



यद्यदाचरति श्रेष्ठस्तत्तरेदेवेतरो जनः ।  
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥



LATE SHRI SHYAM SUNDER AGGARWAL

Founder - Paramount Communications Limited  
(6.10.1936 - 6.12.1999)

// What a great man does,  
is followed by others.  
People go by the example he sets. //

- Bhagwad Gita, 3.21

### IMPORTANT COMMUNICATION TO MEMBERS

For protection of the environment, the Ministry of Corporate Affairs (MCA), Government of India, has taken "Green Initiative in the Corporate Governance" vide its Circular No. 17/2011 dated 21.04.2011, by allowing paperless compliances by service of documents through electronic mode (e-mail). As an enlightened corporate citizen your Company is willing to participate in the same and is desirous to send all shareholders' communications like Notices, Company's Annual Report etc. through electronic mode.

To support this green initiative of the Government in full measure, members are requested to register/update their email addresses if holding shares in Electronic form with their Depository Participant (DP) or you can email us at [investors@paramountcables.com](mailto:investors@paramountcables.com) if shares in physical form or you can write to us directly. We are sure that you would welcome the "Green Initiative" taken by the MCA and your company's desire to participate in it.

**Save Paper, Save Trees, Go Green!**

# Corporate Information

## BOARD OF DIRECTORS

Mr. Sanjay Aggarwal, Chairman and CEO  
Mr. Sandeep Aggarwal, Managing Director  
Mr. Satya Pal, Director  
Mr. S.P.S. Dangi, Director  
Mr. Vijay Bhushan, Director

## REGISTERED OFFICE

C-125 Naraina Industrial Area, Phase-1,  
Naraina, New Delhi-110028, India  
Phone(s): +91-11-45618800, 900,+91-11-25897421-30  
Fax: +91-11-25893719, 20  
E-Mail: pcl@paramountcables.com  
Website: www.paramountcables.com

## WORKS

Unit 1: SP-30A, SP-30B, E-31, SP-76 (Part),  
SP-77 and SP-77A,  
Khushkhera Industrial Area,  
Distt. Alwar, Rajasthan, India

Unit 2 : Plot No. 37, Industrial Estate,  
Dharuhera, Haryana, India

## AUDITORS

Jagdish Chand & Co.  
Chartered Accountants,  
New Delhi, India

## COST AUDITORS

Aseem Jain & Associates,  
Cost Accountants,  
New Delhi, India

## BANKERS

State Bank of India | State Bank of Patiala | Dena Bank  
Standard Chartered Bank | ICICI Bank Limited  
Yes Bank Limited | Barclays Bank PLC | IDBI Bank Limited

## REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited  
A-40 Naraina Industrial Area, Phase-II, New Delhi - 110028, India  
Phone No: +91-11-51410592-594(3Lines) Fax No: +91-11-51410591

## CHIEF COMPLIANCE OFFICER

Mr. Ratan Aggarwal

## KEY MANAGEMENT PERSONNEL

- |                            |  |
|----------------------------|--|
| 1. Mr. Manmeet Singh Anand | - Head- Business Development               |
| 2. Mr. Ratan Aggarwal      | - CFO & Company Secretary                  |
| 3. Mr. D. S. Muchhal       | - President-Operations (Dharuhera unit)    |
| 4. Mr. G. D. Singh         | - President-Operations (Khushkhera unit)   |
| 5. Mr. Ravi Prakash Gupta  | - Vice president-Marketing (Flex Division) |
| 6. Mr. R. K. Marwah        | - Vice president-Technical                 |
| 7. Mr. S. K. Suri          | - General Manager-Marketing                |
| 8. Mr. N. K. Gupta         | - General Manager-Accounts & Finance       |
| 9. Mr. Rajeev Gupta        | - General Manager-Marketing                |
| 10. Mr. R. S. Vohra        | - General Manager-Q. A. (Khushkhera unit)  |

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## NOTICE

Notice is hereby given that the **17th Annual General Meeting** of the Members of the Company will be held at **SHAH AUDITORIUM, SHREE DELHI GUJARATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054** on **Wednesday, the 28th Day of September, 2011 at 11:00 A.M.** to transact the following businesses:

### ORDINARY BUSINESSES:

- 1 To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended March 31st, 2011 and the Balance Sheet as on that date and the reports of the Board of Directors and Auditors thereon.
- 2 To appoint a Director in place of Mr. Vijay Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Mr. Sanjay Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint M/s Jagdish Chand & Co., Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting on such remuneration as the Board may decide, based on the recommendations of the Audit Committee.

### SPECIAL BUSINESSES:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as *Special Resolution*:

**"RESOLVED THAT** pursuant to Section 314 Subsection (1) & (1B) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and in accordance with Director's Relatives (Office or Place of Profit) Rules, 2003 as amended from time to time and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, consent of the shareholders of Company be and is hereby accorded to appoint Mr. Tushar Aggarwal, relative of executive directors of Company, Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, as Vice President-Business Development, to hold an office or place of profit in the Company, at a total monthly remuneration not exceeding ₹1,25,000/- (Rupees One Lac Twenty Five Thousand) with effect from 1st day of October, 2011 on such terms and conditions as laid down by the Human Resource Policy and Employee's Code of Conduct of the Company or any amendment/ revision thereof or as may be specified by board in this regard.

**RESOLVED FURTHER THAT** the total monthly remuneration as payable to Mr. Tushar Aggarwal shall consist of the following elements:

S.No.	Particulars	Amount (₹)
1.	Basic Salary	50,000
2.	House Rent Allowance	30,000
3.	Food Allowance	25,000
4.	Provident Fund	6,000
5.	Bonus	10,000
6.	Gratuity	2,404
7.	Other benefits and reimbursements	1,551
	<b>Total Monthly Remuneration</b>	<b>1,25,000</b>

**RESOLVED FURTHER THAT** the board be and is hereby authorised to do all such acts, things and deeds as may be necessary to give effect to above resolution and to file all the required forms or documents with the Registrar of Companies, NCT of Delhi & Haryana or any other authority as may be required in this regard."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as *Special Resolution*:

**"RESOLVED THAT** pursuant to Section 314 Subsection (1) & (1B) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and in accordance with Director's Relatives (Office or Place of Profit) Rules, 2003 as amended from time to time and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, consent of the shareholders of Company be and is hereby accorded to appoint Mr. Dhruv Aggarwal, relative of executive directors of Company, Mr. Sandeep Aggarwal and Mr. Sanjay Aggarwal, as Vice President-Business Development, to hold an office or place of profit in the Company, at a total monthly remuneration not exceeding ₹1,25,000/- (Rupees One Lac Twenty Five Thousand) with effect from 1st day of October, 2011 on such terms and conditions as laid down by the Human Resource Policy and Employee's Code of Conduct of the Company or any amendment/ revision thereof or as may be specified by board in this regard.

**RESOLVED FURTHER THAT** the total monthly remuneration as payable to Mr. Dhruv Aggarwal shall consist of the following elements:

S.No.	Particulars	Amount (₹)
1.	Basic Salary	50,000
2.	House Rent Allowance	30,000
3.	Food Allowance	25,000
4.	Provident Fund	6,000
5.	Bonus	10,000
6.	Gratuity	2,404
7.	Other benefits and reimbursements	1,551
	<b>Total Monthly Remuneration</b>	<b>1,25,000</b>

**RESOLVED FURTHER THAT** the board be and is hereby authorised to do all such acts, things and deeds as may be necessary to give effect to above resolution and to file all the required forms or documents with the Registrar of Companies, NCT of Delhi & Haryana or any other authority as may be required in this regard."

By Order of the Board

Place : New Delhi  
Dated : 12th August, 2011

(Ratan Aggarwal)  
CFO & Company Secretary

#### NOTES:

- 1 THE MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING. PROXY FORM IS ATTACHED HERewith.
- 2 The Register of Members and Share Transfer Book of the company shall remain closed from Friday, the 23rd September, 2011 to Wednesday, the 28th September, 2011 (both days inclusive).
- 3 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 4 Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the meeting.

- 5 Members are requested to note that all correspondence related to share transfer should be addressed to the Company's Registrars and Share Transfer Agents, M/s Link Intime India Pvt. Ltd., A-40 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110 028 (India).
- 6 The members of the company who hold shares in physical form are intimated that SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfer of shares held in physical form.
- 7 Shareholders are requested to bring their copy of Annual Report at the meeting.
- 8 Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed/ unpaid dividend up to the financial year ended 31st March, 2002 has been transferred to the Investor Education and Protection Fund set up by the Central Government and no claim can be admitted in respect of dividend upto the said financial year. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the company and/or share transfer agents if any dividend warrant is pending to be paid so that fresh warrants could be issued by the company.
- 9 At the ensuing Annual General Meeting, Mr. Vijay Bhushan and Mr. Sanjay Aggarwal , retire by rotation and being eligible, offer themselves for reappointment. The information or details pertaining to these directors to be provided in terms of clause 49 of the listing agreement with the Stock Exchanges are annexed herewith.
- 10 Explanatory statement as required under section 173(2) of the Companies Act 1956 is annexed hereto and forms part of the notice.

## Annexure A

**Information of Directors seeking re-appointment under Item No. 2 & 3 of the Notice convening Annual General Meeting of the Company in terms of clause 49 of the Listing Agreement.**

1. **Name** : **Mr. Vijay Bhushan**  
**Date of Appointment** : 22.07.2000  
**Educational Qualifications** : M.B.A. from University of Delhi  
**Expertise in specific functional area** :

Mr. Vijay Bhushan has been associated with capital markets for the last 30 years. Mr. Bhushan served as the Chairman of Federation of Indian Stock Exchanges representing 20 stock exchanges of the country during 2002 till 2004. He was also nominated as member of SEBI's Secondary Market Advisor Committee in 2002 and SEBI's Apex Committee for Securities Market Awareness Campaign in 2002 and also nominated as member of SEBI's Committee on Participation of Securities Brokers in Commodity Forward Markets.

He was elected as a Director on the Board of Delhi Stock Exchange Association Ltd. (DSE) during 1996-98 and served as President of the DSE for the year 2001-02. He also served as a member of the Committee on settlement of Issues and Dispute Resolution Committee of National Stock Exchange of India Ltd. from 1998-2001. He is actively involved in the stock market activities since 1981.

### List of Outside Directorships

1. Bharat Bhushan Equity Traders Ltd.
2. Bharat Bhushan Finance & Commodity Brokers Ltd.
3. Bharat Bhushan Insurance Brokers Pvt. Ltd.
4. Bharat Nidhi Ltd.
5. Bharat Bhushan Technologies Pvt. Ltd.
6. KEI Industries Ltd.

**List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. Vijay Bhushan is a Director.**

Name of the Company	Name of the Committee	Chairmanship/ Membership
Paramount Communications Ltd.	Audit Committee	Member
	Remuneration Committee	Member
	Investors Grievance Committee	Chairman
KEI Industries Ltd.	Shareholders Grievance Committee	Chairman
	Remuneration & Compensation Committee	Member
	Share Allotment Committee	Member
Bharat Bhushan Share & Commodity Brokers Ltd.	Audit Committee	Member
Bharat Nidhi Ltd.	Audit Committee	Chairman

2. **Name** : **Mr. Sanjay Aggarwal**  
**Date of Appointment** : 01.11.1994  
**Educational Qualifications** : B.Com (H) from Shri Ram College of Commerce, University of Delhi.

**Expertise in specific functional area** :

Mr. Aggarwal is a creative thinker and future oriented industrialist having vast experience of more than 28 years in Cable Industry. He is actively involved in all major activities of the Company including Marketing, Production, Exports, Finance and commercial, he understands the problems and generates new ideas for effective management and new innovations. He has always promoted talent among employees and takes keen interest in building their managerial skill for effective performance. He had foreseen the future trends in the cable industry and implemented the projects for diversification of product mix of the Company at the right time to reap the benefits of upcoming infrastructure development in India and abroad.

It is Mr. Aggarwal's initiative that the Company decided to go global. The first result on this direction was achieved in the form of the landmark acquisition of a renowned UK Cable Company, AEI Cables Limited, which established Paramount as the First Indian multinational in the Cables Industry.

He is associated with various apex industrial associations in India in different capacities. Over the years, he has served in many industry forums in various capacities including:

- ♦ Member, CII National Committee on Communications
- ♦ Member, CII Small & Medium Enterprises (SME) Committee
- ♦ Member, Economic & Taxation Committee, Northern Region, CII
- ♦ Member, Economics & Taxation Panel, of the Confederation of Indian Industries (CII).
- ♦ Co-Chairman of SME Committee of PHD Chamber of Commerce & Industry.
- ♦ Chairman of the Task Force on Telecom Equipment Manufacture of the Associated Chambers of Commerce & Industry (ASSOCHAM).
- ♦ He has been actively associated with Telecom Equipment Manufacturers Association (TEMA) in various capacities such as Vice President, Secretary General.

## List of Outside Directorships

1. Paramount Wires and Cables Ltd.
2. AEI Cables Ltd, United Kingdom
3. AEI Power Cables Ltd., United Kingdom
4. Paramount Holdings Ltd., Cyprus

## List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. Sanjay Aggarwal is a Director.

Name of the Company	Name of the Committee	Chairmanship/ Membership
Paramount Communications Ltd.	Investors Grievance Committee	Member
	Share Transfer Committee	Chairman
Paramount Wires & Cables Ltd.	Audit Committee	Member

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.5.**

Human Resource is the biggest and irreplaceable input of any business organization. But it is very difficult to acquire and ensure quality human resource, where the quality standards can be fixed for materials and technological specifications can be set for the machines, however no standard or criteria can be prescribed for human resource, as human beings are God's Creation and no two persons of a world are alike. Therefore every Company of the World is in need of qualified and competent youngsters who can work for growth of the Company and can bring the necessary change in the working of the Company which is imperative for development of any Business Organization.

Mr. Tushar Aggarwal is son of Mr. Sanjay Aggarwal, Chairman & CEO of the Company. At a very young age of 18, he started exploring the business of Cable Industry and thereby acquired the requisite knowledge of the cause and effect. At the very initial stage of his career he started working in the Cable Industry and was recruited as trainee in the Company. Thereafter he joined M/s AEI Cables Ltd., UK, our wholly owned subsidiary, as an intern and learned the international statics and business management techniques, specific to the cabling business.

He holds an expertise in the areas of Business Management-Indigenous and International. By qualification he is a Bachelor of Science in Business Management with International Management from Cardiff University, Cardiff, UK, which is a renowned business school. He has business aptitude and relevant experience of more than three years in the cable industry.

He had been working as 'Sr. Manager-Business Development' with M/s Paramount Wires & Cables Ltd., an associate concern of the Company for about a year and has rendered his services for development of business of the organization. With his insight of cable industry and entrepreneurship skills, the Company is desirous to appoint him as 'VP- Business Development' and seeks shareholder's approval by way of special resolution.

None of the directors except Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, are interested in the above resolution.

**Item No.6**

Mr. Dhruv Aggarwal is son of Mr. Sandeep Aggarwal, Managing Director of the Company. By qualification he holds a degree in economics from one of the renowned universities, Purdue University, Indiana, USA. He has also gained an expertise in the area of Entrepreneurship and is a certificate holder of the same from Purdue University. At a very initial stage of his career he started working in the Cable Industry as trainee in the Company. He worked in the various departments of the Company such as marketing, operations etc. and gained a thorough knowledge of the working. He also worked at Purdue University for about a year and thereby polished his theoretical knowledge with a brush of practical work exposure. Overall he has working experience of more than 3 years and a command over analytical skills of pros & cons that are necessary for an entrepreneur.

He had been working as 'Sr. Manager-Business Development' with M/s Paramount Wires & Cables Ltd., an associate concern of the Company for about a year and has rendered his services for development of business of the organization. With his analytical and entrepreneurship skills, the Company is desirous to appoint him as 'VP- Business Development' and seeks shareholder's approval by way of special resolution.

None of the directors except Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, are interested in the above resolution.

**By Order of the Board**

**Place : New Delhi  
Dated : 12th August, 2011**

**(Ratan Aggarwal)  
CFO & Company Secretary**

**DIRECTORS' REPORT**

Your directors hereby present the 17th annual report along with audited statement of accounts of the Company for the year ended 31st March, 2011.

**1. FINANCIAL RESULTS**

The financial performance of the Company for the year ended 31st March, 2011 is summarised below:

	For the year ended 31.03.2011 (₹ in Lacs)	For the year ended 31.03.2010 (₹ in Lacs)
Turnover including Other Income	<b>42,190.96</b>	41,774.44
Profit/ (Loss) before Interest, Depreciation and Tax	<b>(5,637.05)</b>	4,134.00
Interest (Net)	<b>3,272.97</b>	2,813.71
Depreciation & Amortisation of FCMITDA	<b>1,239.03</b>	1,243.85
Profit/(Loss) before Tax	<b>(10,149.05)</b>	76.44
Provision for Taxation	<b>1.15</b>	13.46
Profit/(Loss) after Tax	<b>(10,150.20)</b>	62.98
Taxation for earlier years	<b>(7.00)</b>	(0.18)
Net Profit/(Loss)	<b>(10,157.20)</b>	62.80
Add: Balance brought forward from last year	<b>5,568.36</b>	5,505.56
Profit/(Loss) Carried to Balance Sheet	<b>(4,588.84)</b>	5,568.36

During the year the Company has incurred a net Loss of ₹10,157.20 Lacs as against net profit of ₹ 62.80 Lacs during previous year 2009-10 whereas the gross turnover of the Company including other income stood at ₹ 42,190.96 Lacs as against ₹41,774.44 Lacs in fiscal 2009-10.

During the year the Company faced as extremely challenging business environment both externally and internally leading to adverse financial performance. On the external front the Company faced the problem of substantial excess capacity in the Industry and volatility in input prices. On the internal front, the damage to stocks during a long period of industrial unrest resulted in substantial depletion in value of inventories thereby impacting this year's performance negatively.

During the year the company's export business including deemed exports was ₹6338.34 Lacs as compared to ₹ 2,995.88 Lacs during the previous year. The Company has been able to achieve substantial growth in export business in UK market through its subsidiary AEI Power Cables Limited. Now the thrust is to earn positive returns and your Company is making a continuous endeavour towards it.

**2. DIVIDEND**

In view of losses incurred by the company during the current financial year, your directors do not recommend declaration of any dividend for the year 2010-11.

**3. CORPORATE DEBT RESTRUCTURING**

Your Company has sought the restructuring of its debt under Corporate Debt Restructuring (CDR) mechanism in order to overcome the adverse effects of huge financial & cash losses and to ensure its long term viability. The CDR Empowered Group approved the Corporate Debt Restructuring Package for the Company in October, 2010. The said approved package has been fully implemented by all the lenders of the Company after execution of Master Restructuring Agreement (MRA). The Scheme inter alia includes restructuring of re-payment schedule, reduction/adjustment in interest rates, creation of additional security and pledge of 100% promoters' shareholding in favour of the Lenders.

**4. CONVERTIBLE WARRANTS**

During the year, your Company allotted 35,20,000 convertible warrants at a price of ₹13/- each aggregating to ₹ 457.60 lacs to promoter group companies on preferential basis in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 as amended from time to time. These warrants entitle their holder to apply and be allotted one equity share of ₹ 2/- each of the Company against each warrant held at any time within 18 months from the date of its allotment.

During the year, out of 50,00,000 convertible warrants allotted in December, 2009, 41,28,205 warrants aggregating to an amount of ₹ 536.66 lacs were converted into equity shares of ₹ 2/- each.

There were 43,91,795 convertible warrants aggregating to ₹ 570.93 lacs outstanding as at 31st March, 2011.

The promoter group companies have infused total ₹ 945.10 lacs during the year towards Convertible Warrants.

**5. SHARE CAPITAL**

During the year, the Company allotted 41,28,205 equity shares of ₹ 2/- each at a price of ₹ 13/- each inclusive of premium of ₹ 11/- each aggregating to ₹ 536.66 lacs to the promoter group companies upon conversion of warrants on preferential basis.

As at 31st March, 2011, the subscribed and paid up capital of the Company stood at ₹ 17,72,70,340/- divided into 8,86,35,170 equity shares of ₹ 2/- each.

**6. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)**

The company raised US\$ 27 million by way of allotment of 1% Unsecured Foreign Currency Convertible Bonds due 2011 in the financial year 2006-07. The said bonds have maturity of five years and one day and shall mature on 23rd November, 2011. The company has reset the conversion price downward to INR 42.60 per share of ₹ 2/- each (post split) on its first anniversary and the same remained unaltered and unchanged during the second, third and fourth anniversaries of the Bonds. During the financial year 2009-10, the Company bought back 3,900 bonds of US\$ 5,000 each at a discount. There are 1,500 bonds of US\$ 5000 each outstanding as at 31.03.2011.

The company is regular in making payment of semi-annual interest payable on outstanding FCCBs on their respective due dates. Unless, the balance Bonds are redeemed, repurchased, cancelled or converted into equity shares on or before 13th November, 2011, the company is required to redeem the Bonds on 23rd November, 2011 with a sum equal to the outstanding principal amount of the Bonds together with the redemption premium and accrued but unpaid interest thereon to the maturity date. All outstanding Bonds as per the offering circular on the date of redemption are liable to be redeemed at a price of US\$ 7,277. The Bonds are listed at Luxembourg Stock Exchange.

**7. GLOBAL DEPOSITORY RECEIPTS (GDRs)**

The Global Depository Receipts issued by the company during the financial year 2006-07 are listed at Luxembourg Stock Exchange. There are GDRs outstanding which represents 3,01,750 equity shares of ₹ 2/- each as at 31.03.2011.

**8. FUTURE OUTLOOK**

Your company is facing a difficult business environment. Market conditions are expected to improve gradually in future. Your company is one of the major players in the Indian cable industry and caters to the cabling requirements of three major sectors namely Power, Railways and Telecom. Your company expects growth in all these sectors.

Another aspect of growth is visible at the Company's export business front where the Company is targeting for an enhanced market share in the international market through its subsidiaries AEI Cables Ltd. and AEI Power Cables Ltd, United Kingdom.

**9. DIRECTORS**

In terms of the relevant provisions of the Companies Act, 1956 read with Articles of Association of the company, Mr. Sanjay Aggarwal and Mr. Vijay Bhushan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of the directors proposed to be reappointed, the nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors, inter-se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are forming part of the Notice of Annual General Meeting.

**10. STATUTORY AUDITORS**

M/s Jagdish Chand and Co., Chartered Accountants, New Delhi, the statutory auditors of the company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The audit committee had recommended their re-appointment. They have given a certificate to the effect that their appointment, if made, will be within the limit specified in Section 224 (1B) of the Companies Act, 1956.

**11. COST AUDITORS**

M/s Aseem Jain & Associates, Cost Accountants, a proprietorship firm, running under the proprietorship of Mr. Aseem Jain a Fellow member of Institute of Cost And Works Accountants of India bearing membership no. 18592, are appointed as Cost Auditors of the Company for the current financial year by the board upon recommendation of Audit Committee and necessary Government Approval. The firm holds relevant experience of over 14 years and has long been associated with the Company as its Cost Auditors.

The Cost Audit involves audit of the cost records relating to 'Electric Cables and Conductors' maintained by the Company at its units situated at Khushkhera and Dharuhera.

During the year, the Cost Audit Report for both the units was filed with the Ministry of Corporate Affairs, Government of India on 21.09.2010, whereas the due date of filing was 30.09.2010.

**12. SUBSIDIARIES**

The company has three wholly owned foreign subsidiaries viz. Paramount Holdings Limited, Cyprus, AEI Cables Limited, United Kingdom and AEI Power Cables Limited, United Kingdom.

AEI Power Cables Ltd. was incorporated on 23rd April, 2010 as wholly owned subsidiary of Paramount Holdings Ltd., Cyprus and thereby became wholly owned subsidiary of the Company under SPV route through its wholly owned subsidiary Paramount Holdings Ltd., Cyprus.

Consolidated financials include audited financials of Paramount Holdings Limited, Cyprus, AEI Cables Limited, United Kingdom and AEI Power Cables Ltd., United Kingdom for the year/period ended 31st March, 2011.

Particulars relating to subsidiary companies, as required under section 212 of the Companies Act, 1956 are annexed herewith.

