



Annual Report

2023-2024

Leaders of ELCIA Cluster



Muralidhar. R
President
BMPL



P.S. Thind
Vice President
RNT Engineering Private Limited



G.S. Veerabhadrapa
Secretary
Syscon Instruments Private Limited



Vaidyanathan A
Treasurer
PAQS



Nandini. B
Joint Secretary
TESCOM Private Limited



A J Hegde
Member
Bhavani Industries



Bakthavatchalam S
Member
Sil-Kee Electronics Private Limited



Sujaya Shashikiran
Member
Hical Technologies Private Limited



Sriram Kumar. V
Member
FANUC India Private Limited

ELCIA Cluster President's Note



As we gather for this year's Annual General Meeting (AGM), I would like to take a moment to reflect on our achievements, challenges, and the strategic direction of our Elcia Cluster (Cluster). This report aims to provide a comprehensive overview of our performance over the past year and outline our strategies for the future.

Developments during the year

Taking advantage of the support extended by Elcia/Elcita Social initiatives in areas like Key Executive deployment, Accounts, Marketing, Strategic Consulting, Labour etc, we have ensured the following:

- Provided Executive leadership for the Cluster
- Accounts Consultants did Regular accounting, Internal auditing, and resolve GST issues, filing of statutory reports
- Developed new website www.elciatechhub.com for the Cluster to focus on Digital marketing
- Wide consultations with strategic management consultants to map the road ahead for the Cluster
- Using Labour Consultant, we have streamlined and updated statutory returns on labour, ESI, PF, Factories Act etc.

During year under review, the Cluster has taken up and completed the following:

- Implementation of Tranzact ERP to make inventory, purchase orders, Customer Order follow-ups, invoicing etc, online.
- QR coded Metal Asset tagging and verification for machinery and other Capital Assets,
- ISO Certification from TUV
- Vendor Development for Outsourced processes and Material procurement,
- Employee monthly awards for excellence in performance. Provided Lunch on concessional rates.
- New Cluster office infrastructure including Conferencing in August 24.

Performance Overview

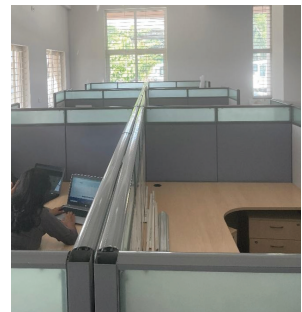
The Cluster performance in terms of On-time delivery, In-process and Customer end Quality acceptance and critical Machine Utilisation has shown considerable improvement. Similarly, number of Customers and parts manufactured during the year has shown increase.

As we convene for this year's AGM, it is essential to address the challenges we faced over the past year, which resulted in a loss for the Cluster. While Total Income has grown from Rs. 166.47 Lakh in 22-23 to Rs. 214.10 in 23-24, an increase of 29%, the Cluster experienced a significant financial setback, reporting a loss of Rs. 69.1 Lakhs. This decline in financial health was primarily due to increased operational costs by way of increased salaries & wages, outsourcing costs, increased competition and other overheads. These factors have considerably reduced the margins.

Strategies and Future Outlook

In view of continuing losses in cluster operation, it was decided to change focus as outlined below:

- Shift from job work to hybrid model of support to startups to develop products with royalties built in,
- Reduce Costs by higher productivity through machine cycle times reduction, better material cost negotiations, multi skilling of manpower, using competitive outsourcing, renegotiating supplier contracts and optimizing our production processes.
- Limiting job work to higher margin works
- Generate revenue by offering training in high tech areas
- Product testing and product certifications
- New investment in 3D printing, 5/6 axis cnc machines, high end electronic assembly and testing equipment through govt schemes.



We trust, in long run, the Cluster would not only meet its objective of prototype manufacturing, pilot batch production and augment capacity for small industry, it would be a role model for new Clusters.

In conclusion, we extend my heartfelt appreciation to everyone associated with our Cluster. In particular for Government support through MD, KCTU and Director, MSME DC and President ELCIA. I take this opportunity to thank all our Customers, Suppliers, employees, and all other stakeholders.

