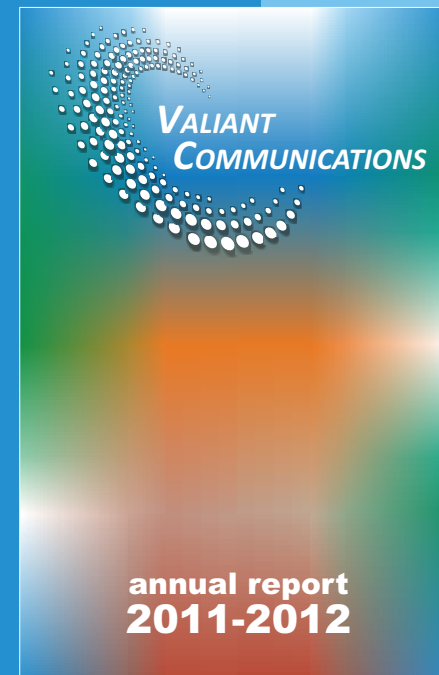


Integrating  
voice, data  
and IP  
networks



telecom  
transmission  
equipment  
and solutions

**VALIANT COMMUNICATIONS LIMITED** manufactures a wide range of telecom transmission equipment and solutions with successful installations in over 90 countries. Valiant's technological strengths span a wide section of the telecom transmission area, including Ethernet-based products and technologies, electrical and optical multiplexers, digital access cross-connect switching equipment, monitoring solutions for line trapping, billing and fraud management for telcos and cellular / mobile service providers, protection switching equipment, a wide range of voice and data multiplexers, echo cancellers and voice quality enhancement equipment, T1, E1, E3, DS3, SDH optical transmission solutions and a fast paced new product development strategy. Valiant is now developing high-speed gigabit routers and other related



# innovation

technologies and products for gigabit Ethernet backbone for the modern high-speed data networks deployment in 3G and 4G / Long-term evolution (LTE) networks, for applications for use in mobile access, IP telephony, high-definition mobile TV, video conferencing and 3D television networks. Other new product development includes remote site management products for un-manned and remotely located sites with applications in power, defense and broadband networks. Valiant's equipment is clearly focused on integrating voice, data and IP Networks.

Valiant strives to compete with some of the best companies in the world. The Company is focused on expanding its global marketing network and building a larger base of associates / distributors and resellers, through which it can sell its products, on a worldwide basis.

Valiant's commitment to research and development investment has assembled an enhanced product portfolio that continues to grow. By investing a significant portion of our revenues in research and development, we are staying on top of today's trends and tomorrow's needs. Valiant continues to develop technological building blocks that result in advanced technology products. This enables us to satisfy changing market requirements with speed and flexibility.

Valiant equipment is being used by some of the global, multi national, mid-size, regional and government customers. Some of our prestigious reference customers using our equipment include Siemens, General Dynamics, Global Crossing, Northrop Grumman, Boeing, Cable & Wireless, British Telecom, France Telecom, Telefónica, Vodafone, Mitsubishi Electric, Fujitsu, Etisalat, Sri Lanka Airport Authority, VNTP (Vietnam Post), VietNam Electricity (EVN), Mobicom Mongolia, Orange Group, INDOSAT Indonesia, Tunisia Telecom, Qatar Gas, TelBru, Turkey Electricity (TEAS), Nepal Electricity (NEA), etc. This is to name a few of our prestigious customers.



# design

The Company is clearly focused towards the design and development of telecom transmission equipment and solutions, for the international telecommunication marketplace. With the continuous introduction of new products and technologies for the future networks, Valiant is focused on new product development, marketing, distribution and support of its product range.



**BOARD OF DIRECTORS**

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director Finance

Anil Tandon  
Executive Director

Gaurav Kaura  
Director

Sumit Mehta  
Director

Avinash Verma  
Director

**SECRETARY**

Manish Kumar

**REGISTERED OFFICE**

71/1, Shivaji Marg,  
New Delhi 110 015

**OVERSEAS OFFICES**  
Valiant Communications  
(UK) Ltd.

1 Acton Hill Mews  
310-328 Uxbridge Road  
London W3 9QN, UK

**BANKERS**

ING Vysya Bank Ltd.  
HDFC Bank Ltd.  
Punjab & Sind Bank Ltd.  
ICICI Bank Ltd.  
ICICI Bank UK plc., U.K.  
Barclays Bank plc., U.K.

**AUDITORS**

B. Aggarwal & Co.  
Chartered Accountants,  
8/19, GE Smile Chamber, W.E.A.,  
Karol Bagh, New Delhi 110 005

**SHARE REGISTRARS**

Physical & Electronic Mode  
Link Intime India (P) Ltd.  
A-40, 2nd Floor, Naraina Industrial Area,  
Phase-II, New Delhi 110 028

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**DIRECTORS' REPORT**

To the Members,

The Directors present their 19<sup>th</sup> Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended March 31<sup>st</sup> 2012.

**Financial Results**

	In ₹	
	2011-2012	2010-2011
Sales & Other Income	91,297,520	81,755,588
Gross Profit	11,860,125	9,658,727
Less: Depreciation	8,261,269	7,444,216
Exceptional item	737,475	-
Taxes	1,128,891	351,266
Net Profit	1,712,490	1,863,245

**Corporate Highlights**

During the year under review, the total income is ₹ 913 lakh (previous year: ₹ 818 lakh). The profit before depreciation, exceptional item and taxation is ₹ 119 lakh (previous year: ₹ 97 lakh) and the net profit is ₹ 17 lakh (previous year: ₹ 19 lakh). The exceptional item represents the loss on closure of subsidiary of Company, namely "Valiant Communications FZE, UAE".

**Revenue Mix - Region-wise**

	₹ in Lakhs	
Particulars	2011-2012	2010-2011
USA	441.69	446.95
Europe	28.70	19.78
Rest of the world	341.03	239.08
Total Revenue (Export)	811.42	705.81

The Company continues to design, develop and introduce new products and strengthen its marketing network, worldwide. The Company has introduced many new products during the past one year and is confident that it will be able to improve its performance, in the current year ending March 31<sup>st</sup> 2013.

**New Products**

The Company introduced new products during the year 2011-2012 with different versions of the multiplexer and digital access cross-connect switch product range. The new products find application in wireless, wireline, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced technologies based on Ethernet / IP / high speed data technologies are being introduced in the current financial year. We believe that these new products will help to create growth opportunities for the company.

**Marketing**

The Company is focused on expanding its global marketing network and building a larger base of associates / distributors and re-sellers, through which it can sell its products, on a worldwide basis. The Company has its equipment installed in over 90 countries.

**Future Prospects**

The Company is clearly focused towards the design and development of telecom transmission equipment and solutions, for the international telecommunication marketplace. With the continuous introduction of new products and technologies, Valiant is focused on marketing, distribution and support of its product range.

**Subsidiaries**

As part of its future growth strategy, the Company has established two subsidiaries, viz. Valiant Communications (UK) Limited, United Kingdom and Valiant Infrastructure Limited, India to explore the emerging opportunities in world telecom market and infrastructure development.

During the year under review, the Company has closed its subsidiary, namely, Valiant Communications FZE, United Arab Emirates, due to the difficult prevailing global business conditions and business environment.

**Consolidated Financial Statements**

As required under the Listing Agreement with Stock Exchange(s), the audited consolidated financial statements of the Company together with all its subsidiaries, prepared in accordance with applicable Accounting Standards, issued by Institute of Chartered Accountants of India, are attached.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts. In terms of the general exemption granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated February 8, 2011, the audited accounts and Reports of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report. The Company has complied with the requirements as prescribed under the said circular. The consolidated financial statements prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India forming part of this Annual Report include the financial information of the subsidiary companies.

**Dividend**

In view of insufficient profits for the financial year under reporting and the prevailing global recession, the Board of Directors finds it prudent to not to propose any dividend for the year under reporting.

The amount lying in unclaimed dividend accounts are as follows: for the financial year 2005-06: ₹ 142,555/-; financial year 2006-07: ₹ 179,583/-; financial year 2007-08: ₹ 135,438/-; financial year 2008-09: ₹ 156,101/-; financial year 2009-10: ₹ 182,850/-; and financial year 2010-11: ₹ 113,704/-.

**Dematerialization of Equity Shares**

As on March 31<sup>st</sup> 2012, 95.80% (previous year: 64.11%) of the outstanding equity shares of the Company have been dematerialized.

### Buyback of Equity Shares

The Board of Directors at their meeting held on December 21<sup>st</sup> 2011, had announced buyback of its fully paid-up equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, at a price not exceeding ₹ 18/- per share. The Company opted to buy back shares from open market through stock exchange route and the total offer size aggregates to ₹ 18,000,000/-, but subject to the maximum limit of 1,000,000 equity shares.

During the year under reporting, the Company had bought back and extinguished 97,590 (previous year: nil), equity shares having face and fully paid-up value of ₹ 10/- each. The difference between the nominal value and amount spent for buy back (including other incidental expenses), amounting to ₹ 1,040,047/- (previous year: nil), is appropriated from securities premium account.

The Company has transferred ₹ 975,900/- (previous year: nil) from securities premium to capital redemption reserve, which represented the nominal value of shares bought back during the year under reporting.

### Employee Stock Option Plan (ESOP)

The Company did not issue any employee stock options / equity shares during the financial year under review, under the Employee Stock Option Scheme.

### Public Deposits

During the year under review, your Company has not taken any public deposits.

### Directors

Due to personal reasons, Mr. Vidur Bharadwaj has tendered his resignation from the directorship of the Company vide his letter dated May 18<sup>th</sup> 2012 addressed to the Company.

Consequently, he has also resigned from the membership of Audit Committee, Investors Grievance Committee and Remuneration Committee of the Company.

The Board of Directors have appointed Mr. Sumit Mehta as an Additional Non-Executive Independent Director, under Section 260 of the Companies Act, 1956 and he shall hold office up to the date of this Annual General Meeting.

The Company has received notices in writing under Section 257 of the Companies Act, 1956, along with prescribed deposits, from members proposing the candidature of Mr. Sumit Mehta for the office of Director on a rotational basis.

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Anil Tandon and Mr. Gaurav Kaura, Directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment.

None of the Directors to be appointed is disqualified under

Section 274 (1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274 (1) (g) of Companies Act, 1956) Rules, 2003.

### Directors' Responsibility Statement

The Directors hereby confirm:

- that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis.

### Report on Corporate Governance

The Company is committed to good corporate governance. The management respects the rights of its shareholders to information on the performance of the Company and its endeavor to maximize the long-term value to the shareholders of the Company.

Pursuant to Clause 49 of the listing agreement, a report on Corporate Governance and a certificate from the auditors of the Company is annexed hereto and forms part of the report.

### Code of Conduct

All Board of Directors and senior management personnel have affirmed their respective annual compliance with the provisions of Code of Conduct, laid down by the Board to govern the conduct of Directors and senior management of the Company by certain fundamental business principles, ethics, value, policies and procedures within the applicable laws, rules and regulations.

### Auditors

M/s B. Aggarwal & Company, Chartered accountants, the Auditors of the Company holds office up to the conclusion of the ensuing Annual General Meeting. The Company has received a requisite certificate pursuant to Section 224 (1B) of the Companies Act, 1956, regarding their eligibility for re-appointment as Auditors of the Company. The Auditors' Report for the year under review is self-explanatory and does not require any further comment.

### Personnel

The particulars of employees as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are set out in the statement annexed hereto as Annexure – I and forms a part of this report.

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to their matters is annexed hereto as Annexure – II and forms a part of this report.

### Acknowledgment

The Directors sincerely acknowledge the trust and confidence that has been placed by the employees, shareholders and investors in the Company. The Directors are thankful to all the employees and the officers of the Company, for their dedication, support and co-operation.

On behalf of the Board of Directors  
For Valiant Communications Limited

Inder Mohan Sood  
Chairman and Managing Director

July 19<sup>th</sup> 2012, New Delhi

### ANNEXURE-I

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31<sup>st</sup> 2012.

None of the employees' remuneration exceeds the limit as specified in Section 217 (2A) of Companies Act, 1956.

### ANNEXURE-II

INFORMATION AS PER SECTION 217 (1) (e) READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING A PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31<sup>st</sup> 2012.

### Conservation of Energy

The Company's operations involve low energy consumption. Nevertheless, energy conservation measures and optimal use of energy through improved operational methods have already been taken, wherever possible, the details of which are as follows:

- Employment of highly efficient low power consuming manufacturing equipment; e.g., automatic wave soldering machines, automatic testing equipment using state-of-the-art technology.
- Use of programmable power supplies with equipment, which consume less power than conventional supplies.

### Technology Absorption, Adaption & Innovation

The Company continues to use the latest technologies for improving the productivity and quality of its products.



### Research and Development

Research and Development (R&D) is being carried out by the Company to develop special systems to meet customer requirements in the export markets. The benefits being derived from this are improved quality of products, process efficiencies, easy maintenance of products, standardization of components and above all customer satisfaction. With a strong focus on new product development, the Company is able to adapt quickly to the needs of the customer on design and configuration modifications for any specific market.

### Expenditure on R&D

Particulars	₹ in Lakhs	
	2011-2012	2010-2011
Capital	54.63	33.02
Recurring	-	-
Total	54.63	33.02
Total R&D expenditure as % of total turnover	6.73	4.68

### Future Plan of Action

Emphasis will continue to be on development of new products with special focus on providing telecom transmission solutions to the customers with an effective marketing strategy.

### Foreign Exchange Earnings and Outgo

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. The Company is a 100% Export Oriented Unit registered under the Electronic Hardware Technology Park [EHTP] Scheme and engaged in the manufacture of Telecom Transmission Solutions with installations in over 90 countries. Hence, all operational activities are relating to exports promotion (also see headings New Products, Marketing and Future Prospects of Directors' Report)

Particulars	₹ in Lakhs	
	2011-2012	2010-2011
The foreign exchange earnings	802.31	813.83
The foreign exchange advances received	-	-
The foreign exchange outgo	316.62	443.32

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Accounting Standards issued by Institute of Chartered Accountants of India. The management accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements

reflects in a true and fair manner the form and substance of transaction, and reasonably present the Company's state of affairs and profits of the year.

