured for internal use is capitalized at Factory 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 Factory Cost or NRV whichever is lower.

iii) Factory cost comprises Direct Material, Direct labour, Direct expenses and factory overheads.

E. 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".

v. "Factory cost" comprises Direct material, Direct labour, Direct expenses and factory overheads

F. FIXED ASSETS & DEPRECIATION OF ASSETS:

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

b) Assets are depreciated on straight line method and depreciation is charged on monthly prorata basis for the additions / deletions during the year. The useful life of the assets adopted are as per Schedule II to the Companies Act, 2013, 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%.

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

G. 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.

H. 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 Knowhow 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.

I. DEMURRAGES AND WHARFAGES:

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

J. 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.

K. 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.

L. RESEARCH & DEVELOPMENT EXPENDITURE:

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

M. 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

N. 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.

O. 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.

P. INVESTMENTS:

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

Q. 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.

R. LIQUIDATED DAMAGES:

Claims for liquidated damages against the Company are considered as and when contractually due except those which are considered by Management as negotiable and not payable. However, the same are treated as Contingent Liability.

S. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognized in the books when there is a present obligation as a result of past events involving substantial degree of estimation and it is probable that there will be an outflow of economic resources. Show cause notices issued by Government Authorities where the probability of outflow of economic resources is remote are not considered as obligations. When the demands are raised against show cause notices and are disputed by the company, these are treated as disputed obligations along with other contingent liabilities. Such contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Note 2 : Share Capital

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
AUTHORISED CAPITAL		
20,00,000(Previous year 20,00,000 of ₹ 1000 each) Equity Shares of ₹1000 each	**20,000.00**	20,000.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
16,33,712 (Previous Year 16,33,712) Equity Shares of ₹1000 each fully paid up	**16,337.12**	16,337.12
Total	**16,337.12**	16,337.12
A) RECONCILIATION OF NO.OF EQUITY SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR:		
	As at 31st March, 2016	As at 31st March, 2015
Shares outstanding at the beginning of the year	**1,633,712**	1,633,712
Add :		
1 No.of shares allotted as fully paid up bonus shares during the year	**-**	-
2 No.of shares allotted during the year as fully paid up pursuant to a contract without payment being received in cash	**-**	-
3 No.of shares allotted to employees pursuant to ESOPs/ESPs	**-**	-
4 No.of shares allotted for cash pursuant to public issue.	**-**	-
Less :		
1 No.of shares bought back during the year	**-**	-
No. of Shares outstanding at the end of the year	**1,633,712**	1,633,712
B) No.of Shares held by each shareholder holding more than 5% shares in the Company:		
i) Name of the Shareholder	**The President of India ***	The President of India *
ii) No.of shares held in the company	**1,633,712**	1,633,712
iii) Percentage of shares held	**100%**	100%
*(includes three shares held by nominees of Govt.of India)		
C) Aggregate number of		
i. shares allotted for consideration other than cash	**NIL**	NIL
ii. shares allotted as bonus shares issued and	**NIL**	NIL
iii. shares bought back during the period of five years immediately preceding the reporting date:	**NIL**	NIL

Note 3 : RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
A) General Reserve				
Opening Balance	**2,056.46**		2,650.00	
Add: Transfer from Statement of Profit and Loss	**-**		-	
	2,056.46		2,650.00	
Less: Adjustment of Depreciation (As per Transitional Provision of Schedule II to the Companies Act, 2013)	**-**	**2,056.46**	(593.54)	2,056.46
B) Surplus in the statement of Profit and Loss				
Opening Balance	**52,992.97**		49,183.05	
Add : Profit for the year	**7,454.16**		5,017.77	
	60,447.13		54,200.82	
Less : Appropriations				
Provision for Dividend	**1,490.83**		1,003.55	
Provision for Dividend Tax	**303.50**		204.30	
Net surplus in the Statement of Profit and Loss		**58,652.80**		52,992.97
Total		**60,709.26**		55,049.43

Note 4 : OTHER LONG TERM LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
A) Trade Payables	**663.17**	486.35
B) Others :		
1) Sundry Creditors for Expenses	**527.84**	2,222.94
2) Sundry Creditors for Capital items	**1,508.57**	972.43
3) Advances from customers	**16,451.00**	21,928.00
4) Deposits	**156.90**	357.85
5) Security Deposit for lease Premises	**1,069.20**	1,069.20
6) Others	**5,485.62**	5,882.34
Total	**25,862.30**	32,919.11

Note 5 : LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Employee Benefits :		
a) Leave Encashment	**2,176.55**	2,652.71
b) Pension	**1,000.00**	-
Total	**3,176.55**	2,652.71

Note 6 : SHORT TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Loans repayable on demand		
From Banks	-	-
i) Cash Credit (Secured)	**149.95**	2,687.79
ii) Short Term Loans (Un Secured)	**10,000.00**	10,000.00
(b) Loans and advances from related parties	-	-
(c) Deposits	-	-
(d) Other Loans and Advances:		
From Banks:		
i) Overdraft against Fixed Deposits (Secured)	**15,386.71**	22,711.04
Total	**25,536.66**	35,398.83

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

Terms & Conditions:

(i) The Cash Credit was availed from State Bank of India as part of consortium facilities and is repaybale on demand carrying an interest rate of 9.65%. (previous year 10.40%)

(ii) The Overdraft of ₹13153.61 lakhs (Previous year ₹ 21224.04 lakhs) against fixed deposits is from State Bank of India and is repayable on the maturity carrying an interest rate of 0.35% (Previous year 0.40%) above the fixed deposit interest rate. The Overdraft of ₹2233.10 lakhs (Previous year ₹ 1487 lakhs)aganist fixed deposits is from State Bank of Hyderabad and is repayble on the maturity carrying an interest rate of 0.40% (Previous year 0.49%) above the fixed deposit interest rate.

(iii) The Short term loans are from HDFC Bank with a tenor period of 90 days from the date of availment, carrying an interest rate of 9.3% per annum (Previous year 10.00% per annum).

Note 7 : TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Total outstanding dues of Micro enterprises and Small enterprises		**2,853.16**		3,800.84
b) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises		**38,255.74**		39,960.28
Total		**41,108.90**		43,761.12

Note 8 : OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Interest accrued and due on borrowings		**14.03**		8.84
b) Other Payables :				
i) Sundry Creditors for expenses	**39,694.22**		20,501.07	
ii) Government Grants-in-Aid	**1,597.99**		905.53	
iii) Deposits	**662.02**		492.49	
iv) Advance from Customers	**22,780.66**		14,254.86	
v) Other payables	**9,856.11**	**74,591.00**	6,215.22	42,369.17
Total		**74,605.03**		42,378.01

Note 9 : SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) For Employee Benefits				
Provision for Gratuity		**2,420.09**		2,930.02
Provision for Leave Encashment		**4,692.64**		4,595.68
b) Others				
For Proposed Dividend	**1,490.83**		1,003.55	
For Tax on proposed Dividend	**303.50**		204.30	
For Warranty Charges	**3,586.85**	**5,381.18**	3,561.21	4,769.06
Total		**12,493.91**		12,294.76

Fixed Assets
Note : 10A Tangible Assets

(₹ in Lakhs)

