

Annual Report
2011-12



Paramount Communications Limited

यद्यदाचरति श्रेष्ठस्तत्तरेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥

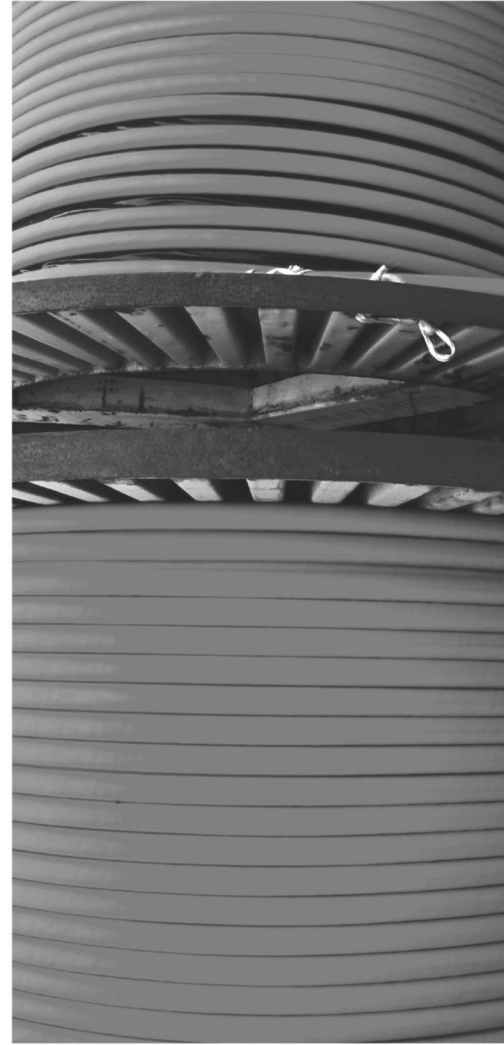


LATE SHRI SHYAM SUNDER AGGARWAL

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

As part of your Company's endeavour to participate in the "Green Initiative in Corporate Governance" taken by Ministry of Corporate Affairs (MCA) vide its Circular No. 17/2011 dated 21.04.2011, allowing paperless compliances by service of documents like notices, Company's Annual Reports etc. through electronic mode (e-mail), the members are once again requested to register/update their email addresses if holding shares in Electronic form with your Depository Participant (DP) or you can email us at investors@paramountcables.com, if holding in physical form or you can write to us directly.

In the good cause of protection of environment and in the interest of public at large, we are sure that you would welcome and support this "Green Initiative".

Save Paper, Save Trees, Go Green!

Corporate Information

BOARD OF DIRECTORS	<p>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</p>																								
REGISTERED OFFICE	<p>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</p>																								
WORKS	<p>Unit 1: SP-30A, SP-30B, E-31, SP-76 (Part), SP-77 and SP-77A, Khushkhara Industrial Area, Distt. Alwar, Rajasthan, India</p> <p>Unit 2 : Plot No. 37, Industrial Estate, Dharuhera, Haryana, India</p>																								
AUDITORS	<p>Jagdish Chand & Co. Chartered Accountants, New Delhi, India</p>																								
COST AUDITORS	<p>Aseem Jain & Associates, Cost Accountants, New Delhi, India</p>																								
BANKERS	<p>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</p>																								
REGISTRAR & SHARE TRANSFER AGENTS	<p>M/s. Link Intime India Private Limited A-40, IInd Floor, Naraina Industrial Area, Phase-II, New Delhi - 110028, India Phone No: +91-11-41410592, 93, 94 (3Lines) Fax No: +91-11-41410591</p>																								
CHIEF COMPLIANCE OFFICER	<p>Mr. Ratan Aggarwal</p>																								
KEY MANAGEMENT PERSONNEL	<table> <tr> <td>1. Mr. Manmeet Singh Anand</td><td>- Head-Business Development</td></tr> <tr> <td>2. Mr. Ratan Aggarwal</td><td>- CFO & Company Secretary</td></tr> <tr> <td>3. Mr. D. S. Muchhal</td><td>- President-Operations (Dharuhera unit)</td></tr> <tr> <td>4. Mr. G. D. Singh</td><td>- President-Operations (Khushkhara unit)</td></tr> <tr> <td>5. Mr. Ravi Prakash Gupta</td><td>- Vice president-Marketing (Flex Division)</td></tr> <tr> <td>6. Mr. R. K. Marwah</td><td>- Vice president-Technical</td></tr> <tr> <td>7. Mr. Dhruv Aggarwal</td><td>- Vice President (Business Development)</td></tr> <tr> <td>8. Mr. Tushar Aggarwal</td><td>- Vice President (Business Development)</td></tr> <tr> <td>9. Mr. S. K. Suri</td><td>- General Manager-Marketing</td></tr> <tr> <td>10. Mr. N. K. Gupta</td><td>- General Manager-Accounts & Finance</td></tr> <tr> <td>11. Mr. Rajeev Gupta</td><td>- General Manager-Marketing</td></tr> <tr> <td>12. Mr. R. S. Vohra</td><td>- General Manager-Q. A. (Khushkhara unit)</td></tr> </table>	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 (Khushkhara unit)	5. Mr. Ravi Prakash Gupta	- Vice president-Marketing (Flex Division)	6. Mr. R. K. Marwah	- Vice president-Technical	7. Mr. Dhruv Aggarwal	- Vice President (Business Development)	8. Mr. Tushar Aggarwal	- Vice President (Business Development)	9. Mr. S. K. Suri	- General Manager-Marketing	10. Mr. N. K. Gupta	- General Manager-Accounts & Finance	11. Mr. Rajeev Gupta	- General Manager-Marketing	12. Mr. R. S. Vohra	- General Manager-Q. A. (Khushkhara unit)
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Contents

CONTENTS	PAGE NO.
NOTICE	01
DIRECTORS' REPORT	11
STATEMENT UNDER SECTION 212	17
MANAGEMENT DISCUSSION & ANALYSIS	20
REPORT ON CORPORATE GOVERNANCE	26
AUDITORS' REPORT	38
STANDALONE FINANCIALS AND NOTES TO ACCOUNTS	43
GIST OF FINANCIAL PERFORMANCE OF SUBSIDIARIES	69
AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS	70
CONSOLIDATED FINANCIALS AND NOTES TO ACCOUNTS	72
ATTENDANCE SLIP & PROXY FORM	99

NOTICE

Notice is hereby given that the **18th Annual General Meeting** of the Members of Paramount Communications Limited will be held at **SHAH AUDITORIUM, SHREE DELHI GUJARATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054 on Friday, the 21st Day of September, 2012 at 10:00 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 31st March, 2012 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. S. P. S. Dangi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satya Pal, 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 an *Ordinary Resolution*:

"RESOLVED THAT subject to approval of Central Government under Section 269 read with schedule XIII and other applicable provisions of Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to such other approvals as may be necessary, the consent of members be and is hereby accorded to the appointment of Mr. Sanjay Aggarwal as Chairman & CEO of the Company for a period of five years with effect from 1st November, 2012, on such remuneration and terms & conditions, as set out in the Explanatory statement annexed to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and are hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration without increasing the remuneration mentioned therein, in such form and manner as may be directed by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make application to the Central Government seeking their approval to the above appointment and to execute, file & submit all the required applications, forms, returns, documents, agreements, deeds or supportive papers or any other document with the respective authorities as may be required in this regard and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to above resolution."

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

"RESOLVED THAT subject to approval of Central Government under Section 269 read with schedule XIII and other applicable provisions of Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to such other approvals as may be necessary, the consent of members be and is hereby accorded to the appointment of Mr. Sandeep Aggarwal as Managing Director of the Company for a period of five years with effect from 1st November, 2012, on such remuneration and terms & conditions, as set out in the Explanatory statement annexed to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and are hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration without increasing the remuneration mentioned therein, in such form and manner as may be directed by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make application to the Central Government seeking their approval to the above appointment and to execute, file & submit all the required applications, forms, returns, documents, agreements, deeds or supportive papers or any other document with the respective authorities as may be required in this regard and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to above resolution."

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions of Companies Act, 1956, the authorised share capital of the Company be and is hereby increased by ₹15,00,00,000 (Fifteen Crores) i.e. from existing ₹35,00,00,000 (Rupees Thirty five Crores) divided into 17,50,00,000 equity shares of ₹2/- each to ₹50,00,00,000 (Rupees Fifty Crores) divided into 25,00,00,000 Equity Shares of ₹2/- each by creation of additional 7,50,00,000 Equity Shares of ₹2/- each ranking pari passu with the existing Equity Shares and consequently the Memorandum of Association of the Company be and is hereby altered by substituting the following clause for the existing clause VI thereof:-

"The Authorised Share Capital of the Company is ₹50,00,00,000 (Rupees Fifty Crores) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of ₹2/- (Rupees Two) each with such rights and privileges and conditions attached thereto or as may be determined by the Board of Directors at the time of issue. The Company shall always have the power to divide the Authorised Share Capital from time to time into different classes and to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in such manner as may be decided by the Board of Directors of the Company."

