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ADC

2016-2017 ANNUAL REPORT
ADC INDIA COMMUNICATIONS LIMITED



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. S. Devarajan	-	Chairman & Independent Director
Mr. J. N. Mylaraiah	-	Managing Director
Ms. Revathy Ashok	-	Independent Director
Mr. N. Srinivasan	-	Independent Director

KEY MANAGERIAL PERSONNEL

Mr. J.N. Mylaraiah	-	Managing Director
Mr. Rakesh Bhanushali	-	Chief Financial Officer
Mr. R. Ganesh	-	Company Secretary

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

Statutory Auditors
Deloitte Haskins & Sells
Chartered Accountants

Secretarial Auditors
M/s.V.Sreedharan and Associates
Company Secretaries

Internal Auditors
M/s.Gnanoba & Bhat
Chartered Accountants

Bankers
Bank of America
Canara Bank
Citibank NA

Registrar & Share Transfer Agents
Karvy Computershare Private Limited
Karvy Selenium Tower B
Plot No. 31-32, Financial District
Nanakramguda,Gachibowli
Hyderabad-500 032
Ph: 040-67161509 / 67161592
Fax: 040-23420814
E-mail: einward.ris@karvy.com

CORPORATE INFORMATION

BOARD OF DIRECTORS



Sitting from left to right - Mr. N. Srinivasan (Independent Director),
Mr. S. Devarajan (Chairman & Independent Director), Mr. J. N. Mylaraiah (Managing Director),
Ms. Revathy Ashok (Independent Director).

BOARD'S REPORT

To the Members,

The Board of Directors have pleasure in presenting the 29th Annual Report on the business and operations of your Company, along with the audited financial statements for the financial year ended March 31, 2017.

Financial Results

(Rs. in lakhs)

	For the year ended 31st March 2017	For the Year ended 31st March 2016
Revenue from operations (net of Excise Duty)	6232.39	5819.25
Other Income	295.55	279.21
Total Revenue	6527.94	6098.46
Profit before depreciation and Tax	658.54	618.60
Depreciation	26.06	34.19
Profit for the year before Tax	632.48	584.41
Provision for Tax	244.95	62.71
Profit for the year after Tax	387.53	521.70

FINANCIAL PERFORMANCE

In the financial year 2016-17 the revenue from operations grew by 7% over that of previous year. Revenue from the Telecommunication business decreased by about 9% and the revenue from IT-Networking (Enterprise network) business grew by about 13% over that of previous year.

DIVIDEND

Your Directors recommend a dividend of Rs.3.00 per equity share, of the face value of Rs.10/-each, to be appropriated from the profits of the financial year ended March 31, 2017, subject to the approval by the shareholders at the ensuing Annual General Meeting.

During the financial year ended March 31, 2017, unclaimed dividend amount of Rs. 80,119/- pertaining to dividend declared for the financial year 2008-09 was transferred to the Investor Education and Protection Fund**.**

TRANSFER TO RESERVES

During the year no amount has been transferred to the General Reserve.

STRATEGY AND OPERATIONS

India has been witnessing a steady economic growth over the past few years, and is expected to grow strongly with government reforms and thereby creating opportunities, where your company foresee growth in Enterprise network market as compared to Telecom sector which is grappling with emergence of new and competitive service models and witnessing consolidation with fewer orders, lower price realization and reduced profitability. Pressure on profitability continues due to greater competition at the market. The market is expected to improve driven by demand in Banking & Finance sector, Manufacturing, Infrastructure projects by Government, Defense sector, healthcare & hospitality projects. Your Company do see growth in Fiber Business over copper due high bandwidth requirements with rapid adoption of advanced internet applications and your Company will be able to favorably participate in this market.

The Company continues to focus on consistent revenue growth with profitability. The Company focused on effective strategy execution this year which had good success in bringing large deals and we believe that the core products from Enterprise & Telecom sector together with new things are helping us to differentiate on value in the market. The Company continue to focus on client engagement and value creation. Apart from outsourcing a portion of manufacturing operations, the Company continued to look at ways of cost reduction through operational efficiency and be cost competitive in the market to achieve the desired results.

