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CORPORATE INFORMATION**BOARD OF DIRECTORS**

Mr. S. Devarajan	-	Chairman & Independent Director
Mr. J. N. Mylariaiah	-	Managing Director
Mr. Arun Kakatkar	-	Director
Mr. Joydeep Nag	-	Director
Ms. Revathy Ashok	-	Independent Director
Mr. N Srinivasan	-	Independent Director

Company Secretary

Mr. R. Ganesh

Registered Office and Factory

485/8A & 8B, 14th Cross, 4th Phase
Peenya Industrial Area, Bangalore – 560 058

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Bankers

Canara Bank
Citibank NA
Bank of America

Registrar & Share Transfer Agents

M/s. Karvy Computershare Private Limited
Plot No.17-24 Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Ph: +91 40 23420818
Fax: +91 40 23420814
E-mail: einward.ris@karvy.com

CORPORATE INFORMATION

BOARD OF DIRECTORS



S. DEVARAJAN
Chairman &
Independent Director

Mr. Devarajan was the Managing Director of Cisco Systems in India till June, 2007. An industry veteran with more than 34 years of experience in the IT sector, Dev managed Cisco's largest R&D Centre established outside USA. He also advised and assisted in the setting up of the Cisco Development Center in China.

Prior to joining Cisco, Mr. Devarajan was the Managing Director of Tata Elxsi. During his tenure, he played a pivotal role in making it one of the successful IT companies of the Tata group. Mr. Devarajan graduated in Electronics Engineering from Indian Institute of Technology, Kharagpur. Well known in the Indian IT industry. Mr. Devarajan is the past President of the Manufacturers Association for Information Technology (MAIT). He was also Executive Council Member of Confederation of Indian Industries (CII) in Southern India. Mr. Devarajan was a Charter Member of TIE, Bangalore. Mr. Devarajan is a past member of the IT Hardware task force and IT Vision Task Force set up by the Chief Minister of Karnataka.

He currently runs his own Strategy Consulting firm – Transmation Consulting.



J.N. MYLARIAIAH
Managing Director

Mr. Mylariaiah holds a bachelor's degree in Mechanical Engineering and Executive General Management from Indian Institute of Management, Bangalore. He brings a wealth of experience in the areas of telecom and enterprise networks with hands on experience in Sales, Pre-Sales, Marketing and Product management. From 1996 to 2004 he worked at M/s. Network Solutions as Regional Support Head-South handling LAN services/ Cisco VOIP Projects/Nortel Installation.

Since 2004 he has held various positions of increasing responsibility in TE Connectivity India Private Ltd (Earlier known as Tyco Electronics Ltd). His last role was as Country Manager – Technical & Marketing and was supporting TE's key accounts in India.



ARUN KAKATKAR
Director

Mr. Arun Kakatkar is the Vice President, HR – India & Asia Pacific of TE Connectivity India Private Limited. He holds a degree in Bachelor of Engineering (Production Engineering) and Masters of Business Administration (majoring in Human Resources).

He worked initially in manufacturing operations and then in HR for the last 18 years. He has worked in companies like Mahindra & Mahindra, Black & Decker, Ingersoll Rand and Microsoft. He has worked in different parts of the world and spent almost 8 years working across Asia Pacific based in Singapore. He joined TE Connectivity India Private Limited in November, 2011.

CORPORATE INFORMATION

BOARD OF DIRECTORS



JOYDEEP NAG
Director

Mr. Joydeep Nag is the Director-Finance of TE Connectivity India Private Limited. He is a qualified Chartered Accountant, a Master's in Business Administration and is a graduate of experienced Financial Leadership Programme of GE.

He has worked with reputed companies like Indian Aluminum, Godrej & Boyce and GE. In his stint in GE, he was Chief Financial officer of GE Health Care for South Asia, for more than five years, leading the finance organization spread across a complex manufacturing, distribution and service organization handling a large number of legal entities and Joint Ventures. He joined TE Connectivity India Private Limited in February, 2013.



REVATHY ASHOK
Independent Director

Ms. Revathy Ashok is a gold medalist from the Indian Institute of Management, Bangalore. She has had a successful leadership experience of over three decades spanning variety of industries – Private Equity, Software & IT enabled services, manufacturing, infrastructure & real estate etc. in Senior Management positions.

She has worked in reputed companies like Tishman Speyer India, Syntel, Tyco Electronics (erstwhile AMP). Ms. Revathy Ashok has been a speaker at several industrial forums including guest lectures at the Indian Institute of Management and other colleges.



NATRAJ SRINIVASAN
Independent Director

Mr. Srinivasan graduated as a Metallurgical Engineer from the BHU Institute of Technology in Varanasi, India in 1967. He began his career in Technical Consulting with the Indian Lead Zinc Information Centre – the Indian wing of Zinc Development Association of UK. After a five-and-a-half years stint there, he joined the Federation of Indian Export Organizations (FIEO) to set up its consultancy export department.

From December 1989 – December 1994, he served as the Executive Director and Secretary of the Automotive Component Manufacturers Association (ACMA). Mr. Srinivasan rejoined CII on 1st December, 1994 and, in a couple of years, was designated Deputy Director. He was appointed Director General of CII in June, 2004 which post he held for two years before moving into a new role as Adviser to President CII. He retired from CII on 31st May, 2007. As Director General, Mr. Srinivasan has been a panelist at the sessions of the World Economic Forum annual meet at Davos and the India Economic Summit in Delhi.

DIRECTORS' REPORT

To the Members,

The Board of Directors of your Company has pleasure in presenting the 26th Annual Report on the business and operations, including the financial statements for the year ended March 31, 2014.

Financial Results

(Rs. in lakhs)

	For the year ended 31st March 2014	For the Year ended 31st March 2013
Gross Revenue (including Excise Duty)	5279.73	4195.81
Profit/(Loss) before depreciation, exceptional items and tax	416.44	(88.67)
Exceptional items – Expenses under Voluntary Retirement Scheme	-	413.04
Profit/(Loss) before depreciation	416.44	(501.71)
Less: Depreciation	44.15	73.03
Net Profit/(Loss) for the year before Taxation	372.29	(574.74)
Provision for Taxation	40.85	30.95
Profit/(Loss) after tax	331.44	(605.69)
Add: Profit brought forward from previous year	3431.18	4334.32
Profit available for Appropriation	3762.62	3728.63
Appropriations		
Dividend Proposed	115.00	69.00
Tax on Dividends	19.54	11.73
Transfer to General Reserve	33.14	216.72
Profit retained in Profit & Loss Account	3594.94	3431.18

During the year the overall revenue grew by 25% over that of last year. The telecom business revenue grew by 20% and the Enterprise network business revenue grew by 27% as compared to last year. Both segment of business registered profit during the year as compared to loss in the previous year.

Dividend

Your Directors recommend a dividend of 25% (Rs.2.50 per equity share of Rs. 10/-) for the year ended March, 2014, subject to the approval by the shareholders at the forthcoming Annual General Meeting.

Directors Responsibility Statement

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

- a. in the preparation of annual accounts the applicable accounting standards have been followed and there are no material departures;
- b. accounting policies have been selected and applied 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 at the end of the financial year and of the profit or loss of the Company for that period;
- c. proper and sufficient care has been taken for the 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 fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

Strategy & Operations

The economic environment continued to be uncertain at large and particularly in the Enterprise network market & Telecom sector. The Enterprise network market growth continues to be slow due to the overall economic slow-down and the indecision of large players committing continued outlays. Consequently expansion plans were either put on hold or delayed. On the Telecom front, the Company continues to grapple with fewer orders, lower price realization and reduced profitability.

The market is expected to improve in the medium term driven by domestic demand and Government projects. Policies and decision makings are expected to improve next year, with a new stable government in place.

During the year, your company's continued focus was on growing revenues and profitability. The Company also looked at ways for cost reduction. Consequently the Company's own facility was rented out and the operations were moved to a smaller location fitting into the overall operational requirement. This move is expected to deliver better results in the years to come and the Company should be able to improve its performance once the market activities pick up.

Directors

The Companies Act, 2013 provides for appointment of independent directors. Section 149 (10) of the Companies Act, 2013 (effective from April 01, 2014) provides that independent directors shall hold office for

a term of up to five consecutive years on the Board of a Company. Further section 149(13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of section 152 shall not apply to independent directors. Pursuant to these provisions, the Board of Directors are seeking the appointment of Ms.Revathy Ashok, Mr.N.Srinivasan and Mr.Devarajan as Independent Directors for a term of five consecutive years from April 01, 2014 to March 31, 2019.