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts, things and deeds as may be necessary in this regard and to file/ submit all the required forms/ returns/documents with the respective authorities to give effect to above resolution."

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

"RESOLVED THAT pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the applicable provisions of the Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, and subject to approval of audited annual accounts for the financial year 2011-12 by the members of the Company in this Annual General Meeting, the report of the board of directors explaining the reasons of erosion of more than 50% of the peak net worth of the Company as per the audited financial results of the Company for the year ended 31st March, 2012 be and is hereby considered and approved.

RESOLVED FURTHER THAT the board be and is hereby authorised to inform and report as potentially sick industrial Company to the Board for Industrial and Financial Reconstruction (BIFR) and such other state and central government authorities as may be required under the laws, rules, regulations, guidelines and directives for the time being in force in India in the prescribed form and to intimate such other authorities, entities, financial institutions, stock exchanges, body corporates, associations and persons as may be necessary in terms of the agreements, security documents, undertakings, declarations and memorandum of understanding entered into by the Company.

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts, things and deeds as may be necessary in this regard and to file/ submit all the required forms/ returns/documents with the respective authorities to give effect to above resolution."

By Order of the Board

Place : New Delhi
Dated : 9th August, 2012

(Ratan Aggarwal)
CFO & Company Secretary

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/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 Tuesday, the 18th September, 2012 to Friday, the 21st September, 2012 (both days inclusive).
- 3 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 4 Members who hold shares in dematerialized 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 holds 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. S. P. S. Dangi and Mr. Satya Pal, retire by rotation and being eligible, offer themselves for reappointment. Further Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have also been proposed to be re-appointed as stated in the resolution no.5 & 6 respectively. 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.
- 11 Report of the Board of Directors on erosion net worth of the Company and causes thereof is annexed with the Explanatory Statement and is forming part of this notice.

Annexure A

Information of Directors seeking re-appointment under Item No. 2, 3, 5 & 6 of the Notice convening Annual General Meeting of the Company in terms of Clause 49 of the Listing Agreement.

1. **Name** : **Mr. S.P.S.Dangi**
Date of Appointment : 08.11.1994
Educational Qualifications : B.Com, M.A, FCMA
Expertise in specific functional area :

Mr. Dangi is a fellow member of the Institute of Cost Accountants of India (Formerly Institute of Cost and Works Accountants of India) and holds an expertise in accounts and finance matters and is a well known Management Consultant. He holds vast experience in cable & telecom industry. He had held various positions in New Asiatic Insurance Co. Ltd., Kanoria Group of Industries, Universal Cables Ltd., Vindhya Telelinks Ltd. (VTL). As a Managing Director of VTL, Mr. Dangi was instrumental in setting up the first JFTC plant in joint sector.

List of Outside Directorships : Nil

List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. S.P.S. Dangi is a Director.

Name of the Company	Name of the Committee	Chairmanship/ Membership
Paramount Communications Ltd.	Audit Committee	Chairman
	Remuneration Committee	Member

2. **Name** : **Mr. Satya Pal**
Date of Appointment : 08.11.1994
Educational Qualification : B.Sc (Hons), DIISc (ECE), DIISc (ET), F.I.E.T.E.
Expertise in specific functional area :

Mr. Satya Pal has held highly distinguished positions during his long career with the Indian Telecommunications Service. He was Chairman of Mahanagar Telephone Nigam Limited [MTNL], Member (Services) Telecom Commission, Director-General Telecommunications and Senior Training Expert, International Telecommunication Union, Geneva. He retired in 1989 while holding the post of Secretary-Telecommunications, Ministry of Communications, Government of India.

List of Outside Directorships

1. Polaris Financial Technology Limited

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

Name of the Company	Name of the Committee	Chairmanship/ Membership
Paramount Communications Ltd.	Remuneration Committee	Chairman
	Audit Committee	Member
Polaris Financial Technology Limited	Shareholders/Investor's Grievance Committee	Chairman
	Remuneration & Compensation Committee	Member

3. **Name** : **Mr. Sanjay Aggarwal**
Date of Appointment : 01.11.1994
Educational Qualification : B.Com (H) from Shri Ram College of Commerce, University of Delhi.
Expertise in specific functional area :

Mr. Sanjay Aggarwal is a creative thinker and future oriented industrialist having vast experience of more than 28 years in Cable Industry. He has actively involved himself 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 has been associated with various apex industrial associations and industry forums in India in different capacities. Presently he is serving industry as:

- ♦ Member, CII National Committee on Exports
- ♦ Member, Building Funds Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Managing Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Power transmission & distribution Committee, PHD Chamber of Commerce and Industry
- ♦ Chairman, Rajasthan Affairs Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Committee on Trade with Western & Northern Africa of Engineering Export Promotion Council (EEPC)

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.	Investor Grievance Committee	Member
	Share Transfer Committee	Chairman
Paramount Wires & Cables Ltd.	Audit Committee	Member

4. **Name** : **Mr. Sandeep Aggarwal**
Date of Appointment : 01.11.1994
Educational Qualifications : B.A. Hons. (Economics) from Shri Ram College of Commerce, University of Delhi.

Expertise in specific functional area :

Mr. Sandeep Aggarwal's managerial style is one of constant mentoring, attention to detail and encouraging new thinking in the organization. He is a technocrat in the true sense and plays a major role in the successful management of the Company's operational, production and technical affairs. He has taken the company to new heights, being instrumental in formulating the company's expansion and investment strategies.

A true humanitarian, he is very actively associated with the promotion of social causes in and around Delhi and is currently Director, Rotary Foundation, Rotary Club of Delhi South Central. Since over a decade over the years, he has been strongly associated with Rotary Blood Bank and Blood Donation Camps, apart from his work with various educational and vocational centers.

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. Sandeep Aggarwal is a Director.

Name of the Company	Name of the Committee	Chairmanship/ Membership
Paramount Communications Ltd.	Investor Grievance Committee	Member
	Share Transfer Committee	Chairman

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.5.

Mr. Sanjay Aggarwal was appointed as Chairman & CEO of the Company for a term of three years which shall expire on 31.10.2012. He has been the Director of the Company since its inception and is looking after the affairs of the Company since then. He offers himself for re-appointment. The board of Directors hereby recommends reappointment of Sh. Sanjay Aggarwal as Chairman & CEO of the Company, subject to approval of Central Government, on the recommendation of the Remuneration Committee for a period of five year.

The reappointment and remuneration of Mr. Sanjay Aggarwal as the Chairman & CEO of Company requires the approval of the members of Company in terms of Section 269 of the Companies Act, 1956 and is also subject to approval of Central Government.

The remuneration and terms and conditions of the appointment of Mr. Sanjay Aggarwal, Chairman & CEO of the Company as recommended by the Remuneration Committee of Board of Directors are as follows:

- a) **Salary** : ₹325,000/- per month
- b) **Perquisites** : ₹ 75,000/- per month

The perquisites are classified as under on individual basis:

Category A

- (i) **Housing:** The expenditure by the Company on hiring furnished accommodation for him will be subject to the following ceiling:
 - (a) ₹ 50,000/- per month
 - (b) If the Company does not provide him owned accommodation he will be paid house rent allowance at the rate of ₹50,000/- per month.

The expenditure incurred by the Company on gas, electricity, water and furnishings evaluated as per the Income Tax Rules, 1962.
- (ii) **Medical Reimbursement:** Expenses incurred for himself and his family as per rules of the Company.
- (iii) **Leave Travel Concession:** For himself and his family, once in a year incurred in accordance with the rules specified by the Company.
- (iv) **Club Fee:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) **Personal Accident Insurance:** For an amount the premium of which shall not exceed ₹10,000/- per annum.

Category B

- (i) The Company's contribution for him to Provident Fund, superannuation fund or Annuity fund in accordance with the Rules and Regulations of the Company. Such contributions will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- (ii) Gratuity at a rate not exceeding half a month's salary for each completed year of service.

Category C

- (i) Car with a driver for use on the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car for private purpose shall be billed by the Company to him. The provision of car with a driver and telephone will not be considered as perquisites.

The re-appointment of Mr. Sanjay Aggarwal is being proposed on the same minimum alternate remuneration and other terms and conditions on which he was appointed in the year 2009 these limits are also in consonance with the limits specified in the Schedule XIII {for payment of remuneration to managerial personnel in the event of loss or inadequacy of profits of Company} of the Companies Act, 1956 as amended from time to time. He shall be entitled to leave in accordance with Rules of the Company from time to time in force as applicable to the senior executives of the Company.

The Board of Directors of Company considers that the remuneration payable to Mr. Sanjay Aggarwal is commensurate with his duties and responsibilities as the Chairman & CEO of the Company. The resolution as set out in the convening Notice be considered accordingly and the Board recommends its acceptance.