**Industry Structure and Development**

Communication technology is positively changing the way we work, live and play. Network infrastructure provides the fundamentals for people to communicate. 24/7 Internet connectivity and high speed data communication is becoming an essential part of modern life. The accelerated demand is being fueled by smart phones and notebooks, coupled with sharply rising usage of video services. Mobile data traffic more than doubled in 2011-12 and is expected to be doubled annually over the coming three years. Telecommunication hardware business is becoming more and more user friendly and software intensive.

That said, there are billions of dollars worth of equipment that is already installed in the network, which is not so up-to-date and is based on older technology. This equipment will not be thrown away. This older equipment also needs to be integrated with the new and latest technologies. The opportunity to do this is considerably large. The changes in technology are complex, but offer significant growth potential.

The accelerated growth in telecommunications capacity and in telecommunications applications has changed all business variables, which will keep changing. The international telecommunications landscape continues to offer growth opportunities, despite the slowdown in the world economy. With the deregulation of the telecom business worldwide, opportunities exist for companies that will seize them.

**Opportunities**

Lower speed data connectivity requirements, especially those that support next generation applications such as IP Voice, data and video-conferencing are an important part of the equipment requirement. The Company is developing many products that will integrate the new and older technologies, besides bringing out products that cater to the next generation telecommunication networks.

The Company is a 100% Export Oriented Unit registered under the Electronic Hardware Technology Park (EHTP) Scheme and engaged in the manufacture of Telecom Transmission Solutions with installations in over 90 countries.

New product development, technological innovations and strength are Valiant's assets. With introduction of new products, designs, solutions and applications, Valiant looks forward to growth in sales and profits in the current financial year.

To explore the global telecom marketplace and to mark Valiant's presence at the international level, a wholly owned subsidiary, namely, Valiant Communications (UK) Limited, United Kingdom, has been established. This subsidiary offers

pre-sales and post-sales support to customers in the European Union.

The Company owns a 62.53% equity stake in Valiant Infrastructure Limited, India. The present business of Valiant Infrastructure Limited is to develop know-how and technology for telecom infrastructure projects.

The Company is now focusing on bringing new products to market, expanding its marketing networks and building a larger base of associates, distributors and re-sellers through which it can sell its products, worldwide.

**Threats**

The telecommunication sector, being a high technology-intensive business is prone to rapid technological obsolescence. To cope with an ever changing dynamic and highly competitive telecom business environment, Valiant has to innovate, evolve rapidly; offer technically advanced and competitively priced products, solutions and applications to the demanding international customers, while competing with some of the best businesses in the telecommunication field, in the world.

**Future Prospects**

The Company is clearly focused towards the design and development of telecom transmission equipment and solutions, for the international telecommunication marketplace. With the continuous introduction of new products and technologies, Valiant is focused on marketing, distribution and support of its product range.

As part of its future growth strategy, the Company has established a wholly owned subsidiary namely, Valiant Communications (UK) Limited, United Kingdom, to explore the emerging opportunities in the world telecom market. The foreign subsidiaries have been established to offer pre-sales and post-sales support to its worldwide customers.

During the year under review, the Company has closed its subsidiary, namely, Valiant Communications FZE, United Arab Emirates, due to the difficult prevailing global business conditions and business environment.

The Company is introducing many new products during the year 2012-2013 for wireless, wire-line, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced Ethernet / IP / high speed data communication technologies are further being introduced. We believe that these new products will help to create growth opportunities for the Company.

**Outlook**

The Company continues to design, develop and introduce new products and strengthen its marketing network, Worldwide. The introduction of new products and technologies are expected to help to increase export sales



growth in the current year. The Company has introduced many new products during the past one year and is confident that these new products will help to increase its sales and performance in the current year ending March 31<sup>st</sup> 2013.

The Company introduced new products during the year 2011-2012 with a wide range of multiplexers and digital access cross-connect switch product range. The new products find application in wireless, wire-line, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced technologies are being introduced in the current financial year. We believe that these new products will help create growth opportunities for the Company.

**Internal Control System**

The Company has an adequate system of internal controls implemented by the management to achieve efficiency in operations, optimum utilization of resources, effective monitoring of systems and compliance with applicable laws.

A qualified and independent Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy of internal controls.

**Risk and Concerns**

Risk is an inherent aspect of every business. Though the telecom sector being part of a rapidly changing technology orbit, the level of risk increases due to high technology obsolescence. However, continuous technological innovation, product development, value additions by research and development can minimize this class of business risk. Effective reporting and control mechanisms ensure timely information availability and facilitate proactive risk management.

Since the capital structure of the Company consists of only equity share capital without having any loan (neither secured nor unsecured), the degree of financial risk is almost negligible.

The Board of Directors is responsible for monitoring risk levels on various parameters and their implementation to

ensure the de-risking of the business at various levels. Further, the Audit Committee provides the direction on the risk management.

**Exchange Rate Fluctuation**

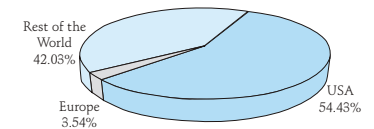
The functional currency of your Company is the Indian rupee, whereas all the business receipts are in foreign currencies. The exchange rates between the rupee and foreign currencies have been changing substantially, and your Company faces the risks associated with exchange rate fluctuation and translation effect, wherein the appreciation of rupee against foreign currencies adversely impacts its profitability and operating results.

**Financial Performance**

During the year under review, the total income is ₹ 913 lakh (previous year: ₹ 818 lakh). The profit before depreciation, exceptional item and taxation is ₹ 119 lakh (previous year: ₹ 97 lakh) and the net profit is ₹ 17 lakh (previous year: ₹ 19 lakh). The exceptional item represents the loss on closure of subsidiary of Company, namely "Valiant Communications FZE, UAE".

**Segment-wise Performance**

During the year 2011-12, the 54.43% (previous year: 63.33%) of operating revenue comes from the US, while 3.54% (previous year: 2.80%) is from the European market and the balance 42.03% (previous year: 33.87%) of the sales is contributed from rest of the world.



**Shareholders Fund**

A statement of Shareholders Fund as on March 31<sup>st</sup> 2012 with comparison with previous three years is given below:

In ₹

Particulars	Year ended on March 31 <sup>st</sup> 2012 (Audited)	Year ended on March 31 <sup>st</sup> 2011 (Audited)	Year ended on March 31 <sup>st</sup> 2010 (Audited)	Year ended on March 31 <sup>st</sup> 2009 (Audited)
Equity Paid-up Capital	74,230,100	75,206,000	75,206,000	76,939,690
Reserve and Surplus				
- P&L A/c (Cr.)	114,021,298	112,308,808	115,689,941	120,591,690
- General Reserve	-	-	-	609,349
- Security Premium	93,508,997	95,524,944	95,524,944	98,004,648
- Capital Redemption Reserve	12,225,900	11,250,000	11,250,000	9,516,310
Less: Misc. Expenses (not written off)	-	-	-	914,307
Shareholders Fund / Equity	293,986,295	294,289,752	297,670,885	304,747,380
Book Value (per equity share)	₹ 39.60	₹ 39.14	₹ 39.58	₹ 39.61

**Human Resources**

Human resources are most precious asset of your Company and the Company seeks to attract and retain the best talent available. The Company provides an environment, which encourages initiatives, innovative thinking and recognizes and rewards performance. Since the Company operates in state-of-the-art technologies, necessary training and development of its personnel are conducted on a continuous basis. Industrial relations with all employees are cordial. The staff strength of the Company as on March 31<sup>st</sup> 2011 is 38.

**Cautionary Statement**

Statements and Management Discussion and Analysis describing the Company's objectives and expectations may be forward looking, but within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statement.

**CORPORATE GOVERNANCE**

**The Company's Philosophy on Code of Governance**

The Company's Board of Director's responsibility is to govern the affairs of the Company for achievement of business success and the enhancement of long-term stockholder value with the highest standards of integrity and ethics. The Company's Board also considers the interests of other constituencies including the Company's employees, customers, suppliers and the communities in which it does business. The Company strives to set and achieve high standards of Corporate Governance. "Endeavor to maximization of long term shareholder wealth" is the edifice on which the Corporate Governance initiative of Valiant is built on. The Company is of the view that transparency in management, best board practices and empowerment of shareholders are essential for maximizing shareholders value.

**Board of Directors**

The primary functions of Board of Directors include:

- a. Strategic and Operational planning** Reviewing, understanding and approving Valiant's long-term strategic plans and annual operating plans and monitoring the implementation and execution of those plans.
- b. Financial reporting** Reviewing understanding and approving Valiant's financial statements and reports, and overseeing the establishment and maintenance of controls, processes and procedures to promote accuracy, integrity and clarity in financial and other disclosures.
- c. Governance, compliance and risk management** Overseeing the establishment and maintenance of Valiant's governance and compliance processes and procedures to promote the conduct of Valiant's business with the highest standards of responsibility, ethics and integrity.

The policy of the Company is to have an optimum combination of Executive and Non-Executive Directors, to ensure the independent functioning of the Board.

The Board of Directors met six times on 12.05.2011, 02.06.2011, 05.08.2011, 05.11.2011, 21.12.2011 and 09.02.2012 during the financial year 2011-2012.

Details of the composition of the Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorships / other committee memberships held during the financial year 2011-2012, are given below:

Name of Directors	Board meetings attended during the year	Directorship in other public limited companies
Sh. I.M. Sood <i>Chairman &amp; Managing Director</i>	6	2
Sh. D.M. Sood <i>Executive Director</i>	6	2
Sh. Anil Tandon <i>Executive Director</i>	6	1
Sh. Gaurav Kaura <i>Independent Non Executive Director</i>	6	-
Sh. Vidur Bharadwaj* <i>Independent Non Executive Director</i>	-	1
Sh. Avinash Verma <i>Independent Non Executive Director</i>	6	-

\*Resigned w.e.f. May 18<sup>th</sup> 2012

None of the directors holds any committee membership in any other public limited company. All directors of the Company except Mr. Vidur Bharadwaj, had attended the last Annual General Meeting.

**Audit Committee**

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an independent Audit Committee has been constituted.

The powers, role and terms of reference of the Audit Committee cover the areas as specified under the Listing Agreement and the Companies Act, 1956, besides other terms as may be referred by the Board. The functions of the Audit Committee includes reviewing the Company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices as well as quarterly / half-yearly financial statements. It approves the appointment of Chief Financial Officer, recommends appointment of Statutory Auditors, fixes audit fees and reviews matters required to be included in the Director's Responsibility Statements, review of employees' remuneration packages and its financial implications, disclosures of related party transactions (if any), internal control systems, scope for observations of the auditors and adequacy of the internal audit function.



**Details of Remuneration Paid to Directors**

The remuneration of Executive Directors is decided by the Board based on the recommendations of the Remuneration Committee as per remuneration policy, within the ceiling fixed by the shareholders.

Name & Category	Annual Salary	Directors' Fees	Service Contract
Sh. I.M. Sood <i>Chairman &amp; Managing Director</i>	1,885,000	Nil	Up to 16/08/2014
Sh. D.M. Sood <i>Executive Director</i>	1,768,000	Nil	Up to 30/11/2014
Sh. Anil Tandon <i>Executive Director</i>	1,313,903	Nil	Up to 29/05/2013
Sh. Gaurav Kaura <i>Independent Non Executive Director</i>	Nil	30,000	Not Applicable
Sh. Vidur Bharadwaj* <i>Independent Non Executive Director</i>	Nil	Nil	Not Applicable
Sh. Avinash Verma <i>Independent Non Executive Director</i>	Nil	30,000	Not Applicable

The members of the Audit Committee met five times on 12.05.2011, 02.06.2011, 05.08.2011, 05.11.2011 and 09.02.2012 during the financial year 2011-2012.

Details of the composition of the Audit Committee and their attendance at Audit Committee meetings are given below:

Name	Category	Number of Audit Committee Meeting Held	Number of Meeting Attended
Sh. Gaurav Kaura	Chairman	5	5
Sh. Avinash Verma	Member	5	5
Sh. Vidur Bharadwaj*	Member	5	-
Sh. D.M. Sood	Member	5	5

\*Resigned w.e.f. May 18<sup>th</sup> 2012

**Investors Grievance Committee**

To focus on the shareholders' grievances towards strengthening investor relations, the Board has constituted an Investors Grievance Committee under the Chairmanship of Mr. Gaurav Kaura, an Independent Non-Executive Director with two other Independent Non-Executive Directors namely, Mr. Avinash Verma and Mr. Vidur Bharadwaj (resigned w.e.f. May 18<sup>th</sup> 2012), and one Executive Director, Mr. D.M. Sood.

During the year, the Company received a total of eleven queries regarding change of addresses of shareholders, non-receipt of Annual Report / Dividend Warrant / Transfer of Shares / Dematerialization etc. All complaints were attended to the satisfaction of the investors, except one. There were no pending share transfers at the close of the financial year ended on March 31<sup>st</sup> 2012.

Mr. Manish Kumar, Company Secretary, has been appointed as Compliance Officer within the meaning of Listing Agreement.

**Remuneration Committee**

The Remuneration Committee was set up to evaluate remuneration and benefits of the Executive Directors. The committee consists of three Independent Non-Executive Directors with following details:

Name	Category	Number of Meeting Held	Number of Meeting Attended
Sh. Gaurav Kaura	Chairman	1	1
Sh. Vidur Bharadwaj*	Member	1	-
Sh. Avinash Verma	Member	1	1

\*Resigned w.e.f. May 18<sup>th</sup> 2012

**Remuneration Policy**

The remuneration policy of the Company is primarily based on experience, track record, potential and performance of the executive directors.

\*Resigned w.e.f. May 18<sup>th</sup> 2012

The applicable notice period is one month for all Executive Directors. No stock options have been allotted to any Director(s) during the financial year 2011-2012.

The Company has no other pecuniary relationship or transactions with Non-Executive Directors.

As on March 31<sup>st</sup> 2012, the shareholdings of Non Executive Independent Directors are as follows:

Name	Total no. of Shares	Shareholding in % age
Sh. Gaurav Kaura	Nil	Nil
Sh. Vidur Bharadwaj	40,000	0.53
Sh. Avinash Verma	Nil	Nil

**Directors Inter-se Relations**

Mr. Inder Mohan Sood, Managing Director and Mr. Davinder Mohan Sood, Director, are brothers. There is no other relationship between directors inter-se.