Since in terms section 149 read with section 152 of the Companies Act, 2013, the provisions of retirement by rotation are not applicable to Independent Directors and in order to comply with the provisions of Companies Act, 2013, the directors to retire by rotation have been re-ascertained. Accordingly, Mr. Arun Kakatkar, Director will retire at the ensuing annual general meeting and being eligible offers himself for re-appointment.

Mr. Sanjay Handu ceased to be the Managing Director of the Company with effect from September 06, 2013. Your Directors place on record their appreciation of the contributions and valuable guidance given by him during his association with the Company.

Mr. S.Viswanath ceased to be a Director with effect from September 06, 2013. Your Directors place on record their appreciation of his contribution during his association with the Company.

We are glad to invite Mr.J.N.Mylaraiah to the Board, who became an Additional Director with effect from September 06, 2013. Mr. Mylaraiah was also appointed as the Managing Director of the Company with effect from September 06, 2013. Mr. Mylaraiah retires at the ensuing Annual General meeting under the erstwhile provisions of the Companies Act, 1956. Pursuant to the provisions of section 203 of the companies Act, 2013, the Board of Directors at their meeting held on May 23, 2014 have appointed Mr.Mylaraiah as the Managing Director of the Company for a period of five years from April 01, 2014.

Accordingly the Board of Directors are seeking the appointment of Mr.Mylaraiah as the Managing Director for a term of five years from April 01, 2014.

Corporate Governance

As required under clause 49 of the Listing Agreement, a report on Corporate Governance and Auditor's Certificate confirming compliance thereof are made a part of this Annual Report.

Particulars of Employees

During the year under review, none of the Company's employees has received remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

Auditors

The Auditors - M/s. Deloitte Haskins & Sells retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and offer themselves for re-appointment.

Acknowledgements

Your Directors would like to express their grateful appreciation of the support and co-operation received from the Customers, Bankers, Channel Partners, Distributors and Vendors during the year. Your Directors also place on record their appreciation for the hard work and contribution of all employees during the year as well as for the advice received from the Promoters of the Company.

On behalf of the Board of Directors

J.N.Mylaraiah
Managing Director

Joydeep Nag
Director

Place: Bangalore

Date: May 23, 2014

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998:

A. Conservation of Energy

The Company continued to optimize the usage of Natural ventilations at the new facility and use of CFL lamps. The Company also continued with good maintenance practices.

B. Technology

During the year, the company introduced new products that would cater to the Telecom market such as Fiber to the Antenna & Copper to the Antenna products, to support the upcoming 4G projects. The

Company also developed a Standard- compliant product portfolio for the market.

1. Research & Development

Various continuous improvement activities continued during the year.

2. Foreign exchange earnings and outflow on cash basis:

(i) Foreign Exchange Earnings	-	Rs. 18,453,437/-
(ii) Foreign Exchange outflow	-	Rs. 1,413,335/-

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Telecommunication

The number of telephone subscribers in India reached 904.56 million which includes both wireless and landline as of October, 2013, based on the report released by TRAI. This is still down from the all-time high of 965 Million in June, 2012. The capex spend of telecom operators have fallen significantly, mainly driven by profitability pressure due to intense competition and lower revenues per unit. Large spectrum payments made in 2010-12 followed by the latest spectrum payments would again lead to constrained capex outlays.

The big plans of Telecom Operators for providing 4G services is expected to be a game changer in the Telecom industry. In the recent past, the Telecom Operators have been focusing on improving revenue per unit by increasing prices. This indicates a better future performance for the operators and there is likelihood of a higher capex spend in the medium to long term. This bodes well for your company.

Enterprise:

Enterprise network market growth continues to be slow. The reduced market opportunities are leading to greater competition and hence pressure on profitability is likely to continue. However, with a new government in place, the Indian economy is expected to stabilize and strengthen with fiscal prudence measures expected in the next 12 to 18 months. This, in turn, will improve our market supported by domestic demand and Government projects.

REVIEW OF OPERATING PERFORMANCE

The financial statements have been prepared in compliance with the requirement of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements. Some of the key performance indicators are given below:

Rs. in Lakhs

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
Gross Revenue	5279.73	4195.81
Profit/(Loss) before Depreciation and Tax	416.44	(501.71)
Depreciation	44.15	73.03
Profit/(Loss) before Tax	372.29	(574.74)
Ratio of Profit/(Loss) before Tax to Revenue in percentage	7.05	(13.70)
Profit/(Loss) after Tax	331.44	(605.69)
Total Assets	6212.74	5632.49
Earnings per share	7.21	(13.17)
Inventory Turnover ratio	4.85 times	3.27 times
Debtors turnover ratio	3.60 times	2.54 times

During the year the overall revenue grew by 25% over that of last year. The telecom business revenue grew by 20% and the Enterprise network business revenue grew by 27% as compared to last year. Both segment of business registered profit during the year as compared to loss in the previous year.

OPPORTUNITIES AND THREATS

Telecommunication

The 4G plans of large telecom operators are expected to drive the industry pace and growth. The new Government is expected to facilitate the growth of the telecom industry in the next 2 years. However, the Company need to be cautious and needs to plan its activities based on the expansion plans of the telecom operators.

Enterprise

The Small and Medium Business (SMB) segment

looks promising. In spite of continuous slowdown in the IT / ITES sector, future business potential looks positive to be driven by the local demand and growing markets in US & Europe.

RISKS AND CONCERNS

Telecommunication

For the past few years, some untoward sentiments have affected the market, resulting in decreased investments and lower interest. However, with clearer policies and renewed administration the investment climate is likely to improve in the near future.

Enterprise:

Due to fewer opportunities and economic slowdown, the expansion plans of IT/ITES sector are getting delayed or postponed. This situation will hopefully see a correction in the next 12 to 18 months.

TECHNOLOGY

The Company has introduced new products that would cater to the Telecom market such as Fiber to the Antenna & Copper to the Antenna products that would help to support upcoming 4G projects. The Company has also developed a Standard-compliant product portfolio to increase its geographical reach.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems for various business processes, financial reporting and compliance with applicable laws and regulations.

The Internal Auditors M/s Gnanoba & Bhat, Chartered Accountants review the effectiveness of various processes and other operational activities. The summary of the Internal Audit observations

is presented to the Audit Committee and the suggestions and guidance of the audit committee are implemented to ensure effective operation of all departments in the company.

MANUFACTURING OPERATIONS

Apart from outsourcing a major portion of manufacturing operations, the Company continued to look at other ways of cost reduction and to be cost competitive. Consequently it was decided to rent out the Company's own facility and move to a smaller location which fits into our overall operational requirement. This move is expected to deliver better results in the years to follow and the Company should be able to favorably participate once the market activities picks up.

HUMAN RESOURCES

The total number of permanent employees of the Company as at March 31, 2014 was 25.

INFORMATION TECHNOLOGY

During the year all the Laptops & Desktops were replaced since all the existing systems were too old to operate and use the latest software's.

Cautionary Statement:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations and which the management believes are true to the best of its knowledge at the time of preparation. Actual results might differ materially from those either expressed or implied and hence the Company and the management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to a system of good corporate governance, as it firmly believes that good corporate governance signifies good corporate practices aimed at increasing value for its shareholders, customers, employees, the government and all other stakeholders. Corporate governance of the company accords high importance for compliance with laws, rules and regulations at all times. The Company's internal control measures ensure the reliability of financial statements. The company is in full

compliance with the applicable requirements under clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

2. BOARD OF DIRECTORS

The current Board of Directors consists of six Directors including the Managing Director and three independent directors.

Eight Board Meetings were held during the period April, 2013 to March, 2014: May 29, 2013, August 08, 2013, September 06, 2013, September 21, 2013, November 11, 2013, December 19, 2013, January 21, 2014, March 07, 2014.