Muralidhar R

President - ELCIA Cluster



Finance Report



INDEPENDENT AUDITOR'S REPORT

To the Members of ELCIA Cluster

Opinion

We have audited the accompanying financial statements of ELCIA Cluster ("the Society"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Income and Expenditure for the year ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information in the manner so required and give a true and fair view in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, of the state of affairs of the Society as at March 31, 2024, and its Income and Expenditure Account for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Financial Statements

The Associations members are responsible for preparation of these financial statements that give a true and fair view of the financial position and financial performance, and cash flow of the Company in accordance with accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Association and for preventing and detecting frauds and other irregularities;



selection and application implementation and maintenance 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.

In preparing the financial statements, members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless members intends to cease operations, or has no realistic alternative but to do so.

Those members are also responsible for overseeing the Association's financial reporting process.

Auditor's responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on



the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

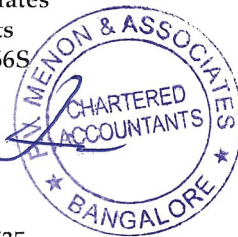
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Place: Bangalore
Date: 30th August, 2024

For P.V. Menon & Associates
Chartered Accountants
Firm's Regn No.: 002066S

K.B. Parameswaran
(Partner)

Membership No.: 202735
UDIN: 24202735BKEIBV7872



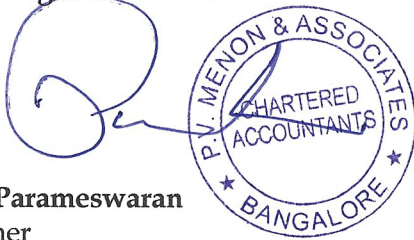
ELCIA Cluster
Balance Sheet as at 31st March 2024

Particulars	Note	As at 31st March 2024	As at 31st March 2023
Sources of funds			
Membership Fee	3	3,80,000	3,80,000
CFC Fund	4	7,57,34,468	8,18,52,992
Total		7,61,14,468	8,22,32,992
Application of funds			
Property, Plant & Equipment	5	4,24,55,074	4,97,31,182
Capital work-in-progress		-	5,62,717
Current Assets:			
Trade Receivables	6	86,30,535	80,99,279
Inventories	7	11,88,996	5,52,829
Cash and Bank Balances	8	69,05,560	75,02,271
Other Current Assets	9	1,84,79,457	1,94,62,476
		3,52,04,548	3,56,16,855
Less: Current Liabilities & Provisions	10	1,73,62,226	1,67,11,023
Net Current Assets		1,78,42,321	1,89,05,832
Debit Balance in Income & Expenditure Account	11	1,58,17,073	1,30,33,261
Total		7,61,14,468	8,22,32,992

Notes to Accounts & Significant Accounting Policies 1 - 2

As per our report of even date

For P V Menon & Associates
Chartered Accountants
Firm Regn.No. 002066S

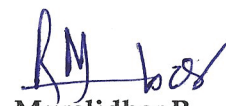


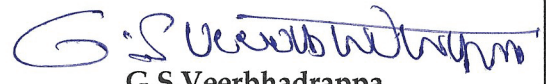
K B Parameswaran
Partner
M. No.202735

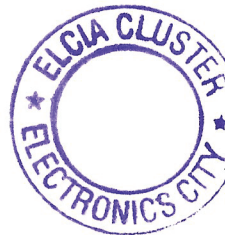
Place : Bangalore


Date : 30th August, 2024

For ELCIA Cluster


Muralidhar R
President


G.S. Veerbhadrappa
Secretary




A Vaidyanathan
Treasurer

ELCIA Cluster

Income & Expenditure Account For The Year Ended March 31, 2024

Particulars	Note	For the year ended 31st March 2024	For the year ended 31st March 2023
(I) Income			
Direct Income	12	2,06,40,336	1,65,68,870
Other Income	13	7,69,439	77,905
		2,14,09,774	1,66,46,775
(II) Expenditure			
Direct Expenses	14	1,92,63,173	1,22,99,937
Consumable Stores	15	55,42,767	53,80,715
Depreciation	5	11,57,584	13,61,509
Other expenses	16	23,60,651	15,42,406
		2,83,24,175	2,05,84,566
Loss for the period		(69,14,400)	(39,37,791)
Prior period adjustment (Refer Note 17)	17	(41,30,588)	(36,61,897)
(I)-(II) Surplus /(Deficit) Transferred to Balance Sheet		(27,83,812)	(2,75,894)

