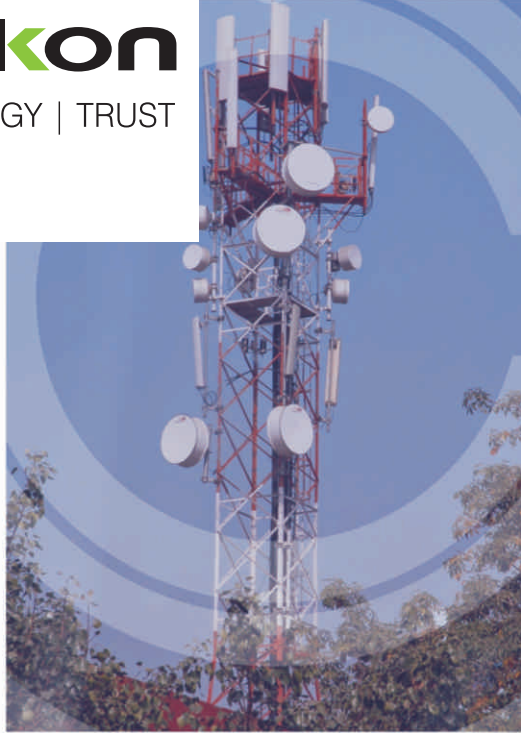


 **CENTUM rakon**
TEAM WORK | TECHNOLOGY | TRUST



Centum Rakon India Private Limited
Annual Report 2014-15



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 (Contd...)

Your Directors have pleasure in presenting their Eighth Annual Report on the business and Operations of your Company and the audited Statement of Accounts for the period ended 31st March 2015.

FINANCIAL HIGHLIGHTS

Year ended 31 March	Rs.Millions	
	2015	2014
Turnover	1832.77	1,398.43
Profit before Depreciation and Interest	602.06	388.54
Depreciation	95.64	85.25
Interest	11.68	16.86
Profit before tax	494.74	286.43
Provision for tax	162.82	92.19
Profit after tax	331.91	194.24

PERFORMANCE

During the Eighth year of the operations, the Company posted a turnover of Rs. 1,832.77 million and Profit before Tax of Rs. 494.74 million.

DIVIDEND

A dividend of Rs. 20 per share on the paid up Share capital of the company is recommended. The dividend payout is Rs 112.00 million and the tax on the said dividend is Rs. 22.40 million.

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. The Company has appointed Ernst & Young LLP., as its Internal auditor on the recommendation of the Audit Committee (Committee). The Committee defines the scope and authority of the Internal auditors. The Internal auditors audits the areas recommended by the committee 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

The following were changes in the composition of the Board of Directors during the year under review.

Mr. Darren Robinson, Director of the company resigned w.e.f 18th July 2014.

Mr. Bryan Mogridge has been appointed as an additional director w.e.f. 18th July 2014 and will hold upto the date of the ensuing Annual General Meeting. Mr. Bryan Mogridge is being eligible for the appointment, your directors' recommend to the shareholders for his appointment.

Mr. Krishnan, Director has disclosed to the company that he meets the criteria for Independent director, and being eligible, offers himself for appointment for a period of 5 years.

Mr. Brent Robinson, Director of the company retires by rotation and being eligible, offers himself for appointment.

The appointment/re-appointment of the aforesaid directors have 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. The details of which are given in the Corporate Governance Report. 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, 2015, 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 2 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, 2015 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

Directors' Report (Contd...)

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 Promoters, Directors, 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 Annual report.

EXTRACT OF ANNUAL RETURN

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

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility (CSR), the Company has selected projects that aid and improve education, literacy and healthcare for children and Rural development. It has funded to the projects that support the rural development and education.. 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-I 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 19, 2015

Apparao V Mallavarapu
Charman

S Krishnan
Director

Annexure to the Directors' Report

ANNEXURE - I

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 the working environment in Aging area instead of Air conditioning.
- Provision made to supply the Liquid CO₂ from the tank instead of gas which reduces the running hrs of Vatran m/c resulting in power saving.
- Optimized the compressed air pressure setting by increasing the efficiency of Air Compressor.
- Maintained the Power factor at 0.99 by providing additional Capacitor Bank, thus reducing the inductive loss.
- Chemical descaling of all the AHU'S cooling coil was carried out and improved the efficiency of Centralized AC system.
- Cooling tower sprinkler and others changed the design and improved the efficiency.
- Process chiller temp increased from 12 to 14 deg resulted in reducing the chiller running hrs and the power consumption.
- Energy efficient axial Exhaust Fans are provided in place of Centrifugal Fans in SLT area.