The details of the Directors on the Board of your Company for the year 2013-14 are given below:

Name	Category	Month & Year of Appointment	Designation	No. of meetings held during the last Year	No. of meeting attended	Number of memberships in Board of other companies	Membership of Board Committees	Chairman of Board Committees	Whether attended last AGM
J.N.Mylaraiah*	Nominee Director	September 2013	Managing Director	8	6	NIL	NIL	NIL	No
Sanjay Handu**	Nominee Director	March 2011	Managing Director	8	2	1	NIL	NIL	Yes
S. Devarajan	Independent Director	February 2013	Director	8	8	1	2	NIL	Yes
Arun Kakatkar	Nominee Director	November 2012	Director	8	6	NIL	NIL	NIL	Yes
Joydeep Nag	Nominee Director	May 2013	Director	8	8	1	NIL	NIL	Yes
Revathy Ashok	Independent Director	August 2011	Director	8	8	1	NIL	NIL	Yes
N. Srinivasan	Independent Director	February 2012	Director	8	7	1	1	NIL	Yes
S.Viswanath**	Nominee Director	March 2011	Director	8	2	1	NIL	NIL	Yes

*Appointed as a Director w.e.f. September 06, 2013 **Ceased to be a Director w.e.f. September 06, 2013

3. AUDIT COMMITTEE

The role of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and

also approval for payment for any other services.

- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing the internal audit system and scope of internal audit.

The Current Audit committee consists of the following Directors:

Ms. Revathy Ashok : Chairman
 Mr. N.Srinivasan : Member
 Mr. S.Devarajan : Member
 Mr. Joydeep Nag : Member

During the year 2013-14 four audit committee meetings were held:

Ms.Revathy Ashok, Mr. S.Devarajan and Mr.Joydeep Nag attended all the meetings. Mr.N.Srinivasan attended three meetings. The requirements on periodicity and time gap between two meetings were in accordance with the requirements of clause 49 of the listing agreement.

Mr. R. Ganesh, Company Secretary acts as the Secretary to the Committee.

4. COMPENSATION COMMITTEE

The committee reviews and decides the overall remuneration of the Managing Director.

The Current Compensation Committee consists of the following Directors:

Mr. Joydeep Nag : Chairman
 Ms. Revathy Ashok : Member
 Mr. N.Srinivasan : Member
 Mr. S.Devarajan : Member

During the year 2013-14 no Compensation Committee meeting was held.

Remuneration paid to Directors for the year ended 31st, March, 2014

Mr. Sanjay Handu : Rs. 20,000
 Mr. Revathy Ashok : Rs. 160,000*
 Mr. N.Srinivasan : Rs. 140,000*
 Mr. S.Devarajan : Rs. 160,000*
 Mr. S.Viswanath : Rs. 40,000*
 Mr. Arun Kakatkar : Rs. 120,000*
 Mr.Joydeep Nag : Rs. 160,000*

* Represents sitting fees

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The committee monitors and redresses Shareholder and investors complaints.

The Current Shareholders/Investors Grievance

Committee consists of the following Directors:

Mr. N.Srinivasan : Chairman
 Ms. S.Devarajan : Member
 Mr. Joydeep Nag : Member
 Mr. J.N.Mylaraiah : Member (from September 06, 2013)

During the year, four Shareholders/Investors Grievance Committee meetings were held. Mr.S.Devarajan and Mr.Joydeep Nag attended all the meetings. Mr.N.Srinivasan attended three meetings and Mr.J.N.Mylaraiah attended two meetings.

COMPLIANCE OFFICER

Name and designation of compliance officer is Mr. R. Ganesh, Company Secretary.

Details of number of Shareholders complaints received, number not solved and number of pending share transfers is provided in the Shareholder information section of this report.

6. GENERAL BODY MEETINGS

Location and time of the last three Annual General Meetings;

Year	Date	Venue	Time
2011	February 10, 2012	Hotel Atria, No.1, Palace Road, Bangalore	10.30 am
2012	July 13, 2012	Hotel Atria, No.1, Palace Road, Bangalore	10.30 am
2013	August 13, 2013	Hotel Atria, No.1, Palace Road, Bangalore	10.30 am

7. DISCLOSURES

- Related party transactions are disclosed in the Notes to the Financial Statements.
- There are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large.
- There are no pecuniary relationships or transactions with Non-Executive Directors of hthe Company except the remuneration paid to them for services rendered as Directors of the Company.

iv. No penalties or strictures have been imposed on the Company by Stock Exchange or Securities & Exchange Board of India or any statutory authority on any matter relating to capital markets.

8. MEANS OF COMMUNICATION

The quarterly results are generally published in Business Line and Sanjevani. Quarterly and Annual financial results are posted on the website www.adckcl.com

Management discussion and analysis report is provided in the Management Discussion and Analysis section of this Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

Information of importance to shareholders is given in the Shareholder information section of this Annual Report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of ADC India Communications Limited

We have examined the compliance of conditions of Corporate Governance by ADC India Communications Limited ('the Company'), for the year ended on March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the said stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and

the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 008072S

V. Srikumar
Partner
Membership No. 84494

Place: Bangalore
Date: May 23, 2014

CODE OF CONDUCT

DECLARATION

It is hereby declared that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the Directors and senior management of the Company in respect of the financial year ended March 31, 2014.

Place: Bangalore
Date: May 23, 2014

J.N.Mylaraiah
Managing Director

INDEPENDENT AUDITORS' REPORT

To
The Members of ADC India Communications Limited
Report on the Financial Statements

We have audited the accompanying financial statements of ADC INDIA COMMUNICATIONS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and 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 Management is responsible for the preparation of the 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
 Chartered Accountants
 Firm Registration No. 008072S

V. Srikumar
 Partner
 Membership No. 84494

Place: Bangalore
 Date: May 23, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- | | |
|---|--|
| <p>(i) Having regard to the nature of the Company's business / activities / results during the year, clauses iii(b) to (d), (f) and (g), v(b), vi, xii, xiii, xiv, xvi, xix, and xx of paragraph 4 of the Order are not applicable to the Company.</p> <p>(ii) In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a program of verification of fixed assets to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no assets were due for verification during the year.</p> <p>(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.</p> <p>(iii) In respect of its inventories:</p> <p>(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.</p> <p>(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.</p> | <p>(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.</p> <p>(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.</p> <p>(vi) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.</p> <p>(vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.</p> <p>(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> <p>(ix) According to the information and explanations given to us, in respect of statutory dues:</p> <p>(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund,</p> |
|---|--|

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (CONTINUED)

Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income - Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable, other than Income tax dues of approximately Rs 1,924,000.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March , 2014 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is Pending	Period to which the Amount relates	Amount involved (Rs.)
The Central Sales Tax, Act, 1956	Central Sales Tax	Joint Commissioner Appeals of Commercial Taxes, Bangalore	2010-11	6,200,763

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit but has incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No. 008072S

V. Srikumar
Partner
Membership No. 84494

Place: Bangalore
Date: May 23, 2014

BALANCE SHEET AS AT MARCH 31, 2014

	Notes	March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
Equity and Liabilities			
Shareholders' funds			
Share capital	3	46,000,000	46,000,000
Reserves and surplus	4	437,133,163	417,442,831
		483,133,163	463,442,831
Non-current liabilities			
Other long-term liabilities	6	7,850,000	-
Long-term provisions	5	563,176	233,580
		8,413,176	233,580
Current liabilities			
Trade payables	7	105,287,932	87,935,035
Other current liabilities	7	6,361,986	3,525,891
Short-term provisions	5	18,077,994	8,111,900
		129,727,912	99,572,826
TOTAL		621,274,251	563,249,237
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	48,357,580	53,269,439
Intangible assets	8	-	352,261
Long-term loans and advances	9	32,254,029	25,985,014
		80,611,609	79,606,714
Current assets			
Inventories	12	89,974,523	106,808,509
Trade receivables	10	107,714,917	161,946,248
Cash and cash equivalents	13	304,956,614	196,359,415
Short-term loans and advances	9	10,545,482	7,224,756
Other current assets	11	27,471,106	11,303,595
		540,662,642	483,642,523
TOTAL		621,274,251	563,249,237

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board of directors
of ADC India Communications Limited

