2012
Annual Report
ADC India Communications Ltd.



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BOARD OF DIRECTORS

Mr. Sanjay Handu	-	Managing Director
Mr. S.Viswanath	-	Director
Mr. Tony Gatt	-	Director
Mr. C.P. Rangachar	-	Independent Director
Ms. Revathy Ashok	-	Independent Director
Mr. N. Srinivasan	-	Independent Director

Company Secretary
Mr. R. Ganesh

Registered Office and Factory
10(C), II Phase, Peenya
Bangalore - 560 058

Auditors
S. R. Batliboi & Associates
Chartered Accountants

Bankers
Citi Bank
Canara Bank

Registrar & Share Transfer Agents
M/s. Karvy Computershare Private Limited
'Karvy House', 46 Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034
Tel: 040-23312454/23320251
Fax: 040-23311968
E-mail: mailmanager@karvy.com

NOTICE TO MEMBERS

Notice is hereby given that the 24th Annual General Meeting of ADC India Communications Limited will be held on Friday, July 13, 2012 at 10.30 am at Hotel Atria, No.1, Palace Road, Bangalore 560001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the period ended March 31, 2012, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Ms. Revathy Ashok, who retires by rotation and, being eligible, offers herself for re-appointment.

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution, relating to the appointment of the Auditors of the Company. The retiring auditors, M/s. S.R. Batliboi & Associates, Chartered Accountants do not wish to offer themselves for re-appointment.

   "RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be decided by the Audit Committee of the Board of Directors of the Company in consultation with the Auditors".

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

   "RESOLVED that Mr.N.Srinivasan, who was appointed as an Additional Director and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as ordinary resolution:

   "RESOLVED that subject to the approval of the Company in the General Meeting, the non whole-time independent directors of the Company be paid an annual commission of an amount not exceeding 1% of the net profits of the Company as provided under Section 309 (4) of the Companies Act, 1956 ("The Act") and computed in a manner referred to in Section 198 (1) of the Act or any amendment thereof. This amount to be divided amongst the non-whole-time independent directors in such manner as the board may from time to time determine and in default of such determination, equally and further subject to the amount of annual commission paid to each of the non whole-time independent directors, not exceeding Rs. 2,00,000/- (Rupees Two Lakhs only) for any one financial year of the Company".

By Order of the Board

R. Ganesh
Company Secretary

Place: Bangalore
Date: May 04, 2012

NOTE:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company.

2. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from July 03, 2012 to July 13, 2012 (both days inclusive).

4. Dividend if declared, will be paid on or before the specified time limit to those Members whose name appear in the Register of Members of the Company as at the end of business hours on July 02, 2012. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per the details furnished by NSDL and CDSL for this purpose.

5. Since SEBI has made it mandatory for distributing dividends through Electronic Clearing Services (ECS), the Company will use the bank account

details furnished by the Depositories for distributing the dividends to the shareholders holding shares in the electronic form. Members are requested to notify any change in their Bank account details to their Depository Participant immediately.

6. Members are requested to notify immediately any change in their registered address and the bank mandate details to the Company's Share Transfer Agent (for shares held in physical form) and to Depository Participants (for shares held in electronic form).

7. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company is required to be transferred to "Investor Education and Protection Fund"(IEPF) established by the Central Government. No claims can be made against the Company for the amounts of dividend so transferred to the said Fund. Pursuant to these provisions the unclaimed amount of final dividend declared for the year 2004 have been transferred to Investor Education and Protection Fund. The dividend declared for the years thereafter and unclaimed is still lying in the respective unpaid dividend account of the Company. Shareholders, who have not yet encashed their dividend, may make their claim to the Company's Registrar & Share Transfer Agent, without any delay.

8. Re-appointment of Director

   At the ensuing Annual General Meeting, Ms. Revathy Ashok retires by rotation and being eligible, offers herself for reappointment. 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 handling wide variety of portfolios, namely Capital Raising, Business Development, Finance, Commercial and other strategic general management functions. She has worked in Tishman Speyer India, Syntel, Tyco Electronics (erstwhile AMP). Ms. Revathy Ashok is a speaker at several industrial forums including guest lectures at the Indian Institute of Management and other colleges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956.

Item No.5

Mr. N. Srinivasan was appointed as an Additional Director in the Board Meeting held on February 10, 2012 and vacates his office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company. A notice under Section 257 of the said Act has been received from a Member signifying his intention to propose the appointment of Mr. Srinivasan as a Director of the Company.

Mr. N. Srinivasan graduated as a Metallurgical Engineer from the prestigious 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. In FIEO, he worked to promote Indian service capabilities in different parts of the world.

Mr. Srinivasan joined the Confederation of Indian Industry (CII) – then known as the Association of Indian Engineering Industry – in 1974. He was a member of the core secretariat team which built the Institution from small beginnings to become a leading industry body in the country. He had the privilege of handling several portfolios including Manufacturing, Export, Quality and Technology. In 1979-80, he was deputed to the United Kingdom to set up CII's office there to engage with British business and connect them with India.