**Disclosures**

- a. There were no transactions of the Company which is / are of material nature with its Directors or relatives that may have potential conflict with the interest of the Company.
- b. There were no cases of non-compliance by the Company and no penalties, no strictures were imposed on the Company by the Stock Exchanges or the SEBI or any other statutory authority on any matter related to capital markets, during the last three years.
- c. The Board has implemented the whistle-blower policy and no personnel have been denied access to the audit committee.
- d. The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement.

**General Body Meeting**

Location and time for last three Annual General Meetings:

	Date and Time	Venue
18 <sup>th</sup> Annual General Meeting	September 26 <sup>th</sup> 2011 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041
17 <sup>th</sup> Annual General Meeting	August 16 <sup>th</sup> 2010 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041
16 <sup>th</sup> Annual General Meeting	August 17 <sup>th</sup> 2009 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041

During the previous three years, the Company has passed special resolutions in the 16<sup>th</sup> Annual General Meeting; however, the Company had not passed any special resolution during last three years, by way of postal ballot. There is no proposed special resolution to be passed by way of postal ballot under the Companies (Postal Ballot) Rules, 2001.

**Means of Communications**

a. The quarterly / half yearly / annual financial results are submitted to the Stock Exchanges and published in the leading national daily newspaper *Business Standard*, both in English and in vernacular language.

In addition to above, the Company's quarterly half-yearly and annual audited financial results and other statutory filings are also available on [www.corpfilings.in](http://www.corpfilings.in) and the web portal of the Company.

b. The Management Discussion and Analysis is a part of Annual Report.

**Shareholders' Information**

**a. Annual General Meeting:**

The information regarding the 19<sup>th</sup> Annual General Meeting during the year 2012 is as follows:

Date: September 24<sup>th</sup> 2012  
 Time: at 9.30 a.m.  
 Place: Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041

b. **Financial Calendar:** 1<sup>st</sup> April to 31<sup>st</sup> March

c. **Date of Book Closure:** Sept. 15<sup>th</sup> 2012 to Sept. 24<sup>th</sup> 2012 (both days inclusive)

d. **Stock Code :** Bombay Stock Exchange : 526775  
 Demat ISIN Number in NSDL & CDSL : INE 760B01019

**e. Dividend:**

Keeping in view the insufficient profits for the financial year under reporting and the prevailing global recession, Board of Directors finds it prudent to not to propose any dividend for the year under reporting.

**f. Listing of Shares:**

The Stock Exchange on which the Company's equity shares are listed:

**Bombay Stock Exchange, Mumbai**  
 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 01

Listing Fee: The Company has paid, till date, the listing fees of Bombay Stock Exchange, Mumbai, for the year 2011-2012 and 2012-2013.

**g. Share Transfer System:**

The transfer is processed by the Registrar and Share Transfer Agent, Link Intime Spectrum Registry Ltd. and approved by Share Transfers Committee, if the document is complete in all respects. The Company's share in electronic form are transferable through the depository system.

**h. Registrar and Share Transfer Agent:**

M/s. Link Intime India (P) Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical and electronics mode. All transfers, transmissions, requests related to correspondence / queries, intimation of change of address and dividend mandate etc., should be addressed to our RTA directly at the following address:

LINK INTIME INDIA (P) LTD.  
 A -40, 2<sup>nd</sup> FLOOR  
 NARIANA INDUSTRIAL AREA, PHASE-II  
 NEW DELHI-110 028  
 TELEPHONE NO. +91-11-4141 0592

**i. Dematerialisation of Shares and Liquidity:**

The Company's equity shares are in the demat trading segment and the Company has established connectivity with both NSDL and CDSL by signing the necessary agreements. As on March 31<sup>st</sup> 2012, 95.80% (previous year: 64.11%) of the outstanding equity shares of the Company have been dematerialized.

**j. Address for Factory / Correspondence:**

Valiant Communications Ltd.  
 71/1, Shivaji Marg,  
 New Delhi 110 015, India

**k. Compliance Officer:**

Sh. Manish Kumar, Company Secretary  
 Valiant Communications Ltd.

**l. Market Price Data:**

Month	Valiant' market price in BSE		BSE SENSEX	
	High	Low	High	Low
April	19.90	17.50	19,811	18,976
May	20.15	17.90	19,254	17,786
June	19.50	16.00	18,873	17,314
July	21.95	16.00	19,132	18,132
August	18.45	14.40	18,440	15,766
September	17.00	13.40	17,212	15,801
October	16.45	13.00	17,908	15,745
November	16.10	12.00	17,702	15,479
December	15.33	11.00	17,004	15,136
January	16.20	11.70	17,259	15,358
February	18.70	15.00	18,524	17,062
March	19.70	15.40	18,041	16,921

**m. Distribution of Shareholding (as on 31<sup>st</sup> March 2012)**

No. of equity shares held	No. of Shareholders	% of Shareholders
Up to 250	3,458	68.83
251-500	747	14.87
501-1000	383	7.62
1001-2000	181	3.60
2001-3000	80	1.59
3001-4000	40	0.80
4001-5000	31	0.62
5001-10000	40	0.80
10001 & above	64	1.27

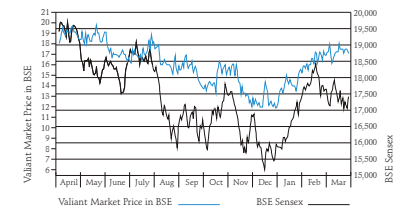
No. of equity shares held	No. of Shares held	% of Shares held
Up to 250	361,014	4.86
251-500	303,977	4.10
501-1000	322,421	4.34
1001-2000	281,184	3.79
2001-3000	207,069	2.79
3001-4000	145,700	1.96
4001-5000	146,477	1.98
5001-10000	290,495	3.91
10001 & above	5,364,673	72.27

**n. Shareholding Pattern (as on 31<sup>st</sup> March 2012)**

Categories	No. of Shares	Shareholding in %
Promoters, directors, relatives and associates	2,892,194	38.96
Mutual funds	3,900	0.05
Private corporate bodies	752,363	10.14
Indian public	2,972,997	40.05
NRIs/OCBs/FIIs	801,556	10.80
<b>Total</b>	<b>7,423,010</b>	<b>100.00</b>

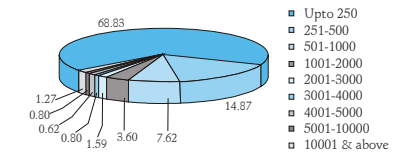


**Valiant Market Price Vs. BSE Sensex\***

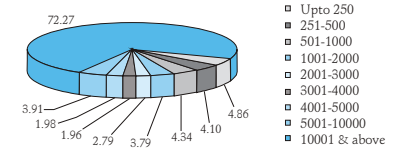


\*Data Source – official website of Bombay Stock Exchange [www.bseindia.com](http://www.bseindia.com)

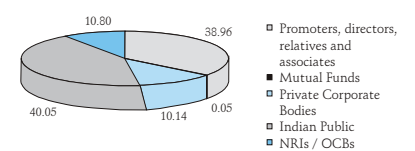
**Distribution of Shareholders**



**Distribution of Total Shareholding**



**Shareholding Distribution**



## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Valiant Communications Limited,

We have examined the compliance of the conditions of Corporate Governance by Valiant Communications Limited (the Company) for the year ended March 31<sup>st</sup>, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012



## AUDITORS' REPORT

To the Members of  
VALIANT COMMUNICATIONS LIMITED,

We have audited the attached Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') as at March 31<sup>st</sup> 2012, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far, as appears from our examination of those books;
- c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on March 31<sup>st</sup> 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup> 2012 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 read with the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup> 2012;
  - (ii) In the case of the Profit & Loss Account, of profit for the year ended on that date; and
  - (iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) thereof)

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of information available.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off any major part of the fixed assets.
2. a. The stocks of the finished goods, stores and spare parts have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the 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 inventory. As explained to us, there were no material discrepancies noticed on physical verification of stocks, as compared to book records.
3. We are informed that the Company has not taken / granted any loans, secured or unsecured, from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. As explained to us, there has not been any transaction during the year that needs to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding during the year to ₹ 500,000/- or more in respect of each such party.
6. During the year, the Company has not accepted any deposits within the meaning of Sections 58 A and 58 AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and the nature of its business.
8. The Company is not required to maintain cost records as prescribed under Section 209 (1) (d) of the Companies Act, 1956.
9. There are no accumulated losses at the end of the financial year and the Company has not incurred any cash losses in the current financial year and preceding financial year. Hence the requirements of Clause (x) of Paragraph 4 of the Order are not applicable to the Company.
10. The Company has not taken any loans (either secured or unsecured) including term loans from financial institutions or banks or debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The Company is not a Chit Fund, Nidhi or mutual benefit society. Hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
13. The Company has kept adequate records of its transactions and contracts in shares, securities, and other investments and timely entries have been made therein. The shares, securities and other investments are held in the name of the Company or are in the process of being transferred in the Company's name.



14. The Company has not taken any term loans.
15. a. The Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, there are no statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, cess which are outstanding as at March 31<sup>st</sup> 2012, for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, Service tax, and cess as at March 31<sup>st</sup> 2012, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Assessment Year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	8,277,961/-	2005-2006	High Court Commissioner of Income Tax (Appeals)
		8,259,530/-	2009-2010	

16. In our opinion, and 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 during the year.
17. The Company has not issued any debentures. Hence the requirements of Clause (xix) of Paragraph 4 of the Order are not applicable to the Company.
18. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis that have been used for long-term investment and vice versa.
19. According to the information and explanations given to us, no preferential allotment of shares has been made by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
20. The Company has not raised any money from public issue during the year. Hence the requirements of Clause (xx) of Paragraph 4 of the Order are not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012

VALIANT COMMUNICATIONS LIMITED

BALANCE SHEET AS AT

(In ₹)

Particulars	Note No.	31-03-2012	31-03-2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	1	74,230,100	75,206,000
Reserves & surplus	2	219,756,195	219,083,752
		293,986,295	294,289,752
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	3	3,320,446	3,744,125
		3,320,446	3,744,125
<b>Current liabilities</b>			
Trade payables	4	5,373,630	3,209,737
Other current liabilities		1,445,662	1,427,194
Short-term provisions		1,811,363	6,396,002
		8,630,655	11,032,933
<b>Total</b>		<b>305,937,396</b>	<b>309,066,810</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5		
Tangible assets		40,253,473	40,841,363
Intangible assets		11,280,346	10,367,671
Intangible assets under development		3,070,000	2,650,000
Non-current investment	6	26,705,724	21,586,800
Long-term loans and advances	7	6,365,304	6,431,956
		87,674,847	81,877,790
<b>Current assets</b>			
Inventories	8	104,871,850	97,485,781
Trade receivables	9	4,224,435	1,958,082
Cash and cash equivalents	10	102,189,947	114,621,230
Short-term loans and advances	11	6,976,317	13,123,927
		218,262,549	227,189,020
<b>Total</b>		<b>305,937,396</b>	<b>309,066,810</b>
Significant accounting policies	14		
Other notes to accounts	15-27		

As per our report of even date

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012



VALIANT COMMUNICATIONS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED

(In ₹)

Particulars	Note No.	31-03-2012	31-03-2011
<b>INCOME</b>			
I. Revenue from operations (export sales)		81,141,734	70,580,836
II. Other income		10,155,786	11,174,752
III. <b>Total revenue (I+II)</b>	12	91,297,520	81,755,588
<b>EXPENSES</b>			
Cost of raw materials consumed		43,067,051	41,491,419
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(2,395,038)	(5,887,559)
Employee benefits expenses		19,069,122	18,545,286
Finance costs		-	-
Depreciation and amortization expenses		8,281,269	7,444,216
Other expenses		19,696,260	17,947,715
IV. <b>Total expenses</b>	13	87,718,664	79,541,077
V. Profit before exceptional and extraordinary items and tax (III-IV)		3,578,856	2,214,511
VI. Exceptional items	16	737,475	-
VII. Profit before extraordinary items and tax (V-VI)		2,841,381	2,214,511
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		2,841,381	2,214,511
X. Tax expenses			
1) Current tax		1,552,570	1,002,661
2) Deferred tax		(423,679)	(651,395)
XI. <b>Net profit/(loss) after tax for the period (IX-X)</b>		1,712,490	1,863,245
XII. Earning per share (basic and diluted)		0.23	0.25
XIII. Weighted average number of equity shares		7,513,635	7,520,600
Significant accounting policies	14		
Other notes to accounts	15-27		

As per our report of even date

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960  
New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012

## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>1. Share capital</b>		
<b>Authorized</b>		
15,000,000 (previous year: 15,000,000) equity shares of ₹ 10/- each	150,000,000	150,000,000
<b>Issued, subscribed and paid-up</b>		
7,423,010 (previous year: 7,520,600) equity shares of ₹ 10/- each fully paid up	74,230,100	75,206,000
<b>Total</b>	<b>74,230,100</b>	<b>75,206,000</b>

**1.1 Reconciliation statement for number of equity shares outstanding**

Equity	31-03-2012		31-03-2011	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
At the beginning of reporting period	7,520,600	75,206,000	7,520,600	75,206,000
Extinguished under buy-back offer	(97,590)	(975,900)	-	-
Outstanding at the end of reporting period	7,423,010	74,230,100	7,520,600	75,206,000

**1.2 Terms/ rights attached to equity shares**

The Company has issued only one class of shares/ securities, i.e., fully paid-up equity shares. Each equity share holder is entitled to vote one vote per share. The dividend proposed by Board of Directors are subject to the approval of equity shareholders in their ensuing annual general meeting.

In the event of liquidation of Company, the equity shareholders shall be entitled for remaining assets of the Company, after distribution of all preferential amount. The distribution shall be in proportion to the number of shares held by equity shareholders.