V. Srikumar
Partner

Mylaraiah J.N
Managing Director

Joydeep Nag
Director

R. Ganesh
Company Secretary

Place : Bangalore
Date : May 23, 2014

Place : Bangalore
Date : May 23, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Notes	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Income			
Revenue from operations (gross)		504,215,387	403,107,851
Less: excise duty		19,151,918	13,757,208
Revenue from operations (net)	14	485,063,469	389,350,643
Other income	15	23,757,828	16,473,098
Total revenue (i)		508,821,297	405,823,741
Expenses			
Cost of raw materials, components, packing materials and services consumed	16	93,703,211	83,808,938
Purchase of traded goods	17	246,578,840	192,742,318
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	18	14,299,485	15,046,137
Employee benefits expense	19	15,414,627	22,217,381
Other expenses	20	97,180,665	100,875,965
Depreciation and amortization expense	21	4,414,695	7,302,891
Total expense (ii)		471,591,523	421,993,630
Profit/(Loss) before exceptional items and tax [(i) - (ii)]		37,229,774	(16,169,889)
Exceptional items - Expenses under the Voluntary Retirement Scheme (Note 36)		-	41,303,656
Profit/(Loss) before tax		37,229,774	(57,473,545)
Tax expenses			
Current tax		6,460,158	-
Less: MAT credit entitlement	37	(2,375,141)	-
Deferred tax charge / (credit)			3,095,305
Total tax expense		4,085,017	3,095,305
Profit/(Loss) for the year		33,144,757	(60,568,850)
Earnings per equity share (nominal value of share Rs.10)			
Basic / Diluted EPS	22	7.21	(13.17)
Weighted average number of equity shares used in computation of above		4,600,000	4,600,000

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board of directors
of ADC India Communications Limited

V. Srikumar
Partner

Mylaraiah J.N
Managing Director

Joydeep Nag
Director

R. Ganesh
Company Secretary

Place : Bangalore
Date : May 23, 2014

Place : Bangalore
Date : May 23, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Cash flow from operating activities		
Profit before tax	37,229,774	(57,473,545)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	4,414,695	7,302,891
Loss/ (profit) on sale of fixed assets (net)	442,523	-
Provision for doubtful receivables and advances	6,541,346	364,662
Unrealized foreign exchange loss (net)	172,687	412,037
Interest income	(17,824,260)	(15,460,470)
Operating profit before working capital changes	30,976,765	(64,854,425)
Movements in working capital :		
Increase/ (Decrease) in trade payables	17,192,637	14,382,696
Increase / (Decrease) in long term provisions	329,596	(203,593)
Increase / (decrease) in short-term provisions	63,091	(237,835)
Increase/ (decrease) in other current liabilities	2,865,163	(1,030,838)
Decrease / (increase) in inventories	16,833,986	15,214,017
Decrease / (increase) in trade receivables	47,677,557	(17,590,259)
Decrease / (Increase) in long term loans and advances	(3,893,875)	(1,128,487)
Decrease / (increase) in short term loans and advances	(3,320,726)	(32,144)
Decrease / (increase) in other current assets	(15,595,534)	(9,745,855)
Decrease / (increase) in other long term liabilities	7,850,000	-
Cash generated from / (used in) operations	100,978,660	(65,226,723)
Direct taxes paid (net of refunds)	(1,938,924)	(6,330,470)
Net cash flow from/ (used in) operating activities (A)	99,039,736	(71,557,193)
Cash flows from investing activities		
Purchase of fixed assets, including capital advances	(837,860)	(40,435)
Proceeds from sale of fixed assets	1,244,762	-
Interest received	17,252,284	16,167,112
Net cash flow from investing activities (B)	17,659,186	16,126,677
Cash flows from financing activities		
Dividends paid on equity shares	(6,900,000)	(2,300,000)
Tax on equity dividend paid	(1,172,655)	(373,118)
Un claimed dividend paid	(29,068)	(9,183)
Net cash flow used in financing activities (C)	(8,101,723)	(2,682,301)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014 (CONTINUED)

	Notes	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
Net increase in cash and cash equivalents (A + B + C)		108,597,199	(58,112,817)
Effect of exchange differences on cash and cash equivalents held in foreign currency		-	14,525
Cash and cash equivalents at the beginning of the year		196,359,415	254,457,707
Cash and cash equivalents at the end of the year		304,956,614	196,359,415
Components of cash and cash equivalents			
Balances with scheduled banks:			
- in current accounts		64,142,731	15,516,464
- in deposit accounts		240,000,000	180,000,000
- unpaid dividend accounts#		813,883	842,951
Total cash and cash equivalents (note 13)		304,956,614	196,359,415
Less: Fixed deposits with maturity greater than three months		-	-
Net		304,956,614	196,359,415

The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the board of directors
of ADC India Communications Limited

V. Srikumar
Partner

Mylaraiah J.N
Managing Director

Joydeep Nag
Director

R. Ganesh
Company Secretary

Place : Bangalore
Date : May 23, 2014

Place : Bangalore
Date : May 23, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. CORPORATE INFORMATION

ADC India Communications Limited (“the Company”) is a public company domiciled in India. The Company is engaged in providing versatile, reliable and cost effective connectivity solutions to suit individual enterprise and telecom service provider requirements. The Company provides copper and fiber physical connectivity in telecommunications and data networking solutions including structured cabling.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of 1956 Act/ Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.1. Summary of Significant Accounting Policies

a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

b. Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

c. Depreciation

Depreciation on fixed assets is calculated on a straight-line basis (SLM) using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. Depreciation on vehicles is provided under the written down value method (WDV), while other assets are depreciated under the straight line method. The Company has used the following rates to provide depreciation on its fixed assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Description	Rate of depreciation	Schedule-XIV rates
	(SLM)	(SLM)
Buildings	3.34%	3.34%
Plant and Machinery	5%-50%	4.75%
Moulds	20%-100%	16.21%
Computers	25%	16.21%
Electrical Installations	5%	4.75%
Office Equipments	10%-100%	4.75%
Furniture and Fittings	10% - 100%	6.33%
	(WDV)	(WDV)
Vehicles	25.89%	25.89%

Assets individually costing Rs. 5,000 or less are depreciated fully in the period / year of purchase.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life ranging from two to five years. The amortization period and the amortization method are reviewed at each financial period / year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

g. Inventories

Inventories are valued as follows:

Raw materials, components, consumable and packing materials (including materials in transit)	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress and finished goods (including materials in transit)	Lower of cost and net realizable value Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
Traded goods (including materials in transit)	Lower of cost and net realizable value. Cost is determined on a weighted average basis

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion (as appropriate) and estimated costs necessary to make the sale.

h. Revenue recognition

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

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which normally coincides with the delivery of goods in terms of the arrangements with the customer. Sales include Excise duty but exclude Sales tax and Value added tax.

Revenue from Turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using Proportionate Completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenue from service contracts are recognised, when the rendering of services under a contract is completed or substantially complete.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Commission Income is accounted on accrual basis as per the terms of the contract with the customers.

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j. Foreign currency translation

(i) Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items are carried at historical cost.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k. Retirement and other employee benefits

Retirement benefits in the form of Provident Fund and Superannuation Scheme are defined contribution schemes and the contributions are charged to the Statement of profit and loss of the period when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable under the respective schemes.

The Company operates a single defined benefit plan for its employees, viz. gratuity. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

m. Segment reporting policies

(i) Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the location in which the customers are situated.

(ii) Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

(iii) Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

p. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
3	SHARE CAPITAL		
	Authorised: 10,000,000 (March 31, 2013: 10,000,000) equity shares of Rs. 10 each	100,000,000	100,000,000
	Issued, subscribed and fully paid-up shares 4,600,000 (March 31, 2013: 4,600,000) equity shares of Rs.10 each fully paid up	46,000,000	46,000,000
	Total issued, subscribed and fully paid-up share capital	46,000,000	46,000,000

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period
Equity Shares**

	March 31, 2014		March 31, 2013	
	No.	Rs.	No.	Rs.
At the beginning of the year	4,600,000	46,000,000	4,600,000	46,000,000
Outstanding at the end of the year	4,600,000	46,000,000	4,600,000	46,000,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

		March 31, 2014 Rs.	March 31, 2013 Rs.
	Tyco Electronics AMP GmbH, the holding company 3,080,824 (March 31, 2013: Nil) equity shares of Rs.10 each fully paid up	30,808,240	30,808,240
	TE Connectivity Ltd, ultimate holding company 18,569 (March 31, 2013: 18,569) equity shares of Rs.10 each fully paid up	185,690	185,690

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

ADC Telecommunications Inc., subsidiary of ultimate holding company 4,967 (March 31, 2013: 4,967) equity shares of Rs.10 each fully paid up	49,670	49,670
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(d) Details of shareholders holding more than 5% shares in the Company**Equity shares of Rs.10 each fully paid**

Tyco Electronics AMP GmbH, the holding company

March 31, 2014		March 31, 2013	
No.	% holding in	No.	% holding in
3 080,824	67%	3,080,824	67%