2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

a. Technology Absorption

- Association with external technical & research institutes to understand new developments in FCP domain and to learn new technologies and capabilities to improve the processes and products.
- Developed high frequency OCXO products for Radar Applications
- High frequency SC cut crystals developed for Space application
- Developed a new Auto wash station for crystal processing to improve the overall performance of the high end SC cut crystals.
- Establishment of a new assembly line & advanced test setups for new generation microcontroller based high end OCXO products.
- Established process capability for manufacturing high frequency SC cut crystals in HC45 packages for frequencies up to 40MHz.
- Developed and installed centralized software for continuous measurement and ageing measurement for OCXO products.
- Developed a new Auto High drive and Brush wash setup for processing SC cut crystals.
- Implementation of various process improvements and semi automation of processes for improving the quality of products

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

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

- Developed Low profile clock oscillator for Space application.
- Development of OCXOs for defense applications with stringent phase noise requirements under vibration including housing.
- Designed HIGH Frequency TCXO for widest temperature range of -55deg to 125deg for Launch Vehicle application covering up to 455MHz with improved performance and multiple specifications.
- Development of High frequency clock oscillator for Space application.
- Multiple OCXO products developed with different form factor for SDR application with extended temperature range of - 40 to +85deg C.
- Design & development of vibration compensation OCXO for Air borne applications.
- Design & development of High frequency gated Oscillator with 1 watt power for IFF applications in miniature package.
- Design & development of TCXO with PCB version for Launch vehicle application.
- Design & development of SMD TCXO's for Space Application
- Development of vibration hardened OCXO with improved Performance.
- Design & Development of high frequency OCXO for Defense Applications.

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

- The above developmental activities helped to get access to all new markets especially in Space and Defense segments for developing and supplying new high end oscillator products.
- By using these indigenously developed oscillator products, Indian space agencies will be able to meet their requirements through indigenization rather than importing these products.
- Capability to design and manufacture SC cut crystals in India and eliminating dependency on imports.
- Availability of indigenously developed OCXOs for Radar applications by various defense undertakings.
- Established capability to manufacture high end electronic components such as crystals and oscillators in India.

(3) Future Plan of Action

Future plan on design and developmental activities

- Developing OCXOs with built-in ageing compensation.
- Development of MEMs based oscillator products.
- Modification of base plating machine for capacity and capability enhancement.
- Development of OCXO products with improved performance in DIL package using HC 45 crystals
- To establish a manufacturing line for SMD OCXO products
- Upgrading the Test & Measuring Setup for legacy oscillator products for improved measurement accuracies.
- Development of a new Test Bench for monitoring crystal ageing.

(4) Expenditure on R & D

Rs in Millions

For the year ended 31st March	2015	2014
A. Capital	2.26	8.94
B. Recurring	20.94	19.38
C. Total	23.20	28.32
Total R&D expenditure as a % of total turnover	1.3%	2.0%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and Outgo are reported in Notes to Accounts No. 37 & 38 and forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2015.

For and on behalf of the Board

Place: Bangalore
Date: May 19, 2015

Apparao V Mallavarapu
Chairman

S Krishnan
Director

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	Dependent Director	Member
Mr. Bryan Mogridge	Independent Director	Member
Mr. Apparao V Mallavarapu	Dependent 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. 190,194,605.

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

The company is required to spend Rs.3,803,892 towards CSR.

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year - Rs. 1,070,000

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	SEED	Rural Development	Hyderabad	1,000,000	1,000,000	N.A.
2	Govt., PU College	Education	Bangalore	70,000	70,000	N.A.

*Details of implementing agencies: N.A.

- c. Amount unspent:

Rs. 2,733,892.

Reason :The Company has been exploring the options by considering the sustainability for spending the amount as required. Since this is the first year of implementation of the CSR, the company could not spend the amount completely.

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015
[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	21.29	-	-	21.29
ii) Interest due but not paid	0.02	-	-	0.02
iii) Interest accrued but not due	0.00	-	-	0.00
Total (i+ii+iii)	21.31	-	-	21.31
Change in Indebtedness during the financial year				
Addition	77.54	-	-	77.54
Reduction	-68.91	-	-	-68.91
Net Change	8.63	-	-	8.63
Indebtedness at the end of the financial year				
i) Principal Amount	29.92	-	-	29.92
ii) Interest due but not paid	0.02	-	-	0.02
iii) Interest accrued but not due	0.00	-	-	0.00
Total (i+ii+iii)	29.94	-	-	29.94

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

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 2015, 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 2015 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, 2015 ("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 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 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015 from being appointed as a Director in terms of Section 164 (2) of the Act; and
- (f) 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.