**1.3 Details of shareholder holding more than five percent equity shares in the Company**

Name	Category	31-03-2012		31-03-2011	
		No. of shares	% shareholding	No. of shares	% shareholding
Inder Mohan Sood	Promoter	888,433	11.97	848,433	11.28
Davinder Mohan Sood	Promoter	880,999	11.87	847,327	11.27
Ostrich Estate Private Ltd.	Non-promoter	410,000	5.52	410,000	5.45
Strategic Ventures Fund (Mauritius) Ltd.	Non-promoter	600,000	8.08	600,000	7.98

**1.4 Buyback of equity shares**

The Board of Directors at their meeting held on December 21<sup>st</sup> 2011, had announced the buyback of its fully paid-up equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, at a price not exceeding ₹ 18/- per share. The Company opted to buy back shares from open market through stock exchange route and the total offer size aggregates to ₹ 18,000,000/-, but subject to the maximum limit of 1,000,000 equity shares.

During the year under reporting, the Company had bought back and extinguished 97,590 (previous year: nil) equity shares, having face and fully paid-up value of ₹ 10/- each. The difference between the nominal value and amount spent for buy back with other incidental expenses, total amounting to ₹ 1,040,047/- (previous year: nil), is appropriated from securities premium account.

The Company has transferred ₹ 975,900/- (previous year: nil) from securities premium to capital redemption reserve which represented the nominal value of shares bought back during the year under reporting. During the last five years immediately preceding the date as at the balance sheet is prepared, the Company had bought-back 1,222,590 equity shares (including above mentioned 97,590 equity shares), pursuant to the approval(s) of Board of Directors of the Company.



## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>2. Reserves &amp; surplus</b>		
<i>Securities premium account</i>		
Balance as per last financial statement	95,524,944	95,524,944
Less: Utilized for buy-back of equity shares	(1,040,047)	-
Less: Transferred to capital redemption reserve account	(975,900)	-
Closing balance	93,508,997	95,524,944
<i>Capital redemption reserve</i>		
Balance as per last financial statement	11,250,000	11,250,000
Add: Transferred from securities premium account	975,900	-
Closing balance	12,225,900	11,250,000
<i>Surplus in statement of profit and loss account</i>		
Balance as per last financial statement	112,308,808	115,689,941
Add: Profit/ (loss) for the year	1,712,490	1,863,245
Less: Appropriations		
Proposed dividend	-	(4,512,360)
Dividend distribution tax	-	(732,018)
Closing balance	114,021,298	112,308,808
<b>Total</b>	<b>219,756,195</b>	<b>219,083,752</b>
<b>3. Deferred tax liabilities (net)</b>		
Depreciation and amortization	3,404,297	3,806,427
Gross deferred tax liability	3,404,297	3,806,427
Less:		
Expenditure under Section 43B of Income Tax Act	83,851	62,302
Gross deferred tax asset	83,851	62,302
<b>Total</b>	<b>3,320,446</b>	<b>3,744,125</b>
<b>4. Current liabilities</b>		
Trade payables	5,373,630	3,209,737
<i>Other current liabilities</i>		
Advances from customers	249,865	-
Tax deduction at source (TDS) payable	265,566	310,266
Unpaid dividend	910,231	1,116,928
	1,445,662	1,427,194
<i>Short-term provisions</i>		
Provision for income tax	1,540,000	950,000
Provision for short-term employees benefits	271,363	201,624
Proposed dividend	-	4,512,360
Dividend distribution tax on proposed dividend	-	732,018
	1,811,363	6,396,002
<b>Total</b>	<b>8,630,655</b>	<b>11,032,933</b>

VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK		
	As at 01-04-2011	Additions	Deductions	Total upto 31-03-2012	Total upto 31-03-2011	Depreciation for the year	Written back	Accumulated Depreciation upto 31-03-2012	Total as at 31-03-2012
<b>Tangible Assets</b>									
Building	18,106,657	-	-	18,106,657	2,096,623	295,139	-	2,391,762	16,010,034
Plant & Machinery	18,770,720	-	-	18,770,720	12,578,967	891,609	-	13,470,576	6,191,753
Electric Fitting	858,323	-	-	858,323	376,163	40,770	-	416,933	482,160
Office Equipment	3,109,144	78,300	-	3,187,444	1,992,892	149,989	-	1,742,881	1,516,252
Air Conditioner	1,117,653	-	-	1,117,653	409,625	53,087	-	462,772	707,948
Generator Set	732,487	-	-	732,487	295,541	34,793	-	330,534	436,946
Vehicles	4,734,147	1,356,230	685,171	5,405,206	2,593,844	405,163	685,171	2,313,836	2,140,303
Tools & Dies	1,838,451	56,812	-	1,895,263	1,149,732	191,998	-	1,341,730	688,669
Testing Equipment	16,168,711	866,553	-	17,035,264	5,821,945	792,493	-	6,614,438	10,346,766
Furniture & Fixtures	3,593,433	33,677	-	3,627,110	2,107,950	227,498	-	2,335,448	1,485,483
Computer	2,943,039	368,530	-	3,311,569	2,107,990	265,453	-	2,373,443	335,049
	71,972,745	2,760,102	685,171	74,047,676	31,131,382	3,347,992	685,171	33,794,203	40,841,363
<b>Intangible Assets</b>									
Software	8,306,319	383,000	-	8,689,319	5,481,391	1,394,159	-	6,875,550	2,824,928
Technical Know-How	41,131,107	5,462,952	-	46,594,059	33,588,364	3,539,118	-	37,127,482	7,542,743
	49,437,426	5,845,952	-	55,283,378	39,069,755	4,933,277	-	44,003,032	10,367,671
<b>Total</b>	<b>121,410,171</b>	<b>8,606,054</b>	<b>685,171</b>	<b>129,331,054</b>	<b>70,201,137</b>	<b>8,281,269</b>	<b>685,171</b>	<b>77,797,235</b>	<b>51,209,034</b>
<i>Previous year</i>	<i>115,578,985</i>	<i>6,455,186</i>	<i>624,000</i>	<i>121,410,171</i>	<i>62,756,921</i>	<i>7,444,216</i>	<i>-</i>	<i>70,201,137</i>	<i>52,822,064</i>

Particulars	Face value of each	31-03-2012	31-03-2011
<b>6. Non-current investments</b>			
Long-term (at cost) investments in equity instruments			
a) Trade investments in subsidiaries (unquoted, fully paid up):			
i) Valiant Communications (UK) Limited, United Kingdom; 225,000 (previous year: 225,000) ordinary shares	£ 1.00	17,758,130	17,758,130
ii) Valiant Infrastructure Ltd., India; 201,287 (previous year: 191,287) equity shares	₹ 10.00	2,012,870	1,912,870
iii) Valiant Communications FZE, United Arab Emirates; Nil (Previous year: 1) equity share	AED 150,000	-	1,915,800
		19,771,000	21,586,800
b) Non-trade investments (quoted, fully paid up, other than in subsidiaries, associates, joint venture and controlled special purpose entities)			
i) Alcoa Inc., United States of America 6,000 (previous year: nil) common stock	US\$ 1.00	4,530,254	-
ii) United States Steel Corporation, United States of America 1,100 (previous year: nil) common stock	US\$ 1.00	2,404,470	-
		6,934,724	-
<b>Total</b>		<b>26,705,724</b>	<b>21,586,800</b>



VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>7. Long-term loans &amp; advances</b> <i>(Unsecured but considered good)</i>		
Capital advances	6,365,304	6,431,956
<b>Total</b>	<b>6,365,304</b>	<b>6,431,956</b>
<b>8. Inventories</b> <i>(Valued at lower of cost or net realizable value)</i>		
Raw material	60,203,287	55,212,256
Work-in-progress	44,668,563	42,273,525
<b>Total</b>	<b>104,871,850</b>	<b>97,485,781</b>
<b>9. Trade receivables</b> <i>(Unsecured but considered good)</i>		
Debts (outstanding for less than six months)	4,224,435	1,958,082
<b>Total</b>	<b>4,224,435</b>	<b>1,958,082</b>
<b>10. Cash &amp; cash equivalents</b>		
Cash on hand	140,852	106,116
<i>Balances with banks</i>		
Current accounts*	7,668,618	4,863,611
Deposit (with less than 12 months maturity)	94,380,477	109,651,503
<b>Total</b>	<b>102,189,947</b>	<b>114,621,230</b>
*It includes balance in unclaimed dividend accounts of ₹ 910,231/- (previous year: ₹ 1,116,928/-).		
<b>11. Short-term loans &amp; advances</b> <i>(Unsecured but considered good)</i>		
Sundry advances to suppliers	1,055,012	8,045,286
Tax deducted at source	944,987	867,709
Advance income and other taxes	3,955,081	3,686,575
Prepaid expenses	1,021,237	524,357
<b>Total</b>	<b>6,976,317</b>	<b>13,123,927</b>
<b>12. Revenue</b>		
<i>Revenue from operations</i>		
Sale of products (exports)	81,141,734	70,580,836
Other operating revenues	-	-
	81,141,734	70,580,836
<i>Other Income</i>		
Bank interest	9,334,621	8,518,648
Dividend income (non-current and non-trade)	44,905	89,615
Profit on sale of fixed asset	71,111	-
Net gain/(loss) on foreign currency translation	452,337	326,962
Other non-operating income (net of expenses directly attributable to such income)	185,544	-
Net gain/ (loss) on sale of fully paid-up investments: Current (other quoted non-trade investments in non-subsidiaries)	67,268	2,239,527
	10,155,786	11,174,752
<b>Total</b>	<b>91,297,520</b>	<b>81,755,588</b>

## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>13. Expenses</b>		
<b>Cost of raw material consumed</b>		
Opening stock	55,212,256	45,117,834
Add : Purchases	48,058,082	51,585,841
Less : Closing stock	(60,203,287)	(55,212,256)
	43,067,051	41,491,419
<b>Changes in inventories of work-in-progress (semi-finished)</b>		
Opening stock	42,273,525	36,385,966
Less : Closing stock	(44,668,563)	(42,273,525)
(Increase) / decrease in inventories	(2,395,038)	(5,887,559)
<b>Employee benefits expenses</b>		
Salary, wages and bonus	17,826,326	17,292,837
Contribution to provident and other funds	541,794	512,535
Staff welfare	701,002	739,914
	19,069,122	18,545,286
<b>Depreciation and amortization expenses</b>		
Depreciation on tangible assets	3,347,992	3,296,848
Amortization of intangible assets	4,933,277	4,147,368
	8,281,269	7,444,216
<b>Other expenses</b>		
Consumption of stores and spare parts	846,675	366,632
Power & fuel	875,766	764,424
Repairs to machinery	104,400	70,592
Other manufacturing expenses	1,319,299	1,213,370
Rent	720,000	720,000
Rates & taxes, excluding taxes on income	18,911	18,911
Postage, phones & grams	734,141	705,609
Printing & stationery	717,975	754,211
Traveling	2,768,153	1,805,324
Insurance	213,356	226,951
Advertisement	413,021	394,640
Office general expenses	537,914	566,570
Vehicle repair & maintenance	677,206	562,571
Freight & cartage	4,121,849	4,812,103
Books & periodicals	9,810	13,996
Charity and donation	36,000	36,000
Security	620,934	525,666
Miscellaneous	177,257	120,503
Auditors remuneration	300,000	225,000
Unrealized debts	-	125,574
Bank charges	286,581	218,533
Legal & professional	3,162,638	2,930,406
Packing & forwarding	888,799	470,914
Business promotion	145,575	299,215
	19,696,260	17,947,715
<b>Total</b>	<b>87,718,664</b>	<b>79,541,077</b>



## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

## 14. SIGNIFICANT ACCOUNTING POLICIES

## a. Accounting assumption

The financial statements are drawn up in accordance with the historical cost convention on accrual basis and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006.

## b. Employees benefits

The Company has adopted Accounting Standard 15 (Revised 2005) issued by the Institute of Chartered Accountants of India (ICAI) on 'Employees Benefits'. Accordingly, the Company has provided for liability on account of all following employees benefits available to the employees in accordance with the applicable rules, regulations, laws and employees benefits policy of the Company:

- Provident fund is a defined contribution scheme and the contributions are charged to the profit & loss account of the year when the contributions to the government funds are due.
- Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation as per projected unit credit method, made at the end of each financial year. The Company has taken a policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and premium paid to the LIC is charged to Profit and Loss Account. The difference between the actuarial valuation of the gratuity liability of the employees at the year end and the balance of funds with LIC is provided for as liability in the books.
- Employees are entitled to short-term compensated absences, which are provided for on the basis of estimates.
- Actuarial gains / losses are immediately taken to the profit and loss account and are not deferred.

## c. Fixed assets

All fixed assets including intangible assets are stated at cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation.

In accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India, consideration is given at the date of balance sheet to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets to recognize impairment loss. However, during the financial year under reporting, there is no indication which gives an expression of impairment loss in carrying amount of the Company's fixed assets.

## d. Depreciation and amortization

Depreciation on fixed assets has been provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except for intangible assets, which are amortized over the respective individual estimated useful lives on a straight line basis, commencing from the date the asset is put to use by the Company. Depreciation on additions / deletions is provided on pro-rata basis from / to the date of additions / deletions. The management estimates the useful lives for intangible assets as follows:

Technical know-how	: 4 years
Software	: 6 years

## e. Inventories valuation

Inventories include raw material and semi-finished goods. Inventories have been valued at cost or net realizable value, whichever is lower. The cost is calculated on first in first out (FIFO) basis.

## f. Transactions of foreign currencies

All transactions in foreign currency during the year are recorded at the rates of exchange prevailing on the date when the relevant transaction took place. Loss / Gain arising on settlement of such transactions is accounted for in the year of settlement. Monetary assets and liabilities are converted into functional currency, i.e., INR, at the rate of exchange prevailing at balance sheet date and the exchange rate fluctuation is recognized as gain or loss on unrealized exchange rate fluctuation.

## g. Investments

As per the Accounting Standard 13 issued by the Institute of Chartered Accountants of India, investments of a long-term nature are stated at cost. Current investments are valued at lower cost and fair value.

## h. Revenue recognition

Sale is recognized, when the significant risks and rewards of the ownership of the goods are transferred to the customer and is stated if applicable, net of trade discounts, duties and taxes. Other income is accounted for on accrual basis.