S.No	Name of the Asset	Gross Block At Cost				Depreciation					Net Block	
		As at 01.04.2015	Additions & Adj. During the Year	Deductions & Adj. During the Year	Total As at 31.03.2016	Upto 31.03.2015	Charged to Statement of Profit & Loss	Adjusted against Reserves	Deductions & Adj. During the Year	Total As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
1	**Land (Free hold)**	869.81	-	-	**869.81**	-	-	-	-	**-**	**869.81**	869.81
2a	**Buildings**	4,428.56	200.19	11.96	**4,616.79**	2,132.10	193.95	-	11.96	**2,314.09**	**2,302.70**	2,296.46
2b	**Buildings (Lease hold)**	186.55	-	-	**186.55**	67.94	2.89	-	-	**70.83**	**115.72**	118.61
3	**Plant & Equipment**	17,679.08	1,226.75	2,022.17	**16,883.66**	10,256.13	1,183.35	-	1,172.32	**10,267.16**	**6,616.50**	7,422.95
4	**Furniture & Fixtures**	2,316.24	95.53	94.76	**2,317.01**	1,558.07	146.96	-	62.24	**1,642.79**	**674.22**	758.17
5	**Vehicles**	129.31	4.96	-	**134.27**	72.43	14.05	-	-	**86.48**	**47.79**	56.88
6	**Office Equipment**	2,912.80	78.41	159.59	**2,831.62**	2,417.46	146.57	-	156.65	**2,407.38**	**424.24**	495.34
7	**Others:**											
	a) Research & Development-Plant & Machinery	578.32	424.93	366.69	**636.56**	292.31	74.96	-	0.85	**366.42**	**270.14**	286.01
	b) Computer Systems hired out to Customers	450.67	-	-	**450.67**	280.72	107.33	-	-	**388.05**	**62.62**	169.95
	c) Assets held at Customer site (BOOT/BOMT)	37.86	-	-	**37.86**	12.89	18.74	-	-	**31.63**	**6.23**	24.97
	Total (i)	29,589.20	2,030.77	2,655.17	**28, 964.80**	17,090.05	1,888.80	-	1,404.02	**17,574.83**	**11,389.97**	12,499.15
	Previous year	30,225.72	1,713.00	2,349.52	**29,589.20**	16,034.84	2,296.20	899.16	2,140.15	**17,090.05**	**12,499.15**	14,190.88
	Note : 10B Intangible Assets											
1	**Technical Knowhow**	1,540.00	-	-	**1,540.00**	924.00	308.00	-	-	**1,232.00**	**308.00**	616.00
	Total (ii)	1,540.00	-	-	**1,540.00**	924.00	308.00	-	-	**1,232.00**	**308.00**	616.00
	Previous Year	1,540.00	-	-	**1,540.00**	616.00	308.00	-	-	**924.00**	**616.00**	924.00
	Grand Total (i+ii)	**31,129.20**	**2,030.77**	**2,655.17**	**30,504.80**	**18,014.05**	**2,196.80**	**-**	**1,404.02**	**18,806.83**	**11,697.97**	**13,115.15**
	Previous Year	31,765.72	1,713.00	2,349.52	**31,129.20**	16,650.84	2,604.20	899.16	2,140.15	**18,014.05**	**13,115.15**	15,114.88

NOTE: 10C

1. a) The Department of Atomic Energy (DAE) has made Deed of Grant in favour of the company granting Acres 278-05 Guntas of land free of cost in Keesara and Uppal Mandals, Rangareddy District. Out of the grant of Acres 278-05 Guntas, the company was conveyed Acres 229-01 Guntas and the same were mutated in favour of the company in the revenue records.

   b) Out of grant of Acres 278-05 Guntas, DAE has identified Acres 31-10 Guntas of lands in S. Nos. 223/7, 288, 711 and 24. However the land is yet to be transferred and mutated in the revenue records in favour of the company. The company is in possession of this land.

   c) Out of grant of Acres 278-05 Guntas, balance Acres 17-34 Guntas of land is neither identified nor mutated in favour of the company.

   d) The company is in excess possession of Acres 20-30 Guntas of land under Survey No.223/09, 223/10, 223/13 in Kapra Village, Keesara Mandal, Rangareddy District. This land was transferred by State Government to DAE. However, the land is not yet conveyed in favour of the company.

2. The company has purchased Acres 2-11 Guntas of land at Moula-Ali, Hyderabad from Andhra Pradesh Industrial Infrastructure Corporation Ltd (APIIC). APIIC agreed for exchange of this land with a land admeasuring Acres 2-65 Guntas in Moula-Ali. In the process the company will have title for an additional land of Acres 0-533 Guntas for which the company has paid additional consideration of ₹ 1,65,103/-. Conveyance in respect of exchange properties in favour of the company from APIIC is not yet completed.

3. The company acquired 60 residential quarters at DAE Colony, D-Sector, each quarter admeasuring about 570 Sft. in the year 1991-92 at cost of ₹ 81,80,000 from the DAE. These quarters are not conveyed to the company, however, the company is in possession of these quarters.

4. The DAE vide 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 for its office situated at Prabhadevi, Mumbai free of cost to the company. The mutation of the property is not yet completed.

5. The company was allotted following flats in Local Shopping Complex at Naraina Block, New Delhi for its office premises by the Delhi Development Authority (DDA) in the year 1996. DDA has issued Allotment Letters and Possession Slips for these flats in favour of the company. The company is in possession of these properties. However, Sale Deeds or other documents are not executed in respect of these properties in favour of the company.

   a) Flat bearing No. B-7, B-Block, 2nd Floor, admeasuring 327-55 Sq. meters for a consideration of ₹ 1,03,48,937/-.

   b) Flat bearing No. D-15, D -Block, 3rd Floor, admeasuring 270-80 Sq. meters for a consideration of ₹ 93,31,300/-.

6. The company has entered into Articles of Agreement on 10.12.1976 with Deepak Builders Pvt. Ltd., for purchase of 2 shops bearing Nos. 37 and 38 at Vishal Co-operative Housing Society Ltd., M.V. Road, Andheri (East), Mumbai admeasuring 567 Sq.ft. for a consideration of ₹ 1,41,000/-. The Sale Deed in respect of this property is not yet executed in favour of the company.

7. The company entered into an Registered Agreements of Sale with three partnership firms viz., M/s Haria Enterprises, M/s Package Foods and M/s Jayesh Trading Company on 11.11.1974, for the purchase of Shop Nos.1 to 3, Parasmani, M.G.Road, Naupada, Thane, Mumbai admeasuring 1225 Sq. ft. for a consideration of ₹ 2,09,950/-. The Sale Deed is not yet executed in favour of the company.

8. The company entered into a Registered Agreement of Sale with Maganlal Popatlal Charity & Sarvodaya Hospital Trust for purchase of 10 residential flats at Chembur, Mumbai bearing No.B-3, 4, 7, 8, 11, 12, 16 & C-5 to C-7 in a total area of 5,585 Sq. ft. in Survey No.S-470 to 479 in the year 1982-83 for the purpose of guest house and residence of employees, for a consideration of ₹ 25,13,250/-. The Sale Deed is not yet executed in favour of the company.

NOTE: 10 D

1. Assets acquired out of Grants by DAE, Government of India amounting to ₹505.44 lakhs (previous year ₹195.19 lakhs)and assets funded by BARC amounting to ₹745.38 lakhs (Previous year ₹14.34 lakhs) aggregating to ₹1250.82 lakhs (previous year ₹209.53 lakhs) have been shown in additions & deductions in Fixed Assets Schedule No:10A .The nominal value of such Assets included in Gross Block for the year is ₹ 96/- (Previous year ₹57/-)

2. Obsolete assets having a net value of ₹0.33 lakhs (previous year ₹0.66 lakhs) are reduced from Gross Block. Aggregate Gross Value of all these assets as at March 31, 2016 is ₹1401.28 lakhs (previous year ₹ 2050.96 lakhs)

3. No amount was charged towards amortization of Tools during the year (previous year ₹21.53 lakhs) procured for execution of order received from Election Commission of India to manufacture of EVMs. Out of the total Tool cost of ₹340.65 lakhs, an amount of ₹279 lakhs was amortized upto the year 2015-16 leaving a balance of ₹61.65 lakhs which will be charged off in the forthcoming years based on EVMs manufactured.