**13. EXEMPTION U/S 212 FOR SUBSIDIARIES**

The Company has availed exemption from attaching Balance Sheet, Profit & Loss Account, Directors' Report, Auditors Report and such other documents of the subsidiary Companies as prescribed under section 212 (1) of the Companies Act, 1956 with its annual report. The exemption is being availed in terms of General Circular No. 2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs granting general exemption under Section 212 (8) of the Companies Act 1956.

Accordingly, the consolidated financials and gist of financial performance of subsidiaries are forming part of the present annual report. Further the annual accounts of the subsidiary Companies are kept open for inspection by any member/investor during business working hours at the registered office of the Company and a copy of the same along with detailed information will be made available on demand of any member of the Company or any of its subsidiaries to that effect.

**14. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As per the requirements of Section 217(1)(e) of the Companies Act, 1956 and the Rules made there under the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed hereto and forms an integral part of the report.

**15. ISO CERTIFICATION**

The Company holds ISO 9001:2000 and ISO 14001 certifications for both of its plants at Khushkhera, Rajasthan and Dharuhera, Haryana.

**16. PARTICULARS OF EMPLOYEES**

There are no employees whose particulars are required to be disclosed in this report under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975 as amended from time to time.

**17. INSURANCE**

All insurable assets of the company including inventories, buildings and plant & machinery are adequately insured.

**18. FIXED DEPOSITS**

There is no fixed deposit from public outstanding as on 31st March, 2011.

**19. LISTING OF SHARES**

The equity shares of the company are listed at The Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The BSE & NSE have nation-wide trading terminals and therefore provide full liquidity to the investors. The Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) issued by the company in the international market are listed at Luxembourg Stock Exchange. Equity shares of the Company had also been listed with the Calcutta Stock Exchange Ltd. However the Company has applied for delisting on 03.03.2004 and the application is still pending disposal at the exchange.

**20. CORPORATE GOVERNANCE**

Report on corporate governance as prescribed by the Listing Agreement is annexed and forms part of Annual Report. The auditor's certificate on compliance of the provisions of corporate governance in terms of Listing Agreement is also attached.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- i) In the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards had been followed.
- ii) They had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- iii) They 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;
- iv) They had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

**22. ACKNOWLEDGEMENT**

Your directors place on the record their sincere appreciation for the valuable assistance and continued support received from our esteemed customers, government authorities, financial institutions, banks and shareholders of the company. We further express our gratitude to all our employees for their committed services to the Company.

**For and on behalf of the Board,**

**Place : New Delhi  
Dated : 12th August, 2011**

**(Sanjay Aggarwal)  
Chairman & CEO**

**ANNEXURE I TO THE DIRECTOR'S REPORT**

Disclosures of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as per section 217 (1)(e) of the Companies Act, 1956 and the rules made there under and forming part of the directors' report for the year ended 31st March, 2011.

**A. CONSERVATION OF ENERGY:****(a) Energy conservation measures taken:**

In view of the measures already taken in earlier years no fresh measure were required to be taken during the year under review; however the power consumption is continuously being monitored and controlled.

**(b) Additional investments and proposal if any, being implemented for conservation of energy:**

No major additional investment is required

**(c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

Not Applicable

**(d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure**

Not Applicable

**B. TECHNOLOGY ABSORPTION:****I. Research and Development (R&D):****1. Specific areas in which R&D carried out by the Company;**

The Company has initiated the development of many new products in the power and telecom space during the year. A team of Engineers, Industry Experts with very wide & vast experience ranging from 15 Years to 50 Years has been dedicated to provide a cost effective cable solutions.

**2. Benefits derived as a result of the above R & D.**

- a) Products meeting international quality, application and acceptance.
- b) Opportunity to compete in domestic and international markets.

**3. Future plan of action**

Continue to develop products based on industry needs and become globally competitive in terms of design, quality and cost through operational efficiency and technological betterment.

**4. Expenditure on R&D**

R & D expenditure have not been accounted for separately.

**II. Technology Absorption, Adaptation and Innovation:****1. Efforts, in brief, made towards technology absorption, adaptation and innovation.**

We have introduced the Japanese 5S Management system in the plant to educate the work force & to maintain world class environment in the Plant. Also Massive Visual Management Programmes have been introduced in the plant. Each Manufacturing Process has been elaborated with real time photographs & relevant explanation.

The Company, with its long experience in the cable industry, has been a leader in cable technology. Innovation in process control, product development, cost reduction and quality improvement are being made on continuous basis as per the requirements of domestic and international markets. The technology being used for the manufacture of cables is developed by in-house efforts and is at par with industry norms. The company is also employing the technical expertise of its British subsidiary which is a pioneer in manufacturing specialised wires and cables and developed its know how over 170 years.

2. **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.**

Proper Housekeeping, tidiness, upliftment of facilities, proper resource utilization lesser Scrap / Wastage, lesser break down & enhancement of the productivity & morale of Work Force.

3. **In case of imported technology imported during the last 5 years (reckoned from the beginning of the financial year), following information may be furnished:**

- (a) Technology imported: The Company has not imported any technology in the last five financial years.
- (b) Year of Import: Not Applicable
- (c) Has technology been absorbed? : Not Applicable
- (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action: Not Applicable

**III. Foreign Exchange Earnings and Outgo:**

- (a) **Activities relating to export initiatives taken to increase exports, developments of new export markets for products and export plans:**

The Company has made all efforts to achieve continuous export business growth. With the sound reputation that is gradually being built in international markets, the company hopes to improve export business performance regularly in the coming years. Products as per the requirements of the international markets have been developed; the company has also obtained various international accreditations and approvals. The company is also utilising the marketing network of its subsidiaries AEI Cables Ltd. and AEI Power Cables Ltd., United Kingdom for promoting of its products in new markets.

- (b) **Total Foreign exchange used and earned:**

Earnings	:	₹ 6,338.34 Lacs.
Outgo	:	₹ 4,185.12 Lacs.

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For and on behalf of the Board,

Place : New Delhi  
Dated : 12th August, 2011

(Sanjay Aggarwal)  
Chairman & CEO

**STATEMENT UNDER SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

1.	Name of the Subsidiary Company	:	M/s Paramount Holdings Limited
2.	Date of becoming Subsidiary	:	03.08.2007
3.	a) Number of shares held by M/s Paramount Communications Ltd. in the subsidiary company at the end of the financial year of the subsidiary company.	:	3675 ordinary shares of EUR 1.71 each (Equivalent to ₹ 255,469,782/-)
	b) Extent of interest of holding company at the end of the financial year of the subsidiary company.	:	100%
4.	The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding company		
	a) Not dealt with in the holding company's accounts:		
	i) For the financial year ended 31.03.2011	:	Loss of ₹ 1,165,587/-
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	Loss of ₹ 1,229,796/-
	b) Dealt with in holding company's accounts:		
	i) For the financial year ended 31.03.2011	:	NIL
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	NIL

For and on behalf of the Board,

Place : New Delhi  
Dated : 12th August, 2011

(Sanjay Aggarwal)  
Chairman & CEO

**STATEMENT UNDER SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

1.	Name of the Subsidiary Company	:	M/s AEI Cables Limited
2.	Date of becoming Subsidiary	:	30.08.2007
3.	a) Number of shares held by M/s. Paramount Holdings Ltd., Cyprus in the subsidiary company at the end of the financial year of the subsidiary company.	:	20,000 ordinary shares of £ 1 each 2,995,000 Preference Shares of £ 1 each (Equivalent to ₹ 248,582,198/-)
	b) Extent of interest of holding company at the end of the financial year of the subsidiary company.	:	100%
4.	The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding company		
	a) Not dealt with in the holding company's accounts:		
	i) For the financial year ended 31.03.2011	:	Loss of ₹ 170,222,522/-
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	Profit of ₹ 65,912,631/-
	b) Dealt with in holding company's accounts:		
	i) For the financial year ended 31.03.2011	:	NIL
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	NIL

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For and on behalf of the Board,

Place : New Delhi  
Dated : 12th August, 2011

(Sanjay Aggarwal)  
Chairman & CEO

**STATEMENT UNDER SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

- |    |   |   |   |
|----|---|---|---|
| 1. | Name of the Subsidiary Company  | : | M/s AEI Power Cables Limited  |
| 2. | Date of becoming Subsidiary   | : | 23.04.2010  |
| 3. | a) Number of shares held by M/s Paramount Holdings Ltd., Cyprus in the subsidiary company at the end of the financial year of the subsidiary company. | : | 1,000 ordinary shares of £ 1 each<br>100,000 Preference Shares of £ 1 each<br>(Equivalent to ₹ 7,260,826/-) |
|    | b) Extent of interest of holding company at the end of the financial year of the subsidiary company.  | : | 100%  |
| 4. | The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding company                             |   |   |
|    | a) Not dealt with in the holding company's accounts:  |   |   |
|    | i) For the financial year ended 31.03.2011  | : | Profit of ₹ 1,020,292/-   |
|    | ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.                                      | : | NIL   |
|    | b) Dealt with in holding company's accounts:  |   |   |
|    | i) For the financial year ended 31.03.2011  | : | NIL   |
|    | ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.                                      | : | NIL   |

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For and on behalf of the Board,

Place : New Delhi  
Dated : 12th August, 2011

(Sanjay Aggarwal)  
Chairman & CEO

## MANAGEMENT DISCUSSION AND ANALYSIS

Since 1955, Paramount Communications Limited (herein after referred to as 'Paramount' or 'The Company') has evolved itself as one of the leading manufacturers of wires and cables in India addressing needs of various sectors of Indian economy ranging from infrastructure to industry segment, public sector units to utilities and so on.

Providing a comprehensive product range across its key segments including:

- ◆ **Power segment:** Low Tension & High Tension power cables, Aerial Bunch Cables (ABC), Control & Instrumentation Cables, Thermocouple Extension & Compensating cables, Fire Resistant Low Smoke Cables.
- ◆ **Railways:** Signaling Cables, Axle Counter Cables
- ◆ **Telecom:** Jelly Filled Telephone Cables (JFTC), Optical Fibre Cables (OFC), Installation Cables for Electronic Exchanges, Hook-up / Jumper / Drop wire etc.

The Company is emerging as 'One Stop Service Window' of cable products and services.

### ECONOMIC OVERVIEW

#### *Global Economic Overview & Prospects*

After witnessing financial crisis and meltdown in 2008, the global economy showed signs of recovery by picking up of industrial production in March, 2009. Recovery prospects were visible all over the world economies and expressed well in terms of Global GDP which stood at 3.8% in 2010 straight from -2.2% in 2009.

The world has witnessed early recovery of developing countries in comparison with developed countries and with the end of current financial year it is even said that the developing countries have put the financial crisis behind them. However at one hand where high-income countries and many Europe's developing countries still remain clouded by crisis-related problems such as high unemployment household and banking-sector budget consolidation, and concerns over fiscal sustainability among other factors, on the other hand strong growth in most developing economies has contributed to a new set of global challenges, including higher commodity prices, rising inflation, and the possible return of destabilizing capital inflows as monetary policies tighten and interest rates rise.

Inflation in developing countries reached almost 7% in March, 2011 which is more than 3% higher than the low point in July, 2009. It is projected that as developing countries reach full capacity, growth will slow down from 7.3% in 2010 to around 6.3% each year from 2011-13 whereas the Global GDP is expected to be 3.2% in the year 2011 edging up-to 3.6% in 2012 & 2013.

Recent events in Japan, the currency volatility seen in the US and many major European economies and the political turmoil in the Middle East and North Africa have cut sharply into their domestic growth, but spillover effects to other economies are expected to be modest. Nonetheless the thrust for developing countries has been shifted from crisis fighting to sustainable growth and as the developed countries also strive for high level of growth, the overall growth is expected to be slow but at the same time robust.

#### *The Indian Perspective*

The Finance Minister regarded the year as "Remarkable fiscal year" while presenting budget this year and the statement was well justified with growth rate of 8.5% achieved by the Indian economy in the fiscal 2010-11. The growth has been broad based on rebound in the agriculture sector and impressive gains in manufacturing and service sectors.

Industrial Output of the country has grown by 8.6% where manufacturing sector has registered a growth rate of 9.1%. Where telecom, crude oil production, civil aviation sectors performed well during the year the power generation, cement and fertilizer production, railway freight traffic and cargo handling at major ports have grown at comparatively lower rates. Six core industries registered a growth of 5.3% (approx.) in April-December, 2010 as against 4.7 % during the same period in 2009-10.

The year also reported Forex reserves of approximately USD 300 billion, increase in exports and imports by 29.5% and 19% respectively and reduction of fiscal deficit from 6.3% to 4.8% of GDP resulting in positioning of our economy at 10th largest in the world by nominal GDP and 4th largest by purchasing power parity as per IMF.

Accelerated investments in infrastructure are needed to address delays, cost overruns and regulatory impediments. The Government plans an investment of USD 1 trillion in infrastructure sector for next 5 years which shall encourage economic growth.

### **Industry Development & Trends**

High levels of sustained investments in Infrastructure sector namely power, railways, roads, ports, telecom, etc. are pre requisites for any country to achieve a GDP growth rate of 8 to 9 %. Preliminary assessment conducted by Planning Commission indicates investment in infrastructure during the 12th five year plan (2012 - 2017) would need to be of the order of about ₹40.99 lakh crore.

Wires and Cables industry is an integral part of a large number of infrastructure sectors namely power, railways, telecom, etc. It is said to have a positive correlation with the investments in these sectors. A higher investment in these sectors is bound to have a positive impact in the growth in the wires and cables industry.

### **OPPORTUNITIES & THREATS**

Past few years have not been good for the Company. Besides handling the intensive price war among the cable manufacturers, the Company suffered significant damages to the raw material, work in process and finished goods stocks in a situation of unrest among workers at Khushkhera plant. Consequently many orders were either deferred or surrendered. There has been a huge addition to the manufacturing capacity of the wires and cables industry in India over the past few years, far in excess of the capacity needed to service the demand. Due to the overall adverse conditions prevailing in the cable industry and reasons internal to the Company, Paramount has suffered substantial losses in the year.

Cables, being used for transmission and distribution, are veins of any infrastructure. Government's initiatives for infrastructure development to reduce the infrastructure deficit would bear a direct impact on the wire & cable industry and would also provide for higher demand of these products by the base industries such as power generation and distribution sectors, telecom, railways, industrial and construction sectors (civil and commercial) etc.

Paramount is largely focused on these sectors for demand of its products, the future prospects of the respective sectors are as follows:

#### **Power Generation**

As the planned addition to generation capacity of 78,700 MW in the 11th five year plan from 2007-2012 was not expected to be met, thus the capacity addition has been revised to 62,374 MW comprising 8237 MW hydro, 50,757 MW thermal and 3380 MW nuclear power. Capacity addition of 32,032 MW has been achieved till 31st December, 2010 and projects with the capacity of 30,725 MW are under construction for commissioning during the remaining period of Eleventh Plan.

However target of 100,000 MW capacity addition is set for the 12th five year plan. The growth for the next five years is expected to be of 20 GW per annum. .

Greater investments are planned in transmission and distribution of electricity. Double digit growth is expected with the planned installation of 400 KV lines and HVDC lines above 500 KV. Upto 30th November, 2010 87,791 villages have been electrified and another 68,763 villages are targeted for electrification under 12th five year plan. As outlay on distribution is expected to rise demand of MV and LV cables are likely to increase.

Taking into account these measures and budgetary allocation along with further provisions to strengthen India's power sector, it is estimated that the Government's total spending in the power sector will be in the range of ₹ 13-14 trillion over the next 7-8 years. Taking a conservative estimate, approximately ₹1.5-2 trillion of this expenditure would be on the acquisition of cables for these projects. Demand in high voltage cables is also expected to pick up in next few years.

#### **Railways**

The annual plan for the year 2011-12 has proposed an investment of ₹57,630 crores, which is highest ever investment by the railways in a single year. A greater thrust is being given to the expansion of the rail network with a larger allocation of ₹9,583 crores for new lines. It is planned to complete 1,000 km of new lines in 2011-12. In addition, the left over new lines from last year's target will also be completed.

With the level of expansion planned in the railways, demand of signaling cables and axle counter cables is expected to rise.

**Telecommunications**

The Indian telecom market, led by the robust growth in mobile subscriber base, is one of the fastest growing in the world. From only 76.54 million telephone subscribers in 2004, the number increased to 764.77 million at the end of November, 2010. And wireless telephone connections has grown from 35.62 million in March, 2004 to 729.58 million at the end of November, 2010 and the number is still increasing by addition of 18 to 20 million every month. Numerous applications like broadband services, Internet protocol virtual private network (IPVPN), wireless communications and security technologies are in turn generating demand for telecommunication cables.

With the recent launch of 3G and broadband wireless access (BWA) services, high speed and high band width backhaul is needed, which would be met through Optical Fibre Cables networks that provide a stable and upgradable backhaul system. At present the Country's OFC network is the fourth largest in the world. However the per capita length of OFC is way below that of China and USA. The government has proposed ₹ 200 billion national optic fibre network, which is a 250,000 km long system to be implemented over the next 5 years. Thus the demand of OFC is expected to grow by 12% in the year 2011-12.

Huge growth for mobile telephone lines has resulted in the decline of fixed line telephones; the wireline has recorded a decline from 40.92 million in 2004 to 35.19 million in November, 2010. As a consequence the demand for Jelly Filled Telephone Cables has declined sharply and is expected to be restricted to replacement demand only. It has posed such a bad impact on the JFTC manufactures that even some of the manufacturing units have been closed down.

**Building, Construction and Real Estate**

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is said to be second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). Almost five per cent of the country's GDP is contributed by the housing sector. In the next five years, this contribution to the GDP is expected to rise to 6 per cent. Almost 80 per cent of real estate developed in India is residential space; the rest comprises of offices, shopping malls, hotels and hospitals. According to the Eleventh Five Year Plan, there is a shortage of 26.53 million dwelling units. Thus, over the next 10 to 15 years, 80 to 90 million housing dwelling units will have to be constructed with a majority of them catering to the middle and lower income groups.

With all these prospects growth is expected in housing projects and thus demand of building wires is expected to rise.

**Threats**

With the growth prospects, multinational cable companies are increasingly entering the Indian market and the existing players are also endeavouring to set up joint ventures/technical collaborations to strengthen their position in the market. By entry of new players in the market, excessive competition is expected and fights for market share is going to be intense.

High volatility of major input prices such as copper is also a concern.

**PRODUCT WISE BUSINESS ANALYSIS AND PERFORMANCE****Power & Railway Cables**

The Company supplies various kinds of electric cables such as LT/HT Power Cables, Control Cables, Instrumentation Cables, Thermocouple Cables, Railway signaling cables, Copper Flexible & Industrial Wires. During the year the Company sold 37,108 kms of power cables amounting to ₹367.29 crores as compared to 36,020 kms amounting to ₹321.62 crores in the previous year.

Power and railway cables constitute approximately 88.65% of gross turnover of the Company for the year 2010-11.

**Jelly Filled Telephone Cables (JFTC)**

The demand of JFTC has decreased due to wireless technology revolution and is further anticipated to go low with the launch of 3G and BWA services. The Company sold 29,071 ckm (conductor kilometers) amounting to ₹ 3.21 crores against 62,177 ckm amounting to ₹11.97 crores in the previous year.

JFTC comprises of 0.77% of gross turnover of the Company for the financial year 2010-11.

**Optical Fibre Cables (OFC)**

The growth in this segment has been long foreseen however the turnover of the company in OFC has dropped in fiscal 2010-11. The Company sold 6,738 kms of OFC amounting to ₹3.69 crores as compared to 8,878 kms amounting to ₹ 12.39 crores in the previous year.

OFC comprises of 0.89% of gross turnover of the Company for the financial year 2010-11.

The Company needs to focus in this segment as the demand of OFC is likely to rise at a rapid pace in the future.

### **COMPETITIVE BUSINESS STRATEGY & OUTLOOK**

With the upcoming infrastructure development projects and policies, it can safely be said that the demand of cables will further augment in near future. Forming the prerequisite for infrastructure, prospects of wire & cable industry seem fruitful. With these growth prospects, Paramount is sure to get its due share of the markets with its following key strengths:

- The Company is an approved supplier of cables to most government and public sector enterprises along with major players in the private sector. The Company's major revenues are driven by government and institutional sales, which are often better insulated from economic disruptions than retail sector sales.
- The Company's products meet technological parameters and specifications of prestigious national and international agencies and holds major accreditations and approvals from its clients. Its long track record and ability to service clients' requirements efficiently has placed it in the category of preferred vendor to its prestigious customers.
- Swing facility (ability to use the same manufacturing infrastructure to manufacture different varieties of cables) has made your Company capable of offering the widest product basket. The Company has a well-diversified presence, which helps the Company to insulate itself from slowdown in any one sector.
- Paramount is known for quality of its cables and the Company's research team is fully committed to provide customized cable products matching the precise and exacting specifications of customers across sectors.
- The Company's subsidiaries AEI Cables Ltd. and AEI Power Cables Ltd., United Kingdom, also hold various accreditations across the globe and have a strong marketing network in Europe, which is utilized to market the Company's products also.

### **Exports**

During the year under review, the Company's export business in foreign currency was ₹ 63.38 crores as compared to ₹29.91 crores during previous year. The Company has achieved substantial growth in its export business in UK market through its subsidiaries AEI Cables Limited and AEI Power Cables Limited, United Kingdom.

### **Financial Performance**

The Company achieved gross sales turnover of ₹414.33 crores for the year ended 31st March, 2011 as compared to ₹ 368.55 crores during the previous year. The Company has incurred a net Loss of ₹101.57 crores as against net profit of ₹0.63 crore during previous year. The Company suffered huge losses on account of adverse market conditions resulting in significant reduction in demand for cables, the excess capacity situation causing an intensive price war among the cable manufacturers and due to damage of materials on account of industrial unrest at its Khushkhera Plant.

Total financial charges during the year have increased to ₹37.07 crores from ₹33.05 crores in value and overall financial charges burden in terms of percentage to total turnover is 8.95% as against 8.97% during the previous year.

The Company achieved consolidated gross sales turnover of ₹726.68 crores and net loss of ₹ 119.92 crores for the year ended 31st March, 2011 as compared to ₹ 702.38 crores and net loss of ₹5.65 crores respectively during the previous year.

### **Borrowing position**

Borrowings excluding working capital facilities as at 31st March, 2011 are ₹232.88 crores as compared to ₹145.23 crores during the previous year. These borrowings include FCCBs of ₹33.61 crores, term loans from banks of ₹196.40 crores, loans from financial institutions of ₹2.59 crores and hire purchase finance of ₹ 0.28 crores. The debt equity ratio of the Company as at 31st March, 2011 is 5.93:1 as compared to 1.95:1 as at 31st March, 2010.

### **Fixed Assets**

Gross Fixed Assets as at 31st March, 2011 are ₹ 213.89 crores as compared to ₹ 218.42 crores as at 31st March, 2010.

### **Inventories**

Level of Inventories as at 31st March, 2011 is ₹156.36 crores as compared to ₹ 202.70 crores as at 31st March, 2010.

### **Sundry Debtors**

Sundry Debtors as at 31st March, 2011 are ₹173.00 crores as compared to ₹154.06 crores as at 31st March, 2010. These debtors are considered good and realizable.

## **Earning per Share**

Basic Earnings per Share for the year ended 31st March, 2011 is ₹ (11.72) as compared to ₹ 0.07 for the year ended 31st March, 2010 and Diluted Earnings per Share for the year ended 31st March, 2011 is ₹ (10.27) as compared to ₹ 0.06 for the year ended 31st March, 2010.

## **Internal Control System**

The Company has adequate internal control procedures commensurate with the nature and size of its business. The Company's internal control system primarily covers the aspects such as:

1. Control over operating parameters and various factors relating to production.
2. Efficient use and protection of resources.
3. Accuracy and promptness of financial reporting.
4. Compliance with laws and regulations.

The Company has a well-defined organizational structure, well documented policies, guidelines and clearly defined authority levels.

## **Risk Management**

### **Business Risk**

The state of the Indian economy and the development in infrastructure, power and industrial projects and expansion have a direct bearing on the performance of the cable industry and therefore on the Company. These sectors are expected to grow and drive the demand for the Company's products; however adverse developments or a slowdown in these sectors can have a negative impact on the Company's performance and its financials. The instability in key raw material prices especially of metals such as Copper and Aluminium used for manufacturing cables can also have an adverse impact on the performance of the Company.