	March 31, 2014 Rs.	March 31, 2013 Rs.
4 Reserves and Surplus		
General reserve		
Balance as per the last financial statements	74,324,147	52,652,558
Add: Amount transferred from surplus balance in the statement of profit and loss	3,314,476	21,671,589
Transfer from Statement of Profit and Loss		
Closing Balance (A)	77,638,623	74,324,147
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	343,118,684	433,431,778
Profit/(Loss) for the year	33,144,757	(60,568,850)
<i>Less: Appropriations</i>		
Proposed final equity dividend	(11,500,000)	(6,900,000)
Tax on proposed equity dividend	(1,954,425)	(1,172,655)
Transfer to general reserve	(3,314,476)	(21,671,589)
Total appropriations	(16,768,901)	(29,744,244)
Net surplus in the Statement of Profit and Loss (B)	359,494,540	343,118,684
Total Reserves and surplus (A + B)	437,133,163	417,442,831

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Long-term		Short-term	
	March 31, 2014 Rs.	March 31, 2013 Rs.	March 31, 2014 Rs.	March 31, 2013 Rs.
5 Provisions				
Provision for employee benefits				
Provision for compensated absences	563,176	233,580	102,336	39,245
(A)	<u>563,176</u>	<u>233,580</u>	<u>102,336</u>	<u>39,245</u>
Other provision				
Provision for taxation (net)*	-	-	4,521,233	-
Provision for equity dividend	-	-	11,500,000	6,900,000
Provision for tax on proposed equity dividend	-	-	1,954,425	1,172,655
(B)	<u>-</u>	<u>-</u>	<u>17,975,658</u>	<u>8,072,655</u>
Total Provisions (A+B)	<u>563,176</u>	<u>233,580</u>	<u>18,077,994</u>	<u>8,111,900</u>

*Net of advance tax 1,938,924 (2013: Nil)

	March 31, 2014 Rs.	March 31, 2013 Rs.
6 Other long-term liabilities		
Rental deposit from lessee	7,850,000	-
Total	<u>7,850,000</u>	<u>-</u>

	March 31, 2014 Rs.	March 31, 2013 Rs.
7 Trade payables and other current liabilities		
Trade payables (refer note 31 for details of dues to micro and small enterprises)	105,287,932	87,935,035
Other current liabilities		
Investor education and protection fund will be credited by following amounts (as and when due)		
Unpaid dividend	813,883	842,951
Others		
Advance from customers	1,427,087	563,989
Statutory dues	4,121,016	2,118,951
Total	<u>6,361,986</u>	<u>3,525,891</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

8. Tangible and Intangible Assets

(Amount in Rs.)

	Tangible Assets								Intangible Assets	
	Freehold Land	Building*	Plant & Machinery	Electrical Installations*	Furniture & Fixtures*	Office Equipment*	Computers	Total	Software	
At Cost										
At April 1, 2013	17,298,442	28,023,244	126,895,593	5,098,135	5,156,004	7,354,261	7,317,118	197,142,797	11,736,350	
Additions	-	-	15,157,567	837,860	-	-	-	837,860	-	
Disposals	-	-	-	-	-	-	-	15,157,567	-	
At Mar 31, 2014	17,298,442	28,023,244	111,738,026	5,935,995	5,156,004	7,354,261	7,317,118	182,823,090	11,736,350	
Depreciation										
At April 1, 2013	-	9,490,014	113,997,926	2,987,149	4,171,467	6,346,091	6,880,711	143,873,358	11,384,089	
Charge for the year	-	934,108	1,856,260	280,711	334,881	391,328	265,146	4,062,434	352,261	
Disposals	-	-	13,470,282	-	-	-	-	13,470,282	-	
At Mar 31, 2014	-	10,424,122	102,383,904	3,267,860	4,506,348	6,737,419	7,145,857	134,465,510	11,736,350	
Net Block										
At March 31, 2014	17,298,442	17,599,122	9,354,122	2,668,135	649,656	616,842	171,261	48,357,580	-	
At March 31, 2013	17,298,442	18,533,230	12,897,667	2,110,986	984,537	1,008,170	436,407	53,269,439	352,261	
At Cost										
At April 1, 2012	17,298,442	28,023,244	126,855,158	5,098,135	5,156,004	7,354,261	7,317,118	197,102,362	117,36,350	
Additions	-	-	40,435	-	-	-	-	40,435	-	
Disposals	-	-	-	-	-	-	-	-	-	
At March 31, 2013	17,298,442	28,023,244	126,895,593	5,098,135	5,156,004	7,354,261	7,317,118	197,142,797	11,736,350	
Depreciation										
At April 1, 2012	-	8,554,036	111,015,742	2,741,348	3,792,239	5,904,756	6,589,934	138,598,055	9,356,501	
Charge for the year	-	935,978	2,982,184	245,801	379,228	441,335	290,777	5,275,303	2,027,588	
Disposals	-	-	-	-	-	-	-	-	-	
At March 31, 2013	-	9,490,014	113,997,926	2,987,149	4,171,467	6,346,091	6,880,711	143,873,358	11,384,089	
Net Block										
At March 31, 2013	17,298,442	18,533,230	12,897,667	2,110,986	984,537	1,008,170	436,407	53,269,439	352,261	
At March 31, 2012	17,298,442	19,469,208	15,839,416	2,356,787	1,363,765	1,449,505	727,184	58,504,307	2,379,849	

* Includes assets let out on operating lease

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Non-current		Current	
	March 31, 2014 Rs.	March 31, 2013 Rs.	March 31, 2014 Rs.	March 31, 2013 Rs.
9				
Loans and advances (Unsecured unless stated otherwise)				
Security deposit	5,921,139	3,090,749	-	-
(A)	5,921,139	3,090,749	-	-
Advances recoverable in cash or kind				
Considered good	-	-	1,350,749	2,454,895
Doubtful	-	-	-	-
	-	-	1,350,749	2,454,895
Less: provision for doubtful advances	-	-	-	-
(B)	-	-	1,350,749	2,454,895
Other loans and advances				
Loans to employees	-	-	-	23,001
Excess of Gratuity paid over liability	519,396	508,443	-	-
Advance income-tax (Net)	8,820,043	8,820,043	-	-
MAT credit entitlement	2,375,141	-	-	-
Prepaid expenses	-	508,854	707,781	751,084
Balances with statutory / government authorities				
Considered good	14,618,310	13,056,925	8,486,952	3,995,776
Doubtful	2,000,000	-	-	-
	28,332,890	22,894,265	9,194,733	4,769,861
Less: Provision for doubtful advances	2,000,000	-	-	-
(C)	26,332,890	22,894,265	9,194,733	4,769,861
Total (A+B+C)	32,254,029	25,985,014	10,545,482	7,224,756

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		Current	
		March 31, 2014 Rs.	March 31, 2013 Rs.
10	Trade Receivables (Unsecured unless stated otherwise) outstanding for a period exceeding six months from the date they are due for payment		
	Considered good	27,439,721	15,481,154
	Doubtful	16,845,656	12,102,100
		44,285,377	27,583,254
	Provision for doubtful trade receivables	(16,845,656)	(12,102,100)
	(A)	27,439,721	15,481,154
	Other receivables		
	Considered good	80,275,196	146,465,094
	Doubtful	959,068	1,161,278
		81,234,264	147,626,372
	Provision for doubtful trade receivables	(959,068)	(1,161,278)
	(B)	80,275,196	146,465,094
	Total (A+B)	107,714,917	161,946,248

		Current	
		March 31, 2014 Rs.	March 31, 2013 Rs.
11	Other Assets Unsecured, considered good unless stated otherwise		
	Interest accrued on fixed deposits	2,129,718	1,557,741
	Unbilled Revenue	25,341,388	9,745,854
	Lease rent receivable	-	-
	Total	27,471,106	11,303,595

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
12	Inventories (valued at lower of cost and net realizable value)		
	Raw materials, components, consumables and packing materials [includes in transit Rs.Nil (March 31, 2013: Rs.4,568,609)]	29,946,797	32,481,298
	Work-in-progress	5,689,867	2,009,064
	Finished goods [Includes intransit Rs. 2,971,358 (March 2013 : Rs.12,139,660)]	22,113,544	38,785,702
	Traded goods [Includes intransit Rs. 6,682,360 (March 2013 : Rs.3,248,147)]	32,224,315	33,532,445
		<u>89,974,523</u>	<u>106,808,509</u>