Mr. Sanjay Aggarwal is concerned or interested in the above resolution in his personal capacity, Mr. Sandeep Aggarwal being related to Mr. Sanjay Aggarwal may be deemed to be interested in the above resolution. No other director of Company is concerned or interested in the above resolution. This may also be regarded as an abstract of terms of remuneration payable to Mr. Sanjay Aggarwal as whole time director of Company and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No.6.

Mr. Sandeep Aggarwal was appointed as Managing Director of Company for a term of three years which shall expire on 31.10.2012. He has been the Director of the Company since its inception and is looking after the affairs of Company since then. He offers himself for re-appointment. The Board of Directors hereby recommends reappointment of Sh. Sandeep Aggarwal as Managing Director of the Company, subject to approval of Central Government, on the recommendation of the Remuneration Committee for a period of five year.

The reappointment and remuneration of Mr. Sandeep Aggarwal as the Managing Director of Company requires the approval of the members of Company in terms of Section 269 of the Companies Act, 1956 and is also subject to approval of Central Government.

The remuneration and terms and conditions of the appointment of Mr. Sandeep Aggarwal, Managing Director of the Company as recommended by the Remuneration Committee of Board of Directors are given herein below:

- a) **Salary** : ₹325,000/- per month
- b) **Perquisites** : ₹ 75,000/- per month

The perquisites are classified as under on individual basis:

Category A

- (i) **Housing:** The expenditure by the Company on hiring furnished accommodation for him will be subject to the following ceiling:
 - (a) ₹50,000/- per month.
 - (b) If the Company does not provide him owned accommodation he will be paid house rent allowance at the rate of ₹50,000/- per month.

The expenditure incurred by the Company on gas, electricity, water and furnishings evaluated as per the Income Tax Rules, 1962.
- (ii) **Medical Reimbursement:** Expenses incurred for himself and his family as per rules of the Company.
- (iii) **Leave Travel Concession:** For himself and his family, once in a year incurred in accordance with the rules specified by the Company.
- (iv) **Club Fee:** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (vi) **Personal Accident Insurance:** For an amount the premium of which shall not exceed ₹10,000/- per annum.

Category B

- (i) The Company's contribution for him to Provident Fund, superannuation fund or Annuity fund in accordance with the Rules and Regulations of the Company. Such contributions will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- (ii) Gratuity at a rate not exceeding half a month's salary for each completed year of service.

Category C

- (i) Car with a driver for use on the Company's business and telephone at residence provided that personal long distance calls on the telephone and use of car for private purpose shall be billed by the Company to him. The provision of car with a driver and telephone will not be considered as perquisites.

The re-appointment of Mr. Sandeep Aggarwal is being proposed on the same minimum alternate remuneration and other terms and conditions on which he was appointed in the year 2009 these limits are also in consonance with the limits specified in the Schedule XIII {for payment of remuneration to managerial personnel in the event of loss or inadequacy of profits of Company} of the Companies Act, 1956 as amended from time to time. He shall be entitled to leave in accordance with Rules of the Company from time to time in force as applicable to the senior executives of the Company.

The Board of Directors of Company considers that the remuneration payable to Mr. Sandeep Aggarwal is commensurate with his duties and responsibilities as the Managing Director of the Company. The resolution as set out in the convening Notice be considered accordingly and the Board recommends its acceptance.

Mr. Sandeep Aggarwal is concerned or interested in the above resolution in his personal capacity, Mr. Sanjay Aggarwal being related to Mr. Sandeep Aggarwal may be deemed to be interested in the above resolution. No other director of Company is concerned or interested in the above resolution. This may also be regarded as an abstract of terms of remuneration payable to Mr. Sandeep Aggarwal as whole time director of Company and memorandum of interest under Section 302 of the Companies Act, 1956.

Item No.7.

The Subscribed, issued and paid up Share Capital of the Company is ₹186,053,930 (Rupees Eighteen Crore Sixty Lac Fifty Three Thousand Nine Hundred Thirty) as against Authorised Share Capital of ₹350,000,000 (Rupees Thirty five Crores). The Company has proposed allotment of Convertible Warrants/securities which will further be converted into equity shares. In order to enable the Company to issue further Equity Shares and to raise further capital as and when considered necessary, it is proposed that the Authorised Share Capital of the Company is increased from ₹35 Crores to ₹50 Crores.

Consequent to increase in the Authorised Share Capital, Clause VI of the Memorandum of Association of the Company requires alteration. The board seeks approval of members by a special resolution.

A Copy of the Memorandum of Association of the Company as referred to in the resolutions will be available for inspection to the shareholders of the Company at its registered office on all working days between 10.00 a.m. to 12.00 noon till the date of the meeting.

None of the Directors are concerned or interested in this resolution.

Item No.8 .

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an industrial Company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, that Company falls under the category of potentially sick Industrial Company and therefore the fact is required to be reported to Board of Industrial and Financial Restructuring (BIFR) within 60 days from the date of finalization of the audited accounts which is the date of this Annual General Meeting.

As per the audited accounts of the Company for the year ended 31.03.2012 finalized and approved by the board subject to approval of shareholders on 21st September, 2012, the accumulated losses of the Company as at 31st March, 2012 amounting to ₹104.24 Crores have resulted in erosion of more than fifty percent of its peak net worth of ₹193.88 Crores during the immediately preceding four financial years.

A report on such erosion and its causes is required to be submitted before the shareholders for their consideration and approval. The said report is annexed herewith and is forming part of this notice and explanatory statement.

In view of above, your directors recommend approval of the shareholders by a special resolution.

None of the directors are interested in above resolution.

By Order of the Board

Place : New Delhi
Dated : 9th August, 2012

(Ratan Aggarwal)
CFO & Company Secretary

REPORT ON EROSION OF NET WORTH, CAUSES THEREOF AND ACTION TAKEN BY COMPANY IN TERMS OF SECTION 23 OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985.

In terms of requirements of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985, a report of board of directors on erosion of more than 50 % of peak net worth during the immediately preceding four financial years along with causes and revival plans is being submitted herewith.

Under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, Net Worth of the Company for present as well as proceeding four financial years is as follows:

(Amount in ₹ unless otherwise stated)

Financial Year/Net Worth Components	2011-12	2010-11	2009-10	2008-09	2007-08
Paid up Capital	186,053,930	177,270,340	169,013,930	169,013,930	169,013,930
Free Reserves					
General Reserve	24,428,996	24,428,996	24,428,996	24,428,996	109,611,754
Securities Premium A/c	909,721,234	861,411,489	816,001,234	816,001,234	816,001,234
Profit & Loss A/c (Cr.)	—	—	556,836,398	550,556,349	844,169,412
Total	1,120,204,160	1,063,110,825	1,566,280,558	1,560,000,509	1,938,796,330
Amount in Crores	112.02	106.31	156.63	156.00	193.88

Accumulated losses for the year ended 31.03.2012 (Relevant financial year) are ₹104.24 Crores.

Peak Net Worth as per above is ₹193.88 Crores.

Accumulated losses as percentage of peak net worth: 53.77%.

As presented above as per the audited accounts of the Company for the year ended 31.03.2012, the accumulated losses of the Company as at 31.03.2012 amounting to ₹104.24 Crores have resulted in erosion of more than fifty percent of its peak net worth of ₹193.88 Crores during the immediately preceding four financial year. Thus under the provisions of SICA the Company is a potentially sick industrial Company.

CAUSES OF EROSION OF NET WORTH OF THE COMPANY:

- ♦ The global meltdown, which started in September 2008, crippled the economic growth all over the world and as a result various infrastructure and non infrastructure projects were either put on hold or shelved, this resulted in significant reduction in demand for cables.
- ♦ Curbing demand of cables in turn led to excess capacity situation in the country which further resulted in an intensive price war among the cable manufacturers to retain higher order book position.
- ♦ In addition to this, during this period prices of raw material viz. copper and aluminium crashed globally on account of ongoing crisis. As a result current orders from the customers were cancelled, which led to excess inventories with the cable manufacturers.
- ♦ The Company was forced to stop its proposed capacity expansion (Phase III) plans mid way. It had invested ₹35 Crore in land and factory building, which remains unutilized till date.
- ♦ The said position ultimately led to squeezing of margins across the industry and various segments. The management of PCL at that point took a conscious decision of not bidding for new projects on account of low margins, which ultimately led to reduction in the order book.
- ♦ The reduction in order book resulted in a fall in the capacity utilization. As a step towards tiding the situation the management decided to close its plant in Dharuhera.
- ♦ Closing of the Dharuhera plant and shifting of workers to Khushkhera plant led to agitation among the workers. This consequently resulted in industrial unrest at Khushkhera plant, on account of which Company suffered stock and material losses. Later to resume its production the company re-started operations at the Khushkhera and hired new workforce. During this period of Oct 09 - Mar 10, operations of the Company were severely impacted resulting in productivity losses.