## i. Income tax

Provision for current income tax liability is made on estimated taxable income under Income Tax Act, 1961 after considering permissible tax exemptions, deductions and allowances. The Minimum Alternate Tax (MAT) if payable in accordance with the tax laws, which gives rise to future benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Deferred assets are recognized only if there is reasonable certainty that

## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**j. Lease**

Operating lease payments are recognized as an expense on straight line basis over the term of the lease.

**k. Contingent liabilities and provisions**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may, but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

**l. Use of estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of

revenues and expenses during the reporting period. Any revision to accounting estimates is recognized prospectively in current and future periods.

**m. Earning per share**

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

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

**n. Segment reporting**

The Company's operating geographical business segment is based on the locations of customers. Allocable costs are allocated to each segment in proportion to the relative sales of each segment. All the common income, expenses, assets and liabilities, which are not possible to be allocated to different segments, are treated as un-allocable items.

**15. Contingent liabilities and commitments**

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>15.1 Contingent liabilities (not provided for)</b>		
Income-tax matter in dispute	16,537,491	14,915,533
Any other contingent liability	-	-
<b>Total</b>	<b>16,537,491</b>	<b>14,915,533</b>

The Income Tax Department, in all its notices of demand, has challenged the validity of the approval and registration granted by Software Technology Park of India (STPI), Ministry of Communications, to the Company as a 100% Export Oriented Unit (EOU) under the Electronic Hardware Technology Park (EHTP) Scheme for the purpose of grant of any relief under the Income Tax Act, 1961.

The Commissioner of Income Tax (Appeals) has decided the aforesaid matter in favor of the Company for the assessment years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09, whereas, the matter is sub-judice for the assessment year 2009-10.

Further, on an appeal filed by the Income Tax Department, the Income Tax Appellate Tribunal (ITAT), Delhi, has also decided the aforesaid matter in favor of the Company for the assessment year 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08.

The Income Tax Department has further filed an appeal against the order of Income Tax Appellate Tribunal (ITAT), Delhi, for the assessment year 2005-06 in Delhi High Court, wherein the matter is sub-judice.

Based on the decisions of appellate authorities given in favor of Company and legal opinion taken by the Company and discussions with the solicitors, the Company believes that there is fair chance of decision in its favor in respect of the item listed above, hence, no provision is considered necessary against the same.



## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012**15.2 Commitments**

In view of insufficient profits for the financial year under reporting and the prevailing global recession, the Board of Directors finds it prudent to not to propose any dividend for the year under reporting.

The Company had declared and paid to the equity shareholders a final dividend for the financial year ended March 31<sup>st</sup> 2011, ₹ 0.60/- (i.e. 6%) per equity share (not subject to tax deduction), total amounting to ₹ 4,512,360/- excluding dividend distribution tax.

**16. Exceptional item**

The exceptional item represents the loss on closure of subsidiary of Company, namely "Valiant Communications FZE, UAE".

**17. Auditor's remuneration**

(In ₹)

	31-03-2012	31-03-2011
Statutory audit fee	150,000	125,000
Certification charges	50,000	35,000
Tax audit	100,000	65,000
Service tax	-	-
<b>Total</b>	<b>300,000</b>	<b>225,000</b>

In the financial year under reporting, the Company is entitled for cenvat credit on service tax charged by auditors, hence, the amount of service tax is not recognized as an expense.

**18. Additional information under Schedule VI of the Companies Act, 1956**

(In ₹)

Particulars	31-03-2012	31-03-2011
a) Consumption of raw material		
Electronic components	39,650,208	38,684,525
Hardware	3,416,843	2,806,894
	43,067,051	41,491,419
b) Purchases of raw material		
Electronic components	44,440,024	48,791,920
Hardware	3,618,058	2,793,921
	48,058,082	51,585,841
c) Work-in-progress		
Electronic cards	44,668,563	42,273,525
d) Earning in foreign currency		
Value of Exports (FOB)		
i) Telecom transmission equipment / cards	77,856,270	67,844,375
ii) Others	-	-
Profit on sale of investments	67,268	2,239,527
Dividend received	44,905	89,615
	77,968,443	70,173,517
e) Expenditure in foreign currency		
Raw material	33,563,714	41,496,420
Capital goods	690,992	1,989,677
Total Import (CIF)	34,254,706	43,486,097
Traveling expenses	889,365	603,960
	35,144,071	44,090,057

## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
f) Dividend paid to non-resident shareholders in foreign currency		
No. of shareholders	3	3
No. of shares held	56,026	56,026
Dividend remitted (in ₹)	33,616	67,231
Year to which it relates	2010-11	2009-10
g) Value of raw materials, spares parts and components consumed		
Raw material		
Imported [72.38% (previous year: 74.18%)]	31,171,932	30,778,334
Indigenous [27.62% (previous year: 25.82%)]	11,895,119	10,713,085
	43,067,051	41,491,419
Stores & Spares		
Imported [0.00% (previous year: 0.00%)]	-	-
Indigenous [100.00% (previous year: 100.00%)]	846,675	366,632
	846,675	366,632
<b>19. Segmentwise revenue &amp; results</b>		
<b>Revenue by geographical segment</b>		
USA	44,169,116	44,694,896
Europe	2,869,760	1,977,995
Rest of the world	34,102,858	23,907,945
Total	81,141,734	70,580,836
Less : Inter segment revenue	-	-
Net sales/ revenue from operation	81,141,734	70,580,836
<b>Profit/(loss) before tax and interest by geographical segment</b>		
USA	22,029,500	22,148,962
Europe	1,431,303	980,214
Rest of the world	17,008,918	11,847,800
Total	40,469,721	34,976,976
Less : Interest	-	-
Less : Other unallocable expenditure	47,784,126	43,937,217
Add: Other unallocable income	10,155,786	11,174,752
Profit before tax	2,841,381	2,214,511

The Company manufactures "Telecom Transmission Equipment", which is the only business segment of the Company. The Company is a 100% Export Oriented Unit with its sole manufacturing unit being located at New Delhi. The above segment revenue and results are being identified on the basis of geographical markets. The fixed assets used in the Company's business cannot be specifically identified with any geographical segment. The management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities, since a segregation of capital employed on segment basis is not possible.

**20. Employees benefits**

The Company has a defined benefit gratuity plan with the Life Insurance Corporation of India (LIC) in the form of a qualifying insurance policy. Eligible employees are entitled for gratuity in accordance with the provisions of Payment of Gratuity Act, 1972, including any statutory modifications or re-enactment thereof.

The following tables are the components of net benefit expenses in the profit & loss account, funded status and amounts recognized in the balance sheet:



## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>Gratuity Scheme</b>		
<b>Changes in present value of defined benefit obligation</b>		
Opening defined benefit obligation	3,178,351	1,990,301
Interest cost	273,692	259,386
Current service cost	198,420	178,081
Benefits paid	(18,750)	(266,942)
Net actuarial (gain)/ loss on obligation	(27,355)	1,017,525
Closing defined benefit obligation	3,604,358	3,178,351
<b>Changes in fair value of plan assets</b>		
Opening fair value of plan assets	3,335,571	2,128,369
Expected return	300,201	191,553
Contribution by employer	286,214	1,295,875
Benefits paid	(18,750)	(266,942)
Net actuarial gain/ (loss)	9,819	(13,284)
Closing fair value of plan assets	3,913,055	3,335,571
<b>Plan assets/ (liability) recognized in the balance sheet</b>	308,697	157,220
<b>Net employee benefit expenses (recognized in profit &amp; loss account)</b>		
Current service cost	198,420	178,081
Interest cost on benefit obligation	273,692	259,386
Expected return on plan assets	(300,201)	(191,553)
Net actuarial (gain)/ loss recognized in the year	(37,174)	1,030,809
Net benefit expense	134,737	1,276,723
Actual return on plan assets	310,020	178,269
<b>Constitution of the fair value of total plan assets</b>		
Investments with insurer	100%	100%
<b>Principal actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Mortality Rate	LIC (1994-96)	LIC (1994-96)
	Ultimate	Ultimate
<b>Contribution to defined contribution plan</b>		
Provident fund	406,556	396,059

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹ 395,000/- to gratuity in financial year 2012-2013. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Current and previous years' figures as required to be disclosed under Para 120(n) of Accounting Standard 15, are as follows:

## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Gratuity Scheme	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Defined benefit obligation	(3,604,358)	(3,178,351)	(1,990,301)	(1,549,771)	(2,187,032)
Plan Assets	3,913,055	3,335,571	2,128,369	1,660,599	1,502,092
Surplus (deficit)	308,697	157,220	138,068	110,828	(684,940)
Experience adjustments on plan liabilities	27,355	(1,017,525)	(140,773)	626,152	(3,669)
Experience adjustments on plan assets	9,819	(13,284)	1,795	(14,097)	4,197

**21. Foreign currency exposures**

During the financial year under reporting and preceding financial year, the Company did not enter in any transaction of foreign currency derivatives to hedge its exposure in foreign currencies.

Details of foreign currency unhedged exposures as at balance sheet date:

(In ₹)

Particulars	Currency	31-03-2012	31-03-2011
Creditors	US\$	2,721,551	640,641
Debtors	US\$	4,224,435	1,958,081
Advances paid	US\$	843,959	7,970,293
Advances received	US\$	249,865	-
Bank balance	JPY	48,617	42,068
Bank balance	US\$	1,043,973	817,401

**22. Related parties disclosure**

Name	Relationship	Transaction details
Valiant Communications (UK) Limited, UK	Subsidiary	Nil
Valiant Communications FZE, UAE	Subsidiary	Nil
Valiant Infrastructure Limited, India	Subsidiary	Purchase of fixed assets of ₹ 2,505,069/- at book value (previous year: nil)
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of ₹ 4,994,983/-
Mr. Davinder Mohan Sood	Key Managerial Personnel	(previous year: ₹ 4,851,580/-).
Mr. Anil Iandon	Key Managerial Personnel	

Apart from given disclosures, no transaction was recorded between the Company and any related party mentioned in Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

**23. Lease**

The Company has executed a cancelable operating lease agreement with rent payable on a monthly basis, for industrial purpose as defined under the provisions of Accounting Standard 19, issued by the Institute of Chartered Accountants of India. The Company has recognized all operating lease payments as an expense on a straight line basis over the term of lease. The Company has no obligation to pay any contingent rent. The lease is renewable at the sole option of the Company.

The rental expenses of ₹ 720,000/- (previous year: ₹ 720,000/-) in respect of obligation under operating lease(s), have been recognized in the profit & loss account.

**24. Aggregate value of investments, as at reporting date**

(In ₹)

Particulars	31-03-2012		31-03-2011	
	Book Value	Market Value	Book Value	Market Value
Quoted investments	6,984,724	4,728,242	-	-
Unquoted investments	19,771,000	Not Applicable	21,586,800	Not Applicable



## VALIANT COMMUNICATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012**25. Other disclosures:**

- The export earnings include realized foreign currency exchange fluctuation gain of ₹ 496,677/- (previous year: loss of ₹ 80,038/-).
- The Company had no outstanding dues to any small scale industrial undertaking as on the balance sheet date.
- During the financial year under reporting, no interest was paid by the Company in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Further, all the payments were made to the suppliers on or before appointed day.
- During the financial year under reporting, no interest was paid by the Company in accordance with the provisions of the payable during the reporting year and preceding years in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
- During the financial year, there is no reportable amount of interest due and payable, accrued and remaining unpaid, small enterprises supplier, to whom the Company owes dues, which are outstanding beyond prescribed period as at the balance sheet date.
- As on the balance sheet date, in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has the following unpaid amount, categorized as current liability in balance sheet, to:

(In ₹)

Particulars	31-03-2012	31-03-2011
Total outstanding dues including interest, of creditors other than micro and small enterprises	4,175,744	2,087,771
Total outstanding dues including interest, of micro and small enterprises	-	-

- The comparative figures for the previous year have been rearranged, wherever required, to conform to the revised presentation of accounts.

- Notes to financial statements form an integral part of financial statements.

As per our report of even date

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012



VALIAN COMMUNICATIONS LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	2,841,381	2,214,511
Adjustment for		
Depreciation and amortization	8,281,269	7,444,216
Profit on sale of investments	(67,268)	(2,259,527)
Profit on sale of fixed assets	(71,111)	-
Bank interest	(9,334,621)	(8,518,648)
Dividend income	(44,905)	(89,615)
Exceptional item (see note 16)	737,475	-
Net (gain)/Loss on foreign currency translation	(452,337)	(326,962)
<b>Operating profit before working capital changes</b>	<b>1,889,883</b>	<b>(1,516,025)</b>
Adjustment for		
Trade & other receivables	3,881,258	7,219,492
Inventories	(7,386,069)	(15,981,981)
Trade and other payables	2,842,099	(5,970,860)
<b>Cash generated from operations</b>	<b>1,227,171</b>	<b>(16,249,374)</b>
Interest paid	-	-
Direct taxes	(1,552,570)	(1,002,661)
<b>Net cash generated from operating activities</b>	<b>(325,399)</b>	<b>(17,252,035)</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(8,606,054)	(5,831,186)
Sale on fixed assets	71,111	-
Long-term loans and advances	66,652	(4,391,083)
Intangible assets under development	(420,000)	-
Dividend income	44,905	89,615
Proceeds on closure of subsidiary	1,178,325	-
Long-term investments in equity shares	(6,934,724)	-
Investments in equity shares of subsidiary	(100,000)	-
Sale of investments	67,268	2,239,527
Bank interest	9,334,621	8,518,648
<b>Net cash generated from investing activities</b>	<b>(5,297,896)</b>	<b>625,521</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Funds utilized for buy-back of equity shares	(2,015,947)	-
Dividend paid	(4,512,360)	(9,024,720)
Dividend distribution tax	(732,018)	(1,533,751)
<b>Net cash generated from financing activities</b>	<b>(7,260,325)</b>	<b>(10,558,471)</b>
Net gain/(loss) on foreign currency translation	452,337	326,962
<b>Net increase in cash and cash equivalents</b>	<b>(12,431,283)</b>	<b>(26,858,023)</b>
Cash and cash equivalents (opening balance)	114,621,230	141,479,253
Cash and cash equivalents (closing balance)	<b>102,189,947</b>	<b>114,621,230</b>

