



 **CENTUM rakon**

TEAM WORK | TECHNOLOGY | TRUST



Centum Rakon India Private Limited
Annual Report 2015-16



QUALITY POLICY

All our products and activities shall meet the expectations of our customers and stakeholders in quality, technology and value.

This commitment is achieved through effective teamwork of every employee, supplier and customer.

We shall develop, maintain and continuously improve the documented systems and enhance quality of all our products, processes and services and promote customer trust and satisfaction.

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Centum Rakon India Private Limited

Board of Directors

Apparao V Mallavarapu, Chairman

S. Krishnan, Director

Brent John Robinson, Director

Bryan Mogridge, Director

Manager

P M Unnikrishnan, GM - Operations

Statutory Auditors

BSR & Co. LLP

Internal Auditors

Ernst & Young LLP

Bankers

State Bank of India - SMC Branch
No.97, Railway Parallel Road, Bangalore.

Citi Bank N.A.
M.G. Road, Bangalore.

Registered office

No. 44, KHB Industrial area,
Yelahanka New Township,
Bangalore- 560 106.
CIN: U32109KA2007PTC044692

Directors' Report

Your Directors have pleasure in presenting their 9th Annual Report on the business and Operations of your Company and the audited Statement of Accounts for the period ended 31st March 2016.

FINANCIAL HIGHLIGHTS

	Rs.Millions	
Year ended 31 March	2016	2015
Turnover	821.90	1832.77
Profit before Depreciation and Interest	96.76	602.06
Depreciation	104.13	95.64
Interest	8.42	11.68
Profit before tax	(15.79)	494.74

PERFORMANCE

During the 9th year of the operations, the Company posted a turnover of Rs. 821.90 million and Profit before Tax of Rs. -15.79 million.

DIVIDEND

Your directors recommend no dividend for the year due to loss incurred by the company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There were no Loans, Guarantees and Investments within the meaning of Section 186 of the Companies Act, 2013 during the year under review.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Internal audit will be done in one area of its operations every year.

Significant audit observations and corrective actions thereon are being presented to the Audit Committee of the Board. Based on the report of Internal auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

EMPLOYEES

The human capital has been recognized as a vital factor in achieving the goals and objectives of the organization. Emphasis is placed to build a network of dedicated and experienced professionals who would strive for organizational growth by maximizing the effectiveness while the policies and practices would foster employees' satisfaction, retention and productivity.

There are no employees whose details are required to be mentioned under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS

Mr. Apparao V Mallavarapu, Director of the company retires by rotation and being eligible, offers himself for the re-appointment.

The re-appointment of the aforesaid director has been included in the notice convening the ensuing Annual General Meeting.

BOARD MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year four, Board Meetings and four Audit Committee Meetings were convened and held viz., 19th May 2015, 28th July 2015, 29th October 2015, 28th January 2016.

The Intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- ii. that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been adopted 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 as at March 31, 2016 and of the profit of the Company for year ended on that date;
- iii. that 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;
- iv. that the annual financial statements have been prepared on a going concern basis.
- v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively.
- vi. that systems to ensure compliance with the provisions of all applicable laws were in place were adequate and operating effectively.

DECLARATION OF INDEPENDENT DIRECTORS

The company has received declarations from the below two directors and they meet the criteria of independence as prescribed under Section 149 of the Companies Act, 2013:

1. Mr. S. Krishnan
2. Mr. Bryan Mogridge

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were in the ordinary course of business and were at an arm's length basis. There were no materially significant related party transactions made by the company during the year with the Directors, KMP and their relatives, which may have a potential conflict with the interest of the company at large.

However, all the related party transactions were placed before the Audit Committee as also the Board and the shareholders for approval. Prior approval of the Shareholders is being obtained for the transactions which are of a foreseen and repetitive nature.

The related party transactions of the company during the year were mentioned at Note No. 31 of the financial statements.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as 'Annexure - I.

Directors' Report (Contd...)

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under “Corporate Social Responsibility (CSR), the Company has selected projects that aid and improve education, Cultural activities, healthcare for children and Rural development. It has funded to the projects that support the Education, Cultural activities, Health care and Rural development. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is annexed herewith as “Annexure - II”.

AUDITORS

M/s BSR & Co LLP. Chartered Accountants, Statutory Auditors of the company will retire at the ensuing annual general meeting and are being eligible for re-appointment. Your Directors recommend the re-appointment of the above Statutory Auditors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars prescribed under subsection (3) (m) of Section 134 of the Companies Act, 2013 read Rule 8 of the Companies (Accounts) Rules, 2014, are given in the annexure included in this report.

ACKNOWLEDGEMENTS

Your Directors thank the customers for their continued patronage and the investors, bankers and vendors for their continued support.

Your Directors acknowledge and thank the invaluable contributions of all the employees, who have demonstrated their skill, teamwork and commitment through their competence, hard work, cooperation and support.

Your Directors would also like to place on record the support received from, the Electronic Hardware Technology Park, the Customs and Excise Departments, the Reserve Bank of India, and all the other Central and State Governmental agencies.

For and on behalf of the Board

Place: Bangalore
Date: May 24, 2016

Apparao V Mallavarapu
Chairman

S Krishnan
Director

Annexure to the Directors' Report

INFORMATION PURSUANT TO THE SECTION 134(3)(m) OF THE COMPANIES ACT, 2013.

1. CONSERVATION OF ENERGY

The Company continues to accord priority to energy conservation. Company's 'energy saving' team is committed to minimize the energy consumption and is implementing several energy saving projects. Consistent efforts are being made for identifying potential areas for energy saving.

Some of the measures your company had undertaken during the period under report in the high priority area of Energy Conservation are:

- Energy Efficient Ambiator is provided to maintain working environment in ageing area instead of Air conditioning.
- Provision made to supply the Liquid CO2 from the tank instead of gas which reduces the running hours of Vatran m/c resulting in power saving.
- Continuously monitored air condition system & chillers, optimized their operation based on production requirement.
- Continuously monitored Nitrogen gas consumption and reduced consumption with support of production department.
- Maintained the Power factor at 0.99 by providing additional Capacitor Bank, thus reducing the inductive loss.
- Continuously monitored and controlled power consumption by switching off ambiator and SLT racks based on production requirement.
- Thermography imaging for all LT panels are done and corrective actions are taken & completed as a part of predictive maintenance.