- ♦ The above factors had a negative impact on the financials of the company in financial year 2009 and financial year 2010. The sales of the company fell from ₹442 Crs in FY 2008 to ₹344 Crore in FY 2010.
- ♦ The Company also suffered losses to the tune of ₹40.57 Crore on account of depletion in value of inventory, which were written off during the financial year FY 2011.
- ♦ The overall prevailing conditions as described above, led to huge financial and cash losses of the Company and the Company incurred a net loss of ₹101.57 Crores in the FY 2011 which wiped out all retained earnings of ₹55.68 Crore and resulted in accumulated losses of ₹45.88 Crore which were carried to the balance sheet.
- ♦ On account of above mentioned losses coupled with liquidity pressures, though the Company was able to augment its turnover however it was still not able to earn some positive returns. During the financial year 2012 the Company incurred net loss of ₹58.35 Crore. which further resulted in accumulated losses of ₹104.24 Crores as at 31.03.2012 wiping out more than 50% of the peak net worth {₹193.87 Crores} of the Company {for calculation members may refer to the explanatory statement of the notice.}

STEPS TAKEN/PROPOSED TO BE TAKEN BY THE COMPANY MANAGEMENT:

- ♦ In order to strengthen its financial position, the Company has got its debts restructured with the Financial Institutions and banks under Corporate Debt Restructuring (CDR) mechanism in October, 2010 comprising of repayment reschedule, reduction/adjustment in interest rates, creation of additional security and pledge of 100% promoters' shareholding in favour of the Lenders. Recently the Company also got CDR rework package approved under which fresh moratorium for repayment of term loans has been approved. Funding of interest has been extended further for one and half year to strengthen liquidity position of the Company.
- ♦ In terms of the CDR package, the company will be selling its non-core assets to reduce debt burden on the company
- ♦ Promoters had contributed ₹7.5 Crore in form of equity and it has been further proposed to infuse fresh funds in the Company to the tune of ₹33 Crores during FY 2012-13.
- ♦ The Company is focusing upon business segments which may give better price realization such as Optical Fibre Cables where the Government has recently decided to form the NOFA- National Optical Fiber Authority which plans to provide OF connectivity up-to taluka and village levels all over the country within the next 3 years.
- ♦ The worker and employees strength is being rationalized to control the personnel cost.
- ♦ Besides the aforesaid, the company has also taken several steps for operational restructuring which are expected to lead to higher efficiency/cost savings.

For and on behalf of the Board,

**Place : New Delhi
Dated : 9th August, 2012**

**(Sanjay Aggarwal)
Chairman & CEO**

DIRECTORS' REPORT

Your directors hereby present the 18th annual report along with audited statement of accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2012 is summarised below:

	For the year ended 31.03.2012 (₹ in Lacs)	For the year ended 31.03.2011 (₹ in Lacs)
Turnover including Other Income	50,939.23	42,283.88
Profit/ (Loss) before Interest, Depreciation and Tax	(1,004.67)	(5,545.27)
Interest	3,582.54	3,365.90
Depreciation & Amortisation of FCMITDA	1,243.40	1,239.03
Profit/(Loss) before Tax	(5,830.61)	(10,150.20)
Provision for Taxation	—	—
Profit/(Loss) after Tax	(5,830.61)	(10,150.20)
Taxation for earlier years	(4.85)	(7.00)
Net Profit/(Loss)	(5,835.46)	(10,157.20)
Add: Balance brought forward from last year	(4,588.84)	5,568.36
Profit/(Loss) Carried to Balance Sheet	(10,424.30)	(4,588.84)

During the year the Company has incurred a net Loss of ₹ 5,835.46 Lacs as against net loss of ₹10,157.20 Lacs during previous year 2010-11, the gross turnover of the Company including other income stood at ₹ 50,939.23 Lacs as against ₹ 42,283.88 Lacs in fiscal 2010-11.

The Company is still facing challenging business environment. The performance during FY12 is however broadly in line with the projections made under approved CDR package.

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 2011-12.

3. CORPORATE DEBT RESTRUCTURING

Your company got its debt restructured under Corporate Debt Restructuring (CDR) mechanism in October, 2010. The Company again sought Rework Package in order to further strengthen its financial position. CDR EG vide their Letter of Approvals (LOA) dated 11th July, 2012 has approved CDR rework package till FY20 allowing fresh moratorium for repayment of term loans and funding of interest for another one and half year from cut of date i.e. 1st April, 2012. The Company is financially capable for executing bulk business to their customers with support of said approved CDR Rework Package.

4. CONVERTIBLE WARRANTS

During the year, 4,391,795 warrants aggregating to an amount of ₹ 570.93 lacs were converted into equity shares of ₹ 2/- each. The convertible warrants were allotted in FY10 and FY11 at a price of ₹ 13/- each aggregating to promoter group companies on preferential basis in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

There are no convertible warrants outstanding as at 31st March, 2012.

5. SHARE CAPITAL

During the year, the Company allotted 4,391,795 equity shares of ₹ 2/- each at a price of ₹ 13/- each inclusive of premium of ₹ 11/- each aggregating to ₹ 570.93 lacs to the specified promoter group companies upon conversion of warrants on preferential basis.

As at 31st March, 2012, the subscribed and paid up capital of the Company stood at ₹ 186,053,930/- divided into 93,026,965 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 (FCCBs) due 2011 in the financial year 2006-07. During the financial year 2009-10, the Company bought back 3,900 bonds of US\$ 5,000 each at a discount. Outstanding FCCBs amounting to USD 7.5 million were due for redemption on 23rd November, 2011 and are yet to be redeemed. The Company was to redeem these FCCBs at a Premium equal to 145.54% of the outstanding principal amount. The Company has duly informed the FCCBs holders about its financial position and is in discussion with the FCCBs holders, through the trustee, for re-schedulement of payment due on the outstanding FCCBs.

The Company has been regular in making payment of semi-annual interest payable on outstanding FCCBs on their respective due dates. Interest till maturity date i.e. 23rd November, 2011 has been fully paid to the bondholders. Interest from the maturity date to 31st March, 2012 is yet to be paid. All outstanding Bonds as per the offering circular on the date of redemption were liable to be redeemed at a price of US\$ 7,277. The Bonds are listed at Luxembourg Stock Exchange. In view of this redemption amount is subject to rescheduling /final settlement with FCCBs holders. The premium if paid, would be adjusted against the securities premium account.

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 301,750 equity shares of ₹ 2/- each as at 31.03.2012.

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.

The company is focusing upon business segments which may give better price realization. The economic climate seems to have already reached its lowest stage and there is considerable hope of improvement in the coming years. As soon as investment in Power and Industrial sector picks up, the demand for cables should again become buoyant. We also are an established player in the Optical Fiber telecom cables segment which is expected to enter into a demand boom period by the end of current fiscal due to the recent Government decision to form the NOFA- National Optical Fiber Authority which plans to provide OF connectivity up-to taluka and village levels all over the country within the next 3 years. The demand for cables from Railways has also started showing an uptrend after nearly 3 years of slackness in the signaling network maintenance.

9. REPORTING TO BOARD OF INDUSTRIAL AND FINANCIAL RESTRUCTURING {BIFR}

As per the audited accounts of the Company for the year ended 31.03.2012, the accumulated losses of the Company as at the end of the said period amounting to ₹ 10,424.30 Lacs have resulted in erosion of more than fifty percent of its peak net worth of ₹ 19,387.96 Lacs during the immediately preceding four financial year.

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company falls under the category of potentially sick Industrial Company and therefore the fact is required to be reported to Board of Industrial and Financial Restructuring (BIFR) within 60 days from the date of finalisation of the audited accounts. A report on causes of erosion of net worth and steps taken by the Company is forming part of the notice of AGM.

10. DIRECTORS

In terms of the relevant provisions of the Companies Act, 1956 read with Articles of Association of the company, Mr. S. P. S. Dangi and Mr. Satya Pal, Directors of the Company 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.

11. 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 has 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 (IB) of the Companies Act, 1956.

12. AUDITORS REPORT-CLARIFICATIONS AND EXPLANATIONS

- (1) Auditors Report Point no. 4 (a) preparation of financial statements on going concern basis.

The financial statements have been prepared on going concern basis despite the huge losses suffered by the Company and substantial erosion of net worth, as your directors are confident that the company will be able to generate profits in future years and dispose off some assets to meet its financial obligations as may arise. The accompanying financial statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- a) The company has not defaulted in payment of statutory dues or its trade creditors etc.
- b) CDR package was approved during previous year and further "Rework Package" has been approved by CDR-EG vide Letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default in payment of Principal and/or interest to banks as on date.
- c) The Company and promoters have undertaken to raise adequate finances by way of disposal of assets and induction of fresh funds by promoters and/or promoter group companies.

- (2) Auditors Report Point no. 4 (b) diminution in the value of investments.