### **Technology Risk**

There is no significant change in the basic technology for the manufacture of cables. Ongoing improvements aim to improve performance of products and carve a niche in an otherwise commoditised sector. The Company closely monitors the latest global trends in the cable industry. The Company has an in-built quality assurance system wherein products pass through testing at every stage for quality and technical accuracy. The Management of the Company places the highest priority on quality assurance and research. Continuous improvements in existing products and enhancement of the product offering will enable the Company to emerge as a reliable, cost competitive and quality provider of complete cabling solutions.

### **Financial Risk**

The Company makes investments from time to time after due analysis and study. The Company has an adequate system to control financial risks. The Company also has an adequate system to control and monitor optimal inventory levels, to reduce the cost of capital and the adverse effects of unpredicted price fluctuations.

A portion of the Company's revenue comes from exports and it also imports raw materials for the manufacture of cables, both of which need currency exchange. Hence, excessive volatility in currency rates can significantly affect profitability.

## **Human Resources**

Human Resource Capital is the most valuable asset of the Company as it holds the key to the success of the organization. The Company places the utmost importance on maintaining cordial employer-employee relations and on promoting a sense of ownership amongst employees. The Company is committed to foster a high performance environment, which is characteristic of an organizational climate that is geared towards delivering the said business targets through innovative and well-formulated strategies. The Company has low labour turnover and has an adequate system to reward and recognize employee contribution towards the growth of the Company.

## **Cautionary Statement**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax, corporate and other law together with the other incidental factors.

## **REPORT ON CORPORATE GOVERNANCE**

### **1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE**

Corporate governance has gained considerable importance in the working and is recognized as an indispensable norms for Corporate disclosures and has emerged as a tool for effective, efficient and informed management of business enterprises with an aim to provide disclosure of information to those who need it and who have a right to know it, to ensure fair play and to uplift business values. The need for corporate governance is now felt worldwide and laws are being framed to maintain transparency of business operations. Corporate governance as understood by the Company and its management means following best and prudent business practices, adherence to utmost transparency, disclosure and fairness in business and management operations. Best business practices convey that a Company should not only operate within the regulatory framework but it should operate ethically as well. Corporate governance entails and ensures accountability of the persons in charge of a Company on the one hand and develops benefits to its investors, customers, vendors and the society at large, on the other hand.

To ensure these high standards of corporate governance, the Company has framed an appropriate system which includes:

- ◆ Fair and transparent business practices.
- ◆ Effective management control by Board.
- ◆ Adequate representation of promoters and independent directors on the Board.
- ◆ Transparent and timely disclosures of financial and management information.
- ◆ Strict compliance of relevant applicable laws.
- ◆ Monitoring executive performance and fixing of accountability at each level.
- ◆ Meeting corporate goals with highest levels of ethics.
- ◆ Reviewing systems periodically to ensure that they are well in line with the changing economic environment.
- ◆ Continuously upgrading the Human Resource

The Company feels that the code of corporate governance is an excellent tool to secure the corporate excellence in the country. The Company has fully complied with the code of corporate governance as required under the Listing Agreement with the Stock Exchanges.

### **2. BOARD OF DIRECTORS**

The Board of Directors of the Company has an optimum combination of executive and non-executive directors where more than 50 percent of Board is comprised by non-executive independent directors. The Board of Directors of the Company consists of 5 (Five) directors out of which 3 (three) are non-executive and independent director(s) and two executive directors which include the Chairman & CEO and the Managing Director of the Company. The independent and non-executive directors do not have any material pecuniary relationship or transactions with the Company or its executive directors, promoters, or management which may affect their judgments in any manner. The constitution of the Board confirms compliance of corporate governance norms as provided in clause 49 of the Listing Agreement. Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director of the Company, being brothers, are related to each other. The Board meets at least once in a quarter to consider amongst other matters, the quarterly un-audited financial results of the Company.

The Board consists of eminent persons with considerable professional expertise and experience in the Cable Industry, Finance, Capital Market and allied fields. Brief resume and the profile of directors retiring by rotation and eligible for re-appointment at the ensuing Annual General Meeting of the Company are annexed with the notice for the Annual General Meeting.

## COMPOSITION OF BOARD OF DIRECTORS AND CATEGORY OF MEMBERS OF THE BOARD

Name of the Director	Present Designation	Category of Directorship
Mr. Sanjay Aggarwal	Chairman & CEO	Promoter, Executive Director
Mr. Sandeep Aggarwal	Managing Director	Promoter, Executive Director
Mr. S.P.S.Dangi	Director	Non Executive and Independent Director
Mr. Satya Pal	Director	Non Executive and Independent Director
Mr. Vijay Bhushan	Director	Non Executive and Independent Director

Attendance of each director at the Board Meetings, last Annual General Meeting held on 27th September, 2010 and number of other directorships and chairmanships/memberships of committee of each director in various companies is given herein below:

Name of the Director	Attendance Particulars		No. of other directorships & Committee membership/chairmanship in other companies		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
Mr. Sanjay Aggarwal	7	Yes	4	1	0
Mr. Sandeep Aggarwal	8	Yes	4	0	0
Mr. S.P.S. Dangi	6	Yes	0	0	0
Mr. Satya Pal	8	Yes	1	2	1
Mr. Vijay Bhushan	8	No	6	5	2

### Other provisions as to Board and Committees

8 (Eight) board meetings were held during the financial year ended on March 31, 2011. The date(s) on which the meetings were held are as follows:

- (1) 28th April, 2010
- (2) 28th May, 2010
- (3) 8th July, 2010
- (4) 12th August, 2010
- (5) 28th August, 2010
- (6) 29th October, 2010
- (7) 6th January, 2011
- (8) 11th February, 2011

All directors of the Company are not members in more than 10 committees or acting as chairman in more than 5 committees across all Companies in which they are director.

### Code of Conduct

The Board of Directors of the Company has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct has been posted on the website of the Company at [www.paramountcables.com](http://www.paramountcables.com).

All the directors and senior management have affirmed compliance with this code for the year ended 31st March, 2011. A declaration of compliance of this code signed by the Chairman and CEO is annexed as Annexure to this report.

## 3. AUDIT COMMITTEE

### Qualified and Independent Audit Committee

The Board of Directors has constituted an Audit Committee, comprising of three independent non executive directors namely Mr. S.P.S Dangi, Chairman of the committee, Mr. Satya Pal and Mr. Vijay Bhushan. All the members of the audit committee are financially literate. Mr. S. P. S. Dangi - Chairman of the committee is a well known Finance & Management Consultant. He is a fellow member of the Institute of Cost and Works Accountants of India and has expertise in accounting & finance matters. Mr. S.P.S.Dangi was present at the last Annual General Meeting of the Company held on 27th September, 2010. Mr. Ratan Aggarwal, CFO & Company Secretary of the Company acts as the Secretary of the Committee. The Audit Committee is constituted in compliance of the requirements of section 292A of the Companies Act' 1956.

The attendance of the members at the Audit Committee Meetings held during the financial year under reporting are as under:-

Name of the Director	Category of Directorship	No. of Meetings attended
Mr. S. P. S. Dangi	Non-executive Independent Director	04
Mr. Satya Pal	Non-executive Independent Director	04
Mr. Vijay Bhushan	Non-executive Independent Director	04

### Meetings of Audit Committee held during the financial year 2010-11.

During the year the committee has met four times. Quorum for the meeting is 1/3 of the total strength or 2 members whichever is higher. The dates on which the Audit Committee meetings were held are given herein below:

- (i) 28th May, 2010
- (ii) 12th August, 2010
- (iii) 29th October, 2010
- (iv) 11th February, 2011

Proper quorum was present in all the Audit Committees meetings held during the year.

### Powers of Audit Committee

The audit committee of the company is vested with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Role of Audit committee

The Terms of reference/role stipulated by the Board for the Audit Committee are as contained under Clause 49 of the Listing Agreement and as per Section 292A of the Companies Act, 1956.

### Review of information by Audit Committee

The audit committee reviews the following information:

1. Management Discussion and analysis of the Company's financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the audit committee), submitted by the management.
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal Audit Reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the internal auditors.

## 4. REMUNERATION COMMITTEE

Board of Directors of the company has constituted a Remuneration Committee, comprising of three independent non-executive directors viz. Mr. Satya Pal, Chairman of the Committee, Mr. S.P.S. Dangi and Mr. Vijay Bhushan. Meeting of the Remuneration Committee are held as and when required to review/revise or modify the remuneration policy and the remuneration of the whole-time directors. Mr. Ratan Aggarwal, CFO and Company Secretary acts as the Secretary of the Committee.

The present remuneration policy is in consonance with the existing industry practice.

### DETAILS OF REMUNERATION PAID TO THE EXECUTIVE DIRECTORS DURING THE YEAR 2010-11.

Aggregate value of salary, perquisites and commission paid for the year ended 31st March, 2011 to the whole-time directors are as follows:-

(Amount in ₹)

Name	Salary and perquisites	Company's Contribution to P.F.	Sitting Fees	Total
Mr. Sanjay Aggarwal	47,10,885	4,68,000	Nil	51,78,885
Mr. Sandeep Aggarwal	46,68,896	4,68,000	Nil	51,36,896

The company has entered into a service contract with Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director of the Company for a period of three years w. e. f. 01.11.2009. The same has been approved by the members of the Company in the 15th Annual General Meeting held on 17.09.2009. As per the service contract with them, they are individually entitled to a remuneration not exceeding 5% of the net profits of the Company with a stipulation that in the event of inadequacy of profits or a loss they shall be paid remuneration in accordance with Schedule XIII to the Companies Act, 1956.

### Compensation and Disclosures of Non Executive Directors

The Company pays sitting fees to all the non-executive directors at the rate of ₹ 8,500/- (Rupees Eight Thousand Five Hundred Only) per director for each meeting attended. The independent directors are also paid a lump sum for conveyance and out of pocket expenses at the rate of ₹ 4,000/- (Rupees Four Thousand only) for each committee meeting or meeting of the Board of Directors attended by them. The details of sitting fee paid to the directors for attending the Board and Committee meetings for the year ended 31st March, 2011 are as follows:

Mr. S.P.S Dangi	₹ 85,000/-
Mr. Satya Pal	₹ 1,02,000/-
Mr. Vijay Bhushan	₹ 1,10,500/-

## 5. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

At present Shareholder'/Investors' Grievance Committee, comprises of the following directors viz. Mr. Vijay Bhushan, Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal.

Mr. Vijay Bhushan-Non executive and independent director has been appointed as the Chairman of the Committee. The committee, inter alia, approves issue of duplicate share certificates, investigates and redresses shareholders' complaints like non receipt of annual report/ balance sheet, non receipt of declared dividends, etc. The committee oversees and reviews all matters connected with the delay in transfer of securities. The committee oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board has delegated the power of approving of transfer of shares to the Share Transfer Committee comprising of Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director. The Shareholders and Investors Grievance Committee of the company meets as and when necessary and/or to review the transfer effected by the Share Transfer Committee of the Company. The Board has designated Mr. Ratan Aggarwal, CFO & Company Secretary as the Compliance Officer.

The Shareholders and Investors Grievance Committee met once on 28th April, 2010 during the year under reporting. The total number of complaints received was 05 and total numbers of requests received were 50 during the year under review where all of them were replied to the satisfaction of the shareholders. The Company received 02 complaints for non receipt of Annual Report and 03 complaints for non receipt of dividend. There were no outstanding complaints as on 31.03.2011. The Company has designated an e-mail id [investors@paramountcables.com](mailto:investors@paramountcables.com) exclusively for the purpose of receiving investors' queries and complaints so that they can be attended promptly.

## 6. GENERAL BODY MEETINGS

Locations and time for the last 3 (three) Annual General Meetings:

Year	Location	Date	Time
2007-08 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	17.09.2008	11.30.A.M.
2008-09 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	17.09.2009	11.00.A.M.
2009-10 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	27.09.2010	11.00.A.M.

### Postal Ballots

No postal ballots were used for the voting at these meetings in respect of the resolutions passed thereat.

### Special Resolutions Passed at the General Meetings

At the A.G.M. held on 17th September, 2009 two special resolutions were passed:

- One for according the approval of the members for re-appointment of Mr. Sanjay Aggarwal as Chairman & CEO for a period of 3 years and payment of remuneration to him and
- Second for according the approval of the members for re-appointment of Mr. Sandeep Aggarwal as Managing Director for a period of 3 years and payment of remuneration to him.

At the A.G.M. held on 27th September, 2010 two special resolutions were passed:

- One for according the approval of the members of the company to issue, offer and allot 35,20,000 convertible warrants to the promoter group companies at a price of ₹13/- each in accordance with SEBI (Issue of Capital and Disclosure Requirements Regulations) 2009 and
- Second for approval of the members of the company for appointment of Ms. Parul Aggarwal, relative of Mr. Sanjay Aggarwal, Chairman & CEO, as Head-Corporate Communication, to hold office and place of profit in the Company at remuneration not exceeding ₹ 50,000/- per month.

## 7. Disclosures

- (i) **Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, subsidiary or the relatives of the directors, etc. that may have potential conflict with the interest of the company at large.**

Members may refer to the disclosures of transactions with the related parties as given as "Annexure-1" to the notes to accounts.

- (ii) **Details of non-compliance by the Company, penalties and strictures imposed on the company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to the capital markets, during the last three years:**

The Company has fully complied with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the Company with any matters whatsoever relating to the requirements as stipulated by the regulatory authorities on capital markets or are for the time being in force. No penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

- (iii) **Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.**

No personnel of the Company had approached the audit committee during the year under reporting. The Company has never denied access to any personnel to approach the audit committee. The Company has not approved any specific policy in this regard.

- (iv) **Compliance with the code of corporate governance.**

The Company regularly complies with the mandatory requirements of the code of Corporate Governance. The Company has not adopted any non-mandatory requirement.

- (v) **Accounting Standards**

The Company has followed the accounting standards, referred to in sub section 3C of Section 211 of the Companies Act, 1956.

- (vi) **Subsidiary Companies**

The Company does not have any Indian subsidiary company however the Company has three direct/indirect wholly owned subsidiaries located outside India as per the details given herein below:

- (1) AEI Cables Limited incorporated under the laws of England and Wales and having its manufacturing facilities situated at Birtley, Co. Durham, United Kingdom.
- (2) Paramount Holdings Limited incorporated under the laws of Cyprus.
- (3) AEI Power Cables Limited incorporated under the laws of England and Wales.

- (vii) **Risk Management**

The audit committee and the management regularly review the risk management strategy of the Company.

- (viii) **CEO/CFO Certification**

The Chairman & CEO and CFO & Company Secretary of the Company have furnished the requisite certificate to the Board of Directors under clause 49V of the Listing Agreement with the stock exchanges certifying that:

- (i) They have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2011 and the same does not contain any materially untrue statement or omit any material fact or contain any misleading statement.
- (ii) The financial statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations and no transactions entered into by the Company during the year were fraudulent, illegal or are in violation of the company's code of conduct.
- (iii) They accept the responsibility for establishing and maintaining internal controls and their effectiveness, and they have disclosed the deficiencies, if any, in the design and operation of internal controls, significant changes in the accounting policies or in the internal control or the instances of significant fraud, if any, of which they are aware, to the auditors and the audit committee and the steps they have taken to rectify those deficiencies.

- (ix) **Number of shares and convertible instruments held by the Non-Executive Directors**

Name of the Director	Category of Directorship	No. of Shares held
Mr. S.P.S.Dangi	Non Executive Independent Director	Nil
Mr. Satya Pal	Non Executive Independent Director	Nil
Mr. Vijay Bhushan	Non Executive Independent Director	Nil

## (x) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and certify the total issued and listed capital. The Reconciliation of Share Capital Audit report confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of shares held in dematerialized form with NSDL and CDSL.

## 8. MEANS OF COMMUNICATION

### Quarterly Results / Annual Financial Results.

Quarterly/Annual results are normally published in Financial Express and Jansatta (Hindi) or Business Standard. The financial results and shareholding pattern of the Company are also displayed on the company's website at [www.paramountcables.com](http://www.paramountcables.com) and the websites of BSE, [www.bseindia.com](http://www.bseindia.com) and NSE at [www.nseindia.com](http://www.nseindia.com).

The annual report of the Company is sent to all shareholders at their registered addresses.

## 9. GENERAL SHAREHOLDERS INFORMATION

### 9.1 Annual General Meeting

Date	:	September 28th, 2011
Day and Time	:	Wednesday, 11.00 A.M.
Venue	:	SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Near Inter-State Bus Terminal, Delhi-110 054, India

### 9.2 Financial Calendar 2011-2012 (tentative)

Financial year	:	1st April, 2011 to 31st March, 2012
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### Approval of Quarterly/Annual Results.

Results for the quarter ending June 30th	:	Before 14th Aug, 2011
Results for the quarter ending Sept. 30th	:	Before 14th Nov, 2011
Results for the quarter ending Dec. 31st	:	Before 14th Feb, 2012
Results for the quarter/year ending March 31st	:	Before 15th / 30th May, 2012

### 9.3 Book Closure Date

:	Friday, 23rd September, 2011 to
:	Wednesday, 28th September, 2011
:	(both days inclusive)

### 9.4 Dividend Payment Date

:	N/A
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### 9.5 The Equity Shares of the Company are Listed at the following Stock Exchanges:

- i. The Bombay Stock Exchange Limited, Mumbai
- ii. The Calcutta Stock Exchange Association Ltd., Kolkata\*
- iii. National Stock Exchange of India Limited, Mumbai

The Global Depository Receipts and the Foreign Currency Convertible Bonds issued by the Company in the international market are listed at Luxembourg Stock Exchange, Luxembourg.

\*The Company has submitted application for voluntary de-listing of equity shares to the Calcutta Stock Exchange Association Ltd., Kolkata during the year 2003-04, which is pending disposal.

The company has paid the Annual Listing Fees for the year 2011-12 to BSE and NSE.

### 9.6 Stock Code

♦ The Bombay Stock Exchange Ltd.	:	530555
♦ The National Stock Exchange of India Ltd.	:	PARACABLES
♦ The Calcutta Stock Exchange Assn. Ltd.	:	--

- ♦ Trading Symbol of BSE : PARACOM
  - ♦ Trading Symbol of NSE : PARACABLES
  - ♦ Demat ISIN Number in NSDL and CDSL for Equity Shares : INE074B01023
- The ISIN of Global Depository Receipts and One Percent Unsecured Foreign Currency Convertible Bonds due 2011 are US69921M1027 and XS0276171823 respectively.

Face Value of each Equity Share : ₹ 2/-

## 9.7 Stock Market Data

BSE Scrip Code:530555

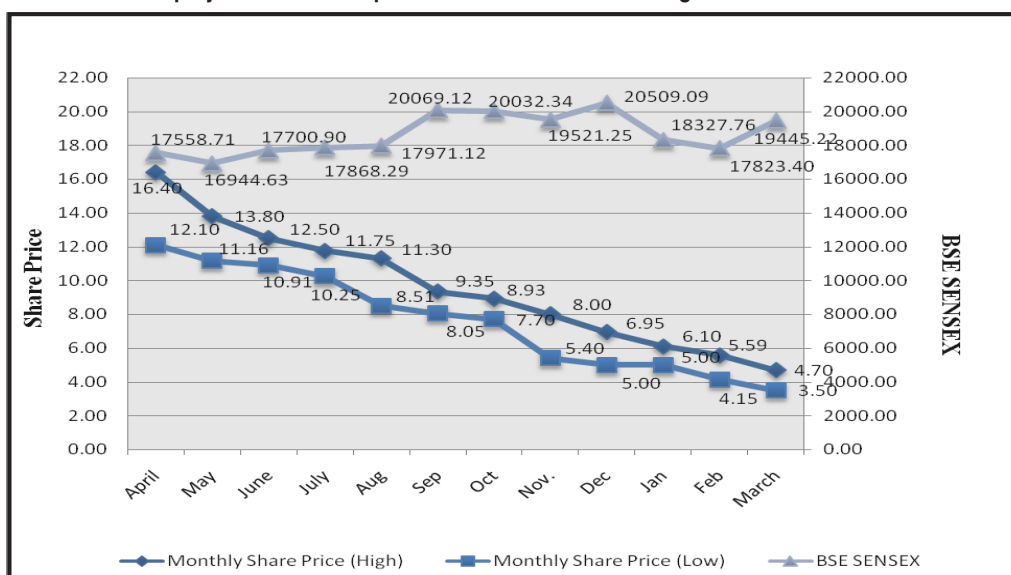
For the Period: April 2010 to March 2011

(Value in ₹)

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover	*Spread	
								H - L	C - O
Apr 2010	12.35	16.40	12.10	13.58	26,06,417	6,525	3,90,92,453	4.30	1.23
May 2010	13.80	13.80	11.16	11.97	6,64,476	2,261	83,74,796	2.64	-1.83
Jun 2010	11.95	12.50	10.91	11.41	11,70,683	2,424	1,35,58,211	1.59	-0.54
Jul 2010	11.75	11.75	10.25	10.28	10,05,675	2,796	1,09,55,061	1.50	-1.47
Aug 2010	10.38	11.30	8.51	8.64	21,69,306	4,602	2,20,72,155	2.79	-1.74
Sep 2010	8.74	9.35	8.05	8.37	17,53,592	4,297	1,51,57,977	1.30	-0.37
Oct 2010	8.43	8.93	7.70	7.78	7,85,160	2,261	65,67,116	1.23	-0.65
Nov 2010	8.00	8.00	5.40	6.40	12,25,151	2,435	86,78,850	2.60	-1.60
Dec 2010	6.70	6.95	5.00	5.91	9,00,586	1,946	54,73,751	1.95	-0.79
Jan 2011	6.00	6.10	5.00	5.46	4,89,289	1,123	28,07,232	1.10	-0.54
Feb 2011	5.32	5.59	4.15	4.19	7,50,616	1,337	36,33,659	1.44	-1.13
Mar 2011	4.25	4.70	3.50	3.81	22,12,488	1,734	92,97,823	1.20	-0.44

\* Spread, H - L -> High - Low, C - O -> Close - Open

## 9.8 Performance of equity shares in comparison with BSE index during the Financial Year 2010-11.



## Annual Report 2010-11



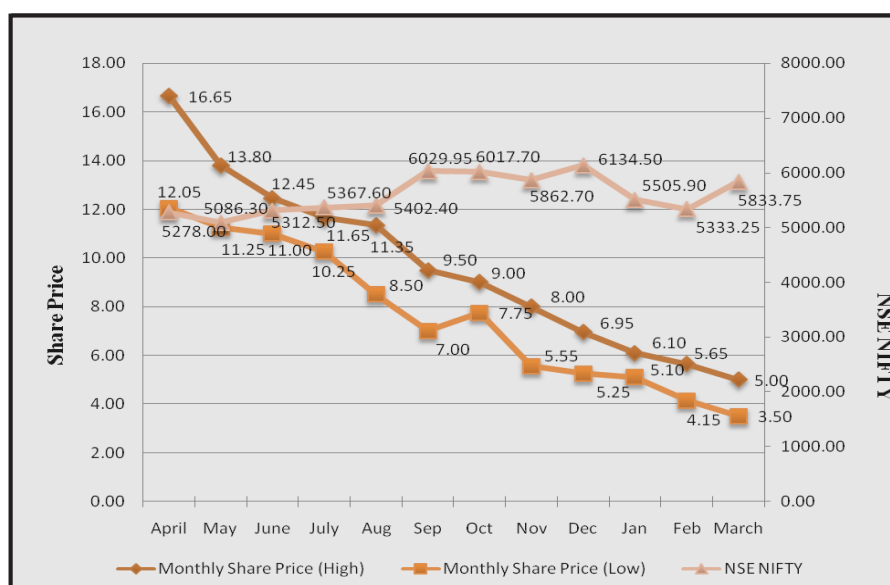
NSE Scrip Code: PARACABLES

For the period: April, 2010-March, 2011

(Value in ₹)

Month	Open	High	Low	Close	No. of Shares	Spread	
						H-L	C-O
April 2010	12.35	16.65	12.05	13.55	33,33,559	4.60	1.20
May 2010	13.80	13.80	11.25	11.90	7,24,661	2.55	-1.90
June 2010	12.25	12.45	11.00	11.35	12,73,288	1.45	-0.90
July 2010	11.40	11.65	10.25	10.30	12,79,765	1.40	-1.10
August 2010	10.30	11.35	8.50	8.60	24,80,524	2.85	-1.70
September 2010	8.50	9.50	7.00	8.40	21,14,661	2.50	-0.10
October 2010	8.25	9.00	7.75	7.80	12,42,868	1.25	-0.45
November 2010	7.80	8.00	5.55	6.50	17,29,983	2.45	-1.30
December 2010	6.80	6.95	5.25	5.90	9,80,562	1.70	-0.90
January 2010	5.95	6.10	5.10	5.40	8,21,775	1.00	-0.55
February 2010	5.55	5.65	4.15	4.25	11,11,422	1.50	-1.30
March 2010	4.25	5.00	3.50	3.80	20,23,211	1.50	-0.45

Performance of equity shares in comparison with NSE NIFTY during the Financial Year 2010-11.