		Current	
		March 31, 2014 (Rs.)	March 31, 2013 (Rs.)
13	Cash and cash equivalents		
	Balances with banks:		
	– In current accounts	64,142,731	15,516,464
	– Demand Deposits	240,000,000	180,000,000
	– On unpaid dividend account	813,883	842,951
	Cash on hand	-	-
		<u>304,956,614</u>	<u>196,359,415</u>
	Amount that qualify as Cash and Cash equivalents under Accounting Standard 3	304,956,614	196,359,415

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
14	Revenue from operations		
	Sale of products		
	Finished Goods	190,248,043	161,712,095
	Traded Goods	283,818,798	212,365,110
		474,066,841	374,077,205
	Revenue under Turnkey contracts	9,095,534	16,448,342
	Revenue from Installation services	13,766,019	7,245,884
	Other operating revenue		
	Scrap Sales	7,286,993	5,336,420
	Revenue from operations (gross)	504,215,387	403,107,851
	Less: Excise Duty	19,151,918	13,757,208
	Revenue from operations (net)	485,063,469	389,350,643
	Detail of products sold		
	Finished goods sold		
	Telecom products/connectors, accessories	152,075,289	129,367,886
	Test cords	247,611	395,462
	Tools	3,954,756	2,633,861
	Patch cords	33,970,387	29,314,886
		190,248,043	161,712,095
	Traded goods sold		
	Cables	143,125,045	141,460,855
	Connector and patch cords	30,318,427	26,389,960
	Others	110,375,326	44,514,295
		283,818,798	212,365,110

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
15	Other income		
	Interest income on		
	Bank deposits	17,824,261	15,455,628
	Others	-	4,842
	Rent	5,735,850	-
	Credit balances written back	197,717	1,012,628
		<u>23,757,828</u>	<u>16,473,098</u>
16	Cost of raw materials, components, packing materials and services consumed		
	Inventory at the beginning of the year	32,481,298	32,649,178
	Add: Purchases	91,168,710	83,641,058
		<u>123,650,008</u>	<u>116,290,236</u>
	Less: inventory at the end of the year	29,946,797	32,481,298
	Total	<u>93,703,211</u>	<u>83,808,938</u>
	Details of raw materials, components, packing materials and services consumed:		
	PCB Assy-CAT6	12,565,014	17,121,194
	Special Alloy	32,243,073	21,566,995
	Contacts	10,194,227	8,936,342
	Others	38,700,897	36,184,407
		<u>93,703,211</u>	<u>83,808,938</u>
		March 31, 2014	March 31, 2013
		Rs.	Rs.
	Details of Inventory		
	Raw materials, components and packing materials:		
	Special Alloy	3,366,309	6,991,434
	Patch cables	6,778,374	5,144,080
	Plastics	2,155,249	4,180,291
	Contacts	4,065,328	4,786,441
	Others	13,581,537	11,379,052
		<u>29,946,797</u>	<u>32,481,298</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
17		
Details of purchase of traded goods		
Cables	147,628,017	132,270,940
Connector and Patch Cords	46,543,128	21,013,701
Others	52,407,695	39,457,677
	<u>246,578,840</u>	<u>192,742,318</u>
	March 31, 2014 Rs.	March 31, 2013 Rs.
18		
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		
Inventories at the end of the year/period		
Traded goods	32,224,315	33,532,445
Work-in-progress	5,689,867	2,009,064
Finished goods	22,113,544	38,785,702
	<u>60,027,726</u>	<u>74,327,211</u>
Inventories at the beginning of the year		
Traded goods	33,532,445	55,785,085
Work-in-progress	2,009,064	8,822,080
Finished goods	38,785,702	24,766,183
	<u>74,327,211</u>	<u>89,373,348</u>
Total	<u>14,299,485</u>	<u>15,046,137</u>
Details of inventory		
Traded goods		
Cables	14,367,010	21,358,817
Connector and patch cords	11,043,654	9,603,557
Others	6,813,651	2,570,071
	<u>32,224,315</u>	<u>33,532,445</u>
Finished goods		
Telecom products/connectors, accessories	21,978,781	37,970,494
Test cords	21,463	18,261
Fibre patch cords	113,300	796,947
	<u>22,113,544</u>	<u>38,785,702</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
19	Employee benefit expense		
	Salaries, wages and bonus	13,532,213	19,061,826
	Contribution to provident and other funds	1,036,725	2,513,192
	Staff welfare expenses	845,689	642,363
		<u>15,414,627</u>	<u>22,217,381</u>
20	Other expenses		
	Power and fuel	909,283	1,476,709
	Repairs and maintenance		
	Plant and machinery	2,961,441	1,377,093
	Buildings	1,717,469	335,327
	Others	3,654,737	6,451,971
	Rent	4,722,167	1,483,309
	Rates and taxes	520,683	2,059,744
	Insurance	734,413	2,836,723
	Professional and consultancy charges	8,952,939	4,429,357
	Marketing support fee	6,741,600	20,224,800
	Remuneration to auditors (refer details below)	1,702,879	1,600,000
	Telephone and communication	786,952	731,301
	Advertisement and sales promotion	475,677	1,664,672
	Travelling and conveyance	1,674,291	2,313,990
	Commission on sales (other than sole selling agents)	38,676,065	38,423,685
	Foreign exchange fluctuation (net)	1,049,582	3,460,621
	Royalty/ technical fees	-	770,565
	Provision for doubtful debts and advances	6,541,346	364,662
	Loss on assets sold/discarded (net)	442,523	-
	Freight outwards (net of recovery)	7,388,805	5,185,236
	Miscellaneous expenses	7,527,813	5,686,200
		<u>97,180,665</u>	<u>100,875,965</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

		April 1, 2013 to March 31, 2014 (Rs.)	April 1, 2012 to March 31, 2013 (Rs.)
	Remuneration to auditors		
	For Audit	900,000	900,000
	For Taxation matters	430,500	400,000
	For Other services	300,000	300,000
	Reimbursement of expenses	72,379	-
		<u>1,702,879</u>	<u>1,600,000</u>
21	Depreciation and amortization expense		
	Depreciation of tangible assets (Refer to Note 8)	4,062,434	5,275,303
	Amortization of intangible assets (Refer to Note 8)	352,261	2,027,588
		<u>4,414,695</u>	<u>7,302,891</u>
22	Earnings per share (EPS)		
	The following reflects the profit and share data used in basic and diluted EPS computations:		
	Net Profit/(Loss) for calculation of basic / diluted EPS	33,144,757	(60,568,850)
		<u>33,144,757</u>	<u>(60,568,850)</u>
		March 31, 2014 No.	March 31, 2013 No.
	Weighted average number of equity shares in calculating basic / diluted EPS	4,600,000	4,600,000
		<u>4,600,000</u>	<u>4,600,000</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

23. Segment Information

Business Segments : The Company has organized its operations into two major businesses: Telecommunication and IT- Networking.

Geographical Segments : The Company's operations are predominantly carried out in India and hence geographical segment information is not separately furnished in this note.

(a) PRIMARY SEGMENT INFORMATION (by Business Segment)

Particulars	April 1, 2013 to March 31, 2014 Rs.	April 1, 2012 to March 31, 2013 Rs.
Segment Revenue		
a. Telecommunication	144,683,391	120,910,201
b. IT – Networking	340,380,078	268,440,442
Net sales / income from operations	485,063,469	389,350,643
Segment Result – Profit/(Loss)		
a. Telecommunication	4,493,528	(41,522,485)
b. IT – Networking	8,978,418	(32,424,158)
Total	13,471,946	(73,946,643)
a. Interest and rental income	23,560,111	15,460,470
b. Other un-allocable (expenditure) Net of un-allocable income	197,717	1,012,628
Total profit before tax	37,229,774	(57,473,545)
Provision for taxation	4,085,017	3,095,305
Profit after tax	33,144,757	(60,568,850)

Other information:

i. Depreciation

Particulars	April 1, 2013 to March 31, 2014 Rs.	April 1, 2012 to March 31, 2013 Rs.
a. Telecommunication	1,765,878	4,244,381
b. IT Networking	2,648,817	3,058,510
Total depreciation	4,414,695	7,302,891

ii. Segmental Assets

Particulars	March 31, 2014 Rs.	March 31, 2013 Rs.
a. Telecommunication	149,415,102	153,721,988
b. IT – Networking	202,640,938	168,313,252
c. Unallocable	269,218,211	241,213,997
Total assets	621,274,251	563,249,237

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**Other information:**

iii. Segmental liabilities

Particulars	March 31, 2014 Rs.	March 31, 2013 Rs.
a. Telecommunication	34,411,361	33,251,748
b. IT – Networking	75,412,874	54,683,287
c. Unallocable	28,316,853	11,871,371
Total liabilities	138,141,088	99,806,406

iv. Capital Expenditure (excluding capital advances)