Bangalore
Date: 19 May, 2015

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

Sampad Guha Thakurta
Partner
Membership No. 060573

Annexure to the Auditors' Report (contd...)

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 2015. 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.
- (ii) (a) 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.
 - (b) The procedures of physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
- (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) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventories and fixed assets and with regard to the sale of goods. The Company's operations do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
- (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, 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, 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 2015 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 and Excise 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, 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	26,694,650*	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

- (c) According to the information and explanation given to us, there is no amount which requires to be transferred to Investor Education and Protection Fund.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) 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 during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has not availed any term loan during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they have been raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.

for BSR & Co. LLP
Chartered Accountants

Firm registration number: 101248W/W-100022

Sampad Guha Thakurta
Partner

Membership No. 060573

Bangalore
 Date: 19 May, 2015

Balance Sheet

(Amount in Rs.)

	NOTE	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	56,000,000	56,000,000
Reserves and surplus	3	587,624,888	394,245,650
		643,624,888	450,245,650
Non-current liabilities			
Deferred tax liabilities, net	4	2,157,268	11,496,641
Long-term provisions	5	6,707,367	5,057,018
		8,864,635	16,553,659
Current liabilities			
Short-term borrowings	6	299,193,463	212,921,435
Trade payables	7	63,005,158	100,259,212
Other current liabilities	8	78,530,964	82,018,467
Short-term provisions	9	159,578,023	134,836,784
		600,307,609	530,035,898
		1,252,797,131	996,835,207
ASSETS			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	10	406,695,647	384,620,613
Intangible assets	10	84,513	200,432
Capital work-in-progress		141,068	732,682
		406,921,228	385,553,727
Long-term loans and advances	11	21,555,967	10,002,556
		428,477,195	395,556,283
Current assets			
Inventories	12	393,415,626	247,933,003
Trade receivables	13	201,351,508	245,696,598
Cash and bank balance	14	202,460,095	77,299,329
Short-term loans and advances	15	27,092,707	30,349,994
		824,319,936	601,278,924
		1,252,797,131	996,835,207
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/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 19 May, 2015

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 2015	For the year ended 31 March 2014
Revenue from operations			
Sale of Products / Goods (gross)	16	1,815,848,970	1,396,246,766
Less : Excise duty		2,641,580	920,278
Sale of Products / Goods (net)		1,813,207,390	1,395,326,488
Other income	17	19,559,879	3,106,701
		1,832,767,269	1,398,433,189
Expenses:			
Cost of materials consumed	18	968,778,069	806,728,337
Changes in inventories of work-in-progress	19	(71,681,224)	(47,977,321)
Employee benefits expense	20	129,654,002	95,503,534
Finance costs	21	13,779,328	18,648,782
Depreciation and amortisation	10	95,642,369	85,247,834
Other expenses	22	201,063,267	153,854,216
		1,337,235,811	1,112,005,382
		495,531,458	286,427,807
Profit before taxation			
Income tax expenses			
- Current tax		171,700,000	98,000,000
- Previous year		461,166	-
- Deferred tax credit		(9,339,374)	(5,811,251)
		332,709,666	194,239,058
Profit for the year after tax			
Earnings per equity share (par value Rs 10 each)			
Basic and diluted		59.41	34.69
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/W-100022

Sampad Guha Thakurta

Partner

Membership No. 060573

Place : Bangalore

Date : 19 May, 2015

for Centum Rakon India Private Limited

Apparao V. Mallavarapu

Director

S Krishnan

Director

P M Unnikrishnan

GM - Operations (Manager)

Notes on financial statements for the year ended 31st March, 2015

Note 1. Significant Accounting Policies:

1. Background

Centum Rakon India Private Limited (“the Company”) was incorporated as a private limited company on 17 December 2007 under the Companies Act, 1956. The Company has its registered office in Bangalore.

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.

2. Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 (‘the Act’) read with Rule 7 of The Company (Accounts) Rules 2014, the provision of Act (to the extent notifies and applicable).

3. 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.

4. 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.

5. 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.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

6. Depreciation and amortisation

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 amortised 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 is best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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.

7. 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.

8. 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 funds is recognized using the time proportionate method, based on the underlying interest rates.

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.

9. 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 statement of profit and loss 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 statement of profit and loss.

10. Employee benefits

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

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

The expected cost of short-term employee benefits in the form of accumulating compensated absences are recognized as the additional amount that the enterprise expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

11. 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 year. The Company did not have any potentially dilutive equity shares outstanding during the year.

12. 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

Notes on financial statements (contd...)

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.