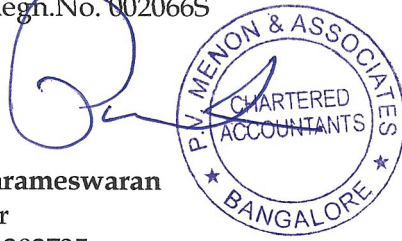
Notes to Accounts & Significant Accounting Policies 1 - 2

As per our report of even date

For P V Menon & Associates

Chartered Accountants

Firm Regn.No. 002066S



K B Parameswaran

Partner

M. No.202735

Place: Bangalore

Date : 30th August, 2024

For ELCIA Cluster

Muralidhar R
Muralidhar R
President

G.S. Veerabhadra
G.S. Veerabhadra
Secretary



A Vaidyanathan
A Vaidyanathan
Treasurer

1 Background

ELCIA Cluster is a Society registered under the Karnataka Societies Registration Act, 1960, as an initiative of the Electronic City Industries' Association (ELCIA) for the benefit of its MSME members and other MSME units who may be admitted as members.

ELCIA Cluster is the SPV established under the Cluster Development Programme of the Ministry of MSME, Government of India (GoI). It is aimed at facilitating growth of existing MSMEs to enable them to move up the value chain through the creation of a Common Facilities Center (CFC). The GoI is the majority contributor in the SPV through the contribution of 70% of the total capital investment for the CFC. 15% is contributed by the Government of Karnataka and balance 15% by ELCIA and Members of ELCIA Cluster.

2 Significant Accounting Policies

a) Basis of Preparation

The financial statements are prepared and presented on a going concern basis under historical cost convention on an accrual basis to comply with the Accounting standards specified by the "Institute of Chartered Accountants of India". The accounting policies have been consistently applied and consistent with those used in the previous year unless otherwise stated.

b) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the association and the revenue can be reliably measured.

c) Provisions

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date.

These are reviewed at each year end date and adjusted to reflect the best current estimate.

d) Property, Plant & Equipment (PPE)

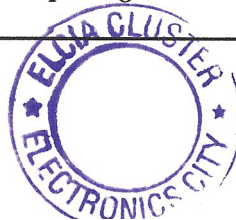
Property, Plant & Equipment are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its present condition for intended use. Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

e) Depreciation

Method of depreciation applied by the AOP is WDV, and the rates specified in Sec 32 of the Income tax Act, 1961 is considered for calculation. As per which, the depreciation on these assets are calculated from the date of put to use. In case if an asset is put to use for more than 180 days, it is depreciated at full rate, otherwise at half of the rate specified in the Act.

<u>Block</u>	<u>Percentage</u>
Furniture & Fittings	10%
Plant & Machinery	15%
Computers	40%
Measuring Instruments	15%
Office Equipment	15%
Leasehold Improvements	10%

Proportionate Depreciation on fixed assets acquired out of Government grants received from Karnataka State Government & Central Government are adjusted against capital grants under CFC Fund. Balance depreciation is charged of to Profit & Loss account.



f) Provisions

A provision is recognized if, as a result of a past event, the association has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

g) Inventories:

Inventories are valued at cost or net realisable value whichever is lower. Inventories are stated on the basis of stock taken, valued and certified by the management.

h) Other accounting policies

a) Membership fee payable at time of joining as per the Bye Laws of the Association is capitalized.

b) Contribution to Common Facility Centre (CFC Fund) consisting of voluntary contributions from members, ELCIA and Government grants, are treated as Capital contributions and capitalized in the Balance Sheet.

c) The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known materialized.

d) In the opinion of the Executive Committee, the value on realization of current assets, loans & advances will, in the ordinary course of business, not be less than the amount at which they are stated in the Balance Sheet.