### 9.9 Registrar and Share Transfer Agent :

M/s Link Intime India Private Ltd.  
A-40, IInd Floor, Naraina Industrial  
Area, Phase-II, Naraina, New Delhi-110028, India  
Phone(s) +91-11-4141 0592, 93, 94  
Fax: +91-11-4141 0591

## 9.10 Share Transfer System :

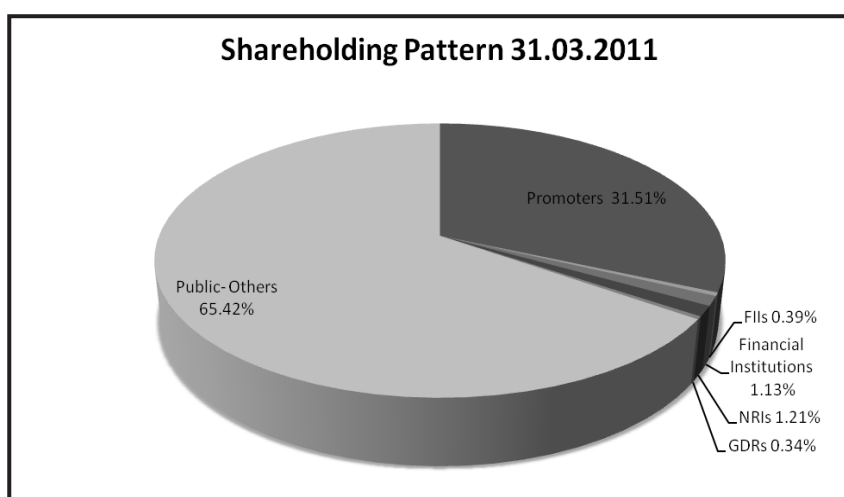
The Company has a sound share transfer process. For the purpose of making the share transfer process smooth and speedy; the Company has appointed M/s Link Intime India Private Ltd., as its share transfer agents. After the Share Transfer Agents complete the formalities of transfer/transmission, approval of transfer of shares in the physical form is done by the Share Transfer Committee of the Company. The Share Transfer Committee is constituted by the Company specifically for the above purpose, which meets periodically to approve share transfer/transmission etc. As the Company's shares are traded in dematerialized form, transfers are processed and approved in the electronic form by NSDL/CDSL through their depository participants. The Company obtains a half yearly certificate of compliance from a practicing Company Secretary regarding the adherence to the timely transfer of shares as provided in clause 47 (c) of the Listing Agreement and files a copy of the same with the stock exchanges.

During the financial year 2010-11, the Share Transfer Committee of the company met 21 times and 47 transfers were approved thereat for the transfer of 11,733 equity shares. The committee also approved cases of issue of duplicate share certificates and re-mat requests for 140 equity shares during the year under reporting.

## 9.11 Distribution of Shareholding and Shareholding Pattern as on 31-03-2011

Shareholding of Nominal Value of Rs.	No. of Shareholders		No. of Shares held	Amount	
	Numbers	% of total		₹	% of total
Upto 2,500	29,499	84.42	10,360,727	20,721,454	11.69
2,501 - 5,000	2,884	8.25	5,232,663	10,465,326	5.90
5,001 - 10,000	1,398	4.00	5,255,606	10,511,212	5.93
10,001 - 20,000	569	1.63	4,209,003	8,418,006	4.75
20,001 - 30,000	193	0.55	2,420,545	4,841,090	2.73
30,001 - 40,000	95	0.27	1,716,258	3,432,516	1.93
40,001 - 50,000	54	0.16	1,255,117	2,510,234	1.42
50,001 - 1,00,000	123	0.35	4,506,877	9,013,754	5.09
1,00,001 & Above	128	0.37	53,678,374	107,356,748	60.56
<b>Total</b>	<b>34,943</b>	<b>100.00</b>	<b>88,635,170</b>	<b>177,270,340</b>	<b>100.00</b>

## Shareholding Pattern of the Company as at 31st March, 2011



**9.12 Dematerialization of Shares**

At the end of the year 2010-11 around 98.55% of the equity shares of the Company are held in dematerialized form.

The Reconciliation of Share Capital Audit Report from a practicing Company Secretary confirming that the total issued capital of the Company is in aggregate with the total number of equity shares in physical form and the total number of dematerialized equity shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is periodically submitted to the stock exchanges where the equity shares of the Company are listed.

**Liquidity:**

The Shares of the Company are actively traded at The Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India (NSE) and thus considered as a liquid security.

**9.13 Outstanding GDR/Warrants and Convertible Bonds, conversions date and likely impact on the equity.**

The company had raised US\$ 27 million by way of allotment of 1% Unsecured Foreign Currency Convertible Bonds due 2011 in the financial year 2006-07 having a maturity of five years and one day. After repurchase and cancellation of US\$ 19.5 million Foreign Currency Convertible Bonds due in 2011(FCCBs) in the previous year 2009-10 there are US \$ 7.5 Million FCCBs outstanding as on 31st March, 2011. These bonds are convertible into the equity shares of the Company at any time before 13th November, 2011 (10 days prior to the maturity date). If not repurchased, cancelled or converted earlier, the company is liable to redeem these Bonds on 23rd November, 2011 with a sum equal to the outstanding principal amount of the Bonds together with the redemption premium and accrued but unpaid interest thereon to the maturity date.

As at 31st March, 2011 there were 3,01,750 equity shares of ₹ 2/- each (post split) which are represented by outstanding Global Depository Receipts.

The Company has also allotted 35,20,000 Warrants convertible into equity shares of the company to the identified promoter group companies under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time at a price of ₹13/- per warrant during the year under reporting. Each warrant entitles the holder to apply and be allotted one equity share of ₹ 2/- each in the share capital of the company upon payment of balance 75% consideration within a period of 18 month from the date of their allotment. During the year, out of 50,00,000 convertible warrants allotted in December, 2009, 41,28,205 warrants were converted into equity shares of ₹ 2/- each and there are 43,91,795 convertible warrants outstanding as at 31st March, 2011.

**Plant Locations:**

1. SP-30A, SP-30B, E-31, SP-76 (Part), SP-77 and SP-77A, Khushkhera Industrial Area, District Alwar, Rajasthan, India
2. Plot No. 37, Industrial Area, Dharuhera, District Rewari, Haryana, India

**Registered Office:**

C-125, Naraina Industrial Area, Phase-1, New Delhi-110 028, India

**9.14 (i) Investors' Correspondence**

**(For Shares transfer/ dematerialisation of shares, payment of dividend, and any other query relating to the securities of the Company)**

Link Intime India Private Ltd.  
A-40, Naraina Industrial Area,  
Phase-II, New Delhi-110 028, India  
Phone(s) : +91-11-41410592,93,94 Fax: +91-11-4141 0591

**(ii) Any query on Annual Report may be addressed to the Secretarial Department of the Company or to the Registrars at the following addresses.**

Secretarial Department  
Paramount Communications Ltd.  
C-125, Naraina Industrial Area, Phase-1,  
New Delhi - 110 028 India

**E-mail Id for Investors Grievances** : [investors@paramountcables.com](mailto:investors@paramountcables.com)

**Name of the Compliance Officer** : Ratan Aggarwal, CFO & Company Secretary

## **AUDITORS CERTIFICATE**

The Members

Paramount Communications Limited

We have examined the compliance of conditions of corporate governance by Paramount Communications Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the 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 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, we certify that the company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

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 JAGDISH CHAND & CO.  
CHARTERED ACCOUNTANTS**

**(J. C. GUPTA)  
Partner**

**M.No. : 6107**

**Firm Registration No. : 000129N**

**Place : New Delhi**

**Dated : 12th August, 2011**

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## **DECLARATION BY CHAIRMAN AND CEO ON COMPLIANCE OF CODE OF CONDUCT**

The Members

Paramount Communications Limited

I hereby confirm that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year ended 31st March, 2011.

**For and on Behalf of the Board  
Paramount Communications Ltd.**

**Place : New Delhi**

**Dated : 12th August, 2011**

**(Sanjay Aggarwal)  
Chairman & CEO**

## AUDITORS' REPORT

To the members of

### PARAMOUNT COMMUNICATIONS LIMITED

1. We have audited the attached Balance Sheet of **PARAMOUNT COMMUNICATIONS LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement 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.
2. We conducted our audit in accordance with the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 and 5 of the said order.
4. Without qualifying our opinion, we draw attention to, Note 3 of schedule "V" to the financial statements regarding non provision of proportionate premium on redemption of US \$ 7.50 Million 1% Foreign Currency Convertible Bonds amounting to ₹ 128,893,428/-. The same has been disclosed as a contingent liability. Management has represented, that the redemption premium will be offset against the securities premium account.
5. Further to our comments in the Annexure referred to in Paragraph 3 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, 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 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - ii. in the case of the Profit & Loss Account, of the loss for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For JAGDISH CHAND & CO.  
CHARTERED ACCOUNTANTS**

Place : New Delhi  
Dated : 12th August, 2011

**(J.C. GUPTA)  
PARTNER  
M. No. 6107  
Firm Registration Number: 000129N**

**Annexure referred to in paragraph '3' of the Auditors' Report to the Members of Paramount Communications Limited on the accounts for the year ended March 31, 2011**

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was ₹18,000,000/- and the yearend balance of deposit granted to such party was ₹ 18,000,000/-. (Refer Note No.26 of Schedule "V")
- (b) In our opinion, terms and conditions on which deposit has been given to party listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from this party, since this is deposit against premises taken on rent.
- (c) As per stipulation no repayment was due from the party and no interest was charged from this party, since this was deposit against premises taken on rent. (Refer Note No.26 of Schedule "V").
- (d) There is no overdue amount of deposit granted to the party listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken deposits from one Company and two parties covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 4,837,865/- and the year end balance of deposits taken from parties was ₹ Nil.
- (f) In our opinion, the rate of interest and other terms and conditions on which deposits have been taken from Companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amounts as stipulated and also in the payment of interest where applicable in case of deposits taken from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories, fixed assets and with regard to the sale of goods. There are no sales of services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have not come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.

- (v) (a) According to the information and explanations given to us, we are of the opinion that during the year, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) As, the Company has not accepted any deposits from the public, paragraph 4(vi) of the order is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor education and protection fund, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities, though there has been delay of few days in deposit of tax deducted at source (TDS) in January, 2011. We are informed there are no undisputed statutory dues as of March 31, 2011 outstanding for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with appropriate authorities on account of any dispute other than those mentioned below :-

Name of the Statute	Nature of the Due	Amount ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	2,911,035	2005-06	Commissioner (Appeals)/ Assessing Officer
	Income Tax	398,103	2006-07	Appellat Tribunal
Central Excise Act	Excise Duty	69,906,060	2007-08, 2008-09 & 2009-10	CESTAT
	Excise Duty	412,328	2007-08, 2008-09	Commissioner (Appeals)
Finance Act	Service Tax	1,328,068	2008-09 & 2009-10	Commissioner (Appeals)
Customs Act	Custom Duty	1,836,570	2008-09	Commissioner (Appeals)

- (x) Accumulated losses of the company are less than fifty percentage of its net worth. *The Company has incurred cash losses during the year.* However, the company has not incurred cash losses in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, there are no dues to debenture holders. There have been defaults in repayment of dues to the banks and a financial institution during the year. Dues to Banks have been subsequently rescheduled up to 31st March, 2011 by way of Corporate Debt Restructuring package (CDR) and rescheduling as disclosed in Note No.6 of the Schedule V. Interest of ₹ 3,964,725/- on loan from a financial institution was due on various dates during the year and was outstanding as on 31st March, 2011. (Refer note No.6 of Schedule V).
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the order is not applicable.

- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the order is not applicable.
- (xv) The company has given guarantee for loans taken by two corporate from banks. According to the information and explanations given to us, we are of the opinion that the term and conditions thereof are not prime facie prejudicial to the interest of the company (Refer Note No 2 (i), (ii) & (iii) of Schedule "V").
- (xvi) In our opinion and on the basis of information and explanations given to us, term loans obtained during the year were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) During the year, the company has allotted equity shares on preferential basis to a company covered in the Register maintained under Section 301 of the Companies Act, 1956, consequent upon conversion of warrants. The price at which, these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, which in our opinion, is not prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by a public issue during the year. Accordingly, paragraph 4(xx) of the order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the year ended March 31, 2011.

**For JAGDISH CHAND & CO.  
CHARTERED ACCOUNTANTS**

**Place : New Delhi  
Dated : 12th August, 2011**

**(J.C. GUPTA)  
PARTNER  
M. No. 6107  
Firm Registration Number: 000129N**

## BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount (₹)	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders Funds:</b>					
a) Share Capital	A	177,270,340		169,013,930	
b) Amount received against Warrants		57,093,335		16,250,000	
c) Reserves & Surplus	B	899,048,592	1,133,412,267	1,410,619,814	1,595,883,744
<b>2. Loan Funds:</b>					
a) Secured Loans	C	3,610,118,711		2,757,978,062	
b) Unsecured Loans	D	336,093,750	3,946,212,461	338,819,937	3,096,797,999
<b>3. Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b>	E		—		19,709,863
<b>4. Deferred Tax:</b>					
a) Deferred Tax Liabilities		119,104,361		122,320,397	
b) Less: Deferred Tax Assets		119,104,361	—	122,320,397	—
			5,079,624,728		4,712,391,606
<b>II APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets:</b>					
a) Gross Block	F	2,108,433,066		2,101,483,990	
b) Less: Depreciation		618,623,902		505,092,341	
		1,489,809,164		1,596,391,649	
c) Add: Capital work-in progress	G	30,492,220	1,520,301,384	82,671,640	1,679,063,289
<b>2. Investments</b>	H		281,217,782		273,971,001
<b>3. Current Assets, Loans &amp; Advances:</b>					
a) Inventories	I	1,563,554,230		2,026,956,580	
b) Sundry Debtors	J	1,730,039,559		1,540,566,206	
c) Cash & Bank Balances	K	92,253,266		82,642,238	
d) Loans & Advances	L	427,643,876		413,864,375	
		3,813,490,931		4,064,029,399	
Less: Current Liabilities & Provisions	M	994,268,898		1,304,672,083	
<b>Net Current Assets</b>			2,819,222,033		2,759,357,316
<b>4. Profit &amp; Loss Account</b> (As per Account Annexed herewith)			458,883,529		—
			5,079,624,728		4,712,391,606
<b>NOTES ON ACCOUNTS</b>	V				

As per our separate report of even date attached

**For Jagdish Chand & Co.,**

Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**Place :** New Delhi

**Dated :** 12th August, 2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCHEDULE	Year ended 31.03.2011 Amount(₹)	Year ended 31.03.2010 Amount(₹)
<b>I. INCOME</b>			
Gross sales less returns		4,143,334,155	3,685,499,204
Less: Excise duty		307,061,022	247,799,163
Net sales		3,836,273,133	3,437,700,041
Other Income	N	75,761,679	491,945,128
Increase/(Decrease) in stock	O	(368,527,198)	5,786,692
		3,543,507,614	3,935,431,861
<b>II. EXPENDITURE</b>			
Materials	P	3,434,874,377	2,832,963,035
Manufacturing, Selling & Other expenses	Q	526,939,672	525,609,900
Increase/(decrease) excise duty on stock		(26,800,916)	7,974,394
Payment to and Provision for Employees	R	118,205,952	99,435,396
Managerial Remuneration	S	10,613,281	6,908,191
Financial Charges	T	370,677,161	330,511,512
Depreciation & Amortisation	U	123,902,986	120,669,939
Amortisation of FCMITDA (Net)		—	3,715,703
		4,558,412,513	3,927,788,070
<b>III. PROFIT/(LOSS) BEFORE TAX (I-II)</b>		(1,014,904,899)	7,643,791
<b>Less: PROVISION FOR TAXATION</b>			
-Current tax		115,000	1,345,966
-Deferred tax		—	—
<b>IV. PROFIT/(LOSS) AFTER TAXATION</b>		(1,015,019,899)	6,297,825
<b>Less: TAXATION FOR EARLIER YEARS</b>			
-Current tax		704,798	(12,000)
-Fringe Benefit Tax		(4,770)	29,776
<b>V. NET PROFIT/(LOSS)</b>		(1,015,719,927)	6,280,049
Add: Balance brought forward from last year		556,836,398	550,556,349
<b>VI. PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION</b>		(458,883,529)	556,836,398
<b>VII. LESS: APPROPRIATIONS</b>		—	—
<b>VIII. PROFIT/(LOSS) CARRIED TO BALANCE SHEET</b>		(458,883,529)	556,836,398
<b>EARNING PER SHARE: (Face Value ₹ 2/- Per Share)</b>			
-Basic		(11.72)	0.07
-Diluted		(10.27)	0.06
<b>NOTES ON ACCOUNTS</b>	V		

As per our separate report of even date attached

**For Jagdish Chand & Co.,**

Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**Place :** New Delhi

**Dated :** 12th August, 2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Amount in ₹)

S.NO. PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation and extraordinary items	(1,014,904,899)	7,643,791
<b>Adjustment for:</b>		
Depreciation (Net)	123,902,986	120,669,939
Financial Charges (Net)	370,677,161	330,511,512
Loss on sale/disposal of fixed assets (Net)	1,244,704	1,776,030
Gain on FCCB Buy Back	—	(456,491,290)
Amortisation of FCMITDA (Net)	(23,114,679)	3,715,703
Provision for leave encashment	2,537,049	775,119
Operating profit before working capital changes	(539,657,678)	8,600,804
<b>Adjustment for:</b>		
Trade & Other receivables	(214,122,590)	(152,167,389)
Inventories	463,402,350	(127,425,916)
Trade payables	(312,940,234)	364,270,875
Provision for loss on Derivative / Exchange option	—	(14,430,439)
<b>Cash generated from operations</b>	(603,318,152)	78,847,935
Direct tax paid/ Refund	10,054,708	(3,445,944)
<b>Cash flow before exceptional items</b>	(593,263,444)	75,401,991
Extraordinary items	—	—
<b>Net cash from operating activities</b>	(593,263,444)	75,401,991
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and other capital expenditure	30,788,138	33,840,571
Sale of fixed assets/ rebate received on Land from RIICO	1,798,998	23,775,980
Purchase of Investments	(7,246,781)	—
<b>Net cash used in investing activities</b>	25,340,355	57,616,551
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from long term borrowings (Net of repayments)	882,425,515	745,339,557
Proceeds from Share Capital	53,666,665	—
Proceeds from Warrants	40,843,335	16,250,000
Working capital facilities from Bank	(27,173,287)	(103,610,589)
Hire purchase finance (Net of repayments)	(662,263)	3,346,263
FCCBs buyback	—	(472,618,710)
Intercompany deposits including interest accrued & due	(888,687)	888,687
Financial Charges (Net)	(370,677,161)	(330,511,512)
<b>Net cash received/(used) from financial activities</b>	577,534,117	(140,916,304)

(Amount in ₹)

S.NO. PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>9,611,028</b>	<b>(7,897,762)</b>
Cash and cash equivalents as at 31st March, 2010 (Opening Balance)	<b>82,642,238</b>	90,540,000
Cash and cash equivalents as at 31st March, 2011 (Closing Balance)	<b>92,253,266</b>	82,642,238
<b>Note:</b>		
1. <b>Cash and cash equivalents includes:</b>		
Cash and bank balances	<b>5,124,445</b>	4,598,161
Fixed Deposits under lien/ custody with banks/sales tax department	<b>87,128,821</b>	78,044,077
<b>Total cash and cash equivalents as per balance sheet</b>	<b>92,253,266</b>	82,642,238
2. Figures in brackets represent cash outflow.		

As per our separate report of even date attached

**For Jagdish Chand & Co.,**

Chartered Accountants

**(J. C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**Place :** New Delhi

**Dated :** 12th August, 2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

SCHEDULES	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount(₹)	
<b>SCHEDULE : A SHARE CAPITAL</b>				
<b>Authorised</b> 175,000,000 Equity Shares of ₹ 2/- each		350,000,000		350,000,000
<b>Issued, Subscribed &amp; Paid up*</b> 88,635,170 Equity Shares (Previous Year 84,506,965 Equity Shares) of ₹ 2/- each		177,270,340		169,013,930
		177,270,340		169,013,930
<b>*Note:</b> 15,525,800 equity shares of ₹ 2/- each were allotted as fully paid up by way of bonus shares by capitalising Securities Premium Account during FY 2001-02				
<b>SCHEDULE : B RESERVES &amp; SURPLUS</b>				
<b>Capital Reserve</b> Capital Investment Subsidy Profit on Issue of forfeited shares	3,000,000 31,100	3,031,100	3,000,000 31,100	3,031,100
<b>Revaluation Reserve</b> Opening Balance Less: Transfer to Profit & Loss Account	9,468,196 145,079	9,323,117	9,627,120 158,924	9,468,196
<b>Securities Premium Account</b> Opening Balance Add: During the year	816,001,234 45,410,255	861,411,489	816,001,234 —	816,001,234
<b>General Reserve</b>		25,282,886		25,282,886
<b>Profit &amp; Loss Account</b> (As per annexed Account)		—		556,836,398
		899,048,592		1,410,619,814
<b>SCHEDULE : C SECURED LOANS</b>				
Term Loan from Banks				
- Foreign Currency Loans	447,937,222		450,575,000	
- Rupee Loans (Repayable within one year ₹ 50,00,00,000/- Previous year ₹ 10,00,00,000/- )	1,506,694,071		630,659,042	
- Interest Accrued & Due	9,423,617	1,964,054,910	4,827,031	1,086,061,073
- Loan from Financial Institution (Repayable on maturity of the Insurance Policy)	21,978,430		21,978,430	
- Interest Accrued & Due	3,964,725	25,943,155	1,982,363	23,960,793
- Working Capital facilities from Banks	1,614,571,209		1,639,063,038	
- Interest Accrued & Due	2,758,964	1,617,330,173	5,440,422	1,644,503,460
- Hire Purchase Finance		2,790,473		3,452,736
		3,610,118,711		2,757,978,062

SCHEDULES					As at 31.03.2011 Amount(₹)				As at 31.03.2010 Amount(₹)		
<b>SCHEDULE : D UNSECURED LOANS</b> -Inter Corporate Deposits -Foreign Currency Convertible Bonds (FCCBs)							— <b>336,093,750</b> <b>336,093,750</b>			888,687	
										337,931,250	
										338,819,937	
<b>SCHEDULE : E FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (FCMITDA)</b> Opeing Balance Add: During the Year					<b>19,709,863</b> <b>3,404,816</b>				(69,451,200)		
	85,445,360										
Less: Charged to Profit & Loss Account					<b>23,114,679</b> <b>23,114,679</b>		—		15,994,160 (3,715,703)	19,709,863	
							—			19,709,863	
<b>SCHEDULE : F FIXED ASSETS</b>											
S. No.	Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01.04.10	Additions	Ded./ Adj.	As at 31.03.11	As at 01.04.10	For the Year	Ded./ Adj.	As at 31.03.11	As at 31.03.11	As at 31.03.10
1.	Land	1,2621,330	—	—	12,621,330	—	—	—	—	12,621,330	12,621,330
2.	Land ( Leasehold )	286,027,767	1,289,550	—	287,317,317	—	—	—	—	287,317,317	286,027,767
3.	Buildings	342,843,963	9,578,029	279,959	352,142,033	44,561,614	11,431,010	—	55,992,624	296,149,409	298,282,349
4.	Plant & Machinery	1,321,964,122	7,259,213	9,185,702	1,320,037,633	417,249,843	100,468,197	8,548,029	509,170,011	810,867,622	904,714,278
5.	Electrical Fitting & Equipments	56,844,404	979,326	557,274	57,266,456	13,852,982	2,619,688	232,186	16,240,484	41,025,972	42,991,421
6.	Furniture & Fixtures	20,488,134	592,029	1,140,699	19,939,464	5,269,652	1,185,462	933,789	5,521,325	14,418,139	15,218,483
7.	Vehicles	27,733,407	220,288	2,380,515	25,573,180	10,810,400	2,862,546	802,500	12,870,446	12,702,734	16,923,007
8.	Assets acquired under Hire Purchase: -Vehicles	5,761,531	—	—	5,761,531	1,026,963	—	—	1,026,963	4,734,568	4,734,568
9.	Intangible Assets -Software	27,199,332	590,848	16,058	27,774,122	12,320,887	5,481,162	—	17,802,049	9,972,073	14,878,445
	<b>Total:</b>	<b>2,101,483,990</b>	<b>20,509,283</b>	<b>13,560,207</b>	<b>2,108,433,066</b>	<b>505,092,341</b>	<b>124,048,065</b>	<b>10,516,504</b>	<b>618,623,902</b>	<b>1,489,809,164</b>	<b>1,596,391,649</b>
	Previous Year	1,933,296,300	197,305,839	29,118,149	2,101,483,990	387,829,614	120,828,863	3,566,136	505,092,341	1,596,391,649	1,545,466,685
<b>Notes:</b>											
1. Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,650,950											
2. Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,406,534											
3. Amount of Depreciation pertaining to revaluation in case of Building. ₹ 145,079											
4. Title deeds of factory land at prahladpur, Bawana Road, Delhi-110 042 are in the name of erstwhile Paramount Cable Corporation.											
5. Title deeds of a part of factory land measuring 954.50 sq. mtr.at prahladpur, Bawana Road, Delhi-110042 shown in Balance Sheet at Rs.23,86,250 are yet to be registered in the name of the Company.											
6. Carrying value of Assets acquired under hire purchase as on 31.03.2011 exlude the amount related to hire purchase agreement settled during the current year.											
7. Additions includes exchange gain (net) of ₹. 8,82,000/- (Previous year exchange gain (net) ₹ 5,52,42,598/-).											