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

As per our report of even date For and on behalf of the Board  
For and on behalf of  
B. AGGARWAL & CO. Inder Mohan Sood Davinder Mohan Sood Manish Kumar  
Chartered Accountants Managing Director Director-Finance Company Secretary  
Firm Registration No. 004706N  
  
Alok Jain (Partner)  
Membership No. 510960  
New Delhi, July 19<sup>th</sup> 2012 New Delhi, July 19<sup>th</sup> 2012



VALIAN COMMUNICATIONS LIMITED  
STATEMENTS PURSUANT SECTION 212 OF THE COMPANIES ACT, 1956

(In ₹)

Particulars	Valiant Communications (UK) Ltd. United Kingdom	Valiant Communications Ltd. India
Financial year ended	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2012
Holding Company's interest	100% (225,000 ordinary shares of £ 1.00 each fully paid up)	62.53% (201,287 equity shares of ₹ 10.00 each fully paid up)
The net aggregate of profits or (losses) for the current period of the subsidiary so far as it concerns the members of the holding company		
a) dealt with or provided for in the accounts of the holding company	NIL	NIL
b) not dealt with or provided for in the accounts of the holding company	1,266,605	(674)
The net aggregate of profits or (losses) for the previous financial years of the subsidiary so far as it concerns the members of the holding company		
a) dealt with or provided for in the accounts of the holding company	NIL	NIL
b) not dealt with or provided for in the accounts of the holding company	4,065,054	(3,971)
<b>Other information pertaining to subsidiary companies</b>		
Share capital	225,000 ordinary shares amounting to ₹ 18,404,820	321,882 equity shares amounting to ₹ 3,218,820
Reserves	5,331,659	(83,620)
Total assets	23,736,434	3,201,131
Total liabilities	23,736,434	3,201,131
Investments	4,173,958	-
Turnover (total income)	2,189,956	28,037
Profit / (loss) before taxation	1,479,282	(1,078)
Provision for taxation	212,677	-
Profit / (loss) after taxation	1,266,605	(1,078)
Proposed dividend	NIL	NIL
Currency	£	₹
Exchange rate to ₹ as of March 31 <sup>st</sup> 2012	81.799	₹ 1.000

Note: Information pertaining to subsidiary companies is provided in compliance with General Circular No. 2/2011 dated February 8th, 2011, issued by Ministry of Corporate Affairs. The annual accounts and other related information of these subsidiary companies are available to the investors of Company and subsidiary companies seeking such information during the business hours at the Company's registered office, at any point of time. Further, the annual accounts of these subsidiary are also kept for inspection by any investor of the Company and subsidiary companies during the business hours at the registered and head office of Company and concerned subsidiary company.

For and on behalf of the Board

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012

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**VALIANT COMMUNICATIONS LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31-03-2012**

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors,  
VALIANT COMMUNICATIONS LIMITED

- We have audited the attached Consolidated Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') and its subsidiaries collectively referred to as "the Valiant Group" as at March 31<sup>st</sup> 2012 and also the Consolidated Profit & Loss Account and also Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.
- We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
- We have not audited the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 237.36 lakh as at March 31<sup>st</sup> 2012, total revenues of ₹ 21.90 lakh and net cash inflow of ₹ 185.44 lakh for the year ended as on that date. Its financial statements and other financial information have been presented to us prepared by management, and we do not express an opinion thereto.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India and on the basis of audited financial statements of the Company and financial statements of its subsidiaries and associate.
- Based on our audit, and on the other financial information of subsidiaries, and to the best of our information and according to the explanations given to us but subject to our remark in Paragraph 3, the said consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
  - In the case of the Consolidated Balance Sheet, of the State of Affairs of the Valiant Group as at March 31<sup>st</sup> 2012 and;
  - In the case of the Consolidated Profit & Loss Account for the period ended on that date.
  - In the case of the Consolidated Cash Flows for the period ended on that date.

For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012



VALIANT COMMUNICATIONS LIMITED  
CONSOLIDATED BALANCE SHEET AS AT

(In ₹)

Particulars	Note No.	31-03-2012	31-03-2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	1	74,230,100	75,206,000
Reserves & surplus	2	225,685,450	220,895,319
Money received against share warrants		-	-
		299,915,550	296,101,319
<b>Minority interest</b>		<b>1,171,423</b>	<b>1,271,827</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	3	3,320,446	3,744,125
		3,320,446	3,744,125
<b>Current liabilities</b>			
Trade Payables	4	5,573,712	3,339,102
Other current liabilities		1,445,662	1,427,194
Short-term provisions		2,024,041	6,417,149
		9,043,415	11,183,445
<b>Total</b>		<b>313,450,834</b>	<b>312,300,716</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	5	40,253,473	40,841,363
Intangible assets		11,280,346	12,872,740
Intangible assets under development		3,070,000	2,650,000
Non-current investments	6	11,108,681	9,425,435
Long-term loans and advances	7	6,715,304	6,781,956
		72,427,804	72,571,494
<b>Current assets</b>			
Inventories	8	104,871,850	97,485,781
Trade receivables	9	4,224,435	1,958,082
Cash and cash equivalents	10	124,935,790	117,271,281
Short-term loans and advances	11	6,990,955	23,014,078
		241,023,030	239,729,222
<b>Total</b>		<b>313,450,834</b>	<b>312,300,716</b>
Significant accounting policies	14		
Other notes on accounts	15-23		

As per our report of even date  
For and on behalf of  
B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960  
New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012

VALIANT COMMUNICATIONS LIMITED

STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED

(In ₹)

Particulars	Note No.	31-03-2012	31-03-2011
<b>INCOME</b>			
I. Revenue from operations (export sales)		81,141,734	70,580,836
II. Other income		12,138,525	11,499,234
III. <b>Total revenue (I+II)</b>	12	93,280,259	82,080,070
<b>EXPENSES</b>			
Cost of raw materials consumed		43,067,051	41,491,419
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(2,395,038)	(5,887,559)
Employee benefits expenses		19,069,122	18,545,286
Finance costs		-	-
Depreciation and amortization expenses		8,281,269	7,444,216
Other expenses		20,200,795	18,557,537
IV. <b>Total expenses</b>	13	88,223,199	80,150,899
V. Profit before exceptional and extraordinary items and tax (III-IV)		5,057,060	1,929,171
VI. Exceptional items	17	13,151	-
VII. Profit before extraordinary items and tax (V-VI)		5,043,909	1,929,171
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		5,043,909	1,929,171
X. Tax expenses			
1) Current tax		1,765,248	1,023,808
2) Deferred tax		(423,679)	(651,395)
XI. Net profit/(loss) after tax, but before minority interest and share of associates (IX-X)		3,702,340	1,556,758
XII. Minority interest		(404)	(329)
XIII. Share in profit/(loss) of associate		-	750,165
XIV. <b>Net profit/(loss) after tax for the period (XI-XII+XIII)</b>		3,702,744	2,307,252
XV. Earning per share (basic and diluted)		0.49	0.31
XVI. Weighted average number of equity shares		7,513,635	7,520,600
Significant accounting policies	14		
Other notes on accounts	15-23		

As per our report of even date  
For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants  
Firm Registration No. 004706N

Alok Jain  
Partner  
Membership No. 510960  
New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director-Finance

Manish Kumar  
Company Secretary

New Delhi, July 19<sup>th</sup> 2012



VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>1. Share capital</b>		
<b>Authorized</b>		
15,000,000 (previous year: 15,000,000) equity shares of ₹ 10/- each	150,000,000	150,000,000
<b>Issued, subscribed and paid-up</b>		
7,423,010 (previous year: 7,520,600) equity shares of ₹ 10/- each fully paid-up	74,230,100	75,206,000
<b>Total</b>	<b>74,230,100</b>	<b>75,206,000</b>

1.1 Reconciliation statement for number of equity shares outstanding

Equity	31-03-2012		31-03-2011	
	No. of shares	Amount (₹)	No. of shares	Amount (₹)
At the beginning of reporting period	7,520,600	75,206,000	7,520,600	75,206,000
Extinguished under buy-back offer	(97,590)	(975,900)	-	-
Outstanding at the end of reporting period	7,423,010	74,230,100	7,520,600	75,206,000

1.2 Terms/ rights attached to equity shares

The Company has issued only one class of shares/ securities, i.e., fully paid-up equity shares. Each equity share holder is entitled to vote one vote per share. The dividend proposed by Board of Directors are subject to the approval of equity shareholders in their ensuing annual general meeting.

In the event of liquidation of Company, the equity shareholders shall be entitled for remaining assets of the Company, after distribution of all preferential amount. The distribution shall be in proportion to the number of shares held by equity shareholders.

1.3 Details of shareholder holding more than five percent equity shares in the Company

Name	Category	31-03-2012		31-03-2011	
		No. of shares	% shareholding	No. of shares	% shareholding
Inder Mohan Sood	Promoter	888,433	11.97	848,433	11.28
Davinder Mohan Sood	Promoter	880,999	11.87	847,327	11.27
Ostrich Estate Private Ltd.	Non-promoter	410,000	5.52	410,000	5.45
Strategic Ventures Fund (Mauritius) Ltd.	Non-promoter	600,000	8.08	600,000	7.98

1.4 Buyback of equity shares

The Board of Directors at their meeting held on December 21<sup>st</sup> 2011, had announced the buyback of its fully paid-up equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, at a price not exceeding ₹ 18/- per share. The Company opted to buy back shares from open market through stock exchange route and the total offer size aggregates to ₹ 18,000,000/-, but subject to the maximum limit of 1,000,000 equity shares.

During the year under reporting, the Company had bought back and extinguished 97,590 (previous year: nil) equity shares, having face and fully paid-up value of ₹ 10/- each. The difference between the nominal value and amount spent for buy back with other incidental expenses, total amounting to ₹ 1,040,047/- (previous year: nil), is appropriated from securities premium account.

The Company has transferred ₹ 975,900/- (previous year: nil) from securities premium to capital redemption reserve which represented the nominal value of shares bought back during the year under reporting. During the last five years immediately preceding the date as at the balance sheet is prepared, the Company had bought-back 1,222,590 equity shares (including above mentioned 97,590 equity shares), pursuant to the approval(s) of Board of Directors of the Company.

## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>2. Reserves &amp; surplus</b>		
<i>Securities premium account</i>		
Balance as per last financial statement	95,524,944	95,524,944
Less: Utilized for buy-back of equity shares	(1,040,047)	-
Less: Transferred to capital redemption reserve account	(975,900)	-
Closing balance	93,508,997	95,524,944
<i>Capital redemption reserve</i>		
Balance as per last financial statement	11,250,000	11,250,000
Add: Transferred from securities premium account	975,900	-
Closing balance	12,225,900	11,250,000
<i>Surplus in statement of profit and loss account</i>		
Balance as per last financial statement	116,610,755	119,547,881
Add: Profit/ (loss) for the year	3,702,744	2,307,252
Less: Appropriations	-	-
Proposed dividend	-	(4,512,360)
Dividend distribution tax	-	(732,018)
Closing balance	120,313,499	116,610,755
<i>Foreign currency translation reserve</i>		
Balance brought forward	(2,490,380)	(3,060,502)
Addition/(deduction) for the year	2,127,434	570,122
	(362,946)	(2,490,380)
<b>Total</b>	<b>225,685,450</b>	<b>220,895,319</b>
<b>3. Deferred tax liabilities (net)</b>		
Depreciation and amortization	3,404,297	3,806,427
Gross deferred tax liability	3,404,297	3,806,427
Expenditure under Section 43B of Income Tax Act	83,851	62,302
Gross deferred tax asset	83,851	62,302
<b>Total</b>	<b>3,320,446</b>	<b>3,744,125</b>
<b>4. Current liabilities</b>		
Trade payables	5,573,712	3,339,102
<i>Other current liabilities</i>		
Advances from customers	249,865	-
Tax deduction at source (TDS) payable	285,566	310,266
Unpaid dividend	910,231	1,116,928
	1,445,662	1,427,194
<i>Short-term provisions</i>		
Provision for income tax	1,752,678	971,147
Provision for short-term employees benefits	271,363	201,624
Proposed dividend	-	4,512,360
Dividend distribution tax on proposed dividend	-	732,018
	2,024,041	6,417,149
<b>Total</b>	<b>9,043,415</b>	<b>11,183,445</b>



## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Description	GROSS BLOCK				DEPRECIATION & AMORTIZATION			NET BLOCK		
	As at 01-04-2011	Additions	Deductions	Total upto 31-03-2012	Total upto 31-03-2011	Depreciation for the year	Written back	Accumulated Depreciation upto 31-03-2012	Total as at 31-03-2011	Total as at 31-03-2012
<b>5. Fixed Assets</b>										
<b>Tangible Assets</b>										
Building	18,106,657	-	-	18,106,657	2,096,623	295,139	-	2,391,762	16,010,034	15,714,895
Plant & Machinery	18,770,720	-	-	18,770,720	12,578,967	891,609	-	15,470,576	6,191,753	5,300,144
Electric Fitting	858,323	-	-	858,323	376,163	40,770	-	416,933	482,160	441,390
Office Equipment	3,109,144	78,900	-	3,187,444	1,592,892	149,959	-	1,742,851	1,516,252	1,444,363
Air Conditioner	1,117,633	-	-	1,117,633	409,665	53,067	-	462,772	707,948	654,861
Generator Set	732,457	-	-	732,457	295,541	34,795	-	530,334	436,946	402,153
Vehicles	4,734,147	1,356,230	685,171	5,405,206	2,593,844	405,165	685,171	2,313,836	2,140,303	3,091,370
Tools & Dies	1,835,451	56,812	-	1,895,263	1,149,732	191,998	-	1,341,730	688,669	555,483
Testing Equipment	16,168,711	866,553	-	17,035,264	5,821,945	792,495	-	6,614,438	10,346,766	10,420,826
Furniture & Fixtures	3,593,433	33,677	-	3,627,110	2,107,990	227,498	-	2,335,448	1,485,483	1,291,662
Computer	2,943,039	368,350	-	3,311,389	2,107,990	265,453	-	2,373,443	835,049	938,126
	71,972,745	2,760,102	685,171	74,047,676	31,131,382	3,347,992	685,171	35,794,203	40,841,363	40,253,473
<b>Intangible Assets</b>										
Software	8,306,319	383,000	-	8,689,319	5,481,391	1,894,159	-	6,875,550	2,824,928	1,813,769
Technical Know-How	45,636,176	2,957,883	-	46,594,059	33,538,364	5,539,118	-	37,127,482	10,047,812	9,466,577
	51,942,495	3,240,883	-	55,283,378	39,069,755	4,933,277	-	44,005,032	12,872,740	11,280,346
<b>Total</b>	<b>123,915,240</b>	<b>6,100,985</b>	<b>685,171</b>	<b>129,331,054</b>	<b>70,201,137</b>	<b>8,281,269</b>	<b>685,171</b>	<b>77,797,235</b>	<b>53,714,103</b>	<b>51,533,819</b>
<i>Previous Year</i>	<i>118,084,054</i>	<i>6,455,186</i>	<i>624,000</i>	<i>123,915,240</i>	<i>62,756,921</i>	<i>7,444,216</i>	<i>-</i>	<i>70,201,137</i>	<i>52,822,064</i>	<i>53,714,103</i>
<b>Particulars</b>	<b>Face value of each</b>	<b>31-03-2012</b>	<b>31-03-2011</b>							
<b>6. Non-current investments</b>										
Long-term (at cost) investments in equity instruments other in subsidiaries, associates, Joint ventures and controlled special purpose entities										
Trade investments (unquoted, fully paid up):										
i) Valcomm Technologies Inc. USA	US\$ 0.01	4,173,957	9,425,435							
8,250,000 (previous year: 19,500,000) equity shares [Refer note 16(b)]		4,173,957	9,425,435							
Non-trade investments (quoted, fully paid up):										
ii) Alcoa Inc. USA	US\$ 1.00	4,530,254	-							
6,000 (previous year: nil) common stock										
iii) United States Steel Corporation, USA	US\$ 1.00	2,404,470	-							
1,100 (previous year: nil) common stock										
		6,934,724	-							
<b>Total</b>		<b>11,108,681</b>	<b>9,425,435</b>							
<b>7. Long-term loans &amp; advances</b>										
<i>(Unsecured but considered good)</i>										
Capital advances		6,365,304	6,431,956							
Security deposits		350,000	350,000							
<b>Total</b>		<b>6,715,304</b>	<b>6,781,956</b>							

## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>8. Inventories</b> (Valued at lower of cost or net realizable value)		
Raw material	60,203,287	55,212,256
Work-in-progress	44,668,563	42,273,525
<b>Total</b>	<b>104,871,850</b>	<b>97,485,781</b>
<b>9. Trade receivables</b> (Unsecured but considered good)		
Debts (outstanding for less than six months)	4,224,435	1,958,082
<b>Total</b>	<b>4,224,435</b>	<b>1,958,082</b>
<b>10. Cash &amp; cash equivalents</b>		
Cash on hand	210,079	198,396
Balances with banks		
Current accounts*	27,584,049	7,185,902
Deposits (with less than 12 months maturity)	97,141,662	109,886,983
<b>Total</b>	<b>124,935,790</b>	<b>117,271,281</b>
*It includes balance in unclaimed dividend accounts of ₹ 910,231/- (previous year: ₹ 1,116,928/-).		
<b>11. Short-term loans &amp; advances</b> (Unsecured but considered good)		
Sundry advances to suppliers	1,055,012	8,045,286
Tax deducted at source	947,760	867,709
Advance income and other taxes	3,966,946	3,698,440
Prepaid expenses	1,021,237	524,357
Short-term loan to associate	-	9,878,286
<b>Total</b>	<b>6,990,955</b>	<b>23,014,078</b>
<b>12. Revenue</b>		
Revenue from operations		
Sale of products (exports)	81,141,734	70,580,836
Other operating revenues	-	-
	81,141,734	70,580,836
Other Income		
Bank interest	9,362,658	8,533,726
Other interest	385,056	336,427
Dividend income (non-current and non-trade)	44,905	90,860
Profit on sale of fixed asset	71,111	-
Net (gain)/ loss on foreign currency translation	217,083	298,694
Other non-operating income (net of expenses directly attributable to such income)	185,544	-
Net gain/ (loss) on sale of fully paid-up investments:		
Current (quoted non-trade investments in non-subsiidiaries)	67,268	2,239,527
Long-term (unquoted trade investments in associates)	1,804,900	-
	12,138,525	11,499,234
<b>Total</b>	<b>93,280,259</b>	<b>82,080,070</b>



## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>13. Expenses</b>		
<b>Cost of raw material consumed</b>		
Opening stock	55,212,256	45,117,834
Add : Purchases	48,058,082	51,585,841
Less : Closing stock	(60,203,287)	(55,212,256)
	43,067,051	41,491,419
<b>Changes in inventories of work-in-progress (semi-finished)</b>		
Opening stock	42,273,525	36,385,966
Less : Closing stock	(44,668,563)	(42,273,525)
(Increase) / decrease in inventories	(2,395,038)	(5,887,559)
<b>Employee benefits expenses</b>		
Salary, wages and bonus	17,826,326	17,292,837
Contribution to provident and other funds	541,794	512,535
Staff welfare	701,002	739,914
	19,069,122	18,545,286
<b>Depreciation and amortization expenses</b>		
Depreciation on tangible assets	3,347,992	3,296,848
Amortization of intangible assets	4,933,277	4,147,368
	8,281,269	7,444,216
<b>Other expenses</b>		
Consumption of stores and spare parts	846,675	366,632
Power & fuel	875,766	764,424
Repairs to machinery	104,400	70,592
Other manufacturing expenses	1,319,299	1,213,370
Rent	721,800	721,800
Rates & taxes, excluding taxes on income	18,911	18,911
Postage, phones & grams	734,141	714,951
Printing & stationery	722,175	756,943
Traveling	3,160,034	1,940,625
Insurance	213,356	226,951
Advertisement	413,021	394,640
Office general expenses	537,914	621,655
Vehicle repair & maintenance	677,206	562,571
Freight & cartage	4,121,849	4,812,103
Books & periodicals	12,388	15,251
Charity and donation	36,000	36,000
Security	620,934	525,666
Miscellaneous	180,732	121,673
Auditors remuneration	305,618	230,515
Unrealized debts	-	125,574
Bank charges	295,537	228,542
Legal & professional	3,248,665	3,318,019
Packing & forwarding	888,799	470,914
Business promotion	145,575	299,215
	20,200,795	18,557,537
<b>Total</b>	<b>88,223,199</b>	<b>80,150,899</b>

## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

## 14. SIGNIFICANT ACCOUNTING POLICIES

**a. Basis of consolidation**

The consolidated financial statements comprises of the financial statements of Valiant Communications Ltd. (hereinafter referred to as "Holding Company") with its subsidiaries and associates (hereinafter collectively referred to as "Group"). The consolidated financial statements are prepared in accordance with Accounting Standards 21 and 23, issued by the Institute of Chartered Accountants of India and provisions of Companies Act, 1956.

- i) The financial statements of holding company and its subsidiaries have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and unrealized profits/ losses. Exchange difference resulting from the differences due to translation of foreign currency assets, liabilities, income and expenses is disclosed as foreign currency translation reserve. The excess value of consideration given over the net value of the identifiable assets acquired in the subsidiary companies is recognized as goodwill (capital reserve). Goodwill is amortized during the financial year of acquisition.
- ii) Investments in entities in which the Group has significant influence but not controlling interest, are reported according to the equity method i.e. the investments is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. Goodwill amortized during the financial year of acquisition/ investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company' share of net assets of the investee (associate). The consolidated profit and loss account includes the Company' share of the results of the operations of investee (associate).
- iii) Minority interest's share of net profit is adjusted against the income, to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

**b. Employees benefits**

The Company has provided for liability on account of all following employees benefits available to the eligible employees in accordance with the applicable rules, regulations, laws and employees benefits policy of the Company:

- i) Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the government

funds are due.

- ii) Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation as per projected unit credit method, made at the end of each financial year. The Company has taken a policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and premium paid to the LIC is charged to Profit & Loss Account. The difference between the actuarial valuation of the gratuity liability of the employees at the year end and the balance of funds with LIC is provided for as liability in the books.
- iii) Employees are entitled for short-term compensated absences only, which are provided for on the basis of estimates.
- iv) Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

**c. Fixed assets**

All fixed assets, including intangible assets, are stated at cost of acquisition less accumulated depreciation. Cost includes inward freight, duties and taxes and expenses incidental to acquisition and installation.

In accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India, consideration is given at the date of balance sheet to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets to recognize impairment loss. However, during the financial year under reporting, there is no indication which gives an expression of impairment loss in carrying amount of the Company's fixed assets.

**d. Depreciation and amortization**

Depreciation on fixed assets has been provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956, except for intangible assets, which are amortized over the respective individual estimated useful lives on a straight line basis, commencing from the date the asset is put to use by the Company. Depreciation on additions / deletions is provided on pro-rata basis from/ to the date of additions / deletions. The management estimates the useful lives for intangible assets as follows:

Technical know-how	: 4 years
Software	: 6 years

**e. Inventories valuation**

Inventories include raw material and semi-finished goods. Inventories have been valued at cost or net realizable value, whichever is lower. The cost is calculated on first in first out (FIFO) basis.

## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012**f. Transactions of foreign currencies**

All transactions in foreign currency during the year are recorded at the rates of exchange prevailing on the date when the relevant transaction took place. Loss/Gain arising on settlement of such transactions is accounted for in the year of settlement. Monetary assets and liabilities are converted in to reporting currency, i.e., INR, at the rate of exchange prevailing at Balance Sheet date and the exchange rate fluctuation is recognized as gain or loss on unrealized exchange rate fluctuation.

**g. Investments**

As per Accounting Standard 13 issued by the Institute of Chartered Accountants of India, investments of a long-term nature are stated at cost. Current investments are valued at lower of cost and fair value.

**h. Revenue recognition**

Sale is recognized, when the significant risks and rewards of the ownership of the goods are transferred to the customer and is stated if applicable, net of trade discounts, duties and taxes. Other income is accounted for on accrual basis.

**i. Income tax**

Provision for current income tax liability is made on estimated taxable income under the Income Tax Act, 1961 after considering permissible tax exemptions, deductions and allowances. The Minimum Alternate Tax (MAT) if payable in accordance with the tax laws, which gives rise to future benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Deferred assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

The income of foreign subsidiaries is subject to the tax laws of host countries, which is charged for determination of net profit of subsidiaries.

**j. Lease**

Operating lease payments are recognized as an expense on straight line basis over the term of the lease.

**k. Contingent liabilities and provisions**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may but probably will not require outflow of resources or where a reliable estimate can not be made, as a contingent liability in the financial statements.

**l. Use of estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Any revision to accounting estimates is recognized prospectively in current and future periods.

**m. Earning per share**

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

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



## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

15. Notes to the consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.

16. In consolidated financial statements:

a) The subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiary Companies	Country of Incorporation	Proportion of Ownership/Voting Power as at March 31 <sup>st</sup> 2012	Proportion of Ownership/Voting Power as at March 31 <sup>st</sup> 2011
Valiant Communications (UK) Limited	United Kingdom	100.00%	100.00%
Valiant Communications FZE.	United Arab Emirates	-	100.00%
Valiant Infrastructure Limited	India	62.53%	59.43%

b) During the financial year under reporting, the Company has closed and wind-up its subsidiary, namely Valiant Communications FZE, UAE. Further, Valiant Communications (UK) Ltd., a subsidiary of Company, has divested its investments in Valcomm Technologies Inc., USA, pursuant to which, unlike the previous year, it is not recognized as an associate of Company. Its previous year carrying amount of investment includes ₹ 154,872/- towards capital reserve. Therefore, the figures of current financial year under reporting figures of previous financial year, are incomparable with the figures of current financial year under reporting, to that extent.

## 17. Exceptional item

The exceptional item represents the loss on closure of subsidiary of Company, namely "Valiant Communications FZE, UAE".

## 18. Auditor's remuneration

(In ₹)

Particulars	31-03-2012	31-03-2011
Statutory audit fee	155,000	130,000
Certification charges	50,000	35,000
Tax audit	100,000	65,000
Service tax	618	515
Total	305,618	230,515

In the financial year under reporting, the holding company is entitled for credit on service tax charged by auditors, hence, the amount of service tax is not recognized as an expense.

## 19. Lease

The Company and its subsidiary have executed cancelable operating lease agreements with rent payable on a monthly basis, for industrial purpose as defined under the provisions of Accounting Standard 19, issued by Institute of Chartered Accountants of India. The companies have recognized all operating lease payments as an expense on a straight line basis over the term of lease. The Companies have no obligation to pay any contingent rent. The lease is renewable at the sole option of the companies.

The rental expenses of ₹ 721,800/- (previous year: ₹ 721,800/-) in respect of obligation under operating lease(s), have been recognized in the profit and loss account.



## VALIANT COMMUNICATIONS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31<sup>ST</sup> 2012

## 20. Related parties disclosure

Name	Relationship	Transaction details
Valiant Communications (UK) Limited	Subsidiary	Nil
Valiant Communications FZE,	Subsidiary	Nil
Valiant Infrastructure Limited,	Subsidiary	Purchase of fixed assets of ₹ 2,505,069/- at book value (previous year: nil)
Valcomm Technologies Inc.	Associate	Interest payment of ₹ 385,056/- (previous year: ₹ 336,427) to subsidiary
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of ₹ 4,994,983/-
Mr. Davinder Mohan Sood	Key Managerial Personnel	(previous year: ₹ 4,851,580/-).
Mr. Anil Tandon	Key Managerial Personnel	

Apart from given disclosures, no transaction was recorded between the Company and any related party mentioned in Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

## 21. Other disclosures

- a) During the year under reporting, the staff strength of subsidiary companies is nil.
- b) The Company had no outstanding dues to any small scale industrial undertaking as on the balance sheet date.
- c) During the financial year under reporting, no interest was paid by the Company in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Further, all the payments were made to the suppliers on or before appointed day.
- d) During the financial year, there is no reportable amount of interest due and payable, accrued and remaining unpaid, payable during the reporting year and preceding years in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
- e) According to the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, there is no micro and small enterprises supplier, to whom the Company owes dues, which are outstanding beyond the prescribed period as at the balance sheet date.
- f) As on the balance sheet date, in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has the following unpaid amount, categorized as current liability in balance sheet, to:

(In ₹)

Particulars	31-03-2012	31-03-2011
Total outstanding dues including interest, of creditors other than micro and small enterprises	4,488,378	2,217,136
Total outstanding dues including interest, of micro and small enterprises	-	-

22. The comparative figures for the previous year have been rearranged, wherever required, to conform to the revised presentation of accounts.