4. Based on the review of the tangible assets deployed in the company, the Technical Committee felt that though some part of the asset is significant to total cost of the asset, the useful life of such parts are not different from the useful life of the remaining part(s), as all assets are in the nature of electronic equipment where the useful life of intrinsic parts of the equipment are almost uniform. Accordingly, uniform useful lives have been adopted for fixed assets for computation of depreciation.

NOTE 11: CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
1. Capital Equipment-in-Transit	**82.70**	52.08
2. Capital Work-in-Progress	**1,379.92**	826.63
Total	**1,462.62**	878.71

NOTE 12: INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
1. Enterprise Resource Planning Licenses and Implementation	**926.75**	926.75
Total	**926.75**	926.75

Note 13 : NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
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 14 : DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
DEFERRED TAX LIABILITY :		
a) Depreciation	**2,646.12**	3,272.77
Gross Deferred Tax Liability	**2,646.12**	3,272.77
DEFERRED TAX ASSET :		
a) Provision for Doubtful Debts and Advances	**13,509.45**	8,725.17
b) Disallowances u/s 43B of Income Tax Act, 1961.	**11,775.82**	13,175.83
c) Others	**211.22**	88.46
Gross Deferred Tax Asset	**25,496.49**	21,989.46
Net of Deferred Tax Asset & Liabilities	**22,850.37**	18,716.69
Net Deferred Tax Asset		
Total	**7,908.52**	6,361.80

NOTE 15 : LONG TERM LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Capital Advances (Unsecured considered good)		**309.00**		193.45
(A)		**309.00**		193.45
b) Deposits				
Secured considered good		**-**		-
Unsecured considered good		**64.62**		100.26
Doubtful	**70.19**		70.19	
Provision for doubtful deposits	**(70.19)**	**-**	(70.19)	-
(B)		**64.62**		100.26
c) Other Loans & Advances:				
Employee advances (Secured considered good)		**-**		-
Employee advances (Unsecured considered good)		**-**		43.91
Advance to Suppliers for Goods & Services (doubtful)	**315.35**		315.35	
Less: Provision for Doubtful Advances	**(315.35)**	**-**	(315.35)	-
Others (Unsecured considered good)		**47.95**		73.05
Balances with Authorities		**53.89**		11.77
Doubtful	**1.31**	**-**	5.41	-
Provision for doubtful Loans & Advances	**(1.31)**	**-**	(5.41)	-
(C)		**101.84**		**128.73**
Total (A+B+C)		**475.46**		**422.44**

NOTE 16 : OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Long Term Trade Receivables				
Secured considered good	-		-	
Unsecured considered good	**8,318.45**		12,375.96	
Doubtful	**18,194.86**		11,925.00	
Less: Provision for Doubtful Debts	**(18,194.86)**	**8,318.45**	(11,925.00)	12,375.96
b) Others				
Inventories	**176.53**		84.67	
Less:Provision for obsolete stock	**(176.53)**	-	(84.67)	-
Unbilled Revenue		**14,936.32**		15,911.85
Claims Receivable good		**5.50**		465.57
Claims Receivable Doubtful	**5.31**		5.31	
Less: Provision for Doubtful cliams	**(5.31)**	-	(5.31)	-
Total		**23,260.27**		28,753.38

NOTE 17 : INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) Raw Materials (includes Material in Transit ₹ 3271.99 lakhs Previous year : ₹ 1667.32 lakhs)	**12,875.91**	8,339.85
b) Work-in-Progress	**8,021.70**	6,085.15
c) Finished Goods	**940.74**	2,046.92
d) Stores & Spares	**1,546.83**	1,157.35
e) Loose Tools	**325.63**	7.95
f) Others :		
i) Packing Material	**104.55**	63.74
ii) Scrap	**55.00**	6.25
Total	**23,870.36**	17,707.21

NOTE 18 : TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Trade Receivables outstanding for a period exceeding six months				
Secured Considered good	-		-	
Unsecured Considered good	**60,906.57**		52,480.58	
Doubtful	-		-	
Less : Provision for Doubtful Debts	-	**60,906.57**	-	52,480.58
b) Others :				
Secured Considered good	-		-	
Unsecured Considered good	**74,355.11**		55,853.02	
Doubtful	-		-	
Less : Provision for Doubtful Debts	-	**74,355.11**	-	55,853.02
Total		**135,261.68**		108,333.60

NOTE 19 : CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
I. Cash and Cash equivalents				
a) Balances with banks:				
i) On current accounts	**514.90**		462.65	
ii) Deposits with original maturity of less than three months	-	**514.90**	-	462.65
b) Cheques, Drafts on hand		-		-
c) Cash on hand		**2.59**		3.11
d) Others :				
i) Cheques in-Transit	**122.83**		353.95	
ii) Imprest cash with officers	**0.32**		0.30	
iii) Remittance-in-transit	**0.72**	**123.87**	53.72	407.97
II. Other Bank Balances				
a) Earmarked balances with bank		**20.30**		-
b) Bank deposits with less than twelve months maturity*		**26,721.27**		27,000.00
c) Bank deposits with more than twelve months maturity		-		-
Total		**27,382.93**		27,873.73

* Held as lien for overdraft facility.

NOTE 20 : SHORT TERM LOANS & ADVANCES

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a) Loans & Advances to related parties				
Secured Considered good	-		-	
Unsecured Considered good	**185.94**		280.99	
Doubtful	-		-	
Less : Allowance for bad & doubtful advances	-	**185.94**	-	280.99
b) Deposits		**2,071.91**		2,342.74
c) Tax Credits available		**6,583.57**		4,135.62
d) Others :				
Advance to Employees (Secured Considered good)	-		-	
Advance to Employees (Unsecured Considered good)	**256.27**		234.34	
Advance to Suppliers for Goods & Services				
Secured Considered good	-		-	
Unsecured Considered good	**7,210.43**		8,220.75	
Doubtful	-		-	
Less : Allowance for bad & doubtful advances	-		-	
TDS & Advance Tax (Net of Provision for Income Tax)	**1,797.16**		6,103.51	
Other Advances	**635.06**		744.65	
Debts due by Directors or Officers	-	**9,898.92**	-	15,303.25
Total		**18,740.34**		22,062.60

NOTE 21 : OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
1. Unbilled Revenue (Net)	**5,038.71**	9,302.71
2. Accrued Income	**2,341.92**	4,316.70
3.Claims with Customers	**1,297.56**	571.67
Total	**8,678.19**	14,191.08

Note 22 : REVENUE FROM OTHER OPERATIONS

(₹ in Lakhs)

Particulars	For the year Ended 31st March, 2016		For the year Ended 31st March, 2015	
Other Operating Revenues				
a) Sale of Manuals	**1.11**		1.66	
b) Customs Duty Realisations	**164.31**		1.18	
c) Foreign Exchange Claims	**18.41**		1.87	
d) LDs recovered from Vendors	**562.56**	**746.39**	479.25	483.96
Total		**746.39**		483.96

NOTE 23 : OTHER INCOME

(₹ in Lakhs)