In the 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. Considering, in the case of AEI Cables Limited, United Kingdom (the 100% subsidiary of Paramount Holdings Ltd, Cyprus), various factors including the CVA scheme having been implemented, business restructuring being undertaken, expected cash flows from operations, possibility of successfully additional arranging finance from the bankers and /or alternate finance providers and /or potential investors, orders in hand and assets base ; and in the case of the Associate, considering the future prospects, orders in hand and assets base of the investee company, no provision for diminution in value is required.

- (3) With respect to Point no. 5 (a) and 5 (b) of auditor's report, please refer to the explanation given under the heading Foreign Currency Convertible Bonds (FCCBs) of this report.

13. 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 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 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 17.09.2011, whereas the due date of filing was 30.09.2011.

14. 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.

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, 2012.

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

15. 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.

16. 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.

17. ISO CERTIFICATION

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

18. 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.

19. INSURANCE

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

20. FIXED DEPOSITS

There is no fixed deposit from public outstanding as on 31st March, 2012.

21. 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.

22. 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.

23. 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, 2012, the applicable accounting standards had been followed except as disclosed and explained in this report.
- 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, 2012 on a 'going concern' basis.

24. 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 : 9th August, 2012**

**(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, 2012.

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	:	₹ 2,295.87 Lacs.
Outgo	:	₹ 10,212.27 Lacs.

For and on behalf of the Board,

Place : New Delhi
Dated : 9th August, 2012

(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.	:	3,675 ordinary shares of ₹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 31.03.2012	:	Loss of ₹ 1,032,546/-
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	Loss of ₹ 2,395,383/-
	b) Dealt with in holding company's accounts:		
	i) For the financial year ended 31.03.2012	:	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 : 9th August, 2012

(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 31.03.2012	:	Profit of ₹ 62,161,544/-
	ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary.	:	Loss of ₹ 104,309,891/-
	b) Dealt with in holding company's accounts:		
	i) For the financial year ended 31.03.2012	:	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 : 9th August, 2012

(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
100,000 Preference Shares of £ 1 each
(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 31.03.2012 | : | Profit of ₹ 21,336,620/- |
| | ii) For the previous financial years of the Subsidiary company since it became the holding company's subsidiary. | : | Profit of ₹ 1,020,292/- |
| | b) Dealt with in holding company's accounts: | | |
| | i) For the financial year ended 31.03.2012 | : | 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 : 9th August, 2012

(Sanjay Aggarwal)
Chairman & CEO

MANAGEMENT DISCUSSION AND ANALYSIS

Paramount Communications Limited (herein after referred to as 'Paramount' or 'The Company') ranks among the most reputed and largest manufacturers of high performance cables in India. Enjoying a unique positioning, the Company features amongst the very few cable manufacturers geared to provide complete cabling solutions to almost all the infrastructure sectors of the economy -Power, Telecom & IT, Railway, petrochemicals and industrial sector.

The Company is emerging as a '*One Stop Service Window*' for all cable products and services.

ECONOMIC OVERVIEW

Global Economic Overview & Prospects

The world economy is on the brink of another recession and major down turn after the anaemic and uneven recovery from the global financial crisis. Output growth has already slowed considerably during 2011, especially in the developed countries.

Developing countries are expected to be further affected by the economic woes of developed countries through trade and financial channels. Among the major developing countries, China's and India's GDP growth is expected to remain robust, but to decelerate. In China, growth slowed from 10.4 % in 2010 to 9.3 % in 2011 and is projected to slow further to below 9 % in 2012-13. India's economy is expected to expand by between 7.7% and 7.9% in 2012-13, down from 9 % in 2010.

European sovereign debt crisis led the volatility in the macro environment. There is a divergence of economic conditions across global regions, as well as a divergence of recovery within some regions. While global economic conditions are more stable than in the depths of the European sovereign debts crisis late last year, underlying economic conditions are still fragile and fluid in many parts of the world.

The Indian Perspective

Various domestic and global factors contributed towards a moderation of Indian economic growth to 6.9% in 2011-12 from 8.4% in 2010-11, reflecting a dampening of business sentiments and pace of execution of various projects. Uncertainty about demand conditions given the global outlook and its likely contagion effect, regulatory issues including environmental clearances and land acquisition as well as sector specific factors like availability of coal and iron ore have impacted investments. Other contributory factors included increases in interest rates aimed at dampening the inflation and a slowdown in decision-making in various crucial areas like allocation of coal blocks. At the same time, while fiscal policy remains expansionary, higher outgo toward items of non-plan revenue expenditure such as subsidies, limited the fiscal space available for boosting infrastructure spending by the public sector. Investment growth is likely to remain sluggish in 2012-13 as well, unless policy issues are addressed and there is a substantial pick up in the pace of implementation of big ticket economic reforms.

Managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself at the heart of these conflicting demands. The Indian economy is grew by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years.

Inflation was high during most of the current fiscal year, though by the year's end there was a clear slowdown. Monetary policy was tightened by the Reserve Bank of India during the year to control inflation and curb inflationary expectations. Reflecting the weak manufacturing activity and rising cost, revenues of the centre have remained less than anticipated and, with higher than budgeted expenditure outgo, a slippage is expected on the fiscal side.

However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

Industry Development & Trends

Industrial growth in the country has, in terms of long run trend, remained aligned with the growth rate of gross domestic product. The long-term average annual growth of industries comprising mining, manufacturing, and electricity, during the post-reform period between 1991-1992 and 2011-12 averaged 6.7 per cent as against GDP growth of 6.9 per cent. Inclusion of construction in industry raises this growth to 7.0 per cent.

The positive trend in the power sector is one of the most important catalysts for the cable and wire industry. The growth in the power cable sector is to a large degree based on estimates of future electricity consumption and the investment required to build new capacity or modernize existing capacity. In its international energy outlook, the Energy Information Administration (EIA) forecasts growth of electricity generation at an annual rate of 2.6% to 2030. According to the EIA outlook, China and India together will account for over half of the incremental growth in energy (power) demand in 2030.

It is estimated that by 2030, a net 33.3 trillion kilowatt hours of electric power is expected to be generated worldwide, with more than half of the new capacity expected to come from emerging markets. The Asia region is expected to have the highest share of additional capacity, with China contributing 60 % of the total.

Growth in India is contingent on infrastructure investment. India has doubled its target for infrastructure spending to USD 1 trillion in the five years starting from 2012 to narrow the gap with china, the world's fastest growing major economy.

Cables and wires have a derived demand and are highly dependent on growth in such sectors as infrastructure, power generation, transmission and distribution, industrial development, railways, transport and commercial and residential construction projects.

OPPORTUNITIES & THREATS

With huge investment by government in key sectors like power, telecom and railways, the demand for cables will increase. The government has been announced the following projects in these sectors which are expected to increase the demand for cables:

- ◆ Telecom: FTTH (Fiber to the Home) and OFC across the country Indian Railways is planning to roll out 15,000 route km of OFC.
- ◆ Railway: Special Railway Safety Fund (SRSF), integrated railway modernization plan with regard to railway signaling and telecommunication systems, Dedicated Freight Corridor (DFC).
- ◆ Power Grid Corporation of India (Power Grid) is setting up nine high capacity corridors for evacuating 55 GW of new capacity proposed to come up in the coal belts of eastern India. These corridors entail around 23,000 ckm of lines.
- ◆ At the intra-state level, state transmission utilities are making significant investments in strengthening their transmission infrastructure and improving operational efficiencies during the 12th plan.
- ◆ Power Grid plans to add over 50,000 ckm of lines mainly at the HVDC, 765kv, 400kv and 220 kv levels.
- ◆ Gujarat Energy Transmission Corporation Ltd plans to add over 16,000 ckm of lines mainly at the 400kv, 220 kv and 66 kv levels
- ◆ West Bengal State Electricity Transmission Company Ltd plans to add over 6,400 ckm of lines mainly at the 400kv and 132 kv levels
- ◆ Transmission Corporation of Andhra Pradesh Ltd plans to add over 12,134 ckm of lines mainly at the 400kv, 220kv and 132 kv levels

(Source: Planning Commission Working Group report)

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

Power Sector

India is the fifth largest producer and consumer of electricity in the world after US, China, Japan and Russia. India is also the sixth largest energy consumer accounting for 3.4% of global energy consumption. Indian power sector has made substantial progress both in terms of enhancing power generation and in making available power to widely distributed geographical boundaries. It is estimated that the power sector should grow by atleast 8-10%

Power Generation

Planning Commission expects 76 GW and 94 GW of power capacities to be added during the 12th and 13th five year plan covering the period from 2012-17 and 2018-2023 as compared to only 42 GW added in the previous 5 year plan. The likely amount of investments for facilitating the said enhancement is about ₹ 3.5 lakh crore and ₹ 2.7 lakh crore respectively.