13. 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.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the statement of profit and loss. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

14. Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

15. 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 statement of profit and loss. 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.

16. 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.

17. 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.

(Amount in Rs.)

Particulars	As at	
	31 March 2015	31 March 2014
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 2015		As at 31 March 2014	
	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 2015		As at 31 March 2014	
	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 2015, the amount of per share dividend recognised as distributions to equity shareholders is Rs.20 (previous year; Rs.20), The total dividend appropriation for the year ended 31 March 2015 amounted to Rs 112,000,000 (previous year; Rs 112,000,000) excluding corporate dividend tax of Rs 22,393,414 (previous year; Rs.19,034,400)

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.

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
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	15,414,587
Add: Addition during the year	-	19,423,906
Closing balance	<u>34,838,493</u>	<u>34,838,493</u>
Surplus in statement of profit and loss		
Opening balance	123,924,757	80,144,005
Add: Profit for the year	332,709,666	194,239,058
Less: Appropriations		
Proposed final dividend	112,000,000	112,000,000
Corporate dividend tax	22,393,414	19,034,400
Transfer to reserves	-	19,423,906
Additional depreciation as per Schedule II of Companies Act 2013 (ref note 10)	4,937,014	-
Closing balance	<u>317,303,995</u>	<u>123,924,757</u>
	<u>587,624,888</u>	<u>394,245,650</u>
4. Deferred tax liabilities, net		
Deferred tax liabilities		
Fixed assets	6,110,738	14,669,020
	<u>6,110,738</u>	<u>14,669,020</u>
Deferred tax asset		
Provision for doubtful debts and advance	(369,672)	(369,672)
Provision for retirement benefits	(3,583,798)	(2,802,707)
	<u>(3,953,470)</u>	<u>(3,172,379)</u>
Deferred tax liabilities, (Net)	<u>2,157,268</u>	<u>11,496,641</u>
5. Long-term provisions		
Provision for gratuity (refer note 26)	6,707,367	5,057,018
	<u>6,707,367</u>	<u>5,057,018</u>

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
6. Short-term borrowings		
<i>Secured</i>		
Loans repayable on demand		
- Cash credit	-	852,369
- Packing credit	299,193,463	212,069,066
	299,193,463	212,921,435
Short term loans from banks are secured by the following securities:		
a) Cash 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.		
b) 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 continuing default in the repayment of the principal and interest amounts.		
7. Trade payables		
- Dues to micro and small enterprises*	512,076	357,560
- Dues to others	62,493,082	99,901,652
	63,005,158	100,259,212
*Refer note 32 for details of dues to micro and small enterprises.		
8. Other current liabilities		
Interest accrued but not due	223,834	203,039
Advance from customers	16,280,205	14,558,790
Other payables		
- withholding and other taxes and duties payable	3,334,501	2,304,638
- for expenses	57,674,480	63,538,333
- for capital goods	1,017,944	1,413,667
	78,530,964	82,018,467
9. Short-term provisions		
Provision for gratuity (refer note 26)	565,147	545,638
Provision for compensated absences	2,148,709	1,599,861
Proposed final dividend	112,000,000	112,000,000
Corporate dividend tax	22,393,414	19,034,400
Provision for taxation, net of advance tax	22,470,753	1,656,885
	159,578,023	134,836,784

Notes on financial statements (contd...)

Notes on financial statements (contd...)

10 FIXED ASSETS

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND AMORTISATION					NET BLOCK	
	As at 1 April 2014	Additions during the year	As at 31 March 2015	As at 1 April 2014	Charge for the year	Adjusted in Reserves (refer note 1)	Deletions during the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
	(Amount in Rs.)									
Tangible assets, owned										
Leasehold improvements	26,941,043	8,258,415	35,199,458	15,790,156	4,896,978	-	-	20,687,134	14,512,324	11,150,887
Plant and equipment	732,583,230	102,969,147	835,552,377	406,302,581	82,060,901	3	-	488,363,485	347,188,892	326,280,649
Electrical installations	54,173,552	10,829,831	65,003,383	19,702,422	5,148,436	4,121,362	-	28,972,220	36,031,163	34,471,130
Computers	9,401,591	388,244	9,789,835	6,361,863	1,434,263	25,538	-	7,821,664	1,968,171	3,039,728
Office equipment	4,586,457	92,861	4,679,318	874,395	1,151,245	349,194	-	2,374,834	2,304,484	3,712,062
Furniture and fixtures	9,233,239	-	9,233,239	3,267,082	835,334	440,210	-	4,542,626	4,690,613	5,966,157
Vehicles	-	-	-	-	-	-	-	-	-	-
Total (A)	836,919,112	122,538,498	959,457,610	452,298,499	95,527,157	4,936,307	-	552,761,963	406,695,647	384,620,613
Intangible assets, owned										
Computer software	2,139,666	-	2,139,666	1,939,234	115,212	707	-	2,055,153	84,513	200,432
Total (B)	2,139,666	-	2,139,666	1,939,234	115,212	707	-	2,055,153	84,513	200,432
Total (A) + (B)	839,058,778	122,538,498	961,597,276	454,237,733	95,642,369	4,937,014	-	554,817,116	406,780,160	384,821,045
Previous year	757,096,990	81,961,788	839,058,778	368,989,899	85,247,834	-	-	454,237,733	384,821,045	-