23. Notes to financial statements form an integral part of financial statements.

As per our report of even date For and on behalf of B. AGGARWAL & CO. Chartered Accountants Firm Registration No. 004706N	For and on behalf of the Board Inder Mohan Sood Managing Director	Davinder Mohan Sood Director-Finance	Manish Kumar Company Secretary
Alok Jain Partner Membership No. 510960 New Delhi, July 19 <sup>th</sup> 2012			New Delhi, July 19 <sup>th</sup> 2012



## VALIANT COMMUNICATIONS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(In ₹)

Particulars	31-03-2012	31-03-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	5,043,909	1,929,171
Adjustment for		
Depreciation and amortization	8,281,269	7,444,216
Profit on sale of investments	(1,872,168)	(2,239,527)
Profit on sale fixed assets	(71,111)	-
Dividend income	(44,905)	(90,860)
Exceptional item (see note 17)	13,151	-
Interest income	(9,747,714)	(8,870,153)
Foreign currency translation reserve adjustment	1,916,291	587,228
Net (gain)/loss on foreign currency translation	(217,083)	(1,742,270)
<b>Operating profit before working capital changes</b>	<b>3,301,639</b>	<b>(1,538,619)</b>
Adjustment for		
Trade & other receivables	13,756,770	6,696,730
Inventories	(7,386,069)	(15,981,981)
Trade & other payables	3,104,348	(5,980,763)
<b>Cash generated from operations</b>	<b>12,776,688</b>	<b>(16,804,633)</b>
Direct taxes	(1,765,248)	(1,023,808)
<b>Net cash generated from operating activities</b>	<b>11,011,440</b>	<b>(17,828,441)</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(6,100,985)	(5,831,186)
Sale of fixed assets	71,111	-
Long-term loans and advances	66,652	(4,391,083)
Intangible assets under development	(420,000)	-
Dividend income	44,905	90,860
Proceeds on closure of subsidiary	1,178,325	-
Long-term investments in equity shares	(6,934,724)	-
Investments in equity shares of subsidiary	(100,000)	-
Sale of investments	7,263,300	2,239,527
Interest income	9,747,714	8,870,153
Adjustment for closure of subsidiary	(1,119,987)	-
<b>Net cash generated from investing activities</b>	<b>3,696,311</b>	<b>978,271</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Funds utilized for buy-back of equity shares	(2,015,947)	-
Dividend paid	(4,512,360)	(9,024,720)
Dividend distribution tax	(732,018)	(1,533,751)
<b>Net cash generated from financing activities</b>	<b>(7,260,325)</b>	<b>(10,558,471)</b>
Net (gain)/loss on foreign currency translation	217,083	298,694
<b>Net increase in cash and cash equivalents</b>	<b>7,664,509</b>	<b>(27,109,947)</b>
Cash and cash equivalents (opening balance)	117,271,281	144,381,228
<b>Cash and cash equivalents (closing balance)</b>	<b>124,935,790</b>	<b>117,271,281</b>

Note: The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of

B. AGGARWAL & CO.

Chartered Accountants

Firm Registration No. 004706N

Alok Jain (Partner)

Membership No. 510960

New Delhi, July 19<sup>th</sup> 2012

For and on behalf of the Board

Inder Mohan Sood

Managing Director

Davinder Mohan Sood

Director-Finance

Manish Kumar

Company Secretary

New Delhi, July 19<sup>th</sup> 2012

## NOTES



**VALIANT COMMUNICATIONS LIMITED**  
Registered Office : 71/1, Shivaji Marg, New Delhi 110015.

**PROXY FORM**

I/We..... of .....  
Mr./Ms./Mrs ..... of failing him/her .....  
in the district of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at  
the 19<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday , the 24<sup>th</sup> day of September, 2012 at 9.30 A.M. at Surbhi  
Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Signed this .....day of .....2012.

Signature(s) of the Shareholder(s) .....  
Folio Number .....  
DP ID No. .... Client ID No. ....  
Address .....

Affix  
₹ One  
Revenue  
Stamp

**Note**

- i) This form must be deposited at the Registered Office of the Company, not later than 48 hours before the time of the Meeting.
- ii) A PROXY NEED NOT BE A MEMBER.

----- ✂ ----- PLEASE TEAR HERE ----- ✂ -----



**VALIANT COMMUNICATIONS LIMITED**  
Registered Office : 71/1, Shivaji Marg, New Delhi 110015.

**ATTENDANCE SLIP**

To be handed over at the entrance of the meeting hall

I hereby record my presence at the 19<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday , the 24<sup>th</sup> day of September,  
2012 at 9.30 A.M. at Surbhi Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Folio Number .....

DP ID No. .... Client ID No. ....

Full Name of the Shareholder ..... Signature .....

\*Full Name of Proxy ..... Signature .....

\*To be filled by the proxy attends instead of the member.



**NOTICE**

Notice is hereby given that 19<sup>th</sup> Annual General Meeting of the Valiant Communications Ltd. will be held on Monday, September 24<sup>th</sup> 2012, at 9.30 a.m. at Surbhi Farms, 96/4, Post & Village, Tikri Kalan, New Delhi 110041 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the balance sheet as at March 31<sup>st</sup> 2012 and the profit & loss account for the year ended on the date, together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gaurav Kaura, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

**Special Business:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Sumit Mehta, who was appointed as Additional Director by the Board of Directors of the Company pursuant to Article 92 of the Article of Association of the Company and who holds office up to the date of Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the existing remuneration packages payable to executive directors, namely, Mr. Inder Mohan Sood, Davinder Mohan Sood and Mr. Anil Tandon (hereinafter collectively referred to as "executive directors"), including monetary value of perquisite to the extent the Remuneration Committee of the Board and/ or the Board of Directors may consider appropriate, and as may be permitted or authorized in accordance with the relevant provisions of the Act, for the time being in force, provided however, that the remuneration payable to executive directors shall be within limits set out in the Section 198 and 309 of the Companies Act, 1956 read with clause 1 (B) of Section-II, Part-II of Schedule XIII of the Companies Act, 1956 or any amendment thereto or any modification(s) or any statutory re-enactment(s) thereof and /or any rules or regulations framed thereunder and the terms of the existing agreement between the Company and executive directors shall be suitably modified to give effect to such variation or increase, as the case may be.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to execute the Agreement and other documents and take such steps as may be necessary and desirable to implement and give effect to the foregoing resolution."

Date: July 19<sup>th</sup> 2012  
Regd. Office: 71/1, Shivaji Marg,  
New Delhi - 110015

By order of the Board of Directors  
For Valiant Communications Ltd.

Manish Kumar  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form duly completed must reach the Company's Registered Office at-least 48 hours before the time of the meeting.
3. The members are requested to:
  - i) Notify change in their address, if any to the Company;
  - ii) Send their queries, if any, at-least 7 days in advance of the meeting so that necessary information can be made available at the meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 15<sup>th</sup> 2012 to Monday, September 24<sup>th</sup> 2012 (both days inclusive).
5. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amounts of dividend remaining unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund. Members who have not encashed the dividend warrants are requested to write to the Company for revalidation of dividend warrants.
6. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that services of notice / document including Annual Report can be sent by email to its members. To support this green initiative of the Government, members are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email addresses with the Share Registrar of the Company i.e. Link Intime India Pvt. Ltd., A-40, 2<sup>nd</sup> Floor, Nariana Industrial Area, Phase-II, New Delhi-110 028.
7. Information required to be furnished under the Listing Agreement:
  - i) Mr. Anil Tandon is a Honors Graduate in Economics from Delhi University with an experience of 25 years in corporate business. He has been associated with the Company, since its inception. He has varied experience in senior management and operations of the Company. He does not hold directorship or membership of any committees, in any other company. As on March 31<sup>st</sup> 2008, he holds 10,200 (0.14%) equity shares of the Company.
  - ii) Mr. Gaurav Kaura is a commerce graduate and proficient in the field of Computer Software / Internet technologies. He does not hold directorship, or membership of any committees, in any other company. As on March 31<sup>st</sup> 2012, he does not holds any equity shares of the Company.
  - iii) Mr. Sumit Mehta is a practicing advocate from last seven years. He has wide expertise and experience in cyber laws. He does not hold directorship or membership of any committee, in any other company. As on March 31<sup>st</sup> 2012, he does not holds any equity shares of the Company.

**Explanatory Statement for Item No. 5 pursuant to Section 173 (2) of the Companies Act, 1956**

Mr. Sumit Mehta was appointed as an Additional Director of the Company with effect from June 14<sup>th</sup> 2012 by the Board of Directors of the Company, under the provisions of Section 260 of the Companies Act, 1956 and Article 92 of the Article of Association of the Company and he would hold the office up to date of this Annual General Meeting.

The Company has received notice in writing under Section 257 of the Companies Act, 1956, alongwith prescribed deposit, from a member proposing the candidature of Mr. Sumit Mehta for the office of Director. Such notice can be inspected in business hours at the registered office of the Company.

Except Mr. Sumit Mehta, none of the other Director is, in any way, concerned or interested in the said resolution.

**Explanatory Statement for Item No. 6 pursuant to Section 173 (2) of the Companies Act, 1956**

The members at their meeting held on August 27<sup>th</sup> 2008, had approved the appointment and remuneration of Mr. Anil Tandon and authorize the Board of Directors to alter and vary the terms and conditions of his appointment so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 including any amendment thereto.

The members at their meeting held on August 17<sup>th</sup> 2009, had approved the re-appointment of Mr. Inder Mohan Sood, Managing Director and Mr. Davinder Mohan Sood, Director-Finance, and authorized the Board of Directors of the Company to vary or increase the existing directors' remuneration within the limits set out in the Sections 198 and 309 of the Companies Act, 1956 read with Clause 1 (B) of Section-II, Part-II of Schedule XIII of the Companies Act, 1956.

The approval of members is required to authorize the Board of Directors of the Company, to vary or increase the existing directors' remuneration payable to executive directors in the state of loss or insufficient profits of the Company, within the limits set out in the Sections 198 and 309 of the Companies Act, 1956 read with Clause 1 (B) of Section-II, Part-II of Schedule XIII of the Companies Act, 1956.

The validity of this special resolution is three years from the date of this annual general meeting.

**Statement pursuant to Clause 1 (B) of Section-II, Part-II of Schedule XIII of the Companies Act, 1956:**

<b>General information:</b>			
Nature of industry	Manufacturing for exports		
Date of commencement of commercial production	March 1 <sup>st</sup> 1995		
Financial performance	Based on the audited figures of financial year 2011-12, the total income is ₹ 913 lakh (previous year: ₹ 818 lakh). The profit before depreciation, exceptional item and taxation is ₹ 119 lakh (previous year: ₹ 97 lakh) and the net profit is ₹ 17 lakh (previous year: ₹ 19 lakh).		
Export performance and net foreign exchange collaboration	Based on the audited figures of financial year 2011-12, the exports sales is ₹ 811 lakh (previous year: ₹ 706 lakh) and total imports is of ₹ 343 lakh (previous year: ₹ 435 lakh).		
Foreign investments or collaborators, if any	Based on the audited figures of financial year 2011-12, ₹ 178 lakh ((previous year: ₹ 197 lakh) in foreign subsidiaries and ₹ 69 lakh (previous year: nil) in other quoted foreign companies, have been invested.		
<b>Information about the Appointees:</b>			
Name of Appointee	<b>Mr. Inder Mohan Sood</b>	<b>Mr. Davinder Mohan Sood</b>	<b>Mr. Anil Tandon</b>
Background	Promoter of the Company	Promoter of the Company	Promoter of the Company
Past remuneration	Annual salary of ₹ 1,885,000/- inclusive of all perks and allowances	Annual salary of ₹ 1,768,000/- inclusive of all perks and allowances	Annual salary of ₹ 1,313,903/- inclusive of all perks and allowances
Recognition and awards	Nil	Nil	Nil
Job profile and suitability	In charge of all operational activities from inception of the Company	In charge of all finance activities from inception of the Company	In charge of all production and procurement activities from inception of the Company
Remuneration proposed	In accordance with the relevant slab of effective capital of the Company, but subject to the maximum amount mentioned therein	In accordance with the relevant slab of effective capital of the Company, but subject to the maximum amount mentioned therein	In accordance with the relevant slab of effective capital of the Company, but subject to the maximum amount mentioned therein
Comparative remuneration profile	Below industrial standard	Below industrial standard	Below industrial standard
Pecuniary relationship	None, except managerial remuneration	None, except managerial remuneration	None, except managerial remuneration
<b>Other Information:</b>			
Reasons for loss or inadequate profits	Stiff competition in the global market and worldwide economic recession		
Steps taken or proposed to be taken for improvement	Expansion in global marketing network and introduction of new products with the latest technology		
Expected increase in productivity and profits	20% - 40%		
Validity of members approval by way of special resolution under Clause 1 (B) of Section-II, Part-II of Schedule XIII of the Companies Act, 1956	Three years from the date of this annual general meeting		
<b>Disclosures:</b>			
<ol style="list-style-type: none"> <li>1. The shareholders of the Company shall be informed of the remuneration package of the managerial person;</li> <li>2. The following disclosures shall be mentioned in the Corporate Governance report attached to the Directors' report:               <ol style="list-style-type: none"> <li>a) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc., of all directors;</li> <li>b) Details of fixed components and performance linked incentives along with the performance criteria;</li> <li>c) Service contracts, notice period, severance fees;</li> <li>c) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.</li> </ol> </li> </ol>			

All executive directors of the Company, are deemed to be concerned or interested in this resolution to the extent of managerial remuneration that may be payable to them from time to time and their respective shareholdings.

Date: July 19<sup>th</sup> 2012  
Regd. Office: 71/1, Shivaji Marg,  
New Delhi - 110015

By order of the Board of Directors  
For Valiant Communications Ltd.

Manish Kumar  
Company Secretary