(Source: Crisil)

With direct correlation between growth in power segment and power cable, this increase would bring about similar growth in transmission lines. Further, with offshore wind power projects set to play an important role in the Indian renewable energy sector, submarine cable technology could become an area of focus.

Power Transmission:

The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. Further, the transmission sector needs concomitant capacity additions in line with the generation capacity additions to enable seamless flow of power.

The transmission system in India operates at several voltage levels, namely low voltage (1.1 KV and 500 volts), high voltage (132 KV, 66 KV), medium voltage (33 KV to 3.3 KV) and extra high voltage (HVDC, 765 KV, 400 KV, 220 KV).

Transmission lines to the order of about 109,000 ckm and 130,000 ckm are proposed to be added during the 12th Plan and 13th Plan respectively. The total fund requirement for development of transmission system (transmission lines and substations) is estimated to be of the order of ₹ 180,000 crore during 12th Plan and ₹ 200,000 crore during 13th Plan.

(Source: Planning Commission Working Group report)

Power Distribution

Distribution is the last and critical leg in the supply of electricity, reaching end consumers such as residential, commercial, agricultural and industrial segments. Distribution business is largely dominated by state government promoted distribution companies, with private participation being marginal (only 5-7 per cent of the total).

The distribution system planned for the 12th Plan includes setting up of new lines (1,305,000 ckm), installation of new substations (88,000 MVA), augmentation of substation etc with a total fund requirement of ₹ 306,235 crore .

(Source: Planning Commission Working Group report)

The above power projects shall give rise to substantial demand for power cables.

Railways

Indian Railways plans to invest ₹ 7.35 trillion during the 12th five-year Plan period (2012-17), almost four times of what it had budgeted to invest in the 11th five-year Plan, on rolling stocks and to build track, bridges and signalling and telecommunication system.

In the 12th Plan, completion of 45 new line works covering 700 km has been proposed during 2012-13 which is almost equal to last year achievement of 709 km. Out of the proposed 45 new line projects, 11 new line projects have been cleared by the Planning Commission 'in principle' for construction in 2012-13. Keeping in view the large-scale traffic growth, it is proposed to increase the allocation under new line plan-head to ₹ 6,872 crore.

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

Telecommunications

A wide variety of telecommunication cables forms the backbone of today's world wide telecommunication network, from huge undersea trunks to high-capacity, high-speed inter-city links, to the basic twisted pair copper wiring. For most of its lifetime, the PSTN has relied on copper wiring to carry voice signals to and from the local exchange and the customer's telephone. However, the advances in telecommunication network technology have led progressively to the development of newer types of cables over the years like jelly filled cables and optical fibre cables. Presently, the Telecom cables market essentially comprises of OFC, Jelly Filled Telephone Cables, Data Cables and Cables used for TV connections.

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 subscriber in 2004, the number has increased to 926.53 million at the end of December 2011. The number of wireless telephone connections has grown from 35.62 million in March, 2004 to 893.84 million at the end of December 2011 and the number is still increasing by addition of 18-20 million subscribers 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.

Building, Construction and Real Estate

The building and construction sector is one of the major end markets for the cable industry. Cables and wires demand in this sector is directly related to growth in construction capex. It is projected that India is likely to be a USD 4.5 Trillion economy over the next decade. With rising income, the demand for urban premium housing is set to grow big time from ₹ 116 billion in financial year 2009 to ₹ 757 Billion in financial year 2020. The Industry in this segment is composed of a few large units with thousands of small units in the unorganized sector. Upgraded wiring systems and modern manufacturing technology are major requirements of the sector.

However with the expected growth in housing projects, demand of building wires is expected to rise.

In view of the anticipated investment in infrastructure, power, railways and industrial sector, it is expected that the demand for the company's products will continue to be robust and the turnover of the company and its profitability will improve substantially during the next financial year if the developments taking place continue their growth at the expected pace.

Threats

Any slowdown in the national growth rate and/ or delay in execution of infrastructure development projects or industrial projects may have a direct impact on the market demand for the Company's products.

Prices of the main raw materials used in the manufacturing of cables are highly volatile and may directly affect profitability.

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, even more excessive competition may happen and the fight for market share may become even more intense.

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 power cables amounting to ₹ 457.81 crores as compared to ₹ 367.29 crores in the previous year.

Power and railway cables constitute approximately 90.17% of gross turnover of the Company for the year 2011-12.

Jelly Filled Telephone Cables (JFTC)

The demand of JFTC has decreased due to wireless technology revolution. The Company sold Jelly Filled Telephone Cables amounting to ₹ 3.05 crores against ₹ 3.21 crores in the previous year.

JFTC comprises of 0.60% of gross turnover of the Company for the financial year 2011-12.

Optical Fibre Cables (OFC)

The growth in this segment has been long foreseen however the turnover of the company has dropped in fiscal 2011-12. The Company sold Optical Fibre Cables amounting to ₹ 2.92 crores as compared to ₹ 3.69 crores in the previous year.

OFC comprises of 0.58% of gross turnover of the Company for the financial year 2011-12.

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

Paramount is known for quality of its cables and the company research team is fully committed to develop tailor made and innovative cables which suit the requirement of the customer. The company continuously strive to lower the cost of production and provide value for money to its customer. The company is also aggressively strengthening its nationwide marketing network. Paramount is sure to get its share of fortune with its following key strengths:

1. The company serves the core and prime infrastructure sectors including power, telecom, real estate, Railways and domestic building wires. The company is an approved supplier of cables to Government and public Sector enterprises along with major players in the private sector and derives its major revenues from government and institutional sales.

2. The Company's product meets technological parameters and specifications of national and international agencies and holds major accreditations and approvals from its clients. Its long track record and ability to service client needs efficiently have placed it in the category of preferred vendor for its prestigious customers.
3. Swing capability (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.
4. The Company's subsidiary AEI Cables Ltd, United Kingdom, also holds various accreditations across the globe and has 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 ₹ 22.96 crores as compared to ₹ 62.73 crores during previous year. The lower exports are attributable to the global economic meltdown, recession and on account of poor economic conditions in U K market. The company targets substantial growth in export business catering to worldwide export markets through its subsidiaries AEI Cables Limited and AEI Power Cables Limited, United Kingdom.

Financial Performance

The Company achieved gross sales turnover of ₹ 507.72 crores for the year ended 31st March, 2012 as compared to ₹ 415.80 crores during the previous year. The Company has incurred a net Loss of ₹ 58.35 crores as against net loss of ₹ 101.57 crore during previous year. The Company suffered losses on account of adverse market conditions resulted in significant reduction in demand for cables and the excess capacity situation resulted in an intensive price war among the cable manufacturer and due to foreign exchange fluctuations.

Total financial charges during the year have increased to ₹ 39.35 crores from ₹ 38.00 crores in value and overall financial charges burden in terms of percentage to total turnover is 7.75% as against 9.14% during the previous year.

The Company achieved consolidated gross sales turnover of ₹ 746.85 crores and net loss of ₹ 50.46 crores for the year ended 31st March, 2012 as compared to ₹ 741.95 crores and net loss of ₹ 119.92 crores respectively during the previous year.

Borrowing position

Borrowings excluding working capital facilities as at 31st March, 2012 are ₹ 270.97 crores as compared to ₹ 232.88 crores during the previous year. These borrowings include FCCBs of ₹ 38.53 crores, term loans from banks of ₹ 230.04 crores, loans from financial institutions of ₹ 2.20 crores and hire purchase finance of ₹ 0.20 crores. The debt equity ratio of the Company as at 31-03-2012 is 52.44:1 as compared to 5.93:1 as at 31-03-2011.

Fixed Assets

Gross Fixed Assets as at 31st March, 2012 are ₹ 214.29 crores as compared to ₹ 210.84 crores as at 31st March, 2011.

Inventories

Level of Inventories as at 31st March, 2012 is ₹ 159.95 crores as compared to ₹ 156.36 crores as at 31st March, 2011.

Sundry Debtors

Sundry Debtors as at 31st March, 2011 are ₹ 161.15 crores as compared to ₹ 172.57 crores as at 31st March, 2011. These debtors are considered good and realizable.

Earning per Share

Basic Earnings per Share for the year ended 31st March, 2012 is ₹ (6.31) as compared to ₹ (11.72) for the year ended 31st March, 2011 and Diluted Earnings per Share for the year ended 31st March, 2012 is ₹ (6.27) as compared to ₹ (10.27) for the year ended 31st March, 2011.

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 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 and 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 and 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 unaudited 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 28th September, 2011 and number of other directorship and chairmanship/membership 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	2	Yes	5	1	0
Mr. Sandeep Aggarwal	4	No	4	0	0
Mr. S.P.S. Dangi	5	Yes	0	0	0
Mr. Satya Pal	5	No	1	2	1
Mr. Vijay Bhushan	5	No	7	5	2

Other provisions as to Board and Committees

5 (Five) board meetings were held during the financial year ended on March 31, 2012. The date(s) on which the meetings were held are as follows:

- (1) 13th May, 2011
- (2) 12th August, 2011
- (3) 9th September, 2011
- (4) 14th November, 2011
- (5) 11th February, 2012

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.