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.

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
11. Long-term loans and advances		
<i>Unsecured, considered good</i>		
Capital advances	2,100,000	3,015,970
Balance with government authorities	3,480,097	1,644,205
Advance tax, net of provision for tax	10,000,000	-
Prepaid expenses	713,853	344,614
Deposits	5,262,017	4,997,767
	<u>21,555,967</u>	<u>10,002,556</u>
12. Inventories		
Raw materials *	168,934,018	95,768,794
(Includes raw material in transit Rs 5,117,180 (Previous year: Rs. 18,534,042))		
Work-in-progress *	223,845,433	152,164,209
Stores and spares *	636,175	-
	<u>393,415,626</u>	<u>247,933,003</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	272,459	3,383,706
- considered doubtful	43,582	43,582
	<u>316,041</u>	<u>3,427,288</u>
Other debts		
- considered good	201,079,049	242,312,892
	<u>201,079,049</u>	<u>242,312,892</u>
Less: Provision for doubtful debts	43,582	43,582
	<u>201,351,508</u>	<u>245,696,598</u>

* Includes an amount of Rs. 185,550,479 (previous year Rs. 227,727,373) receivable from Companies where directors of the company are also directors / members

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
14. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	108,946	93,543
Balance with banks		
- on current account	4,740,777	475,379
- on fixed deposit account	137,540,874	-
- on exchange earners foreign currency account	56,822,717	73,070,931
	<u>199,213,314</u>	<u>73,639,853</u>
Other bank balances		
Balance with banks		
- on margin money accounts **	3,246,781	3,659,476
	<u>202,460,095</u>	<u>77,299,329</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	494,403	711,288
Prepaid expenses	2,222,150	2,292,782
Balances with government authorities	19,375,035	25,041,653
Advances to suppliers	4,558,444	2,113,474
Interest accrued but not due	442,675	190,797
	<u>27,092,707</u>	<u>30,349,994</u>

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
16. Revenue from operations		
Sale of products, gross*	1,815,848,970	1,396,246,766
Less: Excise duty	2,641,580	920,278
Sale of products, net	<u>1,813,207,390</u>	<u>1,395,326,488</u>
*Refer note 35 for details related to sale of manufactured products.		
17. Other Income		
Interest on bank deposits	2,107,307	590,962
Other non-operating income	13,046,024	2,515,739
Provision no longer required written back	740,586	-
Foreign exchange gain, net	3,665,962	-
	<u>19,559,879</u>	<u>3,106,701</u>
18. Cost of materials consumed*		
Inventory of materials at the beginning of the year	95,768,794	77,448,287
Add: Purchases	1,041,943,293	825,048,844
Less: Inventory of materials at the end of the year	168,934,018	95,768,794
	<u>968,778,069</u>	<u>806,728,337</u>
*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	152,164,209	104,186,888
<i>Closing Stock</i>		
Work in progress	223,845,433	152,164,209
Decrease/ (increase) in inventories of work in progress	<u>(71,681,224)</u>	<u>(47,977,321)</u>
20. Employee benefits expense		
Salaries, wages and allowances	113,062,543	83,068,353
Contribution to provident and other funds	7,574,602	5,588,600
Staff welfare expenses	9,016,857	6,846,581
	<u>129,654,002</u>	<u>95,503,534</u>

Notes on financial statements (contd...)

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
21. Finance costs		
Interest expense	11,676,942	16,864,904
Other borrowing costs	2,102,386	1,783,878
	13,779,328	18,648,782
22. Other expenses		
Rent	11,009,385	9,410,053
Rates and taxes	342,271	371,411
Power and fuel	31,889,833	24,346,444
Repairs and maintenance		
- building	404,348	234,445
- plant and equipment	20,323,725	11,482,992
Insurance	2,651,624	2,731,690
Professional and consultancy	70,867,797	59,260,373
Selling and marketing expenses	546,917	9,166,377
Travelling and conveyance	7,053,756	4,244,137
Purchase of services	41,561,814	14,712,354
Printing and stationery	1,850,262	1,585,793
CSR expenses	1,070,000	-
Directors sitting fees	16,000	8,000
Freight outwards	6,442,051	6,071,973
Foreign exchange loss, net	-	3,912,495
Bank charges	2,790,007	2,601,899
Miscellaneous expenses	2,243,477	3,713,780
	201,063,267	153,854,216

23. Capital commitments and contingent liabilities

(Amount in Rs.)