2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

a. Technology Absorption

- Utilization of advanced simulation tools like ADS and Ansys thermal simulation software.
- Developed 60MHz, HC37 5th over-tone crystal used on P3789 and P3968 OCXO
- Developed 5 different Space Grade OCXO's
- CEMILAC and DGAQA approval received for P3978 60MHz OCXO

Process: OCXO

- Developed Semi-automated tap test system to standardize the process and to avoid ergonomic issues for the operator.
- Developed new lid sealing process and removed the aggressive flux usage in the in the line. This is to avoid component failure later stage.
- Developed the Jigs and Fixtures and stencils validation software to improve the validation and revalidation tracking system.
- Developed paste application method using stencil @ crystal assembly stage to maintain uniform paste application and standardize the process.
- Developed routing pallet for bottom PCB singulation through machine and standardize the process.

Process: Crystal

- Indigenous development of new auto wash system to clean Base, Case and crystals - this development will replace the manual cleaning processes and will improve the consistency in cleanliness of the products.

Annexure to the Directors' Report (Contd...)

- Optimized temperature for baking - temperature of baking process will be very critical as it will change Coefficient of thermal expansion of different materials, in that Tg of the paste is used was very close to the operating temperature of baking, action taken to optimize and improve the efficiency of the process.
- Material outgassing at high vacuum - this will avoid possible contamination from nitrogen during outgassing process.

b. Research and Development (R&D) and benefits derived thereon

(1) Specific areas in which R&D carried out by the Company.

The main areas of focus of developmental activities were

- Design & development of high stability (± 10 ppb for -40°C to 85°C) OCXO's in small DIL package.
- Design and development of low profile butterfly package TCXO for Space grade applications
- Design & development of vibration compensation OCXO for Air borne applications.

(2) Benefits derived as result of the above R&D

- Technical papers submitted and selected at an international forums as IEEE and IPC.
- Patents filed on:
 - Design a vibration compensation OCXO,
 - Development of OCXOs for stringent phase noise requirements under vibration including housing,

Process: OCXO

- The above developmental activities helped to increase productivity and meet the customer requirements.
- The above developmental activities helped to standardize the process.
- Using validation software, it is ensured that jigs and fixtures are validated as per schedule and ensured measurement accuracy.

Process - Crystals

- Development of SMPB Jigs to accommodate more quantity of blanks. This will reduce gold consumption and also improve productivity.

(3) Future Plan of Action

Future plan on design and developmental activities

- Design & Development of high frequency (1000MHz), high stability (± 0.5 ppm for -40°C to 85°C) TCXO design using PLL approach.
- Improved phase noise under vibration for Radar application is under process.
- Develop 50MHz T05 crystal for improved phase noise under vibration
- Automating the documentation system for Design to make it more system driven.
- Automating the NPI monitoring and controlling system to make it more system driven.

Process:

- Development /Improve crystal tinning process before crystal assembly.
- Development /improve cleaning process to avoid contamination of the product.
- Development of new silver paste to improve the performance of crystals.

(4) Expenditure on R & D

Rs in Millions

For the year ended 31st March	2016	2015
A. Capital	-	2.26
B. Recurring	21.03	20.94
C. Total	21.03	23.20
Total R&D expenditure as a % of total turnover	2.6%	1.3%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and Outgo are reported in Notes to Accounts No. 36, 37 & 38 and forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2016.

For and on behalf of the Board

Place: Bangalore
Date: May 24, 2016

Apparao V Mallavarapu
Chairman

S Krishnan
Director

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

I. Registration and other details	
CIN	U32109KA2007PTC044692
Registration Date	17th December 2007
Name of the company	Centum Rakon India Private Limited
Category/Sub-Category of the company	Company having share capital
Address of the Registered Office and contact details	No. 44, KHB Industrial Area, Yelahanka Newtown, Bangalore - 560 106.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any.	N.A

II. Principal Business Activities of the company			
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Frequency Control Products	26109	100

III. Particulars of holding, subsidiary and associate companies:					
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:					
Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Centum Electronics Limited No.44, KHB Industrial Area, Yelahanka Newtown, Bangalore - 560106.	L85110KA1993 PLC013869	Holding	51	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Shareholding**

Sl. No.	Name of the shareholder	No. of shares held at the beginning of the year	No. of shares held at the end of the year	% Change
1	Centum Electronics Limited	2,855,999	2,855,999	-
2	Rakon (Mauritius) Limited	2,744,000	2,744,000	-
3	Apparao V Mallavarapu	1	1	-
	Total	5,600,000	5,600,000	-

ii) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	Not applicable			
At the end of the year				

iii) INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in Rs.Cr)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29.92	-	-	29.92
ii) Interest due but not paid	0.00	-	-	0.00
iii) Interest accrued but not due	0.02	-	-	0.02
Total (i+ii+iii)	29.94	-	-	29.94
Change in Indebtedness during the financial year				
Addition	34.05	-	-	34.05
Reduction	52.52	-	-	52.52
Net Change	-18.47	-	-	-18.47
Indebtedness at the end of the financial year				
i) Principal Amount	11.45	-	-	11.45
ii) Interest due but not paid	0.01	-	-	0.01
iii) Interest accrued but not due	0.00	-	-	0.00
Total (i+ii+iii)	11.46	-	-	11.46

iv. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in Rs.): Not applicable					

B. Remuneration to other Directors:					
1) Independent Directors					
Particulars of remuneration	Mr. S. Krishnan	Mr. Bryan Mogridge			Total
Fee for attending Board/Committee	8,000	-			8,000
Commission	-	-			-
Others	-	-			-
Total (B)(1)	8,000	-			8,000

2) Other Non-Executive Directors					
Particulars of remuneration	Mr.Apparao V Mallavarapu	Mr. Brent Robinson			Total
Fee for attending Board/Committee	-	-			-
Commission	-	-			-
Others	-	-			-
Total (B)(2)	-	-			-
Total (B)=(B)(1)+(B)(2)	8,000	-			8,000

v) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Not applicable

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

CSR Policy is stated herein below
<http://www.centumelectronics.com>

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows

Mr. Brent Robinson	Non - Independent Director	Member
Mr. Bryan Mogridge	Independent Director	Member
Mr. Apparao V Mallavarapu	Non - Independent Director	Member
Mr. S. Krishnan	Independent Director	Member

3. Average net profits of the Company for the last three financial years:

Average net profit - Rs. 336,591,783.

4. Prescribed CSR Expenditure (two percent of Average net profits):

The company is required to spend Rs. 6,731,836 towards CSR.

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year - Rs. 6,686,250.

b. Manner in which the amount spent during the financial year is detailed below:

(Amount in Rs.)