Particulars	April 1, 2013 to March 31, 2014 Rs.	April 1, 2012 to March 31, 2013 Rs.
a. Telecommunication	251,358	-
b. IT – Networking	586,502	40,435
Total capital expenditure	837,860	40,435

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

24. Related Party Disclosure

1. Names of related parties and related party relationship

Related parties where control exists

Holding Company	Tyco Electronics AMP GmbH* (TE Germany)
Ultimate Holding Company	TE Connectivity Ltd, Switzerland
Related Parties with whom transactions have taken place during the year/period	
Fellow Subsidiaries	<p>ADC Communications (Australia) Pty Ltd. (ADC Australia)</p> <p>TE Connectivity Networks Inc. (Formerly known as ADC USA Incorporated) (TE USA)</p> <p>ADC Telecommunications Inc., USA (ADC Telecom)</p> <p>ADC Telecommunications Sales Inc. (Formerly known as ADC Digital Communications Inc.) (ADC Sales, USA)</p> <p>ADC Telecom Equipment (Shanghai) Company Ltd (ADC Shanghai)</p> <p>TE Connectivity, Wuxi, China (TE Wuxi)</p> <p>TE Connectivity, Hongkong Ltd. (TE HK Ltd)</p> <p>TE Connectivity India Pvt Ltd. (TE Corporation)</p> <p>TE Connectivity Solutions GmbH (TE Solutions)</p>
Key Management Personnel	<p>Mr. Mylaraiah J.N, Managing Director</p> <p>Mr. Sanjay Handu, Managing Director [Upto 5th September, 2013]</p>

*ADC GmbH, the earlier Holding Company merged with Tyco Electronics AMP GmbH effective 1st May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Transactions with related parties											(Amount in Rs.)			
Company	Purchase of goods	Sale of goods	TEIS (IT charges)	Commission income	Royalty & Technical Know how	Commission Expense	Sale of Assets	Managerial remuneration	Marketing support fee	Reimburse-ments paid (refer note 2 below)	Reimburse-ments received (refer note 2 below)	Amounts receivable	Amounts payable	
	For the period ended March 31, 2014												As at March 31, 2014	
TE Germany	-	(-)	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	-	6,890,369	
ADC Telecom	3,867,326 (1006,075)	(-)	(-)	(-)	(770,565)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
ADC Australia	-	(1,680,932)	-	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(11,492)	5,567,712 (1,964,331)	
TE USA	(1,962,047)	267,375 (1,326,720)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(336,174)	(-)	
ADC Sales, USA	48,193,286 (26,815,067)	(-)	1,413,335 (2,390,140)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(257,481)	8,501,325 (22,57,476)	
TE Switzerland	(10,425,388)	(11,736)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
TE Corporation	19,546,843	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
TE HK Limited	7,847,646 (4,836,174)	63,189,525 (6,686,250)	(-)	(-)	(-)	9,376,713 (14,206,284)	(-)	(-)	6,741,600 (20,224,800)	(-)	(2,164,856)	16,820,144 (3,122,910)	3,605,099 (2,295,379)	
TE Solutions	(-)	798,263	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	307,393	(-)	
TE Wuxi	(34,399,498)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Other fellow subsidiaries	(-)	(366,010)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Mr. Mylaraiah	(-)	3,831,274 (1,172,972)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	372,463 (498,370)	(-)	
Mr. Sanjay Handu (upto 05, Sept. 2013)	(-)	238,595 (10,645)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(10,425)	2,839 (393,543)	
TOTAL	79,455,101 (85,367,500)	68,325,032 (11,517,202)	1,413,335 (2,390,140)	-	(770,565)	9,376,713 (14,206,284)	-	(80,000)	6,741,600 (20,224,800)	-	(2,164,856)	17,500,000 (4,236,852)	24,567,344 (8,897,183)	

1. Figures in brackets represent amounts for previous year ended March 31, 2013.
 2. Expenses reimbursed (includes management service fees, rent, freight charges etc.) have been debited / credited to the respective heads of expenses in the Statement of profit and loss

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

25. Leases

Operating Lease:

The Company has non-cancellable operating leases for office premises that are renewable on a periodic basis. Lease rental expense (net of reimbursements) debited to Statement of profit and loss for the year is Rs. 6,407,445 (March 31, 2013: Rs.1,483,309). The future minimum lease payments under non-cancellable operating leases are as follows:

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Not later than one year	4,295,250	2,164,860
Later than one year but not later than five years	5,651,094	541,215
Later than five years	-	-

Operating Lease: Lessor

The Company has non-cancellable operating leases for office premises that are renewable on a periodic basis. Lease rental income credited to Statement of profit and loss for the year is Rs. 5,735,850 (March 31, 2013: Rs. Nil). The future minimum lease payments receivable under non-cancellable operating leases are as follows:

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Not later than one year	9,734,000	-
Later than one year but not later than five years	13,682,556	-
Later than five years	-	-

26. Contingent Liabilities

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Central sales tax demands contested by the Company	12,401,527	12,401,527
Customs duty, excise duty & service tax demand contested by the Company	1,216,783	1,216,783
Bank guarantees	42,548,358	39,585,746
Total	56,166,668	53,204,056

27. Earnings in foreign currency (accrual basis)

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Exports at F.O.B. Value	18,453,437	22,552,971
Total	18,453,437	22,552,971

28. Expenditure in foreign currency (accrual basis)

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Royalty / technical fees	-	770,565
Others	1,413,335	2,390,140
Total	1,413,335	3,160,705

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**29. Value of imports calculated on CIF basis (Amount in Rs.)**

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Raw materials, components, consumables and packing materials	74,240,343	48,429,754
Traded Goods	70,868,676	91,197,232
Total	145,109,019	139,626,986

30. Net dividend remitted in foreign exchange (Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Period to which it relates	April 2012 to March 2013	October 2011 to March 2012
Number of non-resident shareholders	3	3
Number of equity shares held on which dividend was due	3,104,360	3,104,360
Amount remitted (Rs.)	4,656,540	1,552,180

31. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
Principal amount due to micro and small enterprises:	2,178,469	2,638,556
Interest due on above:	1,476	62,933
	2,179,945	2,701,489
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
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 MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	1,476	62,933
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

32. Imported and Indigenous raw materials, components, consumables and packing materials consumed (including cost of services)

Particulars	% of total consumption		Value (in Rs.)	
	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Imported	69	53	64,763,983	42,718,503
Indigenously obtained	31	47	28,939,228	41,090,435
	100	100	93,703,211	83,808,938

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33. Employee benefit plans

Defined Contribution Plans

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 638,266 (Year ended 31 March, 2013 Rs. 1,200,950) for Provident Fund contributions, Rs. 277,369 (Period ended 31 March, 2013 Rs. 254,105) for Superannuation Fund contributions and Rs. 73,450 (Period ended 31, March, 2013 Rs. 72,726) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

Gratuity benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarises the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognised in the balance sheet.

Statement of profit and loss

Net employee benefit expense (recognised in Employee Cost).

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Current service cost	215,875	368,197
Interest cost	296,944	528,322
Expected return on plan assets	(302,578)	(512,197)
Net actuarial (gain) / loss recognised	(221,194)	601,089
Past service cost	-	-
Net benefit expense	(10,953)	985,411

Balance Sheet

Benefit asset / liability

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	(3,459,073)	(3,549,266)
Fair value of plan assets	3,978,469	4,057,709
Plan asset / (liability)	519,396	508,443

Changes in the present value of the defined benefit obligation are as follows:

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Opening defined benefit obligation	3,549,266	10,539,613
Interest cost	296,944	528,322
Current service cost	215,875	368,197
Past Service Cost	-	-
Benefits paid	(357,129)	(8,802,253)
Actuarial (gains) / losses on obligation	(245,883)	915,387
Closing defined benefit obligation	3,459,073	3,549,266

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Opening fair value of plan assets	4,057,709	11,938,044
Expected return	302,579	512,197
Contributions by employer	-	95,423
Benefits paid	(357,129)	(8,802,253)
Actuarial gains / (losses)	(24,690)	314,298
Closing fair value of plan assets	3,978,469	4,057,709

The Company expects to contribute Rs.Nil (previous year Rs.Nil) in the next fiscal year. The total assets are insurer-managed funds. The principal assumptions used in determining gratuity obligations for the Company's plans:

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Discount rate	9.35%	8.05%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate	7.00%	7.00%

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Mortality rates are published under the Indian Assured Lives Mortality (2006-08) Ult table

(Amount in Rs.)