Particulars	For the year Ended 31st March, 2016		For the year Ended 31st March, 2015	
1. INTEREST ON				
a) Staff Advances	**-**		3.53	
b) Electricity Deposits (APSEB)	**4.82**		5.03	
c) Term Deposit Receipts	**2,120.04**		2,315.68	
d) Others	**214.89**	**2,339.75**	975.12	3,299.36
2. DIVIDEND FROM JOINT VENTURE COMPANY (ECIL - Rapiscan Ltd.)		**29.40**		44.10
3. OTHER NON-OPERATING INCOME				
a) Rent	**53.12**		80.82	
b) Unclaimed liabilities written back	**33.36**		136.15	
c) Miscellaneous	**670.80**	**757.28**	278.81	495.78
Total		**3,126.43**		3,839.24

NOTE 24 : COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
1. CONSUMPTION OF RAW MATERIALS, ASSEMBLIES AND COMPONENTS				
Opening Stock	**6,587.77**		6,960.80	
Add: Purchases	**90,421.51**		70,889.16	
Add: Departmental transfers - Production	**413.91**		382.78	
	97,423.19		78,232.74	
Less: Provision for obsolescence	**(91.86)**		(38.72)	
Less: Closing Stock	**9,541.32**	**87,790.01**	6,587.77	71,606.25
2. CONSUMPTION OF				
a) Stores and Spares	**422.14**		524.80	
b) Packing materials	**134.85**		16.55	
c) Tools	**50.95**	**607.94**	38.44	579.79
3. COST OF ACCESSORIES & SPARES CONSUMED		**357.28**		394.06
Sub - Total		**88,755.23**		**72,580.10**
Less: Expenditure against Grants-in-Aid & Others		**(2,254.60)**		(2,112.17)
Total		**86,500.63**		**70,467.93**

Note 25 : CHANGES IN INVENTORIES OF FINISHED GOODS & WIP

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
CLOSING STOCKS		
i) Finished Stock	**940.74**	2,046.92
ii) Work-in-Progress	**8,021.70**	6,085.15
iii) Scrap	**55.00**	6.25
	9,017.44	8,138.32
LESS: OPENING STOCKS		
i) Finished Stock	**2,046.92**	741.94
ii) Work-in-Progress	**6,085.15**	6,897.19
iii) Scrap	**6.25**	-
	8,138.32	7,639.13
Decretion(+)/Accretion(-)	**(879.12)**	(499.19)

NOTE 26 : EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Salaries,Wages and Bonus	**27,040.27**	29,634.95
b) Contribution to Provident Fund including administrative charges	**2,367.47**	2,543.41
c) Provision for Pension	**1,000.00**	-
d) Provision for Gratuity	**22.12**	638.94
e) Welfare expenses	**1,041.01**	1,205.74
Total	**31,470.87**	34,023.04

NOTE 27 : FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
1. Interest Expense	**3,795.63**	3,554.42
2. Other Borrowing costs	**302.31**	4.34
3. Applicable net gain/loss on foreign currency transaction and translation	**-**	-
Total	**4,097.94**	3,558.76

NOTE 28 : OTHER EXPENSES

(₹ in Lakhs)

Particulars		For the year ended 31st March, 2016		For the year ended 31st March, 2015	
1.	Power and Fuel		**790.45**		678.23
2.	Water charges		**813.31**		700.33
3.	Professional and Consultancy charges		**1,676.62**		1,867.51
4.	Travelling and Conveyance expenses		**1,251.50**		2,187.47
5.	Repairs & Maintenance				
	a) Buildings	**609.15**		306.00	
	b) Plant & Machinery	**25.58**		13.43	
	c) Others	**329.70**	**964.43**	275.46	594.89
6.	Stores Incidentals-Inwards		**1,663.38**		1,649.39
7.	Rents		**243.01**		258.22
8.	Rates and Taxes		**229.92**		199.71
9.	Insurance		**76.08**		124.79
10.	Printing & Stationery		**139.66**		90.20
11.	Postage, Telegram, Telephones & Telex		**123.01**		111.90
12.	Advertisement		**40.18**		65.25
13.	Guest House expenses		**96.01**		64.29
14.	Entertainment expenses		**11.14**		16.73
15.	Books and Periodicals		**11.08**		9.28
16.	Vehicle expenses		**282.20**		309.34
17.	Staff Training expenses		**20.42**		36.88
18.	Security expenses		**1,106.25**		1,175.91
19.	Directors` fees and Travelling expenses		**2.91**		0.65
20.	Payment to Auditors				
	a) As Statutory Auditor	**11.50**		11.40	
	b) For Taxation Matters	**-**		-	
	c) For Company Law Matters	**-**		-	
	d) For Management Services	**-**		-	
	e) For Other Services	**0.20**		0.10	
	f) For Reimbursement of expenses	**2.51**	**14.21**	2.86	14.36
21.	Exchange Rate Variation		**393.40**		(573.62)
22.	Bank charges		**155.19**		99.26
23.	Commission on Bank Guarantees		**119.29**		106.66
24.	Selling expenses		**212.16**		486.91
25.	Commission to Selling Agents		**7.23**		16.00
26.	Freight Outwards		**119.69**		59.20
27.	Expenditure on Warranty		**869.78**		963.08
28.	Liquidated Damages		**2,912.30**		2,411.72
29.	Research & Development expenses		**1,920.05**		2,319.90

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
30. Provisions:				
Doubtful Advances	-		44.32	
For Obsolete Stock	**91.86**		38.72	
Doubtful Debts-S.Debtors	**1,700.36**	**1,792.22**	1,263.31	1,346.35
31. Amounts Written off				
a) Bad Debts written off	**0.66**		2,106.45	
Less: Provisions withdrawn	**(0.26)**	**0.40**	(2,105.89)	0.56
b) Fixed Assets written off		**0.33**		0.66
c) Other write offs	-		1.59	
Less: Provisions withdrawn	-	-	-	1.59
32. Transfer to other Accounts				
a) Expenditure on Research & Development	**(1,920.05)**		(2,319.90)	
b) Warranty charges	**(127.03)**		(84.54)	
c) Departmental Transfers- Production	**(413.91)**		(382.78)	
d) Service Tax Input Credit	**(3,770.90)**		(2,277.81)	
e) Corporate Social Responsibility	**(8.34)**		-	
f) Repairs & Maintenance (Internal)	**(50.31)**		(53.71)	
g) Others	-	**(6,290.54)**	(4.16)	(5,122.90)
33. Miscellaneous expenses		**305.61**		297.13
Total		**12,072.88**		12,567.83

NOTE 29 : EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) Contribution to "Clean Ganga Fund"	**20.00**	-
b) Contribution to "CM Relief Fund of Tamilnadu"	**10.00**	-
c) Upgradation of Computer/ Education Facilities	**9.37**	23.77
d) Provision of Education Facilities	**9.05**	24.83
e) Providing Computer Education Facilties	**22.41**	21.73
f) Others	**34.93**	0.32
Total	**105.76**	70.65

NOTE 30 : PRIOR PERIOD ITEMS : INCOME/(EXPENDITURE)

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Prior Period Items : Income/(Expenditure)		
a) Sales & Services	**(96.62)**	(1,314.36)
b) Material Consumption	**397.19**	181.61
c) Others	**12.88**	38.78
Total	**313.45**	(1,093.97)

NOTE 31 : EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
I) Income :				
a) Recovery from bad debts written off	**14.95**		2.05	
b) Provisions withdrawn	**2,459.11**	**2,474.06**	2,133.85	2,135.90
II) Expenditure :				
a) Provision for Doubtful Debts		**(2,500.00)**		(2,500.00)
Total		**(25.94)**		(364.10)

NOTE: 32

i. The Financial Statements have been prepared in line with the requirements of the Schedule III of the Companies Act, 2013. 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. The Company has changed the Accounting Policy on
(a) Internal Capitalization and Inter Group Transfers (refer Accounting policy 1 (D)).
(b) Inventory (refer Accounting Policy 1 (E)) and
(c) Provisions, Contingent Liabilities and Contingent Assets (refer Accounting Policy 1 (S)).