Sl. No.	Projects/Activities	Sector	Locations	Amount Spent	Cumulative expenditure upto reporting period	Amount spent - Direct or through implementing agency*
1	Satysadhana Foundation	Health Care	Bangalore	500,000	500,000	N.A.
2	India Foundation for the Arts	Cultural activity	Bangalore	1,500,000	1,500,000	N.A.
3	Akshaya Patra	Education	Bangalore	2,186,250	2,186,250	N.A.
4	NUPURA	Cultural Activity	Bangalore	500,000	500,000	N.A.
5	SEED	Rural Development	Hyderabad	2,000,000	2,000,000	N.A.

*Details of implementing agencies: N.A.

- c. Amount unspent:

Rs. 45,586.

Independent Auditor's report

To the Members of Centum Rakon India Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Centum Rakon India Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other legal and regulatory requirements

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

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164 (2) of the Act; and
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure -B” ; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 23 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company.

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
Date: 24 May, 2016

“Annexure - A” to the Independent Auditor’s Report

The Annexure referred to in the Auditor’s Report to the Members of Centum Rakon India Private Limited (“the Company”) for the year ended 31 March 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories, except materials-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were observed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act 2013 (‘the Act’).
- (iv) According to the information and explanations given to us, the Company has not granted loans, investments, guarantees, and security to companies, firms or other parties and section 185 and 186 of the Act is not applicable to the Company
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales tax, Cess, Service tax, Duty of Customs, Duty of Excise and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education Protection Fund and Wealth tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund Employees’ State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and other material statutory dues that were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Service tax, Sales tax, Custom duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax, Excise duty have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount net of paid under protest (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax and interest	36,694,650 (100,000,00)*	Previous Year 2009-10	Income Tax Appellate Tribunal, Bangalore
Income Tax Act, 1961	Income-tax and interest	45,745,180	Previous year 2010-11	Dispute Resolution Panel, Bangalore
Income Tax Act, 1961	Income-tax and interest	102,51,759 (2,051,759)*	Previous year 2010-11	Dy. Commissioner Bangalore
Central Excise Act, 1944	Disallowance of Cenvat credit availed and penalty	39,567,018	Financial year 2010 to 2013	CESTAT, Bangalore

* Amount in parenthesis represents the payment made under protest

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of its dues to any banks during the year. The Company did not have any outstanding dues to any financial institution or debenture holders or Government, during the year.
- (ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and no term loans has been raised. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company is a private limited company under the definition of the Companies Act, 2013, hence the provisions of Section 197 read with Schedule V to the Act is not applicable to the Company. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares fully or partly convertibles debentures under section 42 of the Act during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
Date: 24 May, 2016

“Annexure -B” to the Independent Auditors’ Report of even date on the Financial Statements of Centum Rakon India Private Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Centum Rakon India Private Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385

Bangalore
Date: 24 May, 2016

Balance Sheet

(Amount in Rs.)

	NOTE	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	56,000,000	56,000,000
Reserves and surplus	3	578,927,657	587,624,888
		634,927,657	643,624,888
Non-current liabilities			
Deferred tax liabilities, net	4	-	2,157,268
Long-term provisions	5	6,702,301	6,707,367
		6,702,301	8,864,635
Current liabilities			
Short-term borrowings	6	114,516,766	299,193,463
Trade payables	7	91,700,182	63,005,158
Other current liabilities	8	57,024,738	78,530,964
Short-term provisions	9	2,753,346	159,578,023
		265,995,032	600,307,609
		907,624,990	1,252,797,131
ASSETS			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	10	320,647,872	406,695,647
Intangible assets	10	33,949	84,513
Capital work-in-progress		-	141,068
		320,681,821	406,921,228
Deferred tax assets, net	4	13,358,518	-
Long-term loans and advances	11	23,980,159	21,555,967
		358,020,498	428,477,195
Current assets			
Inventories	12	244,489,727	393,415,626
Trade receivables	13	151,057,599	201,351,508
Cash and bank balances	14	124,477,279	202,460,095
Short-term loans and advances	15	29,579,887	27,092,707
		549,604,492	824,319,936
		907,624,990	1,252,797,131
Significant accounting policies	1		

The notes referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W100022

Supreet Sachdev
Partner
Membership No. 205385

Place : Bangalore
Date : 24 May, 2016

for Centum Rakon India Private Limited

Apparao V. Mallavarapu S Krishnan
Director Director

P M Unnikrishnan
GM - Operations (Manager)

Statement of Profit and Loss

(Amount in Rs.)

	NOTE	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Sale of Products / Goods (gross)	16	796,405,075	1,815,848,970
Less : Excise duty		2,296,372	2,641,580
Sale of Products / Goods (net)		794,108,703	1,813,207,390
Other income	17	27,789,062	19,559,879
		821,897,765	1,832,767,269
Expenses:			
Cost of materials consumed	18	365,581,910	968,778,069
Changes in inventories of work-in-progress	19	101,944,041	(71,681,224)
Employee benefits expense	20	100,700,219	129,654,002
Finance costs	21	11,170,021	13,779,328
Depreciation and amortisation	10	104,126,469	95,642,369
Other expenses	22	154,161,159	201,063,267
		837,683,819	1,337,235,811
		(15,786,054)	495,531,458
Profit before taxation			
Income tax expenses			
- Current tax		7,700,000	171,700,000
- Previous year		726,968	461,166
- Deferred tax charge / (credit)		(15,515,792)	(9,339,374)
		(8,697,230)	332,709,666
(Loss)/Profit for the year after tax			
Earnings per equity share (par value Rs 10 each)			
Basic and diluted		(1.55)	59.41
Weighted average number of equity shares - Basic and Diluted		5,600,000	5,600,000
Significant accounting policies	1		

The notes referred to above form an integral part of the statement of profit and loss.