SCHEDULES	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount(₹)	
<b>SCHEDULE : G CAPITAL WORK IN PROGRESS</b>				
- Capital work in progress		—		9,707,243
- Capital Advances		30,492,220		72,964,397
		30,492,220		82,671,640
<b>SCHEDULE : H INVESTMENTS</b>				
<b>Long Term : Unquoted</b>				
- <b>Trade</b>				
- 2,558,000 Equity Shares of ₹ 10/- each of Paramount Wires & Cables Ltd, fully paid		25,580,000		25,580,000
<b>Subsidiary:</b>				
Paramount Holdings Limited, Cyprus				
- 3675 (Previous Year 3600) equity shares of Euro 1.71 each, fully paid		255,469,782		248,223,001
- <b>Others</b>				
- 4800 Equity Shares of ₹ 10/- each of Haryana Financial Corporation, fully paid		168,000		168,000
		281,217,782		273,971,001
<b>SCHEDULE : I INVENTORIES</b> (As taken, valued and certified by the management)				
Stores, Spares & Consumables		11,707,343		9,007,616
Raw Materials		366,142,492		462,494,176
Stock in process		644,003,862		765,939,538
Finished goods		531,488,646		781,389,611
Packing materials		2,955,524		4,178,719
Scrap		7,256,363		3,946,920
		1,563,554,230		2,026,956,580
<b>SCHEDULE : J SUNDRY DEBTORS</b> (Unsecured, Considered Good)				
- Over six months	292,400,292		326,308,209	
- Other Debts	1,437,639,267	1,730,039,559	1,214,257,997	1,540,566,206
		1,730,039,559		1,540,566,206

SCHEDULES	As at 31.03.2011 Amount (₹)		As at 31.03.2010 Amount (₹)	
<b>SCHEDULE : K CASH &amp; BANK BALANCES</b>				
Cash Balances including imprest		4,714,422		3,092,469
Balance with scheduled Banks:				
- Current Accounts	410,023		1,505,692	
- Fixed deposits	87,128,821	87,538,844	78,044,077	79,549,769
		92,253,266		82,642,238
<b>SCHEDULE : L LOANS AND ADVANCES</b> (Unsecured, Considered Good)				
Advance Recoverable in cash or in kind or for value to be received		88,022,863		106,458,965
Loans and Advances to workers & staff		3,801,401		2,622,070
Earnest Money / Security Deposits		37,402,773		32,060,092
Amount Recoverable from Government Authorities		117,866,468		48,143,909
Advance Tax (Net of Provisions)		4,523,701		15,393,437
Balance with Excise Authorities		176,026,670		209,185,902
		427,643,876		413,864,375
<b>SCHEDULE : M CURRENT LIABILITIES</b>				
- Sundry Creditors				
- Total outstanding dues to Micro and Small enterprises	498,944		14,682,712	
- Total outstanding dues to creditors other than Micro and Small enterprises	909,668,693		1,182,572,794	
- Other Liabilities	53,308,742		80,922,848	
- Advances and deposits	19,591,756		17,826,138	
Investor Education and Protection Fund Shall be credited by the following amount namely:-*				
- Unclaimed dividend	1,104,751	984,172,886	1,108,628	1,297,113,120
<b>PROVISIONS</b>				
- Leave Encashment	10,096,012	10,096,012	7,558,963	7,558,963
		994,268,898		1,304,672,083
<p>* No amount is due as on 31st March, 2011 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to the Fund</p>				

SCHEDULES	Year ended 31.03.2011 Amount(₹)		Year ended 31.03.2010 Amount(₹)	
<b>SCHEDULE : N</b>				
<b>OTHER INCOME</b>				
Provision for loss on derivative written back		—		2,853,235
Foreign Exchange Fluctuation (net)		4,642,237		—
Insurance Claim Received		7,688		2,218,494
Gain on FCCB Buy Back		—		456,491,290
Duty Drawback		14,624,797		14,196,330
Liability Written Back		32,049,037		15,920,175
Interest on Income Tax Refund		1,320,576		155,793
Amortisation of FCMITDA (Net)		23,114,679		—
Miscellaneous		2,665		109,811
		<b>75,761,679</b>		<b>491,945,128</b>
<b>SCHEDULE : O</b>				
<b>INCREASE/(DECREASE) IN STOCK</b>				
<b>Opening Stock</b>				
-Finished Goods	781,389,611		849,408,779	
-Stock in Process	765,939,538		695,118,553	
-Scrap	3,946,920	1,551,276,069	962,045	1,545,489,377
<b>Less: Closing Stock</b>				
-Finished Goods	531,488,646		781,389,611	
-Stock in Process	644,003,862		765,939,538	
-Scrap	7,256,363	1,182,748,871	3,946,920	1,551,276,069
		<b>(368,527,198)</b>		<b>5,786,692</b>
<b>SCHEDULE : P</b>				
<b>MATERIALS</b>				
<b>Raw Materials</b>				
-Opening Stock	462,494,176		343,120,866	
Add: Purchases	3,266,631,076		2,931,410,407	
	<b>3,729,125,252</b>		<b>3,274,531,273</b>	
Less: Closing Stock	366,142,492	3,362,982,760	462,494,176	2,812,037,097
<b>Traded items</b>				
-Opening Stock	—		—	
Add: Purchases	71,891,617		20,925,938	
	<b>71,891,617</b>		<b>20,925,938</b>	
Less : Closing Stock	—	71,891,617	—	20,925,938
		<b>3,434,874,377</b>		<b>2,832,963,035</b>
<b>SCHEDULE : Q</b>				
<b>MANUFACTURING, SELLING &amp; OTHER EXPENSES</b>				
Stores & Spares Consumed		14,622,891		20,302,640
Packing material Consumed		111,937,691		113,616,565
Conversion Charges		8,863,263		22,949,430
Power, Fuel & Lighting		76,105,514		76,226,628
Labour charges		59,415,754		57,807,070
<b>Repairs &amp; Maintenance:</b>				
-Plant & Machinery	11,162,166		13,263,369	
-Building	627,575		173,053	
-Others	1,689,960	13,479,701	1,979,451	15,415,873
Rent		22,161,456		24,135,284

SCHEDULES	Year ended 31.03.2011 Amount(₹)		Year ended 31.03.2010 Amount(₹)	
Freight, Octroi & Cartage ( Net )		31,744,888		35,447,297
Rebate,Discount, Commission on Sales		57,621,599		40,928,239
Rates & Taxes		2,112,653		737,715
Insurance		8,203,198		8,547,005
Travelling & Conveyance (Net)		22,565,201		21,386,180
Advertisement & Publicity		5,161,580		15,669,218
<b>Payment to Auditors</b>				
-Audit Fee	840,000		840,000	
-Tax Audit fee	100,000		100,000	
-Taxation Matters	20,000		20,000	
-Others	91,000		122,000	
-Out of pocket expenses(Including service tax)	66,720	1,117,720	55,260	1,137,260
Donations		379,100		733,600
Communication Expenses		6,846,573		7,290,902
Share Transfer Expenses		85,407		113,312
Bad Debts written off		30,535,819		8,209,160
Foreign Exchange Fluctuation (net)		—		15,212,584
Miscellaneous Expenses		52,734,960		37,967,908
Loss on sale/disposal of fixed assets (Net)		1,244,704		1,776,030
		526,939,672		525,609,900
<b>SCHEDULE : R</b>				
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
Salaries, Wages, Bonus & Other Benefits		107,478,565		89,901,808
Contribution to Provident & Other Funds		6,362,958		4,811,227
Welfare Expenses		4,364,429		4,722,361
		118,205,952		99,435,396
<b>SCHEDULE : S</b>				
<b>MANAGERIAL REMUNERATION</b>				
Salaries		7,800,000		4,510,000
House Rent		1,200,000		1,200,000
Perquisites		379,781		291,491
Directors Meeting Fees		297,500		365,500
Contribution to Provident & Other Benefits		936,000		541,200
		10,613,281		6,908,191
<b>SCHEDULE : T</b>				
<b>FINANCIAL CHARGES</b>				
<b>Interest</b>				
- Working Capital Facilities (Net)	219,749,238		200,766,791	
- Term Loan	90,666,914		61,778,877	
- FCCBs	3,786,991		9,509,847	
- Others	13,093,946	327,297,089	9,315,300	281,370,815
<b>Bank Charges &amp; Commission</b>		43,380,072		49,140,697
		370,677,161		330,511,512
<b>SCHEDULE : U</b>				
<b>DEPRECIATION</b>				
On Fixed Assets	124,048,065		120,828,863	
Less: Transfer from Revaluation Reserve	145,079	123,902,986	158,924	120,669,939
		123,902,986		120,669,939

## SCHEDULE : V

Notes to Accounts for the year ended 31st March, 2011

### 1. SIGNIFICANT ACCOUNTING POLICIES

a) The accounts have been prepared under the historical cost convention except where otherwise stated.

#### b) Fixed Assets

- i. Construction period expenses directly attributable to projects are capitalised. Financing cost during the construction period on loans raised for/allocated to qualifying projects is capitalised. Financing cost incurred on general borrowings used for projects is capitalised. The amount of such borrowing is determined after setting off the amount of internal accruals.
- ii. Fixed Assets are stated at cost including allocated costs or valuation less accumulated depreciation.
- iii. The cost of any software purchased initially along with the computer hardware is being capitalised along with the cost of the hardware. Any subsequent acquisition/upgradation of software is being capitalised as an asset.
- iv. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- v. Depreciation is provided on Written - Down Value Method on buildings added upto 31st March, 1993 and straight line method on fixed assets added from 1st April, 1993 in accordance with and at the rates specified in Schedule XIV of the companies Act, 1956. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.
- vi. No write off is being made in respect of leasehold land, as the lease is a long lease.

#### c) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if, such decline is other than temporary in the opinion of the management. Current investments are stated at lower of cost or market value.

#### d) Inventories

- i. Inventories are valued as follows :
  - Finished Goods are valued at lower of cost or net realisable value.
  - Raw materials are valued at lower of cost or net realisable value.
  - Work in process is valued at lower of cost or net realisable value.
  - Packing materials, Stores & Spares are valued at cost.
  - Scrap is valued at estimated realisable value.
- ii. Cost of Raw Material is determined on weighted average basis. Cost of Packing materials and stores & spares are determined on weighted average basis. Work- in-process includes raw material costs and allocated production overheads on estimated basis. Cost of Finished Goods is determined by taking derived material costs and other overheads.

#### e) Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- ii. Foreign currency transactions remaining unsettled at the yearend are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items:-
  - In so far as they relate to the acquisition of a depreciable capital assets are adjusted in the cost of assets.
  - In other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and amortised over the balance period of such long term monetary item but not beyond 31st March, 2011.

iv. Non monetary foreign currency items are carried at cost.

**f) Revenue Recognition**

- i. Sales are accounted for on dispatch of goods from the factory to the customers. Sales are net of returns and include excise duty wherever directly chargeable from customers, but exclude sales tax/VAT.
- ii. Other items of revenue are recognised in accordance with the Accounting Standard on 'Revenue Recognition' (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/realisation of income, the same is not accounted for.

**g) Excise Duty**

Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in factory premises. CENVAT credit is accounted on accrual basis on purchases of materials and capital goods.

**h) Employees Benefits**

- i. Liability in respect of Gratuity, a defined benefit plan, is being paid to a fund maintained by SBI life insurance company Limited under Group Gratuity Scheme. Difference between the fund balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss Account.
- ii. Liability in respect of employees who are entitled to leave compensatory & encashment, a terminal employee benefit, being defined benefit plan, is recognized on the basis of actuarial valuation.
- iii. Contributions with respect to Provident Fund, is recognized as an expense in the profit and loss account of the year in which the related service is rendered.

**i) Reserves**

- i. The difference between depreciation on the revalued value of the asset and depreciation on their historical cost is transferred from Revaluation Reserve to Profit & Loss Account.
- ii. Project subsidy from State Government is credited to Capital Reserve.

**j) Preliminary Expenses**

Public Issue expenditures are being written off against securities premium, net of taxes, in the year of issue.

**k) Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**l) Impairment of Fixed Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

## 2. CONTINGENT LIABILITIES

- i. Guarantee of ₹ 10,000,000/- (Previous Year ₹ 50,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2011 ₹ 8,780,673/- (Previous year ₹ 9,763,962/-) for fund based limits and ₹ NIL (Previous year ₹ NIL) for non-fund based limits.

- ii. The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ₹ 35,601,250/- (sterling pounds 500,000) (previous year ₹ 34,350,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.
- iii. The Company has executed a parental guarantee of ₹ 1,174,841,250/- (sterling pounds 16,500,000) (Previous Year ₹ Nil (sterling pounds Nil)) given to a Bank for credit facilities given to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2011 was ₹ 1,107,693,804/- (sterling pounds 15,556,951) (Previous year ₹ NIL (sterling pounds NIL)).
- iv. Unused letter of credit outstanding ₹ 348,435,379/- (Previous year ₹ 282,844,807/-)
- v. Financial Bank Guarantees outstanding ₹ 12,986,404/- (Previous year ₹ 29,433,278/-).
- vi. Outstanding Bills discounted ₹ NIL (Previous year ₹ 121,044,102/-)
- vii. Effect of Income tax demands/disallowances against which appeal/rectifications have been filed by the company is ₹ 3,309,048/- (Previous year ₹ 29,518,775/- )
- viii. Excise demands due to levy of excise duty on exempted supplies / denial of CENVAT credit, under appeal ₹ 70,318,388/- (Previous year ₹ 55,321,721/-)
- ix. Service tax demands due to levy of service tax on some services / denial of service tax credit, under appeal ₹ 1,328,068/- (Previous year ₹ 811,930/-)
- x. Custom duty demand due to denial of concessional custom duty, under appeal ₹ 1,836,570/- ( Previous year ₹ 1,836,570/- )
- xi. Claim pending against company not acknowledged as debt ₹ 2,580,254/- ( Previous year ₹ 2,580,254/-)
- xii. Premium on Redemption of 1% Foreign Currency Convertible Bonds (FCCBs) ₹ 128,893,428 (Previous Year ₹ 95,430,713/-)
3. 1% Foreign Currency Convertible Bonds ('FCCBs') have an option to convert bonds into Equity Shares at Conversion Price ₹ 42.60 per share (adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 5 of the Terms & Conditions of Bonds) at a fixed exchange rate ( ₹ 44.99=US\$1) between 22nd November, 2006 and 13th November, 2011. Unless previously converted, redeemed or repurchased or cancelled, the Company will redeem these bonds at 145.54 percent of the principal amount on 23rd November, 2011. The premium, if paid, would be adjusted against the Securities Premium Account
4. Estimated amount of contracts (net of advances) remaining to be executed on capital account ₹ 22,500,000/- (Previous year ₹ 152,567,000/-).
5.
  - i. Working Capital facilities from Banks are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stocks in process, finished goods, consumable stores & spares and receivables of the Company, 1st Pari-Passu charge on company's property situated at Prahaladpur, Bawana Road, Delhi, 2nd Pari-Passu charge on other present and future fixed assets. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.
  - ii. Term loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company and 2nd pari-passu charge on present and future current assets of the Company. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies .
  - iii. Hire Purchase Finance is secured against assets financed from it.
  - iv. Loan from Financial Institution is secured against surrender value/ maturity value of key man insurance policy of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company.

6. During the year under review, the Company defaulted in payment of interest of ₹157,673,859/- and principal of ₹ 832,808,360/- to banks on various dates. Corporate Debt Restructuring (CDR) for the company has been approved by the CDR-EG and the Letter of Approval (LOA) has been issued on 22nd November, 2010. The CDR inter-alia includes restructuring of repayment schedule, reduction in interest rates, additional securities and pledge of 100% promoter's shareholding. Master Restructuring Agreement (MRA) has been executed by all the CDR lenders and the CDR Scheme has been implemented. During the year the banks that were not part of the CDR scheme, have also restructured their credit facilities in line with CDR scheme with varied terms and conditions regarding repayment schedule and interest rates. As at 31st March, 2011 there is no default of interest and principle to the banks.  
Interest of ₹3,964,725/- on loan from a financial institution overdue as on 31st March, 2011 has been subsequently paid.
7. Subsequent to 31st March, 2011, AEI Cables Limited, United Kingdom offered a Company Voluntary Arrangement (CVA) to unsecured creditors of AEI Cables Limited under the Insolvency Act, 1986, which has been approved by the creditors.
8. In opinion of the management, diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount Holdings Limited (Subsidiary) is temporary in nature keeping in view CVA scheme under implementation and business restructuring undertaken by AEI Cables Limited, United Kingdom and expected cash flows from operations of Associate/Subsidiary. Hence, no provision for diminution in value is required.
9. Fixed Deposits with banks amounting to ₹ 87,128,821/- (Previous year ₹ 78,044,077/-) are under lien/custody with banks/ sales tax department.
10. Interest on working capital facilities has been shown net of interest earned by the company ₹ 9,292,544/-(Previous Year ₹ 10,890,394/-).
11. During the year the Company has allotted 3,520,000 warrants on preferential basis. The warrant holders have option of subscribing one equity shares of face value of ₹ 2/- each per warrant at a price of ₹13/- per equity share any time up to 28th April, 2012. Pursuant to application and payment received for conversion of warrants into equity shares, out of 5,000,000 warrants issued during the financial year 2009-10, 4,128,205 equity shares were allotted during the year. Proceeds from issue have been utilized as per objects of the issue.
12. As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, during financial year 2008-09 the company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after December 22, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange gain (net) ₹882,000/-(Previous year ₹55,242,598/-) has been adjusted in gross block of fixed assets.  
Exchange difference on External Commercial Borrowing (ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'
13. Insurance Premium of ₹ 3,793,545/- (Previous Year ₹ 3,793,545/-) on Key man Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policies will be accounted for on receipt basis.
14. Amount of Excise Duty deducted from the turnover is for sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock and opening stock.
15. Following expenses were capitalized and allocated to fixed assets:

Particulars	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
Opening Balance	—	11,464,162
Interest on Term Loan	—	4,055,178
<b>Total</b>	<b>—</b>	<b>15,519,340</b>
Less: Allocated to fixed assets	—	15,519,340
Net Capital expenditure pending allocation	—	—

16. Deferred Tax Assets and Liabilities are attributable to following items:

Particulars	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
<b>Assets:</b>		
FCCB / GDR Issue Expenses	922,292	2,072,361
Leave Encashment	3,275,651	2,615,708
Unabsorbed Depreciation	114,906,418	117,632,328
<b>Total:</b>	<b>119,104,361</b>	<b>122,320,397</b>
<b>Liabilities:</b>		
Depreciation	119,104,361	122,320,397
<b>Total:</b>	<b>119,104,361</b>	<b>122,320,397</b>

Note: As required by Accounting Standard-22 ('AS-22'), in view of existence of Carried forward losses and unabsorbed depreciation under tax laws, Deferred Tax Assets have been recognised only to the extent they are virtually certain to be realised.

17. Earnings Per Share pursuant to Accounting Standard- 20 ("AS-20") has been calculated as follows:

Particulars	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
Net Profit/(Loss) after taxation	(1,015,719,927)	6,280,049
Weighted average number of equity shares for Basic EPS	86,650,203	84,506,965
Add: Adjustment for weighted FCCBs outstanding convertible in equity shares	7,920,775	18,962,117
Add: Adjustment for weighted warrants outstanding having option to subscribe equity shares	4,341,912	1,547,945
Weighted average number of equity shares for Diluted EPS	98,912,890	105,017,027
Basic Earnings Per Share	(11.72)	0.07
Diluted Earnings Per Share	(10.27)	0.06
Face Value Per Share	2	2

18. Following reimbursements from AEI Cables Limited for the portion of expenses attributable to them have been netted off from respective account heads:

Particulars	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
Travelling & Conveyance	863,288	1,009,664

19. In view of the inadequate profit, minimum managerial remuneration as approved and as per the Companies Act, 1956 has been paid / provided.
20. Sundry Debtors include due from Paramount Wires & Cables Limited, in which Company holds 44.49% of shareholding, ₹ 97,616/- (Previous year ₹ 55,862,311/-)
21. Sundry Debtors include due from AEI Cables Limited, a subsidiary of the company ₹2,424,344/- (Previous year ₹102,893,415/- ) and Sundry Creditors include due to AEI Cables Limited, a subsidiary of the company ₹22,976,347/- (Previous year ₹1,961,403/-)
22. Sundry Debtors include due from AEI Power Cables Limited, a subsidiary of the company ₹ 516,861,271/- (Previous year ₹ Nil).

23. Loans & advances include due from Paramount Holdings Limited, a subsidiary of the company ₹ 2,590,285/- (Previous year ₹2,373,880/-) Maximum Balance outstanding during the year ₹ 2,590,285/- (Previous year ₹ 2,373,880/-).
24. Loans & Advances include Security Deposit given to Paramount Telecables Limited for premises taken on rent ₹18,000,000/- (Previous year ₹18,000,000) Maximum Balance outstanding during the year ₹ 18,000,000/- (Previous year ₹18,000,000/-)
25. Loans and Advances include recoverable from Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director of the Company on account of remuneration paid in excess of minimum remuneration due to unforeseen losses during the year ₹ NIL (Previous year ₹ Nil). Maximum Balance outstanding during the year ₹ Nil (Previous year ₹ 6,95,776/-).

26. Disclosure pursuant to clause 32 of the Listing Agreement with Stock Exchanges is given below:

(a) Loans and Advances in the nature of Security deposit given to Associates: Amount (₹)

Name	As at 31.03.11	Maximum Balance during 2010-11	As at 31.03.10	Maximum Balance during 2009-10
Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-

Note: Security deposit for premises taken on rent by the Company and adjustable/refundable as per terms & conditions of the Lease Agreement. Paramount Telecables Limited has not invested in shares of the company.