From December 1989 – December 1994, he was requested to serve as the Executive Director and Secretary of the Automotive Component Manufacturers Association (ACMA). In this position, he was responsible for repositioning ACMA as an effective body representing the progressive Indian auto component industry. During his tenure, the auto component industry was able to make a huge foray into overseas markets, working closely with automotive OEMs in the different continents of the world.

Mr. Srinivasan rejoined CII on 1st December 1994 and, in a couple of years, was designated Deputy Director General handling several responsibilities. He moved to Bangalore to set up the CII Institute of Quality in 2001 which has become the country's

premier Institution for training and education in Quality and Competitiveness.

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 the spokesman for Indian industry at various foray. He has been a panelist at the sessions of the World Economic Forum annual meet at Davos and the India Economic Summit in Delhi. He has also spoken on the Indian economy to various groups from overseas visiting India. In addition, he has been a speaker at conferences and seminars in UK, USA and other countries. He has also addressed students of several leading educational institutions in India, on the Indian economy, Indian Industry initiatives in technology, competitiveness, global forays, and on Industry-Institute co-operation.

Your Directors recommend his appointment as a Member of the Board of Directors in the interest of the Company.

None of the Directors except Mr. N. Srinivasan is concerned or interested in this resolution.

Item No. 6

At the 18th Annual General Meeting of the Company held on February 21, 2007, the shareholders of the Company had approved payment of commission to non-whole time independent directors of the Company of an amount not exceeding 1% of the net profits of the Company computed as per the provisions of the Companies Act, 1956. The commission to be paid to a Director shall in no event exceed Rs. 2,00,000/- in respect of any one financial year of the Company. As per the Provisions of the Companies Act, 1956 the validity of this approval is for five years. It is proposed to continue with this payment to non-whole time independent directors of the Company.

None of the Directors except Mr. C. P. Rangachar, Ms. Revathy Ashok and Mr. N. Srinivasan are concerned or interested in the resolution.

By Order of the Board

R. Ganesh

Company Secretary

Place: Bangalore
Date: May 04, 2012

DIRECTORS' REPORT

To the Members,

The Board of Directors of your Company has pleasure in presenting the 24th Annual Report on the business and operations, including the financial statements for the period ended March 31, 2012.

Financial Results

(Rs. in lakhs)

	For the Period ended 31st March 2012 (6 Months)	For the Year ended 30th September 2011 (12 months)
Gross Revenue (including Excise Duty)	2479.79	7342.40
Profit before depreciation	129.11	540.19
Less: Depreciation	46.60	118.98
Net Profit for the year before Taxation	82.51	421.21
Provision for Taxation	38.67	137.46
Profit after tax	43.84	283.75
Add: Profit brought forward from previous year	4317.21	4127.84
Profit available for Appropriation	4361.05	4411.59
Appropriations		
Dividend Proposed	23.00	69.00
Tax on Dividends	3.73	11.19
Transfer to General Reserve	-	14.19
Profit retained in Profit & Loss Account	4334.32	4317.21

During the period it was decided to change the financial year/period of the Company from October-September to April-March. Hence, this financial year's result is for the period October, 2011 to March, 2012.

Various internal issues in the telecom sector continuous to remain unresolved. The Enterprise network market growth is slow due to the overall economic slow-down. On account of these factors the Company's Carrier and Enterprise business were severely impacted during the year.

Dividend

Your Directors recommend a dividend of 5% (Rs.0.50 per equity share of Rs. 10/-) for the period ended March, 2012 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 along with proper explanation relating to 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 past 6 months have been extremely challenging for your Company as the environment continues to be volatile on the policy and economy front and presents a very uncertain situation.

The telecom industry continues to be in a state of flux with Supreme Court rejecting the revision pleas of operators whose licenses have been cancelled. Several large service providers and equipment manufacturers are yet to make announcement of their large term plans.

The sharp increase in the auction prices and increase in service taxes would add to the start up and service cost and may impact the revenue per user for the Telco's.

As India steps into its next Fiscal year starting April 2012, key issues that would shape the economy for the next year include Government borrowings and its impact on liquidity and interest costs, Global oil prices and level of subsidies that Oil companies in India have to bear, Monsoon from early June which would determine the agricultural output and its impact on food prices and growth in rural economy as well as Inflation. The current mood is one of cautious optimism.

This situation has also affected the Company's performance in the past 6 months and calls for focused action to manage the current slowdown. Your management is looking at all opportunities to increase revenues in this difficult period as well as manage expenses. Several options are being considered which also include, but not limited to, a potential restructuring of the business and operations with a view to achieve optimal scale and yet retain scope for growth in future.

Directors

Ms. Revathy Ashok retires by rotation and being eligible offers herself for re-appointment.