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W100022

Supreet Sachdev

Partner

Membership No. 205385

Place : Bangalore

Date : 24 May, 2016

for Centum Rakon India Private Limited

Apparao V. Mallavarapu

Director

S Krishnan

Director

P M Unnikrishnan

GM - Operations (Manager)

Cash Flow Statement

(Amount in Rs.)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Cash flow from operating activities		
Profit before tax	(15,786,054)	495,531,458
Adjustments		
Depreciation and amortisation	104,126,469	95,642,369
Interest expenses	11,170,021	13,779,328
Unrealised foreign exchange gain	-	3,700,775
Interest income	(4,177,445)	(2,107,307)
Operating cash flows before working capital changes	95,332,991	606,546,623
Change in trade receivables	50,293,909	44,345,090
Change in inventories	148,925,899	(145,482,623)
Change in loans and advances	(4,940,004)	1,039,798
Change in liabilities and provisions	7,522,851	(38,147,922)
Change in other bank balances	(737,736)	412,695
Cash generated from operations	296,397,909	468,713,661
Income tax paid, net	32,949,476	160,886,132
Net cash generated from operating activities	263,448,433	307,827,529
Cash flow from investing activities		
Interest income	4,229,392	1,855,416
Purchase of fixed assets	(15,934,410)	(117,281,694)
Net cash used in investing activities	(11,705,018)	(115,426,279)
Cash flow from financing activities		
Proceeds from short term borrowings from bank	(184,676,697)	81,324,158
Interest paid	(11,393,855)	(13,758,533)
Dividend paid	(134,393,414)	(134,393,414)
Net cash used in financing activities	(330,463,966)	(66,827,789)
Net increase in cash and cash equivalents	(78,720,552)	125,573,46
Cash and cash equivalents at the beginning of the year	199,213,314	73,639,853
Cash and cash equivalents at the end of the year (refer note 14)	120,492,762	199,213,314

As per our report of even date attached

for BSR & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022

Supreet Sachdev
Partner
Membership No. 205385

Place : Bangalore
Date : 24 May, 2016

for Centum Rakon India Private Limited

Apparao V. Mallavarapu S Krishnan
Director Director

P M Unnikrishnan
GM - Operations (Manager)

Notes on financial statements for the year ended 31st March, 2016

1. Background

Centum Rakon India Private Limited (“the Company”) was incorporated as a private limited company on 7 December 2007 under the Companies Act, 1956. Centum Electronics Limited (“CENTUM”) acquired 100% equity interest in the Company on 1 February 2008 and also agreed to transfer its assets and liabilities pertaining to the Frequency Control Products (“FCP”) division through a Business Transfer Agreement effective 29 February 2008 for a consideration of Rs 127,011,427.

The Company entered into a share subscription agreement on 13 February 2008 with Rakon Limited, New Zealand (“Rakon”) and consequently shareholding in the Company is in the ratio of 51:49 between CENTUM and Rakon (Mauritius) Limited, subsidiary of Rakon as at 31 March 2010.

The Company has been formed principally for the manufacture and supply of electronic products including frequency control products and resistor networks catering to the communications, military, aerospace and industrial electronics markets.

The Company was originally incorporated as Centum Frequency Products Private Limited and subsequently has changed its name to Centum Rakon India Private Limited effective 22 May 2008. The Company has its registered office in Bangalore.

2. Significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards (“AS”) prescribed in the Companies (Accounting Standards) Rules 2006, as amended, and the relevant provisions of the Companies Act, 1956, to the extent applicable.

b) Cash flow statement

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Company are segregated.

c) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP) in India, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

d) Fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Intangible assets are recorded at their acquisition cost. Machinery spares which are specific to a particular item of fixed asset are capitalized at the time of their purchase.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

e) Depreciation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except Plant and equipment which is estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Company believes that the useful lives as given below best represents the useful lives of these assets based on internal assessment and supported by technical advice where the useful lives is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Notes on financial statements (contd...)

The Company estimates the useful lives for fixed assets as follows:

Asset categories	Years
Plant and equipment (including the related intellectual property)	8 years (Lives as estimated by Company)
Electrical installations	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years

Leasehold improvements are being amortised over the useful life or lease term whichever is shorter.

For assets acquired/disposed during the year, depreciation is provided from/ upto the date the assets are acquired/disposed. Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

Machinery spares are depreciated on a systematic basis over the period of the remaining useful life of the fixed asset for which they are utilized.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price and all incidental expenses (other than those subsequently recoverable by the enterprise from the tax authorities) incurred in bringing the inventory to its present location and condition. The basis of determining cost is set out below:

Stores and spares	Weighted average cost method
Raw materials and components	Weighted average cost method
Raw materials in transit	At actual cost
Work-in-progress and finished goods	Weighted average cost including costs of conversion.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

g) Revenue recognition

Revenue from the sale of finished goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted inclusive of excise duty and exclude sales tax and trade and quantity discounts and are net of sales returns. Revenue from sale of manufactured goods has been presented both gross and net of excise duty.

Interest on deployment of surplus funds is recognized using the time proportionate method, based on the underlying interest rates.

h) Government grants

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

i) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognized in the profit and loss account.

j) Employee benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the profit and loss account on accrual basis.

Gratuity and compensated absence costs, which are defined benefit scheme, are accrued based on actuarial valuation at the balance sheet date, carried out by independent actuary.

k) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders

for the period by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive equity shares outstanding during the year.

l) Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

m) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current and deferred tax are disclosed on a net basis when there is a legally enforceable right to set off and management intends to settle the asset and liability on a net basis.

n) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

o) Stock compensation expense

The Company accounts for stock based compensation expense based on the intrinsic value method as prescribed by the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	As at	
	31 March 2016	31 March 2015
2. Share capital		
Authorised		
7,000,000 (previous year: 7,000,000) equity shares of Rs 10 each	70,000,000	70,000,000
Issued, subscribed and paid-up		
5,600,000 (previous year: 5,600,000) equity shares of Rs 10 each, fully paid up	56,000,000	56,000,000
	56,000,000	56,000,000

Out of the above 2,855,999 (previous year: 2,855,999) equity shares of Rs 10 each are held by Centum Electronics Limited, the holding company, 2,744,000 (previous year: 2,744,000) equity shares of Rs 10 each are held by Rakon (Mauritius) Limited and the balance 1 (previous year: 1) equity share is held by Mr. Apparao V Mallavarapu as a beneficial owner on behalf of Centum Electronics Limited.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Number and value of shares at the beginning of the year	5,600,000	56,000,000	5,600,000	56,000,000
Number of shares issued during the year	-	-	-	-
Number and value of shares outstanding at the end of the year	5,600,000	56,000,000	5,600,000	56,000,000

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	Number	% of holding	Number	% of holding
Centum Electronics Limited	2,855,999	51%	2,855,999	51%
Rakon (Mauritius) Limited	2,744,000	49%	2,744,000	49%

Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity share having par value of Rs 10. Each holder of the equity share, as reflected in the records of the Company, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

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.