27. In opinion of the management Company's business activity mainly falls within a single primary business segment 'Cables', the disclosures requirements of Accounting Standard-17 ("AS-17") "Segment Reporting" are not applicable.
28. (a) Fixed Assets taken on lease on or after 1st April, 2001 include motor vehicles at an aggregate cost of ₹ 5,761,531/- (Previous year ₹5,761,531/-) with future lease obligation by way of lease rental as follows:

Amount (₹)

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Within one year	1,041,300	1,041,300	294,963	379,036	746,337	662,264
Later than one year and not later than five years	2,342,925	3,384,225	298,790	593,753	2,044,135	2,790,472
Total:	3,384,225	4,425,525	593,753	972,789	2,790,472	3,452,736

- (b) Operating Leases:

The Company has entered into lease transactions during the current financial year mainly for leasing of storage / office premises and company leased accommodations for its employees for periods upto 10 years. Terms of Lease include terms of renewal, increase in rents in future periods and terms of cancellation. There are no subleases. The Operating lease payments recognized in the Profit & Loss account amount to ₹23,361,456/- (Previous year ₹25,335,284/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

PARTICULARS	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
Minimum Lease Payments		
-Not later than one year	20,666,664	20,666,664
-Later than one year but not later than five years	82,666,656	18,636,902
-Later than five years	76,499,990	—

29. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

S. No.	PARTICULARS	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
1	Principal amount due and remaining unpaid	498,944/-	14,682,712/-
2	Interest due on (1) above and unpaid interest	—	—
3	Interest paid on all delayed payments under the MSMED Act.	—	—
4	Payment made beyond the appointed day during the year	—	—
5	Interest due and payable for the period of delay other than (3) above	—	—
6	Interest accrued and remaining unpaid	—	—
7	Amount of further interest remaining due and payable in succeeding years	—	—

30. (a) The Company has following outstanding Currency Swaps for hedging purpose at the year end:

PARTICULARS	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
Forward Contracts (net)	36,773,350	405,517,500

- (b) (i) Unhedged amount payable in foreign currency:-

Particulars	As at 31.03.2011			As at 31.03.2010		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Import of Goods	67,572,123	1,507,886	USD	76,132,521	1,722,876	USD
	22,976,350	316,839	GBP	1,961,403	28,550	GBP
	491,671	7,721	Euro	—	—	—
Payables	—	—	—	4,836,925	107,350	USD
FCCBs	336,093,750	7,500,000	USD	337,931,250	7,500,000	USD
Foreign Currency Term Loans	447,937,222	9,995,810	USD	450,575,000	10,000,000	USD

- (ii) Unhedged amount receivable in foreign currency:-

Particulars	As at 31.03.2011			As at 31.03.2010		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Export of Goods	10,035,691	225,978	USD	64,383,803	1,441,805	USD
	493,400,050	6,929,497	GBP	102,893,415	1,525,420	GBP
	25,885,565	414,020	EURO	—	—	—
Advances	—	—	—	83,148	1,862	USD
	—	—	—	1,566,603	25,770	EURO
Receivables	2,590,285	39,000	EURO	2,373,880	35,500	EURO

31. The disclosures required under Accounting Standard 15 "Employee Benefits" ("AS-15") are given below:

## Defined Contribution Plan

The amount recognized as an expense in defined contribution plan is as under:

Particulars	2010-11 Amount (₹)	2009-10 Amount (₹)
Contributory Provident Fund & Employees Pension Scheme, 1995	7,298,958	5,352,427

## Defined Benefit Plan

The company is having following Defined Benefit Plans:

- ❖ Gratuity (Funded)
- ❖ Leave Encashment (Unfunded)

(In ₹)

	Particulars	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
a)	<b>Actuarial Assumptions</b>				
	Discount rate	8.0	8.0	8.0	7.5
	Expected rate of return on assets	8.0	—	8.0	—
	Expected rate of future salary increase	8.0	6.0	8.0	6.0
b)	<b>Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
	Present value of obligations as at beginning of year	11,295,029	7,558,963	9,750,118	6,783,844
	Interest cost	844,025	582,040	780,009	515,572
	Current Service Cost	1,459,721	3,182,356	2,012,738	1,221,282
	Benefits paid	(1,489,444)	(540,664)	—	(669,944)
	Actuarial (gain)/loss on Obligations	441,718	(1,793,463)	(1,247,836)	(291,791)
	Value of obligation for employees transferred from Paramount Wire & Cables Ltd during the period	—	1,106,779	—	—
	Present value of obligations as at end of year	12,551,049	10,096,011	11,295,029	7,558,963
c)	<b>Reconciliation of opening and closing balances of fair value of plan assets</b>				
	Fair value of plan assets as on beginning of year	11,644,015	—	9,622,514	—
	Expected return on plan assets	987,288	—	816,495	—
	Contributions	2,895,161	—	1,167,353	—
	Benefits paid	(1,489,444)	—	—	—
	Actuarial Gain/(Loss) on Plan assets	(15,282)	—	37,653	—
	Fair value of plan assets at the end of year	14,021,738	—	11,644,015	—
d)	<b>Fair value of plan assets as on 31.03.2011</b>				
	Fair value of plan assets at beginning of year	11,644,015	—	9,622,514	—
	Actual return on plan assets	972,006	—	854,148	—
	Contributions	2,895,161	—	1,167,353	—
	Benefits paid	(1,489,444)	—	—	—

(In ₹)

	Particulars	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
	Fair value of plan assets at the end of year	14,021,738	—	11,644,015	—
	Funded status	1,470,689	(10,096,011)	348,986	(7,558,963)
	Excess of Actual over estimated return on plan	(15,282)	—	37,653	—
e)	<b>Actuarial (Gain)/Loss recognized for the year</b>				
	Actuarial (Gain)/Loss for the year – Obligation	441,718	(1,793,463)	(1,247,836)	(291,791)
	Actuarial (Gain)/Loss for the year – plan assets	15,282	—	(37,653)	—
	Total (Gain)/Loss for the year	457,000	(1,793,463)	(1,285,489)	(291,791)
	Actuarial (Gain)/Loss recognized in the year	457,000	(1,793,463)	1,285,489	(291,791)
f)	<b>The amounts recognized in the balance sheet</b>				
	Present value of obligations as at the end of year	12,551,049	10,096,011	11,295,029	7,558,963
	Fair value of plan assets as at the end of the year	14,021,738	—	11,644,015	—
	Funded status	1,470,689	(10,096,011)	348,986	(7,558,963)
	Net Asset/(liability) recognized in balance sheet	1,470,689	(10,096,011)	348,986	(7,558,963)
g)	<b>Expenses Recognized in statement of profit &amp; Loss</b>				
	Current Service Cost	1,459,721	3,182,356	2,012,738	1,221,282
	Interest cost	844,025	582,040	780,009	515,572
	Expected return on plan assets	(987,288)	—	(816,495)	—
	Net Actuarial (gain)/Loss recognized in the year	457,000	(1,793,463)	(1,285,489)	(291,791)
	Value of obligation for employees transferred from Paramount Wire & Cables Ltd during the period	—	1,106,779	—	—
	Expenses recognized in statement of Profit & Loss	1,773,458	3,077,712	(690,763)	1,445,063

## 32. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

### A Particulars of Capacity and Production

Particulars	Unit	Licensed Capacity	Installed capacity		Actual production	
			As at 31.03.2011	As at 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Power Cables*	Kms	Not Applicable	80,000	80,000	34,806**	36183**
Jelly Filled Telephone Cables	Ckm	Not Applicable	5,299,000	5,299,000	26,950	59,653
Optical Fibre Cables	Kms	Not Applicable	20,000	20,000	6,769	8,674

\* Includes all types of electric cables viz, LT/HT Power Cables, Control Cables, Instrumentation Cables, Thermocouple Cables, Railway Signaling Cables, Copper Flexible & Building Wires etc.

\*\* Includes 0.145 Kms (Previous year 0.846 Kms) consumed during testing/ reprocessing.  
Installed capacity has been certified by Chairman & CEO and relied upon by Auditors.

## B Particulars of Stock & Sales (Gross)

Particulars	Unit	Opening Stock		Closing Stock		Sales	
		As at 1.04.2010	As at 1.04.2009	As at 31.03.2011	As at 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Power Cables	Kms ₹	6,427 771,422,217	6,264 837,870,462	4,125 524,871,994	6,427 771,422,217	37,108 3,672,941,201	36,020 3,216,207,440
Jelly Filled Telephone Cables	Ckm ₹	2,175 3,265,666	4,699 3,582,186	54 529,541	2,175 3,265,666	29,071 32,079,014	62,177 119,757,273
Optical Fibre Cables	Kms ₹	383 6,701,728	587 7,956,131	414 6,087,111	383 6,701,728	6,738 36,855,838	8,878 123,921,054
Traded goods	₹	—	—	—	—	83,675,835	20,380,047
Others	₹	—	—	—	—	317,782,267	205,233,390
<b>Total</b>		<b>781,389,611</b>	<b>849,408,779</b>	<b>531,488,646</b>	<b>781,389,611</b>	<b>4,143,334,155</b>	<b>3,685,499,204</b>

## C Particulars of Raw Materials Consumed

Class of Goods	Quantity in (Kgs)		Value (Net of Modvat) in (₹)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Copper*	3,686,994	2,739,922	1,425,836,792	862,687,076
Aluminium**	7,373,674	8,031,107	876,758,527	823,274,287
PVC/PE***	10,711,197	12,159,269	722,126,004	705,822,936
G.I. Wires/Strips****	4,923,554	4,520,871	224,012,519	200,041,970
Others	N.A.	N.A.	114,248,918	220,210,828
<b>Total:</b>			<b>3,362,982,760</b>	<b>2,812,037,097</b>

\* Includes 248,035 Kgs (Previous year 344,259 Kgs) material sold

\*\* Includes Nil Kgs (Previous year 26,697 ) material sold

\*\*\* Includes 263,850 Kgs (Previous year 10,60,650 Kgs) material Sold

\*\*\*\* Includes 10,905 Kgs (Previous year 2,89,460 Kgs ) material sold

## D Purchase of Traded Goods

Class of Goods	Unit	Quantity		Value in (₹)	
		Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Traded goods*	N.A.	N.A.	N.A.	71,891,617	2,09,25,938

\*Cables, accessories etc.

## E Value of Imported and Indigenous materials consumed.

Class of Goods	Value in ( % )		Value in (₹)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
(i) Raw Materials :				
-Indigenous	90.87	88.08	3,055,961,896	2,476,714,689
-Imported	9.13	11.92	307,020,864	335,322,408
<b>Total:</b>	<b>100.00</b>	<b>100</b>	<b>3,362,982,760</b>	<b>2,812,037,097</b>

Class of Goods	Value in ( % )		Value in (₹)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
<b>(ii) Traded Goods:</b>				
-Indigenous	—	50.74	—	10,617,497
-Imported	100.00	49.26	71,891,617	10,308,441
<b>Total:</b>	100.00	100	71,891,617	20,925,938
<b>(iii) Packing Materials:</b>				
-Indigenous	95.59	100.00	107,001,262	113,616,565
-Imported	4.41	—	4,936,429	—
<b>Total:</b>	100.00	100.00	111,937,691	113,616,565
<b>(iv) Stores, Spares &amp; Consumables:</b>				
-Indigenous	86.42	98.8	12,636,871	20,058,280
-Imported	13.58	1.2	1,986,020	244,360
<b>Total:</b>	100.00	100	14,622,891	20,302,640

Particulars		Year ended 31.03.2011 (₹)	Year ended 31.03.2010 (₹)
<b>F</b>	<b>Earnings in Foreign Exchange (On accrual basis)</b>		
	-Exports on CIF Prices	633,834,576	299,076,432
	-Deemed Exports	—	511,293
<b>G</b>	<b>Expenditure in Foreign Currency (On accrual basis)</b>		
	-Travelling	4,380,194	4,777,880
	-Miscellaneous	2,253,589	10,633,906
	-Annual maintenance fee to Stock Exchange	149,931	176,475
	-Interest	25,893,600	51,018,582
<b>H</b>	<b>Value of Imports of CIF basis</b>		
	-Raw Materials	307,020,864	310,840,826
	-Traded Goods	71,891,617	10,308,441
	-Packing Material	4,936,429	—
	-Stores, Spares & Consumables	1,986,020	244,360
	-Capital Goods	—	3,385,511

33. Related Party disclosures, as required by Accounting Standard-18 ("AS-18") are enclosed as per Annexure-1.
34. Previous year's figures have been regrouped / rearranged where necessary.
35. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 has been given under "Balance Sheet Abstract and Company's General Business Profile".

As per our separate report of even date attached

**For Jagdish Chand & Co.,**  
Chartered Accountants

**(J.C. Gupta)**  
Partner  
Membership No. 6107  
Firm Registration Number : 000129N

**(Sanjay Aggarwal)**  
Chairman & CEO

**(Sandeep Aggarwal)**  
Managing Director

**(Ratan Aggarwal)**  
CFO & Company Secretary

**Place :** New Delhi  
**Dated :** 12th August, 2011

## Annexure I

"Related party disclosures", for the year ended 31st March, 2011, as required by Accounting Standard-18 ("AS-18") are given below:

### Relationships:

**i) Subsidiaries of the Company:**

Paramount Holdings Limited, Cyprus

AEI Cables Limited, UK

AEI Power Cables Limited, UK

w.e.f. 23/04/2010

**ii) Associate of the Company:**

Paramount Wires & Cables Limited

**iii) Other related parties in the Group where common control exists:**

Sanjay Aggarwal (HUF)

Sandeep Aggarwal (HUF)

S.S. Aggarwal (HUF)

April Investment & Finance Private Limited

Worth Finance & Leasing Private Limited

Paramount Telecables Limited

S.S. Aggarwal Foundation

**iv) Functional Directors:**

Mr. Sanjay Aggarwal

Mr. Sandeep Aggarwal

**v) Relatives of functional Directors:**

Smt. Kamla Aggarwal

Smt. Shashi Aggarwal

Smt. Archana Aggarwal

Ms Parul Aggarwal

The following transactions were carried out with the related parties in the ordinary course of business.

**a) Details relating to parties referred to in items (i), (ii), (iii) (iv) and (v) above:**

Amount (₹)

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Maximum outstanding of deposits taken during the year	2010-11 2009-10	- -	- -	1,887,865 18,200,000	8,175,000 -	- -	10,062,865 18,200,000
Deposit taken balance outstanding at the year end	2010-11 2009-10	- -	- -	- 887,865	- -	- -	- 887,865
Maximum outstanding of advance given during the year	2010-11 2009-10	2,590,285 2,373,880	- -	- -	- -	- -	2,590,285 2,373,880
Advance given balance outstanding as at year end	2010-11 2009-10	2,590,285 2,373,880	- -	- -	- -	- -	2,590,285 2,373,880
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2010-11 2009-10	- -	- -	94,510,000 16,250,000	- -	- -	94,510,000 16,250,000
Investment in equity shares	2010-11 2009-10	7,246,781 -	- -	- -	- -	- -	7,246,781 -
Sundry debtors outstanding as at year end	2010-11 2009-10	519,285,615 102,893,415	97,616 55,862,311	- -	- -	- -	519,383,231 158,755,726
Maximum outstanding of sundry debtors during the year	2010-11 2009-10	559,610,283 106,853,814	77,971,679 257,530,697	- -	- -	- -	637,581,962 364,384,511
Maximum outstanding of security deposits given for premises taken on rent	2010-11 2009-10	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Outstanding security deposit given for premises taken on rent as at year end	2010-11 2009-10	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Amount payable as at year end	2010-11 2009-10	22,976,350 1,961,403	- -	- 2,670,502	- -	- -	22,976,350 4,631,905
Interest paid on deposits	2010-11 2009-10	- -	- -	8,126 56,228	89,657 -	- -	97,783 56,228
Rent paid for use of assets	2010-11 2009-10	- -	- -	21,386,664 23,078,160	- -	720,000 720,000	22,106,664 23,798,160
Managerial remuneration	2010-11 2009-10	- -	- -	- -	10,315,781 6,542,691	- -	10,315,781 6,542,691
Salaries and other benefits	2010-11 2009-10	- -	- -	- -	- -	265,440 -	265,440 -
Job work charges	2010-11 2009-10	- -	- 8,127,890	- -	- -	- -	- 8,127,890
Reimbursement of expenses received	2010-11 2009-10	863,288 1,009,664	- -	- -	- -	- -	863,288 1,009,664
Reimbursement of expenses given	2010-11 2009-10	2,474,481 559,138	- -	- -	- -	- -	2,474,481 559,138
Sales	2010-11 2009-10	623,368,349 189,970,958	22,109,368 33,129,729	- -	- -	- -	645,477,717 223,100,687

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Purchases	2010-11 2009-10	17,870,197 1,267,942	71,346,171 55,102,242	- -	- -	- -	89,216,368 56,370,185
Donation	2010-11 2009-10	- -	- -	335,000 685,000	- -	- -	335,000 685,000

## b) Non-Financial Transactions:

- Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have given personal guarantees to banks/financial institutions for Company's borrowings and also have pledged their share holding in the company with banks.
- Guarantee of ₹10,000,000/- (Previous Year ₹ 50,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2011 ₹ 8,780,673/- (Previous year ₹ 9,763,962) for fund based limits and ₹ NIL (Previous year ₹NIL) for non-fund based limits.
- The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ₹ 35,601,250/- (sterling pounds 500,000) (previous year ₹34,350,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.
- The Company has executed a parental guarantee of ₹ 1,174,841,250/-(sterling pounds 16,500,000) (Previous Year ₹ Nil (sterling pounds Nil) given to a Bank for credit facilities given to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2011 was ₹ 1,107,693,804/-(sterling pounds 15,556,951) (Previous year ₹ NIL (sterling pounds NIL).
- Paramount Telecables Limited has given as collateral by way of 2nd charge on its property to the banks of the company.

## Balance Sheet Abstract and Company's General Business Profile

### I Registration Details

Registration No.	L74899DL1994PLC061295	State Code	55
Balance Sheet Date	31.03.2011		

### II Capital raised during the year (Amount in ₹ thousand)

Public/GDR Issue	—	Right Issue	—
Bonus Issue	—	Private Placement	53,667

### III Position of mobilisation and deployment of funds (Amount in ₹ thousand)

Total Liabilities	5,079,625	Total Assets*	5,079,625
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#### Source of Funds

Paid-up Capital	177,270
Amount received against Warrants	57,093
Reserve & Surplus	899,049
FCMITDA	—
Secured Loans	3,610,119
Unsecured Loans	336,094

#### Application of Funds

Net Fixed Assets	1,520,301
Investments	281,218
Net Current Assets	2,819,222
Accumulated Losses	458,884

\* Net of current liabilities & provision.

### IV Performance of Company (Amount in ₹ thousand)

Total Income	3,543,508	Total Expenditure	4,558,413
Profit/(Loss) Before Tax	(1,014,905)	Profit / (Loss) After Tax	(1,015,720)
Earning per share in ₹	(11.72)	Dividend Rate %	NIL

### V Generic Name of Principal Products of the Company (as per monetary terms)

Product Description	POWER CABLES
Item Code No.	8544 41
(ITC Code)	
Product Description	JELLY FILLED TELEPHONE CABLES
Item Code No.	8544 70/9001
(ITC Code)	
Product Description	OPTICAL FIBRE CABLES
Item Code No.	8544
(ITC Code)	

(Sanjay Aggarwal )  
Chairman & CEO

Sandeep Aggarwal  
(Managing Director)

Place: New Delhi  
Dated: 12th August, 2011

**GIST OF FINANCIAL PERFORMANCE OF SUBSIDIARIES**
**STATEMENT PURSUANT TO EXEMPTION AVAILED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**
*(₹ in Lacs)*

Particulars	Paramount Holdings Limited, Cyprus	AEI Cables Limited, UK	AEI Power Cables Limited, UK
Capital (Including Share Application Money)	350,577	248,582,198	7,260,826
Reserve & Surplus (Net of Misc. Exp.)	252,434,935	(90,301,533)	223,553
Total Assets	224,956	1,699,636,642	481,232,918
Total Liabilities	3,282,472	1,541,764,751	473,748,539
Investment *	255,843,028	408,774	—
Turnover	—	3,879,943,884	313,895,286
Profit/(Loss) before Taxation	(1,165,587)	(174,907,301)	1,020,292
Provision for Taxation	—	(4,684,779)	—
Profit/(Loss) after Taxation	(1,165,587)	(170,222,522)	1,020,292
Proposed Dividend	—	—	—
Reporting Currency	EURO	GBP	GBP
Conversion Rate	62.5225	71.2025	71.2025

\* Paramount Holdings Ltd, Cyprus has made investment in AEI Cables Ltd., UK and AEI Power Cables Ltd., UK, subsidiaries of the Company.

AEI Cables Ltd., UK has made investment in 36,700 ordinary shares of Cable Markets Properties and Services Ltd., UK.

**For and on behalf of the Board of Directors**

**(Sanjay Aggarwal)**  
Chairman & CEO

**(Sandeep Aggarwal)**  
Managing Director

**(Ratan Aggarwal)**  
CFO & Company Secretary

**Place : New Delhi**

**Date : 12th August, 2011**

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF PARAMOUNT COMMUNICATIONS LIMITED, ITS SUBSIDIARIES AND ITS ASSOCIATE**

To the Board of Directors

**PARAMOUNT COMMUNICATIONS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of Paramount Communications Limited ("the company") its subsidiaries and associate company as at 31st March, 2011 and the Consolidated Profit and Loss Account annexed thereto for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date. These consolidated 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 regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We 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 whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of ₹1,529,526,832/- as on 31st March, 2011, total income of ₹4,062,767,699/- and total expenditure of ₹ 4,237,820,295/- for the year then ended and financial statements of one associate wherein the company's share of Loss aggregates to ₹16,851,494/-. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements".
5. Without qualifying our opinion, we draw attention to, Note 6 of schedule "V" to the financial statements regarding non provision of proportionate premium on redemption of US \$ 7.50 Million 1% Foreign Currency Convertible Bonds amounting to ₹128,893,428/-. The same has been disclosed as a contingent liability. Management has represented, that the redemption premium will be offset against the securities premium account
6. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Paramount Communications Limited, its subsidiaries and Associate as at 31st March, 2011;
  - b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Paramount Communications Limited, its subsidiaries and Associate for the year ended on that date ; and
  - c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Paramount Communications Limited, its subsidiaries and Associate for the year ended on that date.