All the directors and senior management have affirmed compliance with this code for the year ended 31st March, 2012. 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 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 28th September, 2011. 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	05
Mr. Satya Pal	Non-executive Independent Director	05
Mr. Vijay Bhushan	Non-executive Independent Director	05

Meetings of Audit Committee held during the financial year 2011-12.

During the year the committee has met five 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:

- (6) 13th May, 2011
- (7) 12th August, 2011
- (8) 9th September, 2011
- (9) 14th November, 2011
- (10) 11th February, 2012

Proper quorum was present in all the Audit Committee 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 2011-12.

Aggregate value of salary, perquisites and commission paid for the year ended 31st March, 2012 to the whole-time directors is as follows:-

(Amount in ₹)

Name	Salary and perquisites	Company's Contribution to P.F.	Sitting Fees	Total
Mr. Sanjay Aggarwal	4,699,553	468,000	Nil	5,167,553
Mr. Sandeep Aggarwal	4,630,615	468,000	Nil	5,098,615

The company has entered into a service contract with Mr. Sanjay Aggarwal, Chairman and 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, 2012 are as follows:

Mr. S.P.S Dangi	₹ 85,000/-
Mr. Satya Pal	₹ 85,000/-
Mr. Vijay Bhushan	₹ 93,500/-

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 and 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 and Company Secretary as the Compliance Officer.

The Shareholders and Investors Grievance Committee met once on 13th May, 2011 during the year under reporting. No investor complaints were received during the year. Total numbers of requests received were 40 during the year under review where all of them were replied to the satisfaction of the shareholders. There were no outstanding complaints/ requests as on 31.03.2012. The Company has designated an e-mail id 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
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.
2010-11 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	28.09.2011	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 3,520,000 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.

At the A.G.M. held on 28th September, 2011 two special resolutions were passed:

- One for according approval of the members of the company for appointment of Mr. Tushar Aggarwal, son of Mr. Sanjay Aggarwal, Chairman & CEO, as VP-Business Development, to hold office and place of profit in the Company at remuneration not exceeding ₹ 125,000/- per month.
- Second for approval of the members of the company for appointment of Mr. Dhruv Aggarwal, son of Mr. Sandeep Aggarwal, Managing Director, as VP-Business Development, to hold office and place of profit in the Company at remuneration not exceeding ₹ 125,000/- 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 under Note no. 30 of 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 except as disclosed and explained in the Directors Report of the Company.

(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) Paramount Holdings Limited incorporated under the laws of Cyprus.
- (2) AEI Cables Limited incorporated under the laws of England and Wales and having its manufacturing facilities situated at Birtley, Co. Durham, United Kingdom.
- (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, 2012 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 along with proper explanation relating to material departures, 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.
- (iv) They have indicated to the auditors and the Audit committee
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(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 and the websites of BSE, www.bseindia.com and NSE at 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 21st, 2012
Day and Time	:	Friday, 10.00 A.M.
Venue	:	SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Near Inter-State Bus Terminal, Delhi-110 054, India

9.2 Financial Calendar 2012-2013 (tentative)

Financial year	:	1st April, 2012 to 31st March, 2013
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Approval of Quarterly/Annual Results.

Results for the quarter ending June 30th	:	Before 14th Aug, 2012
Results for the quarter ending Sept. 30th	:	Before 14th Nov, 2012
Results for the quarter ending Dec. 31st	:	Before 14th Feb, 2013
Results for the quarter/year ending March 31st	:	Before 15th / 30th May, 2013

9.3 Book Closure Date	:	Tuesday, 18th September, 2012 to Friday, 21st September, 2012 (both days inclusive)
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9.4 Dividend Payment Date	:	Not Applicable
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9.5 The Equity Shares of the Company are Listed at the following Stock Exchanges:

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

The Global Depository Receipts and the Foreign Currency Convertible Bonds {FCCBs}** 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 Outstanding US \$ 7.5 Million Foreign Currency Convertible Bonds (FCCB'S) of the Company were due for repayment on 23rd November, 2011 however these bonds were not redeemed on their redemption date and are still outstanding.

The company has paid the Annual Listing Fees for the year 2012-13 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.	:	--

Annual Report 2011-12



- ♦ 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

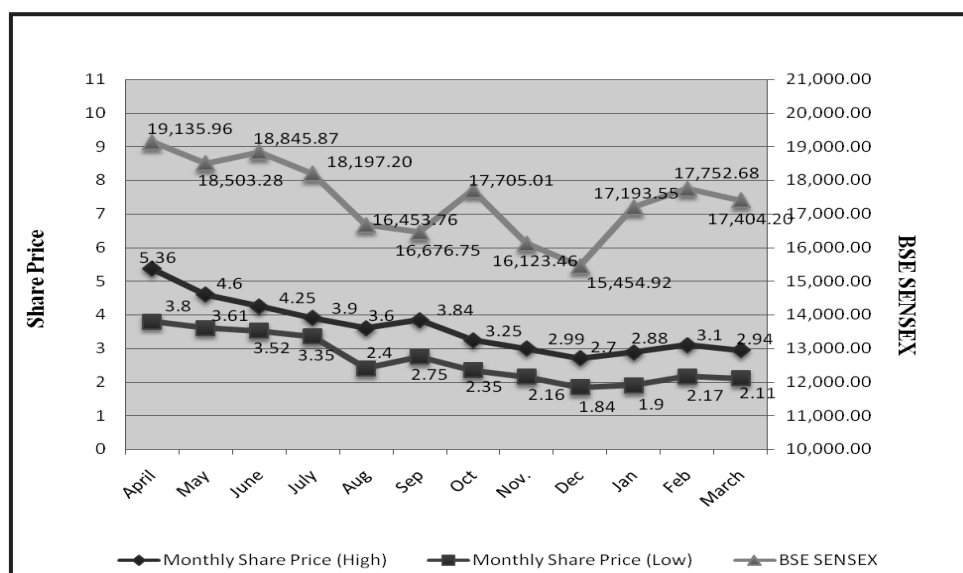
For the Period: April 2011 to March 2012

(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-11	3.97	5.36	3.8	4.33	561,059	1,357	2,652,597	1.56	0.36
May-11	4.3	4.6	3.61	3.92	378,371	963	1,497,914	0.99	-0.38
Jun-11	3.9	4.25	3.52	3.76	261,259	849	1,013,978	0.73	-0.14
Jul-11	3.84	3.9	3.35	3.59	337,817	832	1,253,348	0.55	-0.25
Aug-11	3.38	3.6	2.4	2.9	396,455	1,125	1,163,766	1.2	-0.48
Sep-11	2.9	3.84	2.75	3.17	410,063	923	1,307,699	1.09	0.27
Oct-11	3.12	3.25	2.35	2.86	182,975	491	533,505	0.9	-0.26
Nov-11	2.9	2.99	2.16	2.18	172,879	555	446,762	0.83	-0.72
Dec-11	2.2	2.7	1.84	1.9	207,173	520	450,956	0.86	-0.3
Jan-12	1.95	2.88	1.9	2.5	261,779	724	594,848	0.98	0.55
Feb-12	2.5	3.1	2.17	2.43	408,339	1,087	1,106,900	0.93	-0.07
Mar-12	2.37	2.94	2.11	2.37	426,009	703	1,037,148	0.83	0.00

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

9.8 Performance of equity shares in comparison with BSE index during the Financial Year 2011-12.



Annual Report 2011-12



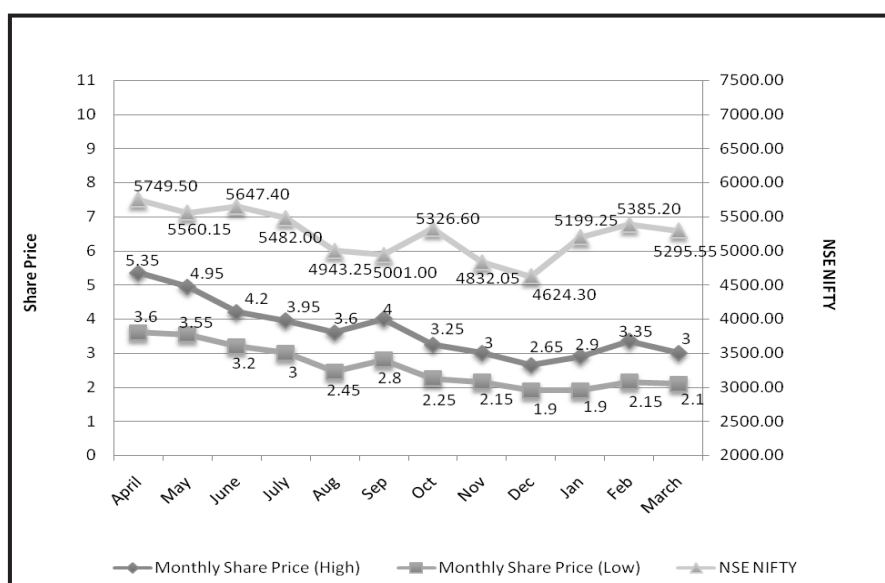
NSE Scrip Code: PARACABLES

For the period: April, 2011-March, 2012

(Value in ₹)