During the year ended 31 March 2016, the amount of per share dividend recognised as distributions to equity shareholders is Rs.Nil (previous year; Rs.20), The total dividend appropriation for the year ended 31 March 2016 amounted to Rs Nil (previous year; Rs 112,000,000) excluding corporate dividend tax of Rs Nil (previous year; Rs.22,393,414)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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.

Buy back of shares ,issue of bonus share and share allotted as fully paid up pursuant to contract(s) without payments being received in cash.

There have been no buyback of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet date.

(Amount in Rs.)

Particulars	As at 31 March 2016	As at 31 March 2015
3. Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	235,482,400	235,482,400
Add: Additions during the year	-	-
Closing balance	<u>235,482,400</u>	<u>235,482,400</u>
General reserve		
Balance at the beginning of the year	34,838,493	34,838,493
Add: Addition during the year	-	-
Closing balance	<u>34,838,493</u>	<u>34,838,493</u>
Surplus in statement of profit and loss		
Opening balance	317,303,994	123,924,757
Add: Profit for the year	(8,697,230)	332,709,666
Less: Appropriations		
Proposed final dividend	-	112,000,000
Corporate dividend tax	-	22,393,414
Additional depreciation as per Schedule II of Companies Act 2013	-	4,937,014
Closing balance	<u>308,606,764</u>	<u>317,303,995</u>
	<u>578,927,657</u>	<u>587,624,888</u>
4. Deferred tax (assets)/liabilities, net		
Deferred tax (assets)/liabilities, net		
Fixed assets	(8,804,858)	6,110,738
	<u>(8,804,858)</u>	<u>6,110,73</u>
Deferred tax asset		
Provision for doubtful debts and advance	(359,584)	(369,672)
Provision for retirement benefits	(4,194,076)	(3,583,798)
	<u>(4,553,660)</u>	<u>(3,953,470)</u>
Deferred tax (assets)/liabilities, net	<u>(13,358,518)</u>	<u>2,157,268</u>
5. Long-term provisions		
Provision for gratuity (refer note 26)	6,702,301	6,707,367
	<u>6,702,301</u>	<u>6,707,367</u>

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	As at 31 March 2016	As at 31 March 2015
6. Short-term borrowings		
<i>Secured</i>		
Loans repayable on demand		
- from banks		
- Packing credit	114,516,766	299,193,463
	114,516,766	299,193,463
Short term loans from banks are secured by the following securities:		
a) Packing credit obtained from bank is secured by way of hypothecation of inventories and book debts of the Company. Additionally, it is secured by way of collateral charge on plant and machinery.		
There is no default in the repayment of the principal and interest amounts.		
7. Trade payables		
- total outstanding dues of micro enterprises and small enterprises *	-	512,076
- total outstanding dues of creditors other than micro enterprises and small enterprises	91,700,182	62,493,082
	91,700,182	63,005,158
*Refer note 32 for details of dues to micro and small enterprises.		
8. Other current liabilities		
Interest accrued but not due	-	223,834
Advance from customers	19,804,906	16,280,205
Other payables		
- withholding and other taxes and duties payable	2,906,000	3,334,501
- for expenses	33,371,683	57,674,480
- for capital goods	942,149	1,017,944
	57,024,738	78,530,964
9. Short-term provisions		
Provision for employee benefit	503,036	565,147
Provision for compensated absences	2,250,310	2,148,709
Proposed final dividend	-	112,000,000
Corporate dividend tax	-	22,393,414
Provision for taxation, net of advance tax	-	22,470,753
	2,753,346	159,578,023

Notes on financial statements (contd...)

10 FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 1 April 2015	Additions during the year	Deletions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Adjusted in Reserves	Deletions during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets, owned										
Leasehold improvements	35,199,458	3,066,362	-	38,265,820	20,687,134	6,192,252	-	-	11,386,434	14,512,324
Plant and equipment	835,552,377	14,602,870	-	850,155,246	488,363,485	88,830,341	-	-	272,961,420	347,188,892
Electrical installations	65,003,383	115,353	-	65,118,736	28,972,220	5,821,131	-	-	30,325,385	36,031,163
Computers	9,789,835	177,381	-	9,967,216	7,821,664	1,309,444	-	-	836,108	1,968,171
Office equipment	4,679,318	52,164	-	4,731,482	2,374,834	1,086,398	-	-	1,270,250	2,304,484
Furniture and fixtures	9,233,239	14,002	-	9,247,241	4,542,626	836,340	-	-	3,868,275	4,690,613
Vehicles	-	-	-	-	-	-	-	-	-	-
Total (A)	959,457,610	18,028,131	-	977,485,741	552,761,963	104,075,905	-	-	320,647,873	406,695,647
Intangible assets, owned										
Computer software	2,139,666	-	-	2,139,666	2,055,153	50,564	-	-	33,949	84,513
Total (B)	2,139,666	-	-	2,139,666	2,055,153	50,564	-	-	33,949	84,513
Total (A) + (B)	961,597,276	18,028,131	-	979,625,407	554,817,116	104,126,469	-	-	320,681,822	406,780,160
<i>Previous year</i>	<i>839,058,778</i>	<i>122,538,498</i>	<i>-</i>	<i>961,597,276</i>	<i>454,237,733</i>	<i>95,642,369</i>	<i>4,937,014</i>	<i>-</i>	<i>406,780,160</i>	<i>-</i>

Note - 1

During the year ended 31 March 2015, the Company has reassessed the estimated useful life of fixed assets considering the guidelines under Schedule II of the Companies Act, 2013. The realignment of the useful lives has resulted in adjustment of Rs. 4,937,014 against the opening balance of retained earnings.

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	As at 31 March 2016	As at 31 March 2015
11. Long-term loans and advances		
<i>Unsecured, considered good</i>		
Capital advances	71,554	2,100,000
Balance with government authorities	4,621,135	3,480,097
Advance tax, net of provision for tax	12,051,761	10,000,000
Prepaid expenses	675,192	713,853
Deposits	6,560,517	5,262,017
	<u>23,980,159</u>	<u>21,555,967</u>
12. Inventories		
Raw materials *	121,960,542	168,934,018
(Includes raw material in transit Rs 8,756,987 (Previous year: Rs.5,117,180))		
Work-in-progress *	121,901,391	223,845,433
Stores and spares *	627,794	636,175
	<u>244,489,727</u>	<u>393,415,626</u>
[*Refer note 7 of Significant accounting policies for method of valuation]		
13. Trade receivables*		
<i>Unsecured</i>		
Debts due for a period exceeding six months		
- considered good	413,182	272,459
- considered doubtful	43,582	43,582
	<u>456,764</u>	<u>316,041</u>
Other debts		
- considered good*	150,644,417	201,079,049
	<u>150,644,417</u>	<u>201,079,049</u>
Less: Provision for doubtful debts	43,582	43,582
	<u>151,057,599</u>	<u>201,351,508</u>

* Includes an amount of Rs. 122,382,007 (previous year Rs. 185,550,479) receivable from companies where directors of the company are also directors / members

(Amount in Rs.)