**For JAGDISH CHAND & CO.  
CHARTERED ACCOUNTANTS**

**Place : New Delhi  
Dated : 12th August, 2011**

**(J.C. GUPTA)  
PARTNER  
M. No. 6107  
Firm Registration Number: 000129N**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCHEDULE	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount (₹)	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders Funds:</b>					
a) Share Capital	A	177,270,340		169,013,930	
b) Amount received against Warrants		57,093,335		16,250,000	
c) Reserves & Surplus	B	921,872,918	1,156,236,593	1,515,195,405	1,700,459,335
<b>2. Loan Funds:</b>					
a) Secured Loans	C	4,717,812,515		3,765,884,601	
b) Unsecured Loans	D	336,093,750	5,053,906,265	338,819,937	4,104,704,538
<b>3. Deferred Tax:</b>					
a) Deferred Tax Liabilities		119,104,361		121,916,019	
b) Less: Deferred Tax Assets		119,104,361	—	122,320,397	(404,378)
<b>4. Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b>	E		—		19,709,863
			6,210,142,858		5,824,469,358
<b>II APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets:</b>					
a) Gross Block	F	2,141,916,042		2,133,203,528	
b) Less: Depreciation		630,701,199		513,455,844	
		1,511,214,843		1,619,747,684	
c) Add: Capital work-in progress	G	36,129,464	1,547,344,307	87,142,392	1,706,890,076
<b>2. Investments</b>	H		13,614,069		30,444,034
<b>3. Current Assets, Loans &amp; Advances:</b>					
a) Inventories	I	2,571,108,048		2,883,266,671	
b) Sundry Debtors	J	2,262,886,870		2,365,316,639	
c) Cash & Bank Balances	K	118,083,638		89,983,804	
d) Loans & Advances	L	497,274,785		437,044,004	
Less :		5,449,353,341		5,775,611,118	
Current Liabilities & Provisions	M	1,387,181,674		1,688,475,870	
Net Current Assets			4,062,171,667		4,087,135,248
<b>4. Profit &amp; Loss Account</b> (As per Account Annexed herewith)			587,012,815		—
			6,210,142,858		5,824,469,358
<b>NOTES ON ACCOUNTS</b>	V				

As per our separate report of even date attached

**For Jagdish Chand & Co.,**  
Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

Place : New Delhi

Dated : 12th August, 2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
<b>I. INCOME</b>			
Gross sales less returns		7,266,792,488	7,023,777,031
Less: Excise duty		307,061,022	247,799,163
Net sales		6,959,731,466	6,775,977,868
Other Income	N	86,891,204	506,885,317
Increase/(Decrease) in stock	O	(471,524,261)	285,486,044
		6,575,098,409	7,568,349,229
<b>II. EXPENDITURE</b>			
Materials	P	5,615,949,017	5,464,994,005
Manufacturing, Selling & Other expenses	Q	879,621,844	901,777,215
Increase/(decrease) excise duty on stock		(26,800,916)	7,974,394
Payment to and Provision for Employees	R	718,253,561	706,197,219
Managerial Remuneration	S	32,111,291	29,500,383
Financial Charges	T	415,059,821	378,653,274
Depreciation & Amortisation	U	127,139,964	124,146,691
Amortisation of FCMITDA (Net)		—	3,715,703
		7,761,334,582	7,616,958,884
<b>III. PROFIT/(LOSS) BEFORE TAX (I-II)</b>		(1,186,236,173)	(48,609,655)
<b>Less: PROVISION FOR TAXATION</b>			
- Current tax		115,000	1,345,966
- Tax credit under UK laws		(5,110,081)	4,980,241
- Deferred tax		425,302	(10,440,536)
<b>IV. PROFIT/(LOSS) AFTER TAXATION</b>		(1,181,666,394)	(44,495,326)
Add: Share of Profit/(Loss) in Associate		(16,851,494)	(11,954,292)
<b>PROFIT/(LOSS) AFTER SHARE OF PROFIT/(LOSS) IN ASSOCIATE</b>		(1,198,517,888)	(56,449,618)
<b>Less: TAXATION FOR EARLIER YEARS</b>			
- Current tax		704,798	(12,000)
- Fringe Benefit Tax		(4,770)	29,776
<b>V. NET PROFIT/(LOSS)</b>		(1,199,217,916)	(56,467,394)
Add: Balance brought forward from last year		612,205,101	668,672,495
<b>VI. PROFIT AVAILABLE FOR APPROPRIATION</b>		(587,012,815)	612,205,101
<b>VII. LESS: APPROPRIATIONS</b>		—	—
<b>VIII. PROFIT CARRIED TO BALANCE SHEET</b>		(587,012,815)	612,205,101
<b>EARNING PER SHARE:</b> (Face value ₹ 2/- per share)			
-Basic		(13.84)	(0.67)
-Diluted		(12.12)	(0.54)
<b>NOTES ON ACCOUNTS</b>	V		

As per our separate report of even date attached

**For Jagdish Chand & Co.,**

Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**Place :** New Delhi

**Dated :** 12th August, 2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Amount in ₹)

S.NO. PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation and extraordinary items & after share of profit/(loss) of Associates	(1,203,087,667)	(60,563,947)
<b>Adjustment for:</b>		
Depreciation (Net)	127,139,964	124,146,691
Financial Charges (Net)	415,059,821	378,653,274
Loss on sale/ disposal of fixed Assets (Net)	1,244,704	1,776,030
Gain on FCCBs buyback	—	(456,491,290)
Amortisation of FCMITDA	(23,114,679)	3,715,703
Provision for leave encashment	2,537,049	775,119
Exchange Fluctuation Reserve	(26,403,486)	48,903,497
Operating profit before working capital changes	(706,624,294)	40,915,077
<b>Adjustment for:</b>		
Trade & Other receivables	40,725,991	(356,082,348)
Inventories	312,158,623	(411,505,862)
Trade payables	(303,831,245)	296,997,842
Provision for Loss on Derivatives / Exchange options	—	(14,430,439)
<b>Cash generated from operations</b>	(657,570,925)	(444,105,730)
Direct tax paid/ Refund	5,768,050	(62,923,400)
<b>Cash flow before exceptional items</b>	(651,802,875)	(507,029,130)
Extraordinary items	—	—
<b>Net cash from operating activities</b>	(651,802,875)	(507,029,130)
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and other capital expenditure	29,621,645	35,759,794
Sale of fixed assets	512,377	23,775,980
(Increase)/decrease of Investments (net)	16,829,965	11,983,341
<b>Net cash used in investing activities</b>	46,963,987	71,519,115
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from long term borrowings (Net of repayments)	882,425,515	745,339,556
Proceeds from Share Capital	53,666,665	—
Proceeds from Warrants	40,843,335	16,250,000
Working capital facilities from Bank	72,613,978	475,121,582
Hire purchase finance (Net of repayments)	(662,263)	3,346,263
FCCBs buyback	—	(472,618,710)
Intercompany deposits including interest accrued & due	(888,687)	888,687

(Amount in ₹)

S.NO. PARTICULARS	Year ended 31.03.2011	Year ended 31.03.2010
Financial Charges (Net)	(415,059,821)	(378,653,274)
<b>Net cash received/(used) from financial activities</b>	<b>632,938,722</b>	<b>389,674,104</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>28,099,834</b>	<b>(45,835,911)</b>
Cash and cash equivalents as at 31st March, 2010 (Opening Balance)	<b>89,983,804</b>	135,819,715
Cash and cash equivalents as at 31st March, 2011 (Closing Balance)	<b>118,083,638</b>	89,983,804
<b>Note:</b>		
1. <b>Cash and cash equivalents includes:</b>		
Cash and bank balances	<b>30,954,817</b>	11,939,727
FDRs under lien with banks as per banking arrangements	<b>87,128,821</b>	78,044,077
<b>Total cash and cash equivalents as per balance sheet</b>	<b>118,083,638</b>	<b>89,983,804</b>
2. Figures in brackets represent cash outflow.		

As per our separate report of even date attached  
**For Jagdish Chand & Co.,**  
Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

**Place :** New Delhi

**Dated :** 12th August, 2011

SCHEDULES	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount(₹)	
<b>SCHEDULE : A SHARE CAPITAL</b>				
<b>Authorised</b> 175,000,000 Equity Shares of ₹ 2/- each		350,000,000		350,000,000
<b>Issued, Subscribed &amp; Paid up*</b> 88,635,170 Equity Shares (Previous Year 84,506,965 Equity Shares) of ₹ 2/- each		177,270,340		169,013,930
		177,270,340		169,013,930
<b>*Note:</b> 15,525,800 equity shares of ₹ 2/- each were allotted as fully paid up by way of bonus shares by capitalising Securities Premium Account during FY 2001-02				
<b>SCHEDULE : B RESERVES &amp; SURPLUS</b>				
<b>Capital Reserve</b>				
Capital Investment Subsidy	3,000,000	3,031,100	3,000,000	3,031,100
Profit on Issue of forfeited shares	31,100	12,922,727	31,100	39,305,289
<b>Exchange Fluctuation Reserve</b>				
<b>Capital Reserve on Consolidation</b> Share of Associate's Profit		9,901,599		9,901,599
<b>Revaluation Reserve</b>				
Opening Balance	9,468,196	9,323,117	9,627,120	9,468,196
Less: Transfer to Profit & Loss Account	145,079	861,411,489	158,924	816,001,234
<b>Securities Premium Account</b>				
<b>General Reserve</b>				
Opening Balance	25,282,886		25,282,886	
Less: Transferred to Fixed Assets for Revaluation of Foreign Currency Monetary Items for earlier years (net of tax)	—		—	
Less: Transferred to FCMITDA for earlier years	—		—	
Add: Depreciation written back for earlier years	—	25,282,886	—	25,282,886
<b>Profit &amp; Loss Account</b> (As per annexed Account)		—		612,205,101
		921,872,918		1,515,195,405
<b>SCHEDULE : C SECURED LOANS</b>				
Term Loan from Banks				
- Foreign Currency Loans	447,937,222		450,575,000	
- Rupee Loans (Repayable within one year ₹ 50,00,00,000/- Previous year ₹ 2,50,00,000/- )	1,506,694,071		630,659,042	
- Interest Accrued & Due	9,423,617	1,964,054,910	4,827,031	1,086,061,073
- Loan from Financial Institution (Repayable on maturity of the Insurance Policy)	21,978,430		21,978,430	
- Interest Accrued & Due	3,964,725	25,943,155	1,982,363	23,960,793
- Working Capital facilities from Banks	2,722,265,013	2,725,023,977	2,646,969,577	2,652,409,999
- Interest Accrued & Due	2,758,964	2,790,473	5,440,422	3,452,736
- Hire Purchase Finance				
		4,717,812,515		3,765,884,601

SCHEDULES					As at 31.03.2011 Amount(₹)				As at 31.03.2010 Amount(₹)		
<b>SCHEDULE : D UNSECURED LOANS</b> -Inter Corporate Deposits -Foreign Currency Convertible Bonds (FCCBs)								— <b>336,093,750</b> <b>336,093,750</b>			888,687
											337,931,250
											338,819,937
<b>SCHEDULE : E FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (FCMITDA)</b> Opening Balance During the Year					19,709,863 3,404,816  23,114,679 23,114,679			—	(69,451,200) 85,445,360		
Less: Charged to Profit & Loss Account	15,994,160										
	(3,715,703)										
	19,709,863										
								—		19,709,863	
<b>SCHEDULE : F FIXED ASSETS</b>											
S. No.	Description of Assets	GROSS BLOCK			As at 31.03.11	DEPRECIATION			NET BLOCK		
		As at 01.04.10	Additions	Ded./ Adj.		As at 01.04.10	For the Year	Ded./ Adj.	As at 31.03.11	As at 31.03.11	As at 31.03.10
1.	Land	12,621,330	—	—	12,621,330	—	—	—	—	12,621,330	12,621,330
2.	Land (Leasehold)	286,027,767	1,289,550	—	287,317,317	—	—	—	—	287,317,317	286,027,767
3.	Buildings	342,843,963	9,578,029	279,959	352,142,033	44,561,614	11,431,010	—	55,992,624	296,149,409	298,282,349
4.	Plant & Machinery	1,350,683,382	7,259,213	7,589,066	1,350,353,529	424,253,220	103,200,346	8,148,676	519,304,890	831,048,639	926,430,162
5.	Electrical Fitting & Equipments	56,844,403	979,326	557,273	57,266,456	13,852,982	2,619,688	232,186	16,240,484	41,025,972	42,991,421
6.	Furniture & Fixtures	22,199,983	592,029	1,045,530	21,746,482	6,045,684	1,562,594	889,265	6,719,013	15,027,469	16,154,299
7.	Vehicles	29,021,837	220,288	2,308,883	26,933,242	11,394,494	2,990,243	769,561	13,615,176	13,318,066	17,627,343
8.	Assets acquired under Hire Purchase: -Vehicles	5,761,531	—	—	5,761,531	1,026,963	—	—	1,026,963	4,734,568	4,734,568
9.	Intangible Assets -Software	27,199,332	590,848	16,058	27,774,122	12,320,887	5,481,162	—	17,802,049	9,972,073	14,878,445
	<b>Total:</b>	<b>2,133,203,528</b>	<b>20,509,283</b>	<b>11,796,769</b>	<b>2,141,916,042</b>	<b>513,455,844</b>	<b>127,285,043</b>	<b>10,039,688</b>	<b>630,701,199</b>	<b>1,511,214,843</b>	<b>1,619,747,684</b>
	Previous Year	1,967,395,304	197,305,839	31,497,615	2,133,203,528	393,511,984	124,305,615	4,361,755	513,455,844	1,619,747,684	1,573,883,320
<b>Notes:</b>											
1. Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation										₹ 7,650,950	
2. Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation										₹ 7,406,534	
3. Amount of Depreciation pertaining to revaluation in case of Building.										₹ 145,079	
4. Title deeds of factory land at prahladpur, Bawana Road, Delhi-110 042 are in the name of erstwhile Paramount Cable Corporation.											
5. Title deeds of a part of factory land measuring 954.50 sq. mtr.at prahladpur, Bawana Road, Delhi-110042 shown in Balance Sheet at ₹23,86,250 are yet to be registered in the name of the Company.											
6. Carrying value of Assets acquired under hire purchase as on 31.03.2011 exlude the amount related to hire purchase agreement settled during the current year.											
7. Additions includes exchange gain (net) of ₹ 8,82,000/- (Previous year exchange gain (net) ₹ 5,52,42,598/-).											

SCHEDULES	As at 31.03.2011 Amount(₹)		As at 31.03.2010 Amount(₹)	
<b>SCHEDULE : G CAPITAL WORK IN PROGRESS</b>				
- Capital work in progress		5,637,244		22,170,215
- Capital Advances		30,492,220		64,972,177
		36,129,464		87,142,392
<b>SCHEDULE : H INVESTMENTS</b>				
<b>Long Term:</b>				
<b>Unquoted</b>				
- Trade				
- 2,558,000 Equity Shares of ₹ 10/- each of Paramount Wires & Cables Ltd, fully paid		25,580,000		25,580,000
Capital Reserve at the time of acquisition:		9,901,599		9,901,599
<b>Share in profit of Associate:</b>				
Opening Balance	(5,592,810)		6,361,482	
Add: Share in profit/(Loss) during the year	(16,851,494)	(22,444,304)	(11,954,292)	(5,592,810)
- Others				
- 4800 Equity Shares of ₹ 10/- each of Haryana Financial Corporation, fully paid		168,000		168,000
- 36,700 ordinary shares of Cable Makers Properties and Services Limited of £0.0001 each		408,774		387,245
		13,614,069		30,444,034
<b>SCHEDULE : I INVENTORIES</b>				
(As taken, valued and certified by the management)				
Stores, Spares & Consumables		11,707,343		9,007,616
Raw Materials		761,708,123		604,506,811
Stock in process		798,940,431		1,083,341,366
Finished goods		895,099,663		1,127,370,535
Goods in Transit		80,391,319		42,898,875
Packing materials		9,870,711		10,406,112
Scrap		13,390,458		5,735,356
		2,571,108,048		2,883,266,671
<b>SCHEDULE : J SUNDRY DEBTORS</b>				
(Unsecured, Considered Good)				
- Over six months	292,400,292		326,308,209	
- Other Debts	1,970,486,578	2,262,886,870	2,039,008,430	2,365,316,639
		2,262,886,870		2,365,316,639

SCHEDULES	As at 31.03.2011 Amount (₹)		As at 31.03.2010 Amount (₹)	
<b>SCHEDULE : K</b>				
<b>CASH &amp; BANK BALANCES</b>				
Cash Balances including imprest		4,821,226		3,193,648
Balance with scheduled Banks:				
- Current Accounts	410,023		1,505,692	
- Fixed deposits	87,128,821	87,538,844	78,044,077	79,549,769
Balance with Non-Scheduled Banks:				
- Subsidiary Companies		25,723,568		7,240,387
		118,083,638		89,983,804
<b>SCHEDULE : L</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured, Considered Good)				
Advance Recoverable in cash or in kind or for value to be received		115,756,655		139,035,333
Loans and Advances to workers & staff		3,801,401		2,622,070
Earnest Money / Security Deposits		37,402,773		32,060,092
Amount Recoverable from Government Authorities		159,763,585		48,143,909
Advance Tax (Net of Provisions)		4,523,701		5,996,698
Balance with Excise Authorities		176,026,670		209,185,902
		497,274,785		437,044,004
<b>SCHEDULE : M</b>				
<b>CURRENT LIABILITIES</b>				
- Sundry Creditors	1,135,295,209		1,428,407,613	
- Other Liabilities	211,006,901		217,273,508	
- Advances & Deposits	19,591,756		17,826,138	
- Government Grant	10,087,045		16,301,020	
Investor Education and Protection Fund Shall be credited by the following amount namely:-*				
- Unclaimed dividend	1,104,751		1,108,628	
		1,377,085,662		1,680,916,907
<b>PROVISIONS</b>				
- Leave Encashment	10,096,012		7,558,963	
- Provision for taxation (Net of Payment)	—	10,096,012	—	7,558,963
		1,387,181,674		1,688,475,870
<p>* No amount is due as on 31st March, 2011 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to the Fund</p>				

SCHEDULES	Year ended 31.03.2011 Amount(₹)		Year ended 31.03.2010 Amount(₹)	
<b>SCHEDULE : N</b>				
<b>OTHER INCOME</b>				
Provision for loss on derivative written back		—		2,853,235
Foreign Exchange Fluctuation (net)		6,172,137		—
Insurance Claim Received		7,688		2,218,494
Gain on FCCBs buyback		—		456,491,290
Duty Drawback		14,624,797		14,196,330
Liabilities Written Back		32,049,037		15,920,175
Interest on Income Tax Refund		1,320,576		155,793
Amortisation of FCMITDA (Net)		23,114,679		—
Government Grants written back		7,094,280		14,858,659
Miscellaneous		2,508,010		191,341
		<b>86,891,204</b>		<b>506,885,317</b>
<b>SCHEDULE : O</b>				
<b>INCREASE/(DECREASE) IN STOCK</b>				
<b>Opening Stock</b>				
- Finished Goods	1,127,370,535		1,032,371,521	
- Goods in Transit	42,898,875		—	
- Stock in Process	1,083,341,366		938,987,517	
- Scrap	5,735,356	2,259,346,132	2,501,050	1,973,860,088
<b>Less: Closing Stock</b>				
- Finished Goods	895,099,663		1,127,370,535	
- Goods in Transit	80,391,319		42,898,875	
- Stock in Process	798,940,431		1,083,341,366	
- Scrap	13,390,458	1,787,821,871	5,735,356	2,259,346,132
		<b>(471,524,261)</b>		<b>285,486,044</b>
<b>SCHEDULE : P</b>				
<b>MATERIALS</b>				
<b>Raw Materials</b>				
- Opening Stock	537,163,891		415,780,494	
Add: Purchases	5,421,542,303		5,402,047,593	
	5,958,706,194		5,817,828,087	
Less: Closing Stock	510,351,906	5,448,354,288	537,163,891	5,280,664,196
<b>Traded items</b>				
- Opening Stock	67,342,919		71,199,806	
Add: Purchases	351,608,027		180,472,922	
	418,950,946		251,672,728	
Less : Closing Stock	251,356,217	167,594,729	67,342,919	184,329,809
		<b>5,615,949,017</b>		<b>5,464,994,005</b>
<b>SCHEDULE : Q</b>				
<b>MANUFACTURING, SELLING &amp; OTHER EXPENSES</b>				
Stores & Spares Consumed		27,930,270		33,310,578
Packing materials Consumed		137,742,660		142,154,715
Conversion Charges		8,863,263		22,949,430
Power, Fuel & Lighting		147,006,600		156,681,742
Labour charges		77,289,225		74,470,961
<b>Repairs &amp; Maintenance:</b>				
- Plant & Machinery	63,446,087		65,763,101	
- Building	6,529,945		5,595,003	
- Others	1,689,960	71,665,992	1,979,451	73,337,555

SCHEDULES	Year ended 31.03.2011 Amount(₹)		Year ended 31.03.2010 Amount(₹)	
Rent		50,533,468		54,808,589
Freight, Octroi & Cartage (Net)		83,233,541		85,502,487
Rebate, Discount, Commission on Sales		70,245,303		56,426,957
Rates & Taxes		16,802,779		16,002,180
Insurance		21,647,142		21,130,973
Travelling & Conveyance (Net)		28,555,682		31,425,181
Advertisement & Publicity		17,760,312		24,947,222
<b>Payment to Auditors</b>				
- Audit Fee	3,086,194		4,029,009	
- Tax Audit fee	100,000		100,000	
- Taxation Matters	20,000		20,000	
- Others	91,000		122,000	
- Out of pocket expenses (excluding service tax)	66,720	3,363,914	55,260	4,326,269
Donations		379,100		733,600
Communication Expenses		9,981,039		11,155,278
Share Transfer Expenses		85,407		113,312
Bad Debts written off		30,535,819		8,209,160
Foreign Exchange Fluctuation (net)		—		14,649,815
Miscellaneous Expenses		74,755,624		67,665,181
Loss on sale/disposal of fixed assets (Net)		1,244,704		1,776,030
		879,621,844		901,777,215
<b>SCHEDULE : R PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>				
Salaries, Wages, Bonus & Other Benefits		688,979,385		675,948,341
Contribution to Provident & Other Funds		24,909,747		25,526,517
Welfare Expenses		4,364,429		4,722,361
		718,253,561		706,197,219
<b>SCHEDULE : S MANAGERIAL REMUNERATION</b>				
Salaries		27,380,213		26,436,810
House Rent		1,200,000		1,200,000
Perquisites		379,781		291,491
Directors Meeting Fees		297,500		365,500
Contribution to Provident & Other Benefits		2,853,797		1,206,582
		32,111,291		29,500,383
<b>SCHEDULE : T FINANCIAL CHARGES</b>				
<b>Interest</b>				
- Working Capital Facilities (Net)	259,878,458		232,149,725	
- Term Loan	90,666,914		61,778,877	
- FCCBs	3,786,991		9,509,847	
- Others	13,093,946	367,426,309	9,315,300	312,753,749
<b>Bank Charges &amp; Commission</b>		47,633,512		65,899,525
		415,059,821		378,653,274
<b>SCHEDULE : U DEPRECIATION</b>				
On Fixed Assets	127,285,043		124,305,615	
Less: Transfer from Revaluation Reserve	145,079	127,139,964	158,924	124,146,691
		127,139,964		124,146,691

## SCHEDULE : V

Notes to Accounts for the year ended 31st March, 2011

### 1. Principles of consolidation

The consolidated financial statements relate to Paramount Communications Limited (Company), its subsidiaries and Associate. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealised profits or losses in accordance with Accounting Standard (AS-21) on "Consolidated financial Statements".
- Investments in Associate are accounted for using the equity method as per Accounting Standard (AS-23) on "Accounting for Investments in Associates in Consolidated Financial Statements".
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Exchange Fluctuation Reserve.

### 2. The Consolidated Financial Statements include the results of the following entities:

S.No.	Name of Company	Country of incorporation	Relationship	Ownership Interest
1.	Paramount Holdings Limited (PHL)	Cyprus	Subsidiary	100.00%
2.	AEI Cables Limited (AEI)	United Kingdom	Subsidiary	100.00%
3.	AEI Power Cables Limited* (APCL)	United Kingdom	Subsidiary	100.00%
4.	Paramount Wires & Cables Ltd. (PWCL)	India	Associate	44.49%

\* incorporated on 23rd April, 2010

- Financial statements of Paramount Holdings Limited, Cyprus are drawn in Euro and AEI Cables Limited, United Kingdom and AEI Power Cables Limited, United Kingdom are drawn in Sterling Pound.

### 4. OTHER SIGNIFICANT ACCOUNTING POLICIES:

#### a) Basis of Accounting

The accounts have been prepared under the historical cost convention except where otherwise stated.

In case of AEI, after making appropriate enquiries and reviewing budgets, profit and cash flow forecasts and business plans, together with financing facilities available, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that AEI has more than sufficient resources and available facilities to continue in operational existence for the foreseeable future. For this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate. The validity of this assumption depends upon AEI successfully trading under the CVA.

#### b) Fixed Assets

- Construction period expenses directly attributable to projects are capitalised. Financing cost during the construction period on loans raised for/allocated to qualifying projects is capitalised. Financing cost incurred on general borrowings used for projects is capitalised. The amount of such borrowing is determined after setting off the amount of internal accruals.
- Fixed Assets are stated at cost including allocated costs or valuation less accumulated depreciation.
- The cost of any software purchased initially along with the computer hardware is being capitalised along with the cost of the hardware. Any subsequent acquisition/upgradation of software is being capitalised as an asset.

- iv. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- v. Depreciation is provided on Written - Down Value Method on buildings added upto 31st March, 1993 and straight line method on fixed assets added from 1st April, 1993 in accordance with and at the rates specified in Schedule XIV of the companies Act, 1956. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.
- vi. No write off is being made in respect of leasehold land, as the lease is a long lease
- vii. In case of AEI, depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:
 

Plant & Machinery	- 10% Straight line basis
Fixtures & Fittings	- 20% Straight line basis
Motor Vehicles	- 20% Straight line basis

## c) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if, such decline is other than temporary in the opinion of the management. Current investments are stated at lower of cost or market value.

## d) Inventories

Inventories are valued as follows:

- ♦ Finished Goods are valued at lower of cost or net realisable value.
- ♦ Raw materials are valued at lower of cost or net realisable value.
- ♦ Work in process is valued at lower of cost or net realisable value.
- ♦ Packing materials, Stores & Spares are valued at cost.
- ♦ Scrap is valued at estimated realisable value.

Cost of Raw Material is determined on weighted average basis. Cost of Packing materials and stores & spares are determined on weighted average basis. Work- in-process includes raw material costs and allocated production overheads on estimated basis. Cost of Finished Goods is determined by taking derived material costs and other overheads.

## e) Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- ii. Foreign currency transactions remaining unsettled at the yearend are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items:-
  - In so far as they relate to the acquisition of a depreciable capital assets are adjusted in the cost of assets.
  - In other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and amortised over the balance period of such long term monetary item but not beyond 31st March, 2011.
- iv. Non monetary foreign currency items are carried at cost.