DIRECTORS

During the year there were no changes in the Board of Directors.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the company, confirming that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

BOARD MEETINGS

Seven Board meetings were held during the financial year 2016-17 on May 25, 2016, July 05, 2016, July 13, 2016, August 05, 2016, November 12, 2016, January 27, 2017 and March 21, 2017.The details of meetings held by various Committees of the Board are given in the Corporate Governance Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3) (C) of the Companies Act, 2013, the Directors based on the information and representations received from the Company Management confirm that:

a. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed with no material departures;

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

d. The Directors had prepared the Annual Accounts on a 'going concern' basis;

e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and have been operating effectively; and

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS APPOINTMENT AND REMUNERATION

Considering the requirements of the skill-sets on the Board, persons having professional expertise in their individual capacity as independent professionals and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment of new Directors on the Board. The Non-Executive Directors appointed on the Board are paid sitting fees for attending the Board and Board Committee Meetings. No other remuneration or commission is paid to the Non-Executive Directors. The remuneration paid to the Managing Director is governed by the relevant provisions of the Companies Act, 2013, rules of the Company and Shareholders' approval.

AUDITORS AND AUDITORS' REPORT

At the 26th Annual General Meeting of the Company held on August 08, 2014 M/s. Deloitte Haskins & Sells, Statutory Auditors of the Company were re-appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the fifth consecutive Annual General Meeting. In terms of section 139 of the Companies Act, 2013 and the Rules made thereunder this appointment is subject to ratification by members at every Annual General Meeting. M/s. Deloitte Haskins & Sells have confirmed their eligibility for re-appointment and offer themselves for re-appointment. The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company.

The Auditors' observation read with Notes to Financial Statements are self-explanatory and do

not call for any further explanation or comments under Section 134(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies, 2013 and the Rules made thereunder, M/s.V.Sreedharan and Associates, Practicing Company Secretaries were appointed as the Secretarial Auditors to conduct a secretarial audit of the Company's Secretarial and related records for the financial year 2016-17. The Secretarial Auditors' Report for the financial year ended March 31, 2017 is annexed to this Report as Annexure 1. No adverse comments have been made in the said report.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has spent an amount of Rs.500,000/- towards various CSR Programs undertaken by the Company during the year. The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility) Rules, 2014 is annexed to this Report as Annexure 2.

CORPORATE GOVERNANCE

Your Company has always practiced sound corporate governance and has complied with various provisions of corporate governance.

As required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report, Corporate Governance Report and the Statutory Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

WEBSITE OF THE COMPANY

The Company maintains a website www.adckcl.com where information related to the Company are provided.

FIXED DEPOSITS

During the year, the Company has not accepted any fixed deposits. Hence, there is no outstanding amount as on the Balance Sheet date

LISTING

The equity shares of the Company are listed with Bombay Stock Exchange Limited. There are no arrears on account of payment of listing fees to them.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy

The following energy conservation measures were implemented during the year:

- Continual usage of Natural ventilations and energy efficient CFL lamps in the factory premises for overall electricity consumption.
- Effective preventive maintenance helped enhanced energy efficiency of various equipment.

B. Technology

During the financial year 2016-17 the Company decided to upgrade its ERP system to have better control on the operations & at the same time be ready for the GST roll-out planned by Central Government and the upgradation is in progress. The Company also introduced new Copper & Fiber Patch panels in the market, which helps customer in better rack space saving with better manageability features. Further the Company did introduce upgraded Outdoor environment enclosures/Cable assemblies' products to support the Security & Surveillance market & continued its focus on Standard-Compliant product portfolio to increase its geographical reach.

C. Research and Development

- Safety guards were provided to all the machines in the factory to prevent accidents.
- For Pneumatic operated presses safety operation technique were built in to prevent accidents.

- To prevent soldering fume in the open atmosphere a duct was made to remove the fume outside to protect the health of the employees.

FOREIGN EXCHANGE EARNINGS AND OUTFLOW

During the year your Company has earned Foreign Exchange of Rs.2,665,432/- and the Foreign Exchange outflow was Rs.4,279,272/-.

EXTRACT OF ANNUAL RETURN

As required under the provisions of section 92(3) and 134(3)(a) of the Companies Act.2013 read with Companies (Management and Administration) Rules, 2014 an extract of the annual return for the year ended March 31, 2016 is annexed to this report as Annexure 3.

MANAGERIAL REMUNERATION AND RELATED DISCLOSURES

The details of the remuneration paid to the Directors of the Company is mentioned in the Corporate Governance Report. The disclosure pursuant to the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended) is annexed to this report as Annexure 4.

WHISTLE BLOWER MECHANISM

The Company has established a mechanism called "Vigil Mechanism Policy" for employees, directors and others who are associated with the Company to report to management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Policy provides adequate safeguards against victimization of employees/directors who avail the mechanism. The Vigil Mechanism also cover the Whistle Blower mechanism aspect as stipulated under clause 49 of the Listing Agreement. The Company affirms that no person has been denied access to the Audit Committee in this respect. The policy has been communicated to all employees by displaying the same on the Company's website.

SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/ Associate/Joint Venture Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has implemented a policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. The Company is committed to creating a safe and healthy working environment. The Company believes that all individuals have the right to be treated with dignity and strives to create a workplace which is free of gender bias and Sexual Harassment. The Company has a zero tolerance approach to any form of Sexual Harassment. The policy has been displayed in the Company's website.

RELATED PARTY TRANSACTIONS

The Related Party Transaction Policy for determining the materiality of related party transactions and also on the dealings with related parties has been displayed in the Company's website.

All transactions with related parties during the year were in the ordinary course of business and at arm's length. There are no related party transactions that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in Note No.24 to financial statements forming part of the accounts.

RISK MANAGEMENT

The Company has formed a Risk Management Committee and the constitution and terms of reference of this Committee are set out in detail in the Corporate Governance Report. The details of risks faced by the Company and its mitigation process was discussed by the Risk Management Committee at its meeting held on January 27, 2017 and the same was also reviewed by the Board of Directors at its meeting a held on the same day.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Directors to the best of their ability have laid down internal financial controls to be followed by the Company, which they believe are adequate keeping in view the size and nature of Company's business. Adequate financial procedures are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. This ensures the quality and reliability of financial data, financial statements and financial reporting.

Your Company's internal financial controls are deployed through an internally evolved framework that address material risks in your Company's operations and financial reporting objectives, through a combination of entity level controls and process controls (both manual and automated), information technology based controls, period end financial reporting and closing controls and through internal audit. The Audit Committee of the Board reviews the adequacy of internal financial controls on an ongoing basis to identify opportunities for improvement in the existing systems to further strengthen the internal control environment in your Company.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

The Company's Policy and process for evaluation lays down a structured questionnaire to be used in the evaluation of the entire Board of the Company, Board Sub-Committees and Individual Directors including the Independent Directors. This Policy has been displayed in the Company's website www.adckcl.com.

Using the structured questionnaire the evaluations of the entire Board, Board Committees and individual Board Members including the Chairman of the Board has been carried out. The Directors have expressed their full satisfaction with the performance of the Board, Board Committees and the members of the Board.

LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan or guarantee nor has made any investment during the financial year 2016-17 attracting the provisions of Section 186 of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS

There have not been any material changes and commitments affecting the financial position of the Company between the financial year ended March 31, 2017 and the date of the Directors Report.

ACKNOWLEDGEMENTS

Your Directors thank the customers, channel partners, distributors, vendors and bankers for the support and co-operation given by them during the year. Your Directors also wish to place on record their sincere appreciation for the continued co-operation and support provided by all employees during the year as well as for the advice received from the Promoters of the Company.

For and on behalf of the Board of Directors

S.Devarajan	**J.N.Mylaraiah**
Chairman	Managing Director

Place: Bangalore
Date: May 16, 2017

ANNEXURE - 1 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED: MARCH 31, 2017

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of ADC India Communications Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ADC INDIA COMMUNICATIONS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2017 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Company has not made any Overseas Direct Investment and has no External Commercial Borrowings during the period under review.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable to the Company during the Audit Period)**;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**;

(vi) The Company has identified the following laws as specifically applicable to the Company:

a. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder.

b. Boilers Act, 1923 & Rules made thereunder

c. Environment (Protection) Act, 1986

d. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ concerned State Rules.

e. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ concerned State Rules.

f. Hazardous Wastes (Management and Handling) Rules, 1989.

g. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules.

h. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.

i. The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules.

j. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.

k. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.

l. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.

m. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.

n. The Maternity Benefit Act, 1961 & its Rules.

o. The Equal Remuneration Act, 1976.

p. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.

q. The Apprentices Act, 1961 & its Rules.

r. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.

s. The Workmen's Compensation Act, 1923.

t. The Industrial Dispute Act, 1947.

u. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

WE HAVE ALSO EXAMINED COMPLIANCE WITH THE APPLICABLE CLAUSES OF THE FOLLOWING:

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We have been informed by the company that during the period under review, it could not comply with Sub Section 6 of Section 152 of the Companies Act, 2013, as the Company had 3 Independent Directors (who are not entitled to retire by rotation) and one Executive Director who is also the Managing Director of the Company. Further as per Article Number 202 of the Article of Association of the company, the Managing Director of the company is not entitled to retire by rotation.

WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except with respect to those agenda items which the company deemed to be unpublished price sensitive information (UPSI), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the legal compliance reports obtained from the concerned departments' heads regarding compliance with the applicable laws and its adherence, which were taken on record by the Board of Directors on a quarterly basis, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

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For V. SREEDHARAN & ASSOCIATES

(Pradeep B. Kulkarni)
Partner
FCS: 7260;CP No.7835

Bengaluru
Date : May 05, 2017