Particulars	As at 31 March 2016	As at 31 March 2015
14. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	71,997	108,946
Balance with banks		
- on current account	2,209,743	4,740,777
- on fixed deposit account	75,098,693	137,540,874
- on exchange earners foreign currency account	43,112,329	56,822,717
	<u>120,492,762</u>	<u>199,213,314</u>
Other bank balances		
Balance with banks		
- on margin money accounts **	3,984,517	3,246,781
	<u>124,477,279</u>	<u>202,460,095</u>
**Margin money is against bank guarantees issued in favour of customers and statutory authorities.		
15. Short-term loans and advances		
<i>Unsecured, considered good</i>		
Staff advances	677,756	494,403
Prepaid expenses	2,597,639	2,222,150
Balances with government authorities	17,054,269	19,375,035
Advances to suppliers	4,032,177	4,558,444
Interest accrued but not due	390,728	442,675
Other advances and receivables	1,635,856	-
Advance tax, net of provision for tax	3,191,461	-
	<u>29,579,887</u>	<u>27,092,707</u>

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
16. Revenue from operations		
Sale of products, gross*	796,405,075	1,815,848,970
Less: Excise duty	2,296,372	2,641,580
Sale of products, net	794,108,703	1,813,207,390
*Refer note 35 for details related to sale of manufactured products.		
17. Other Income		
Interest on bank deposits	4,177,445	2,107,307
Other non-operating income	23,611,618	13,046,024
Provision no longer required written back	-	740,586
Foreign exchange gain, net	-	3,665,962
	27,789,062	19,559,879
18. Cost of materials consumed		
Inventory of materials at the beginning of the year	168,934,018	95,768,794
Add: Purchases	318,608,433	1,041,943,293
Less: Inventory of materials at the end of the year	121,960,542	168,934,018
	365,581,910	968,778,069
Refer note 33 and 34 for details of items of raw materials and components consumed.		
19. Changes in inventories of work-in-progress		
<i>Opening Stock</i>		
Work in progress	223,845,433	152,164,209
<i>Closing Stock</i>		
Work in progress	121,901,391	223,845,433
Increase/(decrease) in inventories of work-in-progress	101,944,041	(71,681,224)
20. Employee benefits expense		
Salaries, wages and allowances	88,080,498	113,062,543
Contribution to provident and other funds	6,766,765	7,574,602
Staff welfare expenses	5,852,956	9,016,857
	100,700,219	129,654,002

(Amount in Rs.)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
21. Finance costs		
Interest expense	8,422,889	11,676,942
Other borrowing costs	2,747,132	2,102,386
	11,170,021	13,779,328
22. Other expenses		
Rent	12,987,072	11,009,385
Rates and taxes	440,902	342,271
Power and fuel	23,196,916	31,889,833
Repairs and maintenance		
- Building	1,847,401	404,348
- Plant and equipment	7,084,449	20,323,725
Insurance	1,627,409	2,651,624
Professional and consultancy	61,570,888	70,867,797
Selling and marketing expenses	-	546,917
Travelling and conveyance	5,330,198	7,053,756
Purchase of services	18,144,085	41,561,814
Printing and stationery	1,146,751	1,850,262
CSR expenses	6,686,250	1,070,000
Directors sitting fees	16,000	16,000
Freight outwards	2,481,150	6,442,051
Foreign exchange loss, net	6,904,619	-
Bank charges	2,840,556	2,790,007
Miscellaneous expenses	1,856,511	2,243,477
	154,161,159	201,063,267

Notes on financial statements (contd...)

23. Capital commitments and contingent liabilities

(Amount in Rs.)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and provided for (net of advances)	2,335,116	16,437,946
Contingent liabilities:		
Excise duty	39,567,018	-

The Company has received an order dated 5 April 2013 from the income tax authorities with respect to the assessment year 2009-2010. As per the assessment order, the carried forward loss for the assessment year 2009-2010 has been assessed as Rs 40,704,558 by the assessing officer as against the carried forward loss of Rs 87,137,017 claimed by the Company. The decrease in carried forward tax loss represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Commissioner of Income-tax (Appeal) and management believes that its position is likely to be upheld in the appellate process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received. There are no movements in the case during the year.

Further, the Company has received an order dated 30 December 2014 from the income tax authorities with respect to the assessment year 2010-2011. As per the assessment order, the taxable income has been assessed as Rs 77,550,542 after adjusting carried forward loss of Rs.40,704,558, by the assessing officer as against the taxable income declared by company amounting to Rs 20,118,108. The increase in taxable income represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Income Tax Appellate Tribunal and management believes that its position is likely to be upheld in the panel process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received. There are no movements in the case during the year.

During the current year the Company has received an order dated 15 February 2016 from the income tax authorities with respect to the assessment year 2011-2012. As per the assessment order, the tax is was computed under normal provision with total tax liability of Rs.19,852,137 by assessing officer as against the tax liability declared by company amounting to Rs.9,600,378 under the section 115JB on taxable income of Rs.45,755,432. The increase in tax liability represents the non adjustment of carry forward loss on account of transfer pricing case of assessment year 2009-2010 and 2010-2011. During the year the Company has discharged partially the liability under protest.

The Company has received an order dated 15 February 2016 from the income tax authorities with respect to the assessment year 2012-2013. As per the assessment order, the taxable income has been assessed as Rs 132,954,290 by the assessing officer as against the taxable income declared by company amounting to Rs.38,296,843. The increase in taxable income represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Dispute Resolution Panel and management believes that its position is likely to be upheld in the panel process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received.

24. Auditors' remuneration excluding service tax (included under professional and consultancy)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Statutory Audit	500,000	500,000
Out of pocket expenses reimbursed	47,347	44,342
	547,347	544,342

25. Earnings per share

The computation of earnings per share is set out below:

Particulars	For the Year ended	For the Year ended
	31 March 2016	31 March 2015
	Rs	Rs
Profit for the year	(8,697,230)	332,709,666
Weighted average number of equity shares outstanding at the beginning of the year (in numbers)	5,600,000	5,600,000
Face value of equity shares	10	10
Earnings per share - basic and dilutive	(1.55)	59.41

The Company has no potentially dilutive equity shares.