We are glad to invite Mr. Natraj Srinivasan to the Board, who became an Additional Director with effect from February 10, 2012.

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 have 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

M/s. S.R. Batliboi & Associates retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and do not wish to offer themselves for re-appointment. The Board now recommends the appointment of M/s. Deloitte Haskins & Sells as the Auditors for the current year, subject to the approval of shareholders. The Board would like to recognize M/s. S.R. Batliboi & Associates Chartered Accountants contribution to the Company.

Acknowledgements

The Directors wish to express their appreciation for the continued co-operation of the Customers, vendors, bankers, shareholders, channel partners and distributors and also the valuable assistance and advice received from TE Connectivity Ltd. The Directors also wish to thank all the employees for their contribution and Continued co-operation through the year.

On behalf of the Board of Directors

Sanjay Handu
Managing Director

Place: Bangalore
Date: May 04, 2012

ANNEXURE TO DIRECTORS' REPORT

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

A. Conservation of Energy

With the objective of reducing the power consumption the Company optimized the usage of Natural ventilations and use of CFL lamps, while continuing to improve the operational and maintenance practices.

B. Technology

During the year the Company continued its efforts in offering cost effective solutions by looking into alternate specification for some of the key products.

1. Research & Development

Continuous improvements, alternate sourcing and process changes activities continued during the year.

2. Foreign exchange earnings and outflow on cash basis:

(i) Foreign Exchange Earnings - Rs.10,055,120/-

(ii) Foreign Exchange outflow - Rs. 1,505,762/-

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Carrier:

The wire-line segment continuous to remain dormant without any growth. India Telecom subscriber base touches 917. The Telecom industry registered a slow subscriber growth of only 1.07 percent. Urban subscribers decreased from 65.7% to 65.5%. New network rollout is not on priority. All major government projects are on hold. Network sharing is to address current needs. 2G and 3G Network expansion plans and project decision making are on hold due to various 2G related issues.

Enterprise:

The Enterprise network market growth is slow due to the overall economic slow-down. With the current economic scenario the business especially in the government sectors is slowing down. The Enterprise network market is signaling 12-15% negative growth across all OEM products. IT/ITES segments are growing in pockets. No new customers are entering India due to slowdown in Europe / US. Lack of new policy initiatives is also slowing down the momentum. Major central government projects are also on hold.

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	**2012** (6 Months)	**2011** (12 Months)
Gross Revenue	2479.79	7342.40
Profit before Depreciation and Tax	129.11	540.19
Depreciation	46.60	118.98
Profit before Tax	82.51	421.21
Ratio of Profit before Tax to Revenue in percentage	3.33	5.73
Profit after Tax	43.84	283.75
Total Assets	6,146.00	6,768.03
Earnings per share	0.95	6.17
Inventory Turnover ratio (on annualized basis)	2.88 times	7.13 times
Debtors turnover ratio (on annualized basis)	2.57 times	3.64 times

During the period it was decided to change the financial year of the Company from October-September to April-March. Hence, this financial year's result is for a period of six months from October, 2011 to March, 2012 and hence not comparable with previous year's figures. Various unresolved issues in the telecom sector and slowness in the growth of the Enterprise network market severely impacted the Company's Carrier and Enterprise business during the year.

OPPORTUNITIES AND THREATS

Carrier

A fresh effort is being made to promote broadband internet access throughout the country after a period in which broadband development languished and the government became concerned. There is a new hope for a serious expansion phase in this segment of the market. In the meantime, the government continues to push to complete the restructuring of the telecommunications regulatory regime.

Enterprise

In spite of the overall economic slowdown the business potential in IT/ITES looks promising.

RISKS AND CONCERNS

Carrier

The impact of the unfolding scandal over the awarding of 2G licenses is looking grim for the Telecom industry. Court decisions and the subsequent responses of the regulators are key to the eventual outcome. The fixed-line market has been experiencing zero and negative growth of late.

Procurement and rollout projects are expected to have a downfall in next few months. No expansion plans. New Telecom Policy is under evaluation and this policy may boost the active network sharing in the country.

Enterprise:

Maintaining margins and managing long term contracts with high variation in copper price is a challenge in Enterprise market. Competition is deploying more resources. Rampant counterfeit products are reducing the run rate business as well as market pricing. Sentiments are low in the market due to global uncertainties.

TECHNOLOGY

The Company primarily makes and sells products developed out of technology owned by companies affiliated to it. The global acquisition of ADC by TE has strengthened the access to product pipeline.

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

Cost reduction initiatives were given high importance from the overall Company's perspective. Continuous improvements, alternate sourcing and process changes activities continued during the year.

HUMAN RESOURCES

The total number of permanent employees of the Company as at March 31, 2012 was 93. Various training programs were held for the employees of the Company for enhancing their skills, capabilities and performance.

INFORMATION TECHNOLOGY

Various IT initiatives were taken up during the year with the objective of improving the reporting system and better analysis of operational and financial information.

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.