All the changes are clarificatory in nature but not having any financial impact on the Accounts.

NOTE 33: EXEMPTION FROM DISCLOSURE

The Company has been exempted from disclosure of certain details mentioned below under Paragraph 5 of Part II of Schedule III of the Companies Act 2013 under general instructions for preparation of Statement of Profit and Loss as per the notification F.No:1/19/2013 -CL-V-Part dated 4th September 2015, issued by Ministry of Corporate Affairs.

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)(e)	In case of other companies, gross income derived under broad heads
5(iii)	In the case of all concerns having work in progress, works in progress under broad heads
5(viii)	The statement of profit and loss 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.

	e) Earnings in foreign exchange classified under the following heads, namely :- I. Export of goods calculated on F.O.B. basis; II. Royalty, know how, professional and consultation fees; III. Interest and dividend; IV. Other Income, indicating the nature thereof.

NOTE 34: COMPLIANCE TO ACCOUNTING STANDARDS (AS)

(Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

a) In terms of Accounting Policy No. C (iv) Contract Revenue of ₹ 27,979.57 Lakhs (previous year ₹ 28,130.84 Lakhs) is recognized based on the percentage of actual costs incurred to the estimated total cost of the Contracts.

(₹ **in Lakhs**)

Particulars		As at 31st March, 2016	As at 31st March, 2015
b)	Aggregate amount of costs incurred and recognized profits (Less: recognized losses)	**1,69,211.40**	1,58,932.50
c)	Advances received and outstanding	**35,810.60**	29,616.85
d)	Gross amount due from customers (Unbilled Revenue)	**55,785.63**	54,831.41
e)	Gross amount due to customers	**Nil**	Nil
f)	Retentions, if any	**3,406.37**	2,258.29

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 undergoes 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-7.

B) REVENUE RECOGNITION (AS-9):

Sales for the year includes :

i) Goods which are in deliverable condition and are retained by the Company at the instance of the customers for an amount of ₹ 289.48 Lakhs (previous year ₹ 603.25 Lakhs).

ii) Goods valuing ₹ 11,888.54 Lakhs (previous year ₹ Nil) which are transferred to Bonded stores awaiting field testing as per Accounting Policy C (ii).

C) ACCOUNTING STANDARD AS-12 : GRANTS–IN–AID

Unspent balance of ₹ 1,597.99 Lakhs as on 31.03.2016 (previous year ₹ 905.53 Lakhs) out of Grants-in-Aid received from Government of India (GOI) for undertaking various Research & Development Projects is shown under other current liabilities in the Balance Sheet.

(₹ **in Lakhs**)

Sl. No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
1	Opening Balance	**905.53**	71.00
2	Total receipts during the year	**3,030.01**	3,000.01
3	Refund/Withdrawals during the year	**0.00**	0.00
4	Actually utilized during the year towards		
	a) Revenue Items	**1,832.11**	1,970.30
	b) Capital Items	**505.44**	195.19
5	Closing Balance	**1,597.99**	905.53

D) ACCOUNTING STANDARD AS-15: EMPLOYEE BENEFITS

a) **Provident Fund**: Company pays fixed contribution to provident fund at predetermined rates to a separate trust ECIL Employees Provident Fund, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution of ₹ 2,367.47 Lakhs (Previous year ₹ 2,543.41 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 Benefit 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 31.03.2016 are as follows.

(₹ in Lakhs)

I. Change in Benefit obligation :	As at 31st March, 2016	As at 31st March, 2015
Present value of obligation as at the beginning	**14,626.41**	16,143.33
a) Interest Cost	**1,170.11**	1,291.47
b) Current Service Cost	**163.06**	189.83
c) Benefits paid	**3,251.54**	3,273.22
d) Actuarial (gain) / loss	**(450.34)**	275.01
Present value of obligation at the end of the period	**12,257.71**	**14,626.41**

(₹ in Lakhs)

II. Change in Fair value of plan assets	As at 31st March, 2016	As at 31st March, 2015
Fair value of Plan Assets at the beginning of the year	**11,748.42**	13,847.07
a) Expected return on plan assets	**860.72**	1,117.36
b) Contributions	**532.04**	57.22
c) Benefits paid	**3,251.54**	3,273.22
d) Actuarial gain/loss on plan assets	**NIL**	NIL
Fair value of Plan Assets at the end of the period	**9,889.65**	11,748.42
Excess of Obligation over Plan Assets	**2,368.06**	**2,877.99**

(₹ in Lakhs)

III. Expenses recognized in the Statement of Profit & Loss :	For the year ended 31st March, 2016	For the year ended 31st March, 2015
a) Current service Cost	**163.06**	189.83
b) Interest Cost	**1,170.11**	1,291.47
c) Expected return on Plan Assets	**860.72**	1117.36
d) Net Actuarial (gain)/loss recognized in the period	**(450.34)**	275.01
Expenses recognized in the statement of Profit & Loss	**22.12**	638.94

(₹ in Lakhs)

IV. Amounts recognized in the Balance Sheet	As at 31st March, 2016	As at 31st March, 2015
a) Present value of Obligation as at the end of the period	**12,257.71**	14,626.41
b) Fair value of Plan Assets at the end of the period	**9,889.65**	11,748.42
c) Funded Status	**(2,368.06)**	(2,877.99)
d) Liability recognized in Balance Sheet **	**2,420.09**	2,930.02

** The above amount includes ₹52.03 Lakhs (previous year ₹ 52.03 Lakhs) towards gratuity payable to ex-employees which is not claimed by them as at 31-3-2016.

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	As at 31st March, 2016	As at 31st March, 2015
a) Discounting Rate	**8%**	8%
b) Salary Escalation Rate	**6%**	6%
c) Expected rate of return on plan assets	**8.5%**	9.15%
The estimates of future salary increases, considered in actuarial valuation, have been factored in inflation, seniority, promotion and other relevant factors.		

c) An amount of ₹10 Crores has been provided towards Pension payable to Officers with effect from 01.04.2015

E) Leave Encashment:

Earned Leave/Vocation Leave can be encashed to a maximum of 50% of the leave at the credit of the employee subject to the condition that the leave encashed at a time shall not be less than 10 days and shall not be more than 54 in case of Earned Leave, 90 days in case of Vocation Leave. However, employees are entitled to a maximum of 180 / 300 days towards the terminal benefits on superannuation/ VR/Resignation/Termination. The scheme is unfunded and liability is recognized on the basis of actuarial valuation. An amount of ₹ 1508.77 Lakhs (previous year ₹ 2376.31 Lakhs) has been provided during the year 2015-16 to keep the leave encashment liability as per the actuarial valuation at ₹ 6869.19 Lakhs (previous year ₹ 7248.39 Lakhs).

The actuarial assumption for salary rise is 6 % (Previous Year 6%) and discount rate is 8% (Previous Year 8%).

F) 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.