26. The following table sets out the status of the gratuity plan as required under revised AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

(Amount in Rs.)

Particulars	As at	As at
	31 March 2016	31 March 2015
Change in projected benefit obligations		
Obligations at year beginning	7,272,514	5,602,656
Service cost	1,462,856	1,117,404
Past service cost	-	-
Benefits paid	(1,208,992)	(175,067)
Interest cost	600,722	552,718
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Actuarial loss/ (gain)	(921,764)	174,803
Obligations at year end	7,205,337	7,272,514
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	1,208,992	175,067
Benefits paid	(1,208,992)	(175,067)
Plan assets at year end, at fair value	-	-
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	7,205,337	7,272,514
Asset/ (liability) recognised in the balance sheet	(7,205,337)	(7,272,514)
Gratuity cost for the year		
Service cost	1,462,856	1,117,404
Interest cost	600,722	552,718
Expected return on plan assets	-	-
Actuarial loss/ (gain)	(921,764)	174,803
Past service cost	-	-
Benefits paid	-	-
Net gratuity cost	1,141,814	1,844,925

Notes on financial statements (contd...)

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

Five-year information	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	(7,205,337)	(7,272,514)	(5,602,656)	(5,105,334)	3,631,868
Fair value of plan assets	-	-	-	-	-
Asset/ (liability) recognised in the balance sheet	(7,205,337)	(7,272,514)	(5,602,656)	(5,105,334)	3,631,868
Experience adjustments arising on plan liabilities -loss/(gain)	(921,764)	174,803	(141,258)	502,742	135,275
Experience adjustments arising on plan assets-loss/(gain)	-	-	-	-	-

Particulars	As at 31 March 2016	As at 31 March 2015
Assumptions:		
Discount rate	7.78%	9.10%
Expected rate of return on plan assets	Not applicable	Not applicable
Expected rate of salary increase	7%	7%
Attrition rate	1%-15%	1%-15%
Retirement age	58 years	58 years

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

27. Employee stock options:

The company has two stock option plans.

Centum employee stock option plan 2007

Certain employees of the Company are entitled to the shares of Centum Electronics Limited (parent company) under the Centum ESOP plan 2007. Options will be issued to employees of the Company at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

Option activity during the year ended 31 March 2016 and the related weighted average exercise price of stock options under the Centum ESOP plan 2007 is presented below:

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	24,398	63.31	53,131	56.95
Granted during the year	-	-	-	-
Exercised during the year	11,203	53.45	28,733	51.55
Forfeited / lapsed during the year	-	-	5,899	39.37
Options outstanding at the end of the year	13,195	58.01	24,398	63.31
Exercisable at the end of the year	-	-	13,248	71.62

The options outstanding as at 31 March 2016 had an exercise price of Rs 58.01 and the weighted average remaining contractual life of 9.17 years.

Centum employee stock option plan 2013

Certain employees of the Company are entitled to the shares of Centum Electronics Limited (parent company) under the Centum ESOP plan 2013. Options will be issued to employees of the Company at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

Option activity during the year ended 31 March 2016 and the related weighted average exercise price of stock options under the Centum ESOP plan 2013 is presented below:

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	42,394	71.25	47,177	71.25
Granted during the year	-	-	-	-
Exercised during the year	11,845	71.25	4,783	71.25
Forfeited / lapsed during the year	1,628	71.25	-	-
Options outstanding at the end of the year	28,921	71.25	42,394	71.25
Exercisable at the end of the year	8,838	71.25	7,011	71.25

The options outstanding as at 31 March 2016 had an exercise price of Rs 71.25 and the weighted average remaining contractual life of 10.39 years.

The Company applies the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan. The Company has therefore adopted the pro forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India with effect from 1 April 2005.

Had the compensation been determined using the fair value approach described in the aforesaid Guidance Note, the Company's net profit and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit for the year	(8,697,230)	332,709,666
Add: Stock based compensation expense determined under the intrinsic value method	-	-
Less: Stock based compensation expense determines under the fair value method	291,024	1,382,990
Adjusted net profit	<u>(8,988,253)</u>	<u>331,326,676</u>
Basic earnings per share as reported	(1.55)	59.41
Pro forma basic earnings per share	(1.61)	59.17
Diluted earnings per share as reported	(1.55)	59.41
Pro forma diluted earnings per share	(1.61)	59.17

Notes on financial statements (contd...)

The fair value of each option under the 2007 plan is estimated by management on the date of grant using the Black - Scholes model with the following assumptions:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7 - 8.60%	5.7 - 8.60%
Volatility	62.89%	99.49%

28. The Company's foreign currency exposure on account of foreign currency denominated payables not hedged as on 31 March 2016:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	2,407,952	159,253,501	5,754,334	359,306,353
EUR	425,754	32,056,702	625,884	42,383,542
GBP	1,925	183,364	4,588	424,566
JPY	3,850,405	2,316,019	353,096	188,906
NZD	14,360	668,889	4,008	192,705
		194,478,474		402,496,072

The Company's foreign currency exposure on account of foreign currency denominated receivables not hedged as on 31 March 2016:

Particulars	As at 31 March 2016		As at 31 March 2015	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	2,470,690	163,053,173	4,216,748	262,735,010
EUR	67,818	5,095,340	42,858	2,895,586
JPY	944,275	545,697	-	-
GBP	14,973	1,423,448	25,474	2,352,969
		170,117,658		267,983,565

29. Leases

The Company has taken factory premises and computer equipments under cancellable operating lease. The Company intends to renew such leases in the normal course of business. Total lease rentals recognized in the statement of profit and loss for the year ended 31 March 2016 with respect to the above is Rs 12,987,071 (previous year: Rs 3,793,385).

The Company has taken factory premises under non cancellable operating lease. The Company intends to renew such leases in the normal course of business. Total lease rentals recognised in the profit and loss account for the year ended 31 March 2016 with respect to the above is Rs.Nil (previous year: Rs 7,216,000).

The total future minimum lease payments under non cancellable operating lease as at 31 March 2016 are as follows:

	(Amount in Rs.)	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Not later than one year	-	2,706,890
Later than one year and not later than five years	-	260,469
	<u>-</u>	<u>2,967,359</u>

30. Segment Information

The Company operates in only one segment i.e. Components business (Frequency Control Products) and accordingly there are no primary segment disclosures.