## f) Revenue Recognition

- i. Sales are accounted for on dispatch of goods from the factory to the customers. Sales are net of returns and include excise duty wherever directly chargeable from customers, but exclude sales tax/VAT.
- ii. Other items of revenue are recognised in accordance with the Accounting Standard on 'Revenue Recognition' (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/ realisation of income, the same is not accounted for.

**g) Excise Duty**

Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in factory premises. CENVAT credit is accounted on accrual basis on purchases of materials and capital goods.

**h) Employees Benefits**

- i. Liability in respect of Gratuity, a defined benefit plan, is being paid to a fund maintained by SBI life insurance company Limited under Group Gratuity Scheme. Difference between the fund balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss Account.
- ii. Liability in respect of employees who are entitled to leave compensatory & encashment, a terminal employee benefit, being defined benefit plan, is recognized on the basis of actuarial valuation.
- iii. Contributions with respect to Provident Fund, is recognized as an expense in the profit and loss account of the year in which the related service is rendered.

**i) Reserves**

- i. The difference between depreciation on the revalued value of the asset and depreciation on their historical cost is transferred from Revaluation Reserve to Profit & Loss Account.
- ii. Project subsidy from State Government is credited to Capital Reserve.

**j) Preliminary Expenses**

Public Issue expenditures are being written off against securities premium, net of taxes, in the year of issue.

**k) Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**l) Impairment of Fixed Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

**m) Deferred government grants**

In case of AEI, deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**5. CONTINGENT LIABILITIES**

- i. Guarantee of ₹ 10,000,000/- (Previous Year ₹ 50,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2011 ₹ 8,780,673/- (Previous year ₹ 9,763,962/-) for fund based limits and ₹ NIL (Previous year ₹ NIL) for non-fund based limits.
- ii. The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ₹35,601,250/- (sterling pounds 500,000) (previous year ₹ 34,350,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.

- iii. The Company has executed a parental guarantee of ₹ 1,174,841,250/- (sterling pounds 16,500,000) (Previous Year Rs. Nil (sterling pounds Nil) given to a Bank for credit facilities given to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2011 was ₹ 1,107,693,804/- (sterling pounds 15,556,951) (Previous year ₹ NIL (sterling pounds NIL).
  - iv. Unused letter of credit outstanding ₹ 348,435,379/- (Previous year ₹ 282,844,807/-)
  - v. Financial Bank Guarantees outstanding ₹ 22,196,661/- (Previous year ₹ 35, 612,278/-).
  - vi. Outstanding Bills discounted ₹ NIL (Previous year ₹ 121,044,102/-)
  - vii. Effect of Income tax demands/disallowances against which appeal/rectifications have been filed by the company is ₹ 3,309,048/- (Previous year ₹ 29,518,775/- )
  - viii. Excise demands due to levy of excise duty on exempted supplies / denial of CENVAT credit, under appeal ₹70,318,388/- (Previous year ₹ 55,321,721/-)
  - ix. Service tax demands due to levy of service tax on some services / denial of service tax credit, under appeal ₹1,328,068/- (Previous year ₹ 811,930/-)
  - x. Custom duty demand due to denial of concessional custom duty, under appeal ₹1,836,570/- ( Previous year ₹1,836,570/- )
  - xi. Claim pending against company not acknowledged as debt ₹ 2,580,254/- ( Previous year ₹ 2,580,254/-)
  - xii. Premium on Redemption of 1% Foreign Currency Convertible Bonds (FCCBs) ₹128,893,428 (Previous Year ₹95,430,713/-)
6. 1% Foreign Currency Convertible Bonds ('FCCBs') have an option to convert bonds into Equity Shares at Conversion Price ₹42.60 per share (adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 5 of the Terms & Conditions of Bonds) at a fixed exchange rate ( ₹44.99=US\$1) between 22nd November, 2006 and 13th November, 2011. Unless previously converted, redeemed or repurchased or cancelled, the Company will redeem these bonds at 145.54 percent of the principal amount on 23rd November, 2011. The premium, if paid, would be adjusted against the Securities Premium Account.
  7. Estimated amount of contracts (net of advances) remaining to be executed on capital account ₹ 22,500,000/- (Previous year ₹ 152,567,000/-).
  8.
    - i. Working Capital facilities from Banks are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stocks in process, finished goods, consumable stores & spares and receivables of the Company, 1st Pari-Passu charge on company's property situated at Prahaladpur, Bawana Road, Delhi, 2nd Pari-Passu charge on other present and future fixed assets. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.
    - ii. Overdrafts of AEI are secured by a means of a fixed and floating charge on the assets of AEI. Paramount Communications Limited, Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, directors of the company have guaranteed the overdrafts.
    - iii. Term loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company and 2nd pari-passu charge on present and future current assets of the Company. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.
    - iv. Hire Purchase Finance is secured against assets financed from it.
    - v. Loan from Financial Institution is secured against surrender value/ maturity value of key man insurance policy of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company.

9. During the year under review, the Company defaulted in payment of interest of ₹ 157,673,859/- and principal of ₹ 832,808,360/- to banks on various dates. Corporate Debt Restructuring (CDR) for the company has been approved by the CDR-EG and the Letter of Approval (LOA) has been issued on 22nd November, 2010. The CDR inter-alia includes restructuring of repayment schedule, reduction in interest rates, additional securities and pledge of 100% promoter's shareholding. Master Restructuring Agreement (MRA) has been executed by all the CDR lenders and the CDR Scheme has been implemented. During the year the banks that were not part of the CDR scheme, have also restructured their credit facilities in line with CDR scheme with varied terms and conditions regarding repayment schedule and interest rates. As at 31st March, 2011 there is no default of interest and principle to the banks.

Interest of ₹3,964,725/- on loan from a financial institution overdue as on 31st March, 2011 has been subsequently paid.

10. Subsequent to 31st March, 2011, AEI offered a Company Voluntary Arrangement (CVA) to unsecured creditors of AEI under the Insolvency Act, 1986, which has been approved by the creditors on 14th June, 2011, AEI's obligations under the CVA will be for a maximum period of five years. Since the commencement of the CVA, AEI has successfully operated its existing financial facilities. AEI has paid all of its monthly instalments into the CVA under the terms agreed.

Included within trade creditors and other taxation & social security at 31st March, 2011, are balances which are not expected to be paid in full under the CVA.

As a result of the CVA, AEI is expected to write off the following estimated liabilities. These will be credited to the financial statements for the year ended 31st March, 2012.

Particulars	Amount (₹)
Trade Creditors	121,756,275/-
Other taxation and social security	81,170,850/-
<b>Total</b>	<b>202,927,125/-</b>

Independent Auditors of AEI have made following disclosure in their report: -

#### Emphasis of matter- Going concern

"In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the accounting policies note to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of ₹170,222,522/- during the year ended 31st March, 2011 and, subsequent to that date, the company entered into a CVA. These conditions, along with the other matters explained in the accounting policies note to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern".

11. Fixed Deposits with banks amounting to ₹ 87,128,821/- (Previous year ₹78,044,077/-) are under lien/custody with banks/sales tax department.
12. During the year the Company has allotted 3,520,000 warrants on preferential basis. The warrant holders have option of subscribing one equity shares of face value of ₹2/- each per warrant at a price of ₹13/- per equity share any time up to 28th April, 2012. Pursuant to application and payment received for conversion of warrants into equity shares, out of 5,000,000 warrants issued during the financial year 2009-10, 4,128,205 equity shares were allotted during the year. Proceeds from issue have been utilized as per objects of the issue.
13. Interest on working capital facilities has been shown net of interest earned by the company ₹9,292,544/-(Previous Year ₹10,890,394/-).
14. As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, during financial year 2008-09 the company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after December 22, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange gain (net) ₹882,000/-(Previous year ₹55,242,598/-) has been adjusted in gross block of fixed assets. Exchange difference on External Commercial Borrowing (ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'.

15. Insurance Premium of Rs.3, 793,545/- (Previous Year Rs. 3,793,545/-) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policies will be accounted for on receipt basis.
16. Amount of Excise Duty deducted from the turnover is for sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock and opening stock.
17. Following expenses were capitalized and allocated to fixed assets:

Particulars	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
Opening Balance	—	11,464,162
Interest on Term Loan	—	4,055,178
<b>Total</b>	—	15,519,340
Less: Allocated to fixed assets	—	15,519,340
Net Capital expenditure pending allocation	—	—

18. Deferred Tax Assets and Liabilities are attributable to following items:

Particulars	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
<b>Assets:</b>		
FCCB / GDR Issue Expenses	922,292	2,072,361
Leave Encashment	3,275,651	2,615,708
Unabsorbed Depreciation	114,906,418	117,632,328
<b>Total:</b>	119,104,361	122,320,397
<b>Liabilities:</b>		
Depreciation	119,104,361	121,916,019
<b>Total:</b>	119,104,361	121,916,019

Note: - As required by Accounting Standard-22 ('AS-22'), in view of existence of Carried forward losses and unabsorbed depreciation under tax laws, Deferred Tax Assets have been recognised only to the extent they are virtually certain to be realised.

19. Earnings Per Share pursuant to Accounting Standard- 20 ("AS-20") has been calculated as follows:

Particulars	Year ended 31.03.2011 Amount (₹)	Year ended 31.03.2010 Amount (₹)
Net Profit/(Loss) after taxation	(1,199,217,916)	(56,467,394)
Weighted average number of equity shares for Basic EPS	86,650,203	84,506,965
Add: Adjustment for weighted FCCBs outstanding convertible in equity shares	7,920,775	18,962,117
Add: Adjustment for weighted warrants outstanding having option to subscribe equity shares	4,341,912	1,547,945
Weighted average number of equity shares for Diluted EPS	98,912,890	105,017,027
Basic Earnings Per Share	(13.84)	(0.67)
Diluted Earnings Per Share	(12.12)	(0.54)
Face Value Per Share	2	2

20. Sundry Debtors include due from Paramount Wires & Cables Limited, in which Company holds 44.49% of shareholding, ₹ 97,616/- (Previous year ₹ 55,862,311/-).
21. Loans & Advances include Security Deposit given to Paramount Telecables Limited for premises taken on rent ₹18,000,000/- (Previous year ₹ 18,000,000) Maximum Balance outstanding during the year ₹18,000,000/- (Previous year ₹ 18,000,000/-)
22. Loans and Advances include recoverable from Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director of the Company on account of remuneration paid in excess of minimum remuneration due to unforeseen losses during the year ₹NIL (Previous year ₹ Nil). Maximum Balance outstanding during the year ₹ Nil (Previous year ₹ 695,776/-).
23. Disclosure pursuant to clause 32 of the Listing Agreement with Stock Exchanges is given below:
- (a) Loans and Advances in the nature of Security deposit given to Associates: (In ₹)

Name	As at 31.03.11	Maximum Balance during 2010-11	As at 31.03.10	Maximum Balance during 2009-10
Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-

Note: Security deposit for premises taken on rent by the Company and adjustable/refundable as per terms & conditions of the Lease Agreement. Paramount Telecables Limited has not invested in shares of the company.

24. In opinion of the management Company's business activity mainly falls within a single primary business segment 'Cables', the disclosures requirements of Accounting Standard-17 ("AS-17") "Segment Reporting" are not applicable.
25. (a) Fixed Assets taken on lease on or after 1st April, 2001 include motor vehicles at an aggregate cost of ₹5,761,531/- (Previous year ₹5,761,531/-) with future lease obligation by way of lease rental as follows:

(In ₹)

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Within one year	1,041,300	1,041,300	294,963	379,036	746,337	662,264
Later than one year and not later than five years	2,342,925	3,384,225	298,790	593,753	2,044,135	2,790,472
Total:	3,384,225	4,425,525	593,753	972,789	2,790,472	3,452,736

- (b) Operating Leases:

The Company and its subsidiaries have entered into lease transactions during the current financial year mainly for leasing of storage/office premises and company leased accommodations for its employees for periods upto 10 years. Terms of Lease include terms of renewal, increase in rents in future periods and terms of cancellation. There are no subleases. The Operating lease payments recognized in the Profit & Loss account amount to ₹51,733,468/- (Previous year ₹ 56,008,589/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

Particulars	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
<b>Minimum Lease Payments</b>		
-Not later than one year	22,161,917	20,666,664
-Later than one year but not later than five years	125,388,156	60,862,167
-Later than five years	76,499,990	—

26. (a) (i) Outstanding Currency Swaps for hedging purpose at the year end are as under:

PARTICULARS	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
Forward Contracts (net)	37,414,173	405,517,500

- (ii) For Hedging Commodity Related Risks:

PARTICULARS	As at 31.03.2011 Amount (₹)	As at 31.03.2010 Amount (₹)
Copper Forward Contracts	3,631,328	—

- (b) (i) Unhedged amount payable in foreign currency:-

Particulars	As at 31.03.2011			As at 31.03.2010		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Import of Goods	67,572,123	1,507,886	USD	76,132,521	1,722,876	USD
	491,671	7,721	Euro	—	—	—
Payables	—	—	—	4,836,925	107,350	USD
FCCBs	336,093,750	7,500,000	USD	337,931,250	7,500,000	USD
Foreign Currency Term Loans	447,937,222	9,995,810	USD	450,575,000	10,000,000	USD

- (ii) Unhedged amount receivable in foreign currency:-

Particulars	As at 31.03.2011			As at 31.03.2010		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Export of Goods	10,035,691	225,978	USD	64,383,803	1,441,805	USD
Advances	—	—	—	83,148	1,862	USD
	—	—	—	1,566,603	25,770	EURO

27. The disclosures required under Accounting Standard 15 "Employee Benefits" ("AS-15") are given below:

Defined Contribution Plan

The amount recognized as an expense in defined contribution plan is as under:

Particulars	2010-11 Amount (₹)	2009-10 Amount (₹)
Contributory Provident Fund & Employees Pension Scheme, 1995	7,298,958	5,352,427
Contribution to Group Pension Scheme in AEI Cables Limited, United Kingdom	20,431,526	21,380,672

## Defined Benefit Plan

The company is having following Defined Benefit Plans:

- ❖ Gratuity (Funded)
- ❖ Leave Encashment (Unfunded)

(In ₹)

	Particulars	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
a)	<b>Actuarial Assumptions</b>				
	Discount rate	8.0	8.0	8.0	7.5
	Expected rate of return on assets	8.0	—	8.0	—
	Expected rate of future salary increase	8.0	6.0	8.0	6.0
b)	<b>Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
	Present value of obligations as at beginning of year	11,295,029	7,558,963	9,750,118	6,783,844
	Interest cost	844,025	582,040	780,009	515,572
	Current Service Cost	1,459,721	3,182,356	2,012,738	1,221,282
	Benefits paid	(1,489,444)	(540,664)	—	(669,944)
	Actuarial (gain)/loss on Obligations	441,718	(1,793,463)	(1,247,836)	(291,791)
	Value of obligation for employees transferred from Paramount Wire & Cables Ltd during the period	—	1,106,779	—	—
	Present value of obligations as at end of year	12,551,049	10,096,011	11,295,029	7,558,963
c)	<b>Reconciliation of opening and closing balances of fair value of plan assets</b>				
	Fair value of plan assets as on beginning of year	11,644,015	—	9,622,514	—
	Expected return on plan assets	987,288	—	816,495	—
	Contributions	2,895,161	—	1,167,353	—
	Benefits paid	(1,489,444)	—	—	—
	Actuarial Gain/(Loss) on Plan assets	(15,282)	—	37,653	—
	Fair value of plan assets at the end of year	14,021,738	—	11,644,015	—
d)	<b>Fair value of plan assets as on 31.03.2011</b>				
	Fair value of plan assets at beginning of year	11,644,015	—	9,622,514	—
	Actual return on plan assets	972,006	—	854,148	—
	Contributions	2,895,161	—	1,167,353	—
	Benefits paid	(1,489,444)	—	—	—
	Fair value of plan assets at the end of year	14,021,738	—	11,644,015	—
	Funded status	1,470,689	(10,096,011)	348,986	(7,558,963)
	Excess of Actual over estimated return on plan	(15,282)	—	37,653	—
e)	<b>Actuarial (Gain)/Loss recognized for the year</b>				
	Actuarial (Gain)/Loss for the year – Obligation	441,718	(1,793,463)	(1,247,836)	(291,791)
	Actuarial (Gain)/Loss for the year – plan assets	15,282	—	(37,653)	—
	Total (Gain)/Loss for the year	457,000	(1,793,463)	(1,285,489)	(291,791)
	Actuarial (Gain)/Loss recognized in the year	457,000	(1,793,463)	1,285,489	(291,791)
f)	<b>The amounts recognized in the balance sheet</b>				
	Present value of obligations as at the end of year	12,551,049	10,096,011	11,295,029	7,558,963
	Fair value of plan assets as at the end of the year	14,021,738	—	11,644,015	—
	Funded status	1,470,689	(10,096,011)	348,986	(7,558,963)
	Net Asset/(liability) recognized in balance sheet	1,470,689	(10,096,011)	348,986	(7,558,963)

(In ₹)

	Particulars	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
g)	<b>Expenses Recognized in statement of profit &amp; Loss</b>				
	Current Service Cost	1,459,721	3,182,356	2,012,738	1,221,282
	Interest cost	844,025	582,040	780,009	515,572
	Expected return on plan assets	(987,288)	—	(816,495)	—
	Net Actuarial (gain)/Loss recognized in the year	457,000	(1,793,463)	(1,285,489)	(291,791)
	Value of obligation for employees transferred from Paramount Wire & Cables Ltd during the period	—	1,106,779	—	—
	Expenses recognized in statement of Profit & Loss	1,773,458	3,077,712	(690,763)	1,445,063

28. Related Party disclosures, as required by Accounting Standard-18 ("AS-18") are enclosed as per Annexure-1.
29. Previous year's figures have been regrouped / rearranged where necessary.
30. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956 has been given under "Balance Sheet Abstract and Company's General Business Profile".

As per our separate report of even date attached

**For Jagdish Chand & Co.**

Chartered Accountants

**(J.C. Gupta)**

Partner

Membership No. 6107

Firm Registration Number : 000129N

**Place :** New Delhi

**Dated :** 12.08.2011

**(Sanjay Aggarwal)**

Chairman & CEO

**(Sandeep Aggarwal)**

Managing Director

**(Ratan Aggarwal)**

CFO & Company Secretary

## Annexure I

"Related party disclosures", for the year ended 31st March, 2011, as required by Accounting Standard-18 ("AS-18") are given below:

### Relationships:

i) **Associate of the Company:**

Paramount Wires & Cables Limited

ii) **Other related parties in the Group where common control exists:**

Sanjay Aggarwal (HUF)

Sandeep Aggarwal (HUF)

S.S. Aggarwal (HUF)

April Investment & Finance Private Limited

Worth Finance & Leasing Private Limited

Paramount Telecables Limited

S.S. Aggarwal Foundation

iii) **Functional Directors:**

Mr. Sanjay Aggarwal

Mr. Sandeep Aggarwal

Mr. Jim Duffy

Mr. Mukesh C Goel

Mr. Mark Heneghan

iv) **Relatives of functional Directors:**

Smt. Kamla Aggarwal

Smt. Shashi Aggarwal

Smt. Archana Aggarwal

Ms. Parul Aggarwal

The following transactions were carried out with the related parties in the ordinary course of business.

**a) Details relating to parties referred to in items (i), (ii), (iii) and (iv) above:**

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	TOTAL
Maximum outstanding of deposits taken during the year	2010-11 2009-10	- -	1,887,865 18,200,000	8,175,000 -	- -	10,062,865 18,200,000
Deposit taken balance outstanding at the year end	2010-11 2009-10	- -	- 887,865	- -	- -	- 887,865
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2010-11 2009-10	- -	94,510,000 16,250,000	- -	- -	94,510,000 16,250,000
Sundry debtors outstanding as at year end	2010-11 2009-10	97,616 55,862,311	- -	- -	- -	97,616 55,862,311
Maximum outstanding of sundry debtors during the year	2010-11 2009-10	77,971,679 257,530,697	- -	- -	- -	77,971,679 257,530,697
Maximum outstanding of security deposits given for premises taken on rent	2010-11 2009-10	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Outstanding security deposit given for premises taken on rent as at year end	2010-11 2009-10	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Amount payable as at year end	2010-11 2009-10	- -	- 2,670,502	- -	- -	- 2,670,502
Interest paid on deposits	2010-11 2009-10	- -	8,126 56,228	89,657 -	- -	97,783 56,228
Rent paid for use of assests	2010-11 2009-10	- -	21,386,664 23,078,160	- -	720,000 720,000	22,106,664 23,798,160
Managerial remuneration	2010-11 2009-10	- -	- -	31,813,791 29,134,883	- -	31,813,791 29,134,883
Salaries and other benefits	2010-11 2009-10	- -	- -	- -	265,440 -	265,440 -
Job work charges	2010-11 2009-10	- 8,127,890	- -	- -	- -	- 8,127,890
Sales	2010-11 2009-10	22,109,368 33,129,729	- -	- -	- -	22,109,368 33,129,729
Purchases	2010-11 2009-10	71,346,171 55,102,242	- -	- -	- -	71,346,171 55,102,242
Donation	2010-11 2009-10	- -	335,000 685,000	- -	- -	335,000 685,000

**b) Non-Financial Transactions:**

- Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have given personal guarantees to banks/financial institutions for Company's borrowings and also have pledged their share holding in the company with banks.
- Guarantee of ₹10,000,000/- (Previous Year ₹ 50,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2011 ₹ 8,780,673/- (Previous year ₹ 9,763,962) for fund based limits and ₹ NIL (Previous year ₹ NIL) for non-fund based limits.

- iii. The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ₹35,601,250/- (sterling pounds 500,000) (previous year ₹34,350,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.
- iv. The Company has executed a parental guarantee of ₹ 1,174,841,250/-(sterling pounds 16,500,000) (Previous Year ₹ Nil (sterling pounds Nil)) given to a Bank for credit facilities given to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2011 was ₹1,107,693,804/-(sterling pounds 15,556,951) (Previous year ₹ NIL (sterling pounds NIL)).
- v. Paramount Telecables Limited has given as collateral by way of 2nd charge on its property to the banks of the company.



## PARAMOUNT COMMUNICATIONS LIMITED

Regd. Office: C-125, Naraina Industrial Area, Phase-I, New Delhi-110028, India

### ATTENDANCE SLIP

Please complete this slip and hand it over at the entrance of the meeting hall.

L.F. No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

DP. Id.\* \_\_\_\_\_

Client Id.\* \_\_\_\_\_

Name (s) in full	Father/Husband's Name	Address as Regd. With the Company
1 _____	_____	_____
2 _____	_____	_____
3 _____	_____	_____

I/we hereby record my/our presence at the 17th Annual General Meeting of the Company being held on Wednesday, September 28th, 2011 at 11:00 A.M. at Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Near Inter State Bus Terminal, Delhi-54, India.

Signature of the shareholder (s)/Proxy\*\*

1. \_\_\_\_\_

2. \_\_\_\_\_

\* Applicable for investors holding shares in electronic form

\*\* Strike out whichever is not applicable

Note: Attendance slip in original should be complete in all respect.



## PARAMOUNT COMMUNICATIONS LIMITED

Regd. Office: C-125, Naraina Industrial Area, Phase-I, New Delhi-110028, India

### PROXY

L.F. No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

DP. Id.\* \_\_\_\_\_

Client Id.\* \_\_\_\_\_

Name (s) in full	Father/Husband's Name	Address as Regd. With the Company
1 _____	_____	_____
2 _____	_____	_____
3 _____	_____	_____

being a member/members of Paramount Communications Limited hereby appoint \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my behalf at the 17th Annual General meeting of the Company being held on Wednesday, September 28th, 2011 at 11:00 A.M. at Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Near Inter State Bus Terminal, Delhi-54, India and at any adjournment thereof.

Signature of the shareholder (s)

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

\* Applicable for investors holding shares in electronic form

Affix  
Revenue  
Stamp

Date: / /2011

Note: The proxy form duly filled in and stamped must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be member of the Company

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*If undelivered, please return to:*

**Paramount Communications Limited**

C-125, Naraina Industrial Area, Phase-I

Naraina, New Delhi-110 028, India

Phone(s) : +91-11-45618800,900, +91-11-25897421-30

[www.paramountcables.com](http://www.paramountcables.com)