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

G) RELATED PARTY TRANSACTIONS (Pursuant to Section 188 of the Companies Act, 2013) & RELATED PARTY DISCLOSURE (AS-18):

(i) Remuneration to Key Management Personnel – ₹ 105.20 Lakhs (Previous year ₹ 93.35 Lakhs) as detailed below:

(₹ in Lakhs)

Name of the Key Management Personnel	Position Held	Salary	Contribution to PF	Pension and other benefits	Total
Shri P Sudhakar	C&MD and Director(Technical)	23.71 (21.91)	2.48 (2.28)	6.75 (4.85)	32.94 (29.04)
Shri Kishor Rungta	Director (Finance)	22.63 (20.92)	2.37 (2.17)	4.60 (3.07)	29.60 (26.16)
Shri V S B Babu	Director (Personnel)	22.51 (20.81)	2.36 (2.16)	4.64 (3.06)	29.51 (26.03)
Shri Jai Bhagwan Sharma	Company Secretary	10.41 (9.62)	1.09 (1.00)	1.65 (1.50)	13.15 (12.12)
Grand Total		79.26 (73.26)	8.30 (7.61)	17.64 (12.48)	105.20 (93.35)

ii) The Company has 49% stake in the equity share capital of M/s ECIL-Rapiscan Limited, incorporated as joint venture with OS Inc.USA.

Details of transactions:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Purchase of Goods	**19.12**	356.94
Sale of Goods	**Nil**	Nil
Services rendered to JV	**Nil**	Nil
Services received from JV	**192.93**	921.06
Agency arrangements (manpower)	**Nil**	1675.00
Advances paid	**185.94**	280.99
Amounts payable to JV	**248.29**	467.24
Amounts receivable from JV	**11.43**	11.43

As the envisaged economic activity of the Joint Venture has ceased to exist due to obsolescence of the technology, the proposal for dissolution of the Joint venture company has been proposed by the Joint Venture partner M/s. OSI Systems Inc. USA. However, the Board of Directors of ECIL is yet to take a decision as on the date of Balance Sheet. Further, presently no products are being manufactured and sold by ECIL to the Joint Venture Company as a part of JV agreement. Accordingly, the financial statements of ECIL Rapiscan Limited are not consolidated with that of ECIL.

H) LEASE TRANSACTIONS (AS-19):

Assets given on Operating Lease:

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Class of Assets	**Buildings**	Buildings
Lease Rental earned during the year	**53.12**	80.82
Minimum Lease Rental on Non-cancellable Leases:		
Not later than one year	**27.11**	41.95
Later than one year and not later than five years	**125.53**	152.33
Later than five years	**50.91**	83.07
Gross Value of Assets	**186.55**	186.55
Current Year Depreciation	**2.89**	2.89
Accumulated Depreciation	**70.83**	67.94
Net Value	**115.72**	118.61

The Company has leased out office premises on operating lease by entering into renewable lease agreements. Escalations with respect to lease rentals have been considered wherever applicable, as per the lease agreements.

Assets Taken on Operating Lease:

(₹ in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Class of Assets	**Buildings**	Buildings
Lease Rental incurred during the year	**258.77**	278.21
Minimum Lease Rental on Non-cancellable Leases:		
Not later than one year	**190.69**	233.74
Later than one year and not later than five years	**265.15**	380.98
Later than five years	**49.15**	107.75

The Company has taken office premises, guest house accommodations on operating lease by entering into renewable lease agreements. Escalations with respect to lease rentals have been considered wherever applicable, as per the lease agreements.

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

I) EARNINGS PER SHARE (AS-20):

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

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Numerator : Net Profit after tax as per Statement of Profit and Loss	**₹ 7,454.16 Lakhs**	₹ 5,017.77 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	**₹ 1,000/-**	₹ 1,000/-
Earnings per share (Basic & Diluted)	**₹ 456.27**	₹ 307.14

J) INTANGIBLE ASSETS UNDER DEVELOPMENT (AS-26):

Pending implementation of ERP modules in specific areas of the Organization, the entire expenditure incurred on Enterprise Resource Planning (towards Licenses and Implementation) is kept under Intangible Assets under development under Note no.12 and no amount has been amortized during the year.

K) 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.

L) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29) :

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

(₹ in Lakhs)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	On Product Sales	On Contracts under AS-7	On Product Sales	On Contracts under AS-7
Opening Balance	**633.51**	**2927.70**	782.27	2548.70
Provisions made during the year	**298.09**	**559.59**	305.65	664.27
Amounts used / reversed (i.e, incurred and charged against provision)	**307.19**	**524.85**	454.41	285.27
Closing balance	**624.41**	**2962.44**	633.51	2927.70

(b) Contingent Liabilities and Capital Commitments

(₹ in Lakhs)

S.No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
i)	Contingent Liabilities (to the extent not provided for)		
a)	Claims against the company not acknowledged as debt		
	i) Court/Arbitration cases	**678.38**	652.86
	ii) Demands from Government authorities and appeals filed against the Company not provided for in respect of taxation matters includes an amount of ₹ 4061.46 Lakhs (previous year ₹ 3945.56 Lakhs) recoverable from sub-contractor as per the terms of the contract)	35,499.82	13,541.83
b)	Others		
	i) Letters of Credit	**5,075.23**	5,341.93
	ii) Others	**1,613.55**	1,715.79
	iii) Corporate Guarantees	**29,013.44**	30,251.62
	iv) Indemnity Bonds	**34,658.08**	21,549.98
c)	No provision is considered necessary in respect of the differential sales tax liability of ₹ 694.69 Lakhs estimated at next higher rate of tax that may devolve on the Company for non-receipt & submission ofstatutory forms in respect of pending assessments for the years 2013-14 to 2015-16 (previous year ₹ 781.90 Lakhs), as the company is confident of collecting the statutory forms from the customers for onward submission to Commercial tax department.		
d)	The Company has not availed any hedging arrangements with the banks for payment of foreign currency transactions during the year.		
e)	There exists no liability whether crystallized or contingent as on 31.03.2016 in terms of the Civil Liability for Nuclear Damage Act, 2010.		

ii) Commitments:

(₹ in Lakhs)

	Particulars	As at 31st March, 2016	As at 31st March, 2015
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**2,126.30**	1,778.34
b)	Other commitments	**Nil**	Nil

NOTE 35: Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013 and rules made there under on CSR Activities, the Company has incurred an amount of ₹ 105.76 Lakhs (Previous year ₹ 70.65 Lakhs) towards Corporate Social Responsibility activities during the Financial Year 2015-16 and debited to Statement of Profit and Loss.