	(Amount in Rs.)	
Geographic segment	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenues		
India	49,658,661	49,324,748
Europe	724,066,932	1,752,043,262
Rest of the world	20,383,110	11,839,380
	<u>794,108,703</u>	<u>1,813,207,390</u>
Segment assets		
India	782,889,718	1,059,745,858
Europe	120,724,162	186,740,477
Rest of the world	4,011,112	6,310,796
	<u>907,624,990</u>	<u>1,252,797,131</u>

31. Related party disclosures

A. Parties where control exists:

Centum Electronics Limited - Holding Company ('CEL')

B. Venturer in respect of which the Company is a joint venture:

Rakon (Mauritius) Limited

C. Other related parties where transactions have taken place during the year:

Party having significant influence

Rakon Limited - [ultimate holding company of Rakon (Mauritius) Limited]

Parties under common control

Rakon France SAS

Rakon UK Limited

Centum Industries Private Limited

D. Key management personnel

Apparao V Mallavarappu (Director)

S. Krishnan (Director)

Brent John Robinson (Director)

Bryan William Mogridge (Additional Director)

Notes on financial statements (contd...)

E. The following is a summary of transactions with related parties by the Company:

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Professional and consultancy		
<i>Holding company</i>		
Centum Electronics Limited	54,654,540	66,001,224
Rent		
<i>Holding company</i>		
Centum Electronics Limited	3,038,720	3,032,400
Sale of products		
<i>Holding company</i>		
Centum Electronics Limited	988,584	627,433
<i>Parties under common control</i>		
Rakon France SAS	715,493,412	1,730,478,138
Rakon UK Limited	-	3,856,421
<i>Parties having significant influence</i>		
Rakon Limited	20,411,683	11,838,828
Purchase of goods and services		
<i>Holding company</i>		
Centum Electronics Limited	10,355,610	28,843,554
<i>Parties under common control</i>		
Centum Industries Private Limited	1,257,468	509,100
Rakon France SAS	6,020,742	90,519,808
Rakon UK Limited	-	4,867,864
<i>Parties having significant influence</i>		
Rakon Limited	5,200,216	296,248
Reimbursement of expenses		
<i>Holding company</i>		
Centum Electronics Limited	11,857,018	10,877,598
<i>Parties under common control</i>		
Rakon France SAS	8,336,394	5,249,477
Centum Industries Private Limited	-	-
<i>Parties having significant influence</i>		
Rakon Limited	727,826	1,066,780
Purchase of fixed assets		
<i>Parties under common control</i>		
Rakon France SAS	3,237,444	5,069,607
<i>Parties having significant influence</i>		
Rakon Limited	1,379,479	13,803,141

F. The balances receivable from and payable to related parties are as follows:

Particulars	(Amount in Rs.)	
	As at 31 March 2016	As at 31 March 2015
Trade receivables		
<i> Holding company</i>		
Centum Electronics Limited	2,357,548	-
<i> Parties under common control</i>		
Rakon France SAS	117,897,176	181,686,901
Rakon Limited	2,127,283	3,863,578
Trade payables		
Centum Electronics Limited	12,319,409	120,070
<i> Parties under common control</i>		
Rakon France SAS	10,805,707	13,216,498
Rakon UK Limited	-	133,312
Rakon Limited	1,196,777	236,658
Other current liabilities		
<i> Holding company</i>		
Centum Electronics Limited	1,750,245	328,451
<i> Parties under common control</i>		
Rakon France SAS	9,767,535	26,018,897

32. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of

Notes on financial statements (contd...)

the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date. (Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
- Principal	-	512,076
- Interest	-	1,448
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period		
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 period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
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 Micro Small and Medium Enterprise Development Act, 2006.	-	-

33. Particulars of raw materials and components consumed

(Amount in Rs.)

Components	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Integrated circuits	40,978,340	105,752,094
Others	86,918,113	223,235,368
	127,896,453	328,987,463

(Amount in Rs.)

Raw materials	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Blanks	70,350,188	256,089,280
Base	63,595,497	168,677,064
PCB	27,265,958	65,928,483
Others	76,473,814	149,095,780
	237,685,457	639,790,606

Note: No other individual item of raw materials and components consumed account for 10% or more of the total consumption during the year.

34. Particulars of raw materials and components consumed

(Amount in Rs.)

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	%	Amount	%	Amount
Components				
Imported	61%	77,914,201	68%	222,223,235
Indigenous	39%	49,982,252	32%	106,764,228
		127,896,453		328,987,463
Raw materials				
Imported	98%	232,038,541	99%	633,723,874
Indigenous	2%	5,646,915	1%	6,066,732
		237,685,457		639,790,606

35. Particulars in respect of sale of manufactured products (including excise duty)

(Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Frequency control products	796,405,075	1,815,848,970
	796,405,075	1,815,848,970

36. CIF value of imports

(Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Capital goods	9,767,621	80,525,089
Raw materials and components (including goods in transit)	279,887,507	1,065,074,783
	289,655,129	1,145,599,872

37. Expenditure in foreign currency (on payment basis)

(Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Travel	4,833,281	3,853,838
Professional and consultancy	257,096	838,754
	5,090,377	4,692,592

38. Earnings in foreign currency

(Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Sale of manufactured goods	744,450,042	1,763,882,641
	744,450,042	1,763,882,641

Notes on financial statements (contd...)

39. Expenditure on research and development

(Amount in Rs.)

Particulars	For the Year ended 31 March 2016	For the Year ended 31 March 2015
Capital	-	2,262,728
Recurring (including depreciation)	21,033,459	20,972,531
	21,033,459	23,235,259

40. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has completed the process of updating the documentation for the international transactions entered into with the associated enterprises relating to the previous year. Further, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the date of filing its income tax return, as required by law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

41. Dividend remitted in foreign currency

(Amount in Rs.)

Relating to the year ended	31 March 2016	31 March 2015
Number of non-resident shareholder	1	1
Number of equity shares held (Rs 10 per share)	2,744,000	2,744,000
Amount remitted	54,880,000	54,880,000

42. Previous year's figure including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date attached.

for BSR & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W100022

Supreet Sachdev
Partner
Membership No. 205385

Place : Bangalore
Date : 24 May, 2016

for Centum Rakon India Private Limited

Apparao V. Mallavarapu S Krishnan
Director Director

P M Unnikrishnan
GM - Operations (Manager)



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Regd. & Corporate Office
Centum Rakon India Private Limited
No. 44, KHB Industrial Area
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