Particulars	As at 31 March 2015	As at 31 March 2014
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and provided for (net of advances)	16,437,946	9,411,654

The Company 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.

Further, the Company 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 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.

The Company received an order dated 16 March 2015 from the income tax authorities with respect to the assessment year 2011-2012. As per the assessment order, the taxable income has been assessed as Rs 118,156,411 by the assessing officer as against the taxable income declared by company amounting to Rs. 45,755,432. 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 2015	For the Year ended 31 March 2014
Statutory Audit	500,000	500,000
Out of pocket expenses reimbursed	44,342	44,342
	544,342	544,342

25. Earnings per share

The computation of earnings per share is set out below:

Particulars	For the Year ended 31 March 2015 Rs	For the Year ended 31 March 2014 Rs
Profit for the year	332,709,666	194,239,058
Weighted average number of equity shares outstanding at the end of the year (in numbers)	5,600,000	5,600,000
Face value of equity shares	10	10
Earnings per share - basic and dilutive	59.41	34.69

The Company has no potentially dilutive equity shares.

Notes on financial statements (contd...)

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 31 March 2015	As at 31 March 2014
Change in projected benefit obligations		
Obligations at year beginning	5,602,656	5,105,354
Service cost	1,117,404	861,620
Past service cost	-	-
Benefits paid	(175,067)	(680,272)
Interest cost	552,718	457,212
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Actuarial loss/ (gain)	174,803	(141,258)
Obligations at year end	7,272,514	5,602,656
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	175,067	680,272
Benefits paid	(175,067)	(680,272)
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	7,272,514	5,602,656
Asset/ (liability) recognised in the balance sheet	(7,272,514)	(5,602,656)
Gratuity cost for the year		
Service cost	1,117,404	861,620
Interest cost	552,718	457,212
Expected return on plan assets	-	-
Actuarial loss/ (gain)	174,803	(141,258)
Past service cost	-	-
Net gratuity cost	1,844,925	1,177,574

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

Five-year information	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	(7,272,514)	(5,602,656)	(5,105,334)	3,631,868	2,904,416
Fair value of plan assets	-	-	-	-	-
Asset/ (liability) recognised in the balance sheet	(7,272,514)	(5,602,656)	(5,105,334)	3,631,868	2,904,416
Experience adjustments arising on plan liabilities -loss/(gain)	174,803	(141,258)	502,742	135,275	131,332
Experience adjustments arising on plan assets-loss/(gain)	-	-	-	-	-

Particulars	As at 31 March 2015	As at 31 March 2014
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 2015 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 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	53,131	56.95	69,830	51.55
Granted during the year	-	-	-	-
Exercised during the year	28,733	51.55	10,800	31.60
Forfeited / lapsed during the year	-	-	5,899	39.37
Options outstanding at the end of the year	24,398	63.31	53,131	56.95
Exercisable at the end of the year	13,248	71.62	29,907	57.66

The options outstanding as at 31 March 2015 had an exercise price of Rs 63.31 and the weighted average remaining contractual life of 9.67 years.

Notes on financial statements (contd...)

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 2015 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 2015		For the year ended 31 March 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	47,177	71.25	-	-
Granted during the year	-	-	47,177	71.25
Exercised during the year	4,783	71.25	-	-
Forfeited / lapsed during the year	-	-	-	-
Options outstanding at the end of the year	42,394	71.25	47,177	71.25
Exercisable at the end of the year	7,011	71.25	-	-

The options outstanding as at 31 March 2015 had an exercise price of Rs 71.25 and the weighted average remaining contractual life of 11.02 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 2015	For the year ended 31 March 2014
Profit for the year	332,709,666	194,239,058
Add: Stock based compensation expense determined under the intrinsic value method	-	-
Less: Stock based compensation expense determines under the fair value method	1,382,990	417,415
Adjusted net profit	<u>331,326,676</u>	<u>193,821,643</u>
Basic earnings per share as reported	59.41	34.69
Pro forma basic earnings per share	59.17	34.61
Diluted earnings per share as reported	59.41	34.69
Pro forma diluted earnings per share	59.17	34.61