The amount of expenditure to be spent on CSR activities and financial details as per the Companies Act, 2013 for the F.Y 2015-16 are as under:

(₹ in Lakhs)

S.No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
1	Aggregate net profits of last three financial years as per Section 198 of the Companies Act, 2013	**16,436.04**	15,471.35
2	Average of net profits	**5,478.68**	5,157.12
3	Earmarked percentage U/s 135 of the Companies Act, 2013 towards CSR Activities	**2%**	2%
4	Amount to be spent towards CSR Activities for the F.Y 2015-16	**109.57**	103.14
5	Amount actually incurred on CSR Activities during F.Y 2015-16	**105.76**	70.65

As per Paragraph 17(b) of the Guidance Note on CSR issued by ICAI, the details of expenditure incurred by the Company on CSR activities are as follows:

(₹ in Lakhs)

S.No.	Particulars	In Cash	Yet to be paid in Cash	Total
i.	Construction/Acquisition of asset	0.57 (23.77)	8.80 (Nil)	9.37 (23.77)
ii.	Other than (i) above:	95.95 (31.60)	0.44 (15.28)	96.39 (46.88)

NOTE 36: OTHERS

i. Expenditure in Foreign Currency (excluding provision) (Other than exempted from disclosure – refer note no.33)

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Foreign Travel	**28.91**	19.71
TOTAL	**28.91**	19.71

ii. Export Earnings (including Deemed Exports) :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Exports - Products	**126.77**	38.42
TOTAL	**126.77**	38.42

iii. The disclosure relating to transactions with Micro, Small and Medium Enterprises are given below:

(₹ in Lakhs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of the each accounting year.		
(i) Principal	**2,853.16**	3,800.84
(ii) Interest	**45.30**	51.86
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	**Nil**	Nil
c) 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 Micro, Small and Medium Enterprises Development Act, 2006	**Nil**	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year and	**Nil**	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small, Medium enterprises Development Act, 2006.	**45.30**	51.86

iv. Materials received pending inspection and acceptance and materials dispatched by vendors for which title has been transferred to the company as per the terms of the contract which are in transit are considered as Raw materials-in-transit or Capital goods-in-transit as the case may be and included in Inventories and Capital work-in-progress respectively.

v. Inventories include material with sub contractors amounting to ₹ 17.95 Lakhs (previous year ₹ Nil) and finished goods amounting to ₹ Nil Lakhs (previous year ₹ 3.51 Lakhs) sent on demonstration /exhibition /approval.

vi. On account of complexities involved in realization of debts in Instruments and Systems Group, the Company has made a provision of ₹2,500 Lakhs during the current year (Previous Year ₹ 2,500 Lakhs) towards doubtful debts and shown under exceptional items in the Statement of Profit and Loss. The total debtors under litigation is ₹ 13,739.26 Lakhs, against which the amounts provided upto the current year is ₹ 7,500 Lakhs (up to previous year is ₹ 5,000 Lakhs)

vii. Two MCV and one MCP against the order of M/s. Bharat Dynamics Limited on which sale was recognized has been retained in the premises of the Company for more than 10 years at the request of the customer and an amount of ₹ 23.94 Lakhs is due from the customer.

viii. The balances shown under Sundry Debtors, Sundry Creditors, Advances Received and Advances Paid are subject to confirmation and consequent reconciliation, if any.

ix. Figures relating to previous year are either suitably regrouped or recast wherever considered necessary to confirm to the current year's classification/presentation.

★★★★★★★

Members of Corporate Management Committee as on the date of Annual General Meeting

Shri K N Vyas, Director BARC along with Dr Alok Chakraborthy, Director VECC and C&MD, ECIL during a function held to flag off the first consignment of Ultra Stable Power converters to Germany

Dr. Sri Kumar Benerjee, former AEC Chairman and DAE Secretary interacting with ECIL engineers at Indian Science congress pavilion

C&MD explaining to Dr. Nasim Zaidi, Chief Election Commissioner about the VVPAT developed by ECIL. Also seen in the picture are Shri Bhanwar Lal, State Election Commissioner, AP & Telangana, Shri Sandeep Jain, DG Central Election Commission.

Parliamentary Committee visit

ANNEXURE - E

Independent Auditors' Report

To
The Members
Electronics Corporation of India Limited
Hyderabad

Report on the Financial Statements

We have audited the accompanying financial statements of Electronics Corporation of India Limited (ECIL), ("the company"), Hyderabad, which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the financial statements.

Basis for Qualified Opinion

The balances appearing under Trade Receivables, Sundry Creditors, Advances paid and Advances 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.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its Profit and its cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to the following matters in the Notes to the financial statements:

a) Note No. 10C regarding immovable properties title whereof are not yet conveyed in favour of the company.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Government of India in terms of Section 143(11) of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(5) of the Act, with regard to the directions issued by the Comptroller and Auditor General of India, we report that:

   a) According to the information available and explanations given to us and on the basis of our examination of the records, the company has clear title in respect of freehold and leasehold lands except in the following cases.

I. Freehold Lands:

1. (a) The Department of Atomic Energy (DAE) has made Deed of Grant in favour of the company granting Acres 278-05 Guntas of land free of cost in Keesara and Uppal Mandals, Rangareddy District. Out of the grant of Acres 278-05 Guntas, the company was conveyed Acres 229-01 Guntas and the same were mutated in favour of the company in the revenue records.

(b) Out of grant of Acres 278-05 Guntas DAE has identified Acres 31-10 Guntas of lands in S. Nos. 223/7, 288, 711 and 24. However the land is yet to be transferred and mutated in the revenue records in favour of the company. The company is in possession of this land.

(c) Out of grant of Acres 278-05 Guntas balance Acres 17-34 Guntas of land is neither identified nor mutated in favour of the company.

(d) The company is in excess possession of Acres 20-30 Guntas of land under Survey No.223/09, 223/10, 223/13 in Kapra Village, Keesara Mandal, Rangareddy District. This land was transferred by State Government to DAE. However, the land is not yet conveyed in favour of the company.

2. The company has purchased Acres 2-11 Guntas of land at Moula-Ali, Hyderabad from Andhra Pradesh Industrial Infrastructure Corporation Ltd (APIIC). APIIC agreed for exchange of this land with a land admeasuring Acres 2-65 Guntas in Moula-Ali. In the process the company will have title for an additional land of Acres 0-533 Guntas for which the company has paid additional consideration of Rs 1,65,103/-. Conveyance in respect of exchange properties in favour of the company from APIIC is not yet completed.

3. The DAE vide 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 for its office situated at Prabhadevi, Mumbai free of cost to the company. The mutation of the property is not yet completed.

II. Leasehold Lands:

The company has clear title in respect of Leasehold lands.

b) During the year the company has not written off any debt, loan, interest and other amounts. During the year the company has not waived any debts, loan, interest or other amount.

c) The company has maintained proper records in respect of inventories lying with third parties and assets received as gift or grants from Government or other authorities.

3. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except for the effects of the matter described in the Basis of Qualified Opinion paragraph;

b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) Being a Government Company, the company is exempted from the provisions of Section 164 (2) of the Act regarding disqualification of Directors vide Notification GSR-463(E), dated 5th June, 2015 issued by the Government of India, Ministry of Corporate Affairs;

f) We give our report in Annexure –B with respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls;

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations give to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 34L(b)(i)(a) to the financial statements;

ii. The Company has made provision, as required under the applicable law and accounting standards,

for material foreseeable losses, on long term contracts – Refer Notes 5, 8, 9 and 34L(a). The company does not have derivative contracts.

iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No.S-2934

C. Kameshwar Rao
Partner
Membership No.24363

Place: Hyderabad
Date: 20th July, 2016

Annexure-A to the Independent Auditors' Report

The annexure referred to in the Independent Auditors' Report of even date to the Members of Electronics Corporation of India Limited ("the Company"), on the Financial Statements for the year ended 31st March, 2016, we report that:

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has a phased programme of physical verification of its Fixed Assets once in three years and accordingly external agencies have carried out physical verification during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noted on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, we state that the title deeds of immovable properties are held in the name of the company except as specified in Note No. 10C to the financial statements.

(ii) Physical verification of inventories except goods-in-transit and stock lying with third parties, has been conducted during the year by the in-house Internal Audit Department. In our opinion the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and book records were not material and they have been properly dealt with in the books of account.

(iii) During the year the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.

(iv) During the year company has not given any loans, made investments, given guarantees or given security to Directors, companies other parties covered under provisions of section 185 and 186 of the Act. Accordingly paragraph 3(iv) of the Order is not applicable.