ELCIA Cluster
Notes forming an integral part of Balance Sheet as at March 31, 2024

3 Membership Fee

Particulars	As at 31st March 2024	As at 31st March 2023
Opening balance	3,80,000	3,80,000
Add : Collection during the year	-	-
Total	3,80,000	3,80,000

4 CFC Fund

Particulars	As at 31st March 2024	As at 31st March 2023
a) Capital Contribution from Members & ELCIA	2,24,70,985	2,24,70,985
b) Capital Grants:		
From Karnataka State Government	2,16,35,000	2,16,35,000
From Central Government	9,71,37,625	9,71,37,625
	11,87,72,625	11,87,72,625
Less: Depreciation on assets purchased	(6,55,09,142)	(5,93,90,618)
	5,32,63,483	5,93,82,007
Total (a) + (b)	7,57,34,468	8,18,52,992

5 Fixed Assets: See the separate sheet attached

6 Trade Receivables

Particulars	As at 31st March 2024	As at 31st March 2023
Sundry Debtors	86,30,535	80,99,279
Total	86,30,535	80,99,279

7 Inventories

Particulars	As at 31st March 2024	As at 31st March 2023
Tools & Spares:		
Opening Stock	68,362	34,255
Purchases during the year	12,40,142	7,60,349
Utilised during the year	5,21,403	7,26,242
Closing Stock	7,87,100	68,362
Raw Materials		
Opening Stock	3,20,458	-
Purchases during the year	31,66,073	23,93,542
Utilised during the year	32,81,598	20,73,084
Closing Stock	2,04,933	3,20,458
Consumables:		
Opening Stock	1,64,009	10,27,765
Purchases during the year	17,72,720	17,17,633
Utilised during the year	17,39,767	25,81,389
Closing Stock	1,96,963	1,64,009
Total	11,88,996	5,52,829



ELCIA Cluster
Notes forming an integral part of Balance Sheet as at March 31, 2024

8 Cash and Bank Balances

Particulars	As at 31st March 2024	As at 31st March 2023
Cash in hand	60,638	1,687
Balance in current account with bank	15,56,339	75,00,584
Fixed Deposits with IDBI Bank	45,87,297	-
Fixed Deposits with Indian Bank	7,01,285	-
Total	69,05,560	75,02,271

9 Other Current Assets

Particulars	As at 31st March 2024	As at 31st March 2023
Rental Deposit - ELCIA	75,00,000	75,00,000
Input Tax Credit for GST	98,90,159	1,14,23,079
Unclaimed Input Tax Credit	2,37,054	-
Tax Deducted at source	2,69,910	2,33,563
Prepaid Insurance Exps	22,964	52,803
Advance to Employee	12,000	19,032
Accrued Interest on Fixed Deposit	749	-
GST Pre-deposit FY 2017-18	3,12,621	-
Other Deposit & Advances	2,34,000	2,34,000
Total	1,84,79,457	1,94,62,476

10 Current Liabilities & Provisions

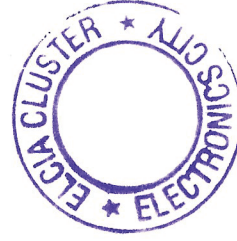
Particulars	As at 31st March 2024	As at 31st March 2023
Loans due to ELCIA	1,00,00,000	1,00,00,000
Sundry creditors	66,09,352	66,54,148
Wages Outstanding	6,66,748	-
Provision for Audit Fees Payable	50,000	50,000
GST Payable	14,371	-
PT Payable	1,400	-
TDS Payable Accounts	20,355	6,874
Total	1,73,62,226	1,67,11,023

11 Debit balance in Income & Expenditure Account

Particulars	As at 31st March 2024	As at 31st March 2023
Opening balance	1,30,33,260	1,27,57,366
Add: Deficit / (Surplus) transferred from I&E Account	27,83,812	2,75,894
Total	1,58,17,073	1,30,33,260



ELCIA Cluster									
Notes forming an integral part of the Balance Sheet as at March 31, 2024									
5. Property, Plant & Equipment									
Sl. No	Particulars	Rate (%)	WDV as on 01st April 2023	Additions during the year		Deletions	Total	Depreciation for the year	WDV as on 31st March 2024
				More than 180 days	Less than 180 days				
1	Plant & Machinery	15%	4,36,32,493	-	-	50,849	4,35,81,644	65,37,247	3,70,44,397
2	Furnitures & Fixtures	10%	13,24,912	-	-	-	13,24,912	1,32,491	11,92,421
3	Computers	40%	97,714	-	-	-	97,714	39,085	58,629
4	Measuring Instruments	15%	15,60,225	-	-	-	15,60,225	2,34,034	13,26,191
5	Office Equipments	15%	1,72,483	-	-	-	1,72,483	25,872	1,46,611
6	Leasehold Improvements	10%	21,74,288	-	50,849	-	22,25,137	2,19,971	20,05,166
7	Intangible Asset	25%	70,005	-	-	-	70,005	17,501	52,504
8	Electrical Fittings	10%	3,46,226	-	-	-	3,46,226	34,623	3,11,603
9	Land & Building	10%	3,52,836	-	-	-	3,52,836	35,284	3,17,552
	Total		4,97,31,182	-	50,849	50,849	4,97,31,182	72,76,108	4,24,55,074
			Less:	Depreciation proportionate to Govt Grants				61,18,524	
				Net Depreciation to Income & Expenditure A/c				11,57,584	