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 2015	Year ended 31 March 2014
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7 - 8.60%	5.7 - 9.1%
Volatility	99.49%	63.43%

28. The Company's foreign currency exposure on account of foreign currency denominated payables not hedged as on 31 March 2015:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	5,754,334	359,306,353	4,138,296	248,463,304
EUR	625,884	42,383,542	985,725	81,341,991
GBP	4,588	424,566	1,386	138,299
JPY	353,096	188,906	2,420,750	1,460,681
NZD	4,008	192,705	-	-
CHF	-	-	1,687	116,704
		402,496,072		331,520,979

The Company's foreign currency exposure on account of foreign currency denominated receivables not hedged as on 31 March 2015:

Particulars	As at 31 March 2015		As at 31 March 2014	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	4,216,748	262,735,010	4,881,866	292,423,784
EUR	42,858	2,895,586	65,026	5,354,891
JPY	-	-	8,207,500	4,697,973
GBP	25,474	2,352,969	15,377	1,531,395
		267,983,565		304,008,043

Notes on financial statements (contd...)

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 2015 with respect to the above is Rs 3,793,385 (previous year: Rs 4,114,053).

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 statement of profit and loss for the year ended 31 March 2015 with respect to the above is Rs. 7,216,000 (previous year: Rs 5,296,000).

The total future minimum lease payments under non cancellable operating lease as at 31 March 2015 are as follows: (Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Not later than one year	2,706,890	5,820,000
Later than one year and not later than five years	260,469	2,000,000
	2,967,359	7,820,000

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 2015	For the year ended 31 March 2014
Revenues		
India	49,324,748	33,697,565
Europe	1,752,043,262	1,359,310,998
Rest of the world	11,839,380	2,317,925
	1,813,207,390	1,395,326,488
Segment assets		
India	1,059,745,858	765,157,491
Europe	186,740,477	230,940,847
Rest of the world	6,310,796	736,869
	1,252,797,131	996,835,207

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)

Darren Robinson (Director) (Resigned with effect from 18 July 2014)

Bryan William Mogridge (Additional Director, appointed with effect from 18 July 2014)

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

(Amount in Rs.)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Professional and consultancy		
<i>Holding company</i>		
Centum Electronics Limited	66,001,224	51,987,845
Rent		
<i>Holding company</i>		
Centum Electronics Limited	3,032,400	3,032,400
Sale of products		
<i>Holding company</i>		
Centum Electronics Limited	627,433	365,281
<i>Parties under common control</i>		
Rakon France SAS	1,730,478,138	1,317,601,743
Rakon UK Limited	3,856,421	27,929,304
<i>Parties having significant influence</i>		
Rakon Limited	11,838,828	2,303,925
Purchase of goods and services		
<i>Holding company</i>		
Centum Electronics Limited	28,843,554	8,880,044
<i>Parties under common control</i>		
Centum Industries Private Limited	509,100	1,267,831
Rakon France SAS	90,519,808	312,726,501
Rakon UK Limited	4,867,864	5,592,885
<i>Parties having significant influence</i>		
Rakon Limited	296,248	801,220
Reimbursement of expenses		
<i>Holding company</i>		
Centum Electronics Limited	10,877,598	10,415,223
<i>Parties under common control</i>		
Rakon France SAS	5,249,477	6,135,995
Centum Industries Private Limited	-	26,470
<i>Parties having significant influence</i>		
Rakon Limited	1,066,780	857,646
Purchase of fixed assets		
<i>Parties under common control</i>		
Rakon France SAS	5,069,607	4,629,656
<i>Parties having significant influence</i>		
Rakon Limited	13,803,141	21,497,807

Notes on financial statements (contd...)

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

Particulars	(Amount in Rs.)	
	As at 31 March 2015	As at 31 March 2014
Trade receivables		
<i>Holding company</i>		
Centum Electronics Limited	-	1,902,811
<i>Parties under common control</i>		
Rakon France SAS	181,686,901	217,766,661
Rakon UK Limited	-	7,768,480
<i>Parties under significant influence</i>		
Rakon Limited	3,863,578	289,421
Trade payables		
Centum Electronics Limited	120,070	3,218,734
<i>Parties under common control</i>		
Centum Industries Private Limited	-	52,973
Rakon France SAS	13,216,498	57,113,708
Rakon UK Limited	133,312	1,183,400
<i>Parties under significant influence</i>		
Rakon Limited	236,658	11,075,688
Other current liabilities		
<i>Holding company</i>		
Centum Electronics Limited	328,451	-
<i>Parties under common control</i>		
Rakon France SAS	26,018,897	34,951,478
<i>Parties under common control</i>		
Centum Industries Private Limited	-	88,250

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 2015 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

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 2015	For the Year ended 31 March 2014
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	512,076	357,560
- Interest	1,448	-
The amount of interest paid by the buyer as per the MSMED Act, 2006	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	54,315
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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 purposes of disallowance as a deductibles expenditure under the MSMED Act, 2006	-	-

33. Particulars of raw materials and components consumed

(Amount in Rs.)