Particulars	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Actual return on plan assets	293,953	826,495

Amounts for the current and previous four periods are as follows:

(Amount in Rs.)

Description	Twelve months ended March 31, 2014	Twelve months ended March 31, 2013	Six months ended March 31, 2012	Twelve months ended September 30, 2011	Twelve months ended September 30, 2010
Defined benefit obligation	3,459,073	3,549,266	10,539,613	10,451,486	16,131,170
Plan assets	3,978,469	4,057,709	11,938,044	11,998,381	17,127,265
Surplus / (deficit)	519,396	508,443	1,398,431	1,546,895	996,095
Experience adjustment on Plan Liabilities	245,883	915,387	(208,084)	12,760	(25,849)
Experience adjustment on Plan Assets	(24,690)	314,298	(18,774)	(13,437)	(154,004)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Composition of the plan assets as made available by LIC, the fund manager: (Amount in Rs.)

Category of Investments	March 31, 2014	March 31, 2013
Central Government Securities	1,247,372	1,272,216
State Government Securities	426,179	434,667
Other approved securities (Government guaranteed securities)	53,638	54,706
Debentures and bonds	1,704,840	1,738,796
Equity Shares	207,714	211,851
Fixed Deposits	332,374	338,994
CBLO (Money market instruments)	6,352	6,479
Total	3,978,469	4,057,709

34. Unhedged Foreign Exchange Exposure

Particulars of unhedged foreign currency exposure as at the balance sheet date

Particulars	Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Amounts Payable	USD	428,818	25,699,038	157,276	8,662,761
	EURO	2,432	200,002	8,489	605,522
Bank Account –EEFC A/c	USD	1,628	97,335	1,720	91,891
Amounts Receivable	USD	11,346	679,855	259,372	13,863,415

35. Disclosures under Accounting Standard 7 “Construction Contracts” (Amount in Rs.)

Details of contract revenue and costs	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Aggregate of contract costs incurred and recognized profits (less recognized losses) upto the reporting date	25,543,876	16,448,342
Advances received for contracts in progress	8,016,063	2,303,000
Retention money for contracts in progress	-	-
Gross amount due from customers for contract work (asset)	17,527,813	14,145,342
Gross amount due to customers for contract work (liability)	-	-

36. During the previous year ended March 31, 2013 the Company restructured its operations by outsourcing manufacturing to a third party vendor. Consequent to this, the Company floated a Voluntary Retirement Scheme (VRS) for its employees during the year ended March 31, 2013 and the cost under the VRS of Rs. 41,303,656 has been treated as an exceptional item in the Statement of Profit and Loss for that year.

37. The Company has book profit u/s 115JB of the Income Tax Act 1961 (the “Act”) and the minimum alternate tax (MAT) there on is higher than the tax liability under the normal provisions of the Act. Thus, the provision towards tax liabilities has been made based on MAT. Correspondingly, the Company has also recognised credit for MAT under section 115JAA of the said Act, which is disclosed as MAT credit entitlement in the Statement of Profit and Loss.

38. Previous period comparatives:

Previous year figures have been regrouped or reclassified wherever necessary to conform to current year’s classification.

For and on behalf of the board of directors of ADC India Communications Limited

Mylaraiah J.N
Managing Director

Joydeep Nag
Director

R. Ganesh
Company Secretary

Place : Bangalore
Date : May 23, 2014

SHAREHOLDER INFORMATION

1 Date, Time and Venue of the Annual General Meeting

Friday, August 08, 2014 at 11.00 am
 Vijaynagar Hall, Vivanta by Taj, 41/3, Mahatma Gandhi Road,
 Bangalore-560001

2 Financial Calendar (tentative and subject to change)

Description	Dates
Financial Reporting – I Quarter Results	July 28, 2014
Financial Reporting – II Quarter Results	October 24, 2014
Financial Reporting – III Quarter Results	January 23, 2015
Financial Reporting – 2014 Year End Results	May 29, 2015
Annual General Meeting	

3 Record Date / Date of Book Closure

August 02, 2014 to August 08, 2014 (both days inclusive)

4 Dividend Payment Date

Within the statutory time limit.

5 Listing on Stock Exchanges

Bombay Stock Exchange Limited (BSE)
 Phiroze Jeejeebhoy Towers, Dalal Street
 Mumbai 400 001

6 Stock Code

BSE - 523411

7 Registrar and Transfer Agents

Karvy Computershare Private Limited
 Plot No. 17-24 Vittal Rao Nagar, Madhapur
 Hyderabad-500 081
 Ph: +91 40 2342 0818
 Fax: +91 40 2342 0814
 E-mail: einward.ris@karvy.com

SHAREHOLDER INFORMATION

8 Shareholders complaints

Sl. No.	Nature of Complaints	Received	Resolved	Unresolved
1	Non receipt of share certificates	1	1	0
2	Non receipt of Dividend Warrants	6	6	0
3	Non receipt of Annual Reports	2	2	0
	Total	9	9	0

9. Market Price Data

Monthly high and low quotations at Bombay Stock Exchange during the period are:

Months	ADC India price movement in BSE		BSE Sensex		ADC India price movement %		BSE Sensex Movement %	
	High	Low	High	Low	High	Low	High	Low
April-13	156	125	19,623	18,144				
May-13	134	123	20,444	19,451	-14%	-2%	4%	7%
June-13	142	114	19,860	18,467	6%	-8%	-3%	-5%
July-13	124	107	20,351	19,127	-13%	-6%	2%	4%
August-13	119	97	19,569	17,449	-4%	-9%	-4%	-9%
September-13	119	99	20,740	18,166	0%	2%	6%	4%
October-13	120	100	21,205	19,265	1%	1%	2%	6%
November-13	132	105	21,322	20,138	10%	5%	1%	5%
December-13	141	124	21,484	20,569	6%	18%	1%	2%
January-14	142	126	21,410	20,344	1%	2%	0%	-1%
February-14	146	126	21,141	19,963	3%	0%	-1%	-2%
March-14	139	116	22,467	20,921	-5%	-7%	6%	5%

10. Share Transfer System

The turnaround time for completion of transfer of shares in physical form is 30 days from the date of receipt of documents, if the documents are clear in all respects. The share transfer committee meets at frequent intervals for approving the share transfers.

11. Distribution of Shareholding as on 31st March, 2014:

Category	No. of Shareholders	% to total number of shareholders	No. of shares	% to total number of shares
1 – 100	3569	73.23	254038	5.52
101 – 200	537	11.02	97170	2.11
201 – 500	446	9.15	167164	3.63
501 – 1000	157	3.22	126588	2.75
1001 – 5000	131	2.68	292375	6.37
5001 – 10000	17	0.35	120950	2.63
Above 10001	17	0.35	3541715	76.99
Total	4874	100.00	4600000	100.00

SHAREHOLDER INFORMATION

12. Categories of Shareholders as on 31st March, 2014:

Category	No. of Shareholders	Total Shares	Percentage to Total
Foreign Collaborators – Promoter	3	3104360	67.49
Non Resident Indians	32	21017	0.45
Mutual Funds	4	700	0.02
Banks	4	380	0.01
Bodies Corporate	122	77164	1.68
Public	4709	1396379	30.35
Total	4874	4600000	100.00

13. Dematerialisation of Shares

67.49% of the paid up capital is held by Tyco electronics AMP GmbH, ADC Telecommunications Inc., and TE Connectivity Ltd. The balance 32.51% of the paid up capital is held by Public.

4514485 shares representing 98.14% of the paid-up capital (including 100% of the Promoter Shareholding) have been dematerialized as on 31st March, 2014.

14. Outstanding ADR/GDR/Convertible bonds : NIL

15. Plant location

No.485/8A&8B, 14th Cross, 4th Phase,
Peenya Industrial Area,
Bangalore 560 058.
Tel: +91 80 28362214
Fax: +91 80 28366102

16. Address for correspondence

Members can contact the Company Secretary and Compliance Officer at the following address:

Mr. R. Ganesh
ADC India Communications Limited
No.485/8A&8B, 14th Cross, 4th Phase,
Peenya Industrial Area
Bangalore 560 058
Tel: +91 80 28362214
Fax: +91 80 28366102
Email: r.ganesh@te.com