(v) During the year the Company has not accepted any deposits from the public. Accordingly paragraph 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Government of India for maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2016 for a period exceeding six months from the date they become payable.

(b) According to the information and explanations given to us, the following dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax have not been deposited by the Company on account of disputes:

Name of Statute	Nature of the Dues	Amount (Rs. in lakhs) Net of amounts paid in protest	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	424.37	1986-87	Central Board of Direct Taxes.
		711.00	2002-03	High Court of Andhra Pradesh
		50.86	2010-11	Commissioner of Income Tax (Appeals), Hyderabad
		14.10	2011-12	Commissioner of Income Tax (Appeals), Hyderabad
		84.00	2012-13	Commissioner of Income Tax (Appeals), Hyderabad
The Customs Act, 1962	Customs Duty	134.42	1994-95	Commissioner, Mumbai
The Central Excise Act, 1944	Excise Duty	36.37	2000-01	Customs, Excise, Service Tax Appellate Tribunal, Bangalore.
		98.42	2002-03	Customs, Excise, Service Tax Appellate Tribunal, Bangalore.
		130.30	2006-07	Customs, Excise, Service Tax Appellate Tribunal, Bangalore.

Name of Statute	Nature of the Dues	Amount (Rs. in lakhs) Net of amounts paid in protest	Period to which the amount relates	Forum where the dispute is pending
		36.80	2008-09	Commissioner of Appeals, Hyderabad
		25.26	2009-10 & 2010-11	Commissioner of Appeals, Hyderabad
		82.26	2005-06 to 2007-08	Commissioner, Hyderabad.
The Finance Act, 1994	Service Tax	22,286.75	2008-09 to 20011-12	High Court, Kolkata
		398.40	2007-08 to 2008-09	Customs, Excise, Service Tax Appellate Tribunal, Chennai
		3,835.50	2003-04 to 2012-13	Customs, Excise, Service Tax Appellate Tribunal, Bangalore
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.61	2011-12	Deputy Commissioner (Appeals), Mumbai
The Delhi Value Added Tax, 2004	Sales Tax	14.68	1993-94	Sales Tax Appellate Tribunal, New Delhi.
		0.20	2008-09	Commissioner (Appeals), New Delhi
		1,200.71	2009-10 & 2010-11	Commissioner (Appeals), New Delhi
		15.28	2010-11	Commissioner (Appeals), New Delhi
		57.50	2012-13	Commissioner (Appeals), New Delhi
The Kerala Value Added Tax, 2003	Sales Tax	213.88	2007-08	High Court, Kerala
The Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	7.31	1997-98	High Court of Andhra Pradesh
		8.72	2005-06 & 2006-07	Sales Tax Appellate Tribunal, Telangana
		119.69	2006-07	Sales Tax Appellate Tribunal, Telangana
		184.85	2007-08	Sales Tax Appellate Tribunal, Telangana
		12.28	2008-09	Sales Tax Appellate Tribunal, Telangana
		35.12	2009-10	Sales Tax Appellate Tribunal, Telangana
		34.75	2010-11	Sales Tax Appellate Tribunal, Telangana
		78.11	2008-09	Appellate Deputy Commissioner, Telangana
		200.35	2011-12	Appellate Deputy Commissioner, Telangana
		43.72	20 12-13	Appellate Deputy Commissioner, Telangana

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.

(ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. During the year the company has applied the short term loans raised from banks for the purpose for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit.

(xi) Being a Government Company provisions of section 197 of the Act are not applicable to the company as per Notification GSR-463(E), dated 5th June, 2015 issued by the Government of India, Ministry of Corporate Affairs. Accordingly paragraph 3(xi) of the Order is not applicable to the company.

(xii) Company is not a Nidhi Company; accordingly paragraph 3(xii) of the Order is not applicable to the company.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion transactions with related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion during the year the company has not entered into non-cash transactions with directors or persons connected with them.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **RAMANATHAM & RAO**
Chartered Accountants
Firm Registration No.S-2934

C. Kameshwar Rao
Partner
Membership No.24363

Place: Hyderabad
Date: 20th July, 2016

Annexure-B to the Independent Auditors' Report

Report on the Internal Financial Controls of Section 143(3)(i) of the Act to the Members of Electronics Corporation of India Limited (ECIL) ("the Company"), on the Financial Statements for the year ended 31st March, 2016.

We have audited the Internal Financial Controls Over Financial Reporting of Electronics Corporation of India Limited (ECIL) ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the

maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2016:

Operating procedures in respect of reconciliation, obtaining confirmations and adjustment of trade receivables, trade payables, advances paid and advances received need to be strengthened.

A 'material weakness' is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March 2016, except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March, 2016.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2016 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

For **RAMANATHAM & RAO**

Chartered Accountants
Firm Registration No.S-2934

C. Kameshwar Rao
Partner
Membership No.24363

Place: Hyderabad
Date: 20th July, 2016

ADDENDUM TO DIRECTORS' REPORT

Company's reply to observations of Statutory Auditors in their Audit Report

Auditors' Observation	Company's Reply
The balances appearing under Trade Receivables, Sundry Creditors, Advances paid and Advances 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.	Long outstanding amounts are being reviewed periodically and necessary provisions are being made in the accounts. Letters are being sent to customers/suppliers requesting for confirmation of balances to confirm directly to Statutory Auditors as at the end of the 30th September and confirmation letters are being received by Statutory Auditors.
Operating procedures in respect of reconciliation, obtaining confirmations and adjustment of trade receivables, trade payables, advances paid and advances received need to be strengthened.	These being continuous in nature are reviewed periodically and corrective actions are being taken. However, audit observations are noted for further improvement.

For and on behalf of the Board of Directors

P Sudhakar
Chairman and Managing Director

Mumbai
Date : 16.09.2016

ANNEXURE - F

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ELECTRONICS CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of **Electronics Corporation Of India Limited** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20.07.2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Electronics Corporation Of India Limited** for the year ended 31 March 2016. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Place:New Delhi
Date:

(Dr. Ashutosh Sharma)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

BEST INDUSTRY AWARD 2016

ELECTRONICS CORPORATION OF INDIA LIMITED, HYDERABAD

Electronics Corporation of India Limited (ECIL), a public sector undertaking under Department of Atomic Energy (DAE), has been associated with BrahMos since the very beginning, for supply of Mobile Command Post (MCP) and MAL electrical integration, and has been an excellent industry partner.

Strategic Electronics Division of ECIL has contributed immensely in development of complex mission planning software and also a secure communication system which is very crucial for successful performance of the weapon complex supplied to our Defence forces in field conditions.

In recognition of a long term partnership with BrahMos and uncompromised commitment for timely delivery, "Electronics Corporation of India Limited" has been conferred with the "Best Industry Award 2016".

17th June, 2016
New Delhi

BrahMos

Sudhir Kumar Mishra
CEO & MD
BrahMos Aerospace

ब्रह्मोस वाँतरिक्ष द्वारा सर्वोत्तम उद्योग पुरस्कार
Best Industry award by BrahMos Aerospace

मेगज़िन भवन

Magazine Buildings

इलेक्ट्रानिक्स कारपोरेशन आफ इंडिया लिमिटेड

Electronics Corporation of India Limited

भारत सरकार (परमाणु ऊर्जा विभाग) का उद्यम

A Government of India (Department of Atomic Energy) Enterprise

ई सी आई एल पोस्ट / **ECIL Post,** हैदराबाद/ **Hyderabad - 500062**

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