ELCIA Cluster

Notes forming an integral part of Income and Expenditure for the year ended March 31, 2024

12 Direct Income

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Job Work Charges	2,06,40,336	1,65,68,870
Total	2,06,40,336	1,65,68,870

13 Other Income

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Interest on Income tax refund	9,340	13,869
FD Interest	1,24,114	-
Other Income	1,597	-
Scrap Sale Local	3,65,802	-
Creditors Written back - No Longer Payable	2,68,586	58,568
Discount Received	-	5,468
Total	7,69,439	77,905

14 Direct Expenses

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Salaries & Wages paid to Contractual Employees	77,37,848	56,81,124
Consultancy fees - Operations	7,02,240	7,59,000
Electricity & Genset Charges	59,20,300	41,55,190
Freight Charges	2,69,961	91,221
Outsourcing Costs	39,87,011	8,60,128
Other Direct Expenses	3,000	1,72,691
Repairs & Maintenance - Machines	6,42,813	5,80,584
Total	1,92,63,173	1,22,99,937

15 Consumables

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Raw Materials	32,81,598	20,73,084
Consumables	17,39,767	25,81,389
Tools & Spares	5,21,403	7,26,242
Total	55,42,767	53,80,715



ELCIA Cluster

Notes forming an integral part of Income and Expenditure for the year ended March 31, 2024

16 Other expenses

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Audit Fees	50,000	50,000
Asset Written off	5,62,717	-
Bad Debts	46,363	2,02,287
Bank Charges	91	95
Insurance Exps	67,237	99,293
License Fee	40,070	48,780
Office & Meeting Expenses	2,10,687	1,94,588
Postage & Courier	6,409	4,527
Printing & Stationary	1,27,667	77,917
Professional & Consulting Charges	1,63,552	92,000
Rates and Taxes	6,547	2,741
Repair & Maintenance - Others	2,29,777	3,17,767
Staff Welfare	6,85,364	2,79,745
Telephone Exps	15,247	19,382
Travelling and Conveyance Allowance	1,48,924	81,385
Web Development & Hosting Charges	-	71,899
Total	23,60,651	15,42,406

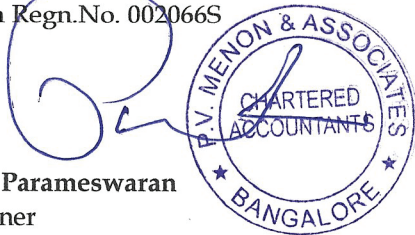
17 Prior Period Income

Cluster is using the electricity supplied through the meter belonging to ELCIA. ELCIA in 13th EC meeting dated 26th August, 2023 has approved to waive the Electricity charges payable by Cluster to the extent of Rs.41,30,588 for full financial year 22-23 (PY Rs.36,61,897 for the period April 21 to March 22) as a measure of financial support for Cluster operations. Accordingly the waived electricity charges of the previous year has been credited to Income & Expenditure Account as a Prior period adjustment

18 Previous years' figures have been re-grouped and re-arranged wherever necessary.

As per our report of even date

For P V Menon & Associates
Chartered Accountants
Firm Regn.No. 002066S



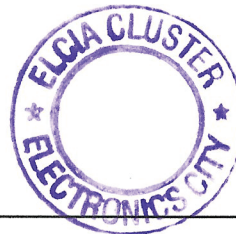
K B Parameswaran
Partner
M. No.202735

Place : Bangalore
Date : 30th August, 2024

For ELCIA Cluster

Muralidhar R
Muralidhar R
President

G.S. Veerabhadrapa
G.S.Veerabhadrapa
Secretary



A Vaidyanathan
A Vaidyanathan
Treasurer



**3(P) West phase, Electronic City,
Bengaluru, Karnataka 560100**

Phone: 91-80-28521555

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