Components	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Crystals	67,165,486	294,531,901
Integrated circuits	105,752,094	72,484,613
Others	156,069,883	84,007,830
	328,987,463	451,024,344

(Amount in Rs.)

Raw materials	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Blanks	256,089,280	115,183,831
Base	168,677,064	89,421,051
PCB	65,928,483	38,697,146
Others	149,095,780	112,401,965
	639,790,606	355,703,993

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

Notes on financial statements (contd...)

34. Particulars of raw materials and components consumed

(Amount in Rs.)

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
	%	Amount	%	Amount
Components				
Imported	68%	222,223,235	91%	409,690,886
Indigenous	32%	106,764,228	9%	41,333,458
		328,987,463		451,024,344
Raw materials				
Imported	99%	633,723,874	98%	349,589,596
Indigenous	1%	6,066,732	2%	6,114,397
		639,790,606		355,703,993

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

(Amount in Rs.)

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Frequency control products	1,815,848,970	1,396,246,766
	1,815,848,970	1,396,246,766

36. CIF value of imports

(Amount in Rs.)

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Capital goods	80,525,089	68,168,052
Raw materials and components (including goods in transit)	1,065,074,783	782,536,667
	1,145,599,872	850,704,719

37. Expenditure in foreign currency (on payment basis)

(Amount in Rs.)

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Travel	3,853,838	1,889,244
Professional and consultancy	838,754	-
Interest on long-term borrowings	-	2,587,660
	4,692,592	4,476,904

38. Earnings in foreign currency

(Amount in Rs.)

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Sale of manufactured goods	1,763,882,641	1,361,628,923
	1,763,882,641	1,361,628,923

39. Expenditure on research and development

(Amount in Rs.)

Particulars	For the Year ended 31 March 2015	For the Year ended 31 March 2014
Capital	2,262,728	8,935,309
Recurring (including depreciation)	20,972,531	19,381,619
	23,235,259	28,316,928

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 2015	31 March 2014
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. The amount of dividend proposed to be distributed to equity shareholders for the period 2014-2015, Rs. 20 per share.

43. 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/W-100022

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 19 May, 2015

for **Centum Rakon India Private Limited**

Apparao V. Mallavarapu **S Krishnan**
Director Director

P M Unnikrishnan
GM - Operations (Manager)

Cash Flow Statement

(Amount in Rs.)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Cash flow from operating activities		
Profit before tax	495,531,458	286,427,807
Adjustments		
Depreciation and amortisation	95,642,369	85,247,834
Interest expenses	13,779,328	18,648,782
Unrealised foreign exchange loss	3,700,775	27,052,457
Interest income	(2,107,307)	(590,962)
Operating cash flows before working capital changes	606,546,623	416,785,918
Change in trade receivables	44,345,090	194,992,749
Change in inventories	(145,482,623)	(66,297,828)
Change in loans and advances	1,039,798	10,108,377
Change in liabilities and provisions	(38,147,923)	(39,869,601)
Change in other bank balances	412,695	(259,476)
Cash generated from operations	468,713,661	515,460,139
Income tax paid, net	(160,886,132)	(139,878,088)
Net cash generated from operating activities	307,827,529	375,582,051
Cash flow from investing activities		
Interest income	1,855,415	523,269
Purchase of fixed assets	(117,281,694)	(87,774,740)
Net cash used in investing activities	(115,426,279)	(87,251,471)
Cash flow from financing activities		
Proceeds from short term borrowings from bank	81,324,158	-
Repayment of long term borrowings	-	(32,236,397)
Interest paid	(13,758,533)	(19,130,723)
Repayment of long-term borrowings	-	(62,544,171)
Dividend paid	(134,393,414)	(131,034,400)
Net cash used in financing activities	(66,827,789)	(244,945,691)
Net increase in cash and cash equivalents	125,573,461	43,384,889
Cash and cash equivalents at the beginning of the year	73,639,853	30,254,964
Cash and cash equivalents at the end of the year (refer note 14)	199,213,314	73,639,853

As per our report of even date attached

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

Sampad Guha Thakurta
Partner
Membership No. 060573

Place : Bangalore
Date : 19 May, 2015

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
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