Month	Open	High	Low	Close	No. of Shares	Spread	
						H-L	C-O
April 2011	3.60	5.35	3.60	4.30	941,335	1.75	0.70
May 2011	4.05	4.95	3.55	4.00	646,609	1.40	-0.05
June 2011	4.00	4.20	3.20	3.80	402,356	1.00	-0.20
July 2011	3.70	3.95	3.00	3.55	377,564	0.95	-0.15
August 2011	3.30	3.60	2.45	2.85	699,189	1.15	-0.45
September 2011	2.85	4.00	2.80	3.15	569,320	1.20	0.30
October 2011	3.00	3.25	2.25	2.80	319,131	1.00	-0.20
November 2011	2.85	3.00	2.15	2.20	390,247	0.85	-0.65
December 2011	2.45	2.65	1.90	1.95	294,119	0.75	-0.50
January 2012	2.00	2.90	1.90	2.55	506,691	1.00	0.55
February 2012	2.55	3.35	2.15	2.45	723,351	1.20	-0.10
March 2012	2.35	3.00	2.10	2.40	382,903	0.90	0.05

Performance of equity shares in comparison with NSE NIFTY during the Financial Year 2011-12.



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 :

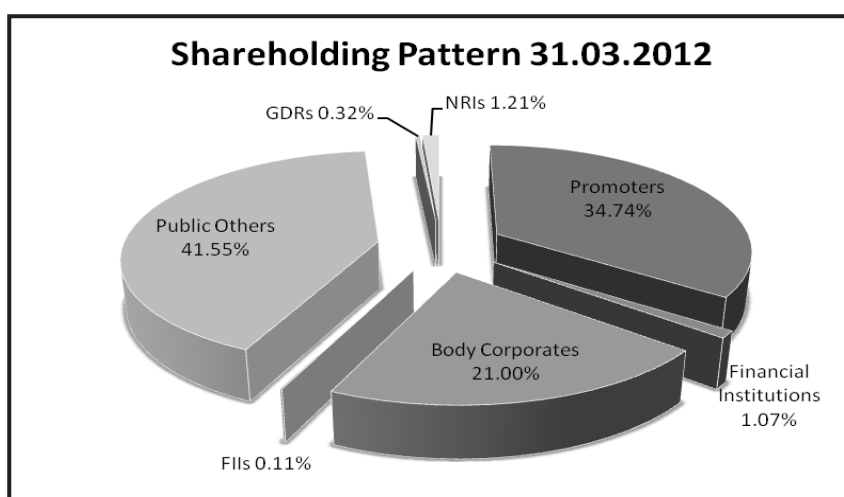
The Company has a sound share transfer process. For the purpose of making the share transfer process smooth and speedy; the Company has appointed M/s Link Intime India Private Ltd., as its share transfer agents. After the Share Transfer Agents complete the formalities of transfer/transmission, approval 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 2011-12, the Share Transfer Committee of the company met 11 times and 40 transfers were approved thereat for the transfer of 9,266 equity shares. The committee also approved re-mat requests for 682 equity shares during the year under reporting.

9.11 Distribution of Shareholding and Shareholding Pattern as on 31.03.2012

Shareholding of Nominal Value of ₹	No. of Shareholders		No. of Shares held	Amount	
	Numbers	% of total		₹	% of total
Upto 2,500	28,258	83.73	9,928,596	19,857,192	10.67
2,501 - 5,000	2,876	8.52	5,220,028	10,440,056	5.61
5,001 - 10,000	1,407	4.17	5,282,347	10,564,694	5.68
10,001 - 20,000	602	1.78	4,518,086	9,036,172	4.86
20,001 - 30,000	209	0.62	2,594,367	5,188,734	2.79
30,001 - 40,000	108	0.32	1,942,556	3,885,112	2.09
40,001 - 50,000	46	0.14	1,070,613	2,141,226	1.15
50,001 - 100,000	116	0.34	4,350,085	8,700,170	4.67
100,001 & Above	129	0.38	58,120,287	116,240,574	62.48
Total	33,751	100.00	93,026,965	186,053,930	100.00

Shareholding Pattern of the Company as at 31st March, 2012



9.12 Dematerialization of Shares

At the end of the year 2011-12 around 98.64% 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 year 2009-10 there were US \$ 7.5 Million FCCBs outstanding. The Outstanding US \$ 7.5 Million Foreign Currency Convertible Bonds (FCCB'S) of the Company having maturity amount of US \$ 10.875 Million (principal plus redemption premium) were due for repayment on 23rd November, 2011 however these bonds were not redeemed on their redemption date and are still outstanding.

The Company is required to redeem these FCCBs at a premium equal to 145.54% of the outstanding principal amount. The said premium amounts to ₹ 195,636,955/- (gross of tax). The Company has duly informed the FCCBs holders about its financial position and is in discussion with the FCCBs holders, through the trustee, for re-scheduling of payment due on the outstanding FCCBs. In view of this redemption amount is subject to re-scheduling / final settlement with FCCBs holders. The premium, if paid, would be adjusted against the Securities Premium Account.

As at 31st March, 2012 there were 301,750 equity shares of ₹ 2/- each (post split) which are represented by outstanding Global Depository Receipts.

The Company had allotted 3,520,000 convertible warrants to the identified promoter group companies during the year 2009-10. Whereas out of 5,000,000 convertible warrants allotted in the year 2008-09, 871,795 convertible warrants were outstanding. During the year, all the outstanding convertible warrants aggregating to 4,391,795 were converted into equity shares of ₹ 2/- each.

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, IInd Floor, 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

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, 2012 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**

**(Praveen Kumar Jain)
Partner**

M.No. : 085629

Firm Registration No. : 000129N

Place : New Delhi

Dated : 9th August, 2012

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, 2012.

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

Place : New Delhi

Dated : 9th August, 2012

**(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, 2012 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. We invite your attention to the following:
 - a) Note no 37 to the financial statements. The accompanying financial statements have been prepared on a going concern basis despite significant erosion of net worth, defaults in repayments to banks and redemption of Foreign Currency Convertible Bonds (FCCBs). The appropriation of the said basis is interalia dependent on successful implementation of Corporate Debt Restructuring (CDR) package.
 - b) No provision for diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount holdings Limited (Subsidiary) has been made. In the opinion of the management diminution in the value of these investments is temporary in nature(Refer note no12.1)

We have not qualified our opinion in respect of the matters referred in the paragraphs 4 (a) & 4(b) above.

5.
 - a) *We state that no provision has been made for premium on redemption of US \$ 7.5 million 1% Foreign Currency Convertible Bonds (FCCBs) due on 23rd November, 2011 amounting to ₹195,636,955/- (gross of tax) for the year ended 31st March, 2012. In our opinion, this accounting treatment is not in accordance with current accounting standards i.e. AS-16. (Refer Note 36)*
 - b) We further report that had observation made in Paragraph 5 (a) above been considered, other current liabilities would have been ₹ 1,244,827,546/- as against reported figure of other current liabilities ₹ 1,049,190,591/- and securities premium account would have been ₹ 714,084,279/- as against reported figure of securities premium account ₹ 909,721,234/- .
6. 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) *Except as stated in para 5(a) above*, 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, 2012 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 *subject to the effect of the matter stated in paragraphs 5(a) & 5(b) above* 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, 2012;
 - 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 : 25th July, 2012**

**(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, 2012

- (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 year end balance of deposit granted to such party was ₹18,000,000/- (Refer Note 13.1).
- (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 13.1).
- (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 deposit from one party covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹86,00,000/- and the year end balance of deposit taken from the party was ₹Nil .
- (f) In our opinion, the rate of interest and other terms and conditions on which deposit has 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, We are informed there are no undisputed statutory dues as of March 31, 2012 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	774,327	2007-08	Commissioner (Appeals)
Central Excise Act	Excise Duty	74,336,296	Various years for 2002-03 to 2009-10	CESTAT
	Excise Duty	69,150	2008-09	Commissioner (Appeals)
Finance Act	Service Tax	24,348,909	Various years for 2005-06 to 2010-11	CESTAT
	Service Tax	411,686	Various years for 2005-06 & 2010-11	Commissioner (Appeals)
Customs Act	Custom Duty	1,836,570	2005-06 & 2006-07	Commissioner (Appeals)

- (x) *The company's accumulated losses at the end of the financial year were more than fifty percent of its net worth .The company has incurred cash losses during the financial year and in the immediately preceding financial year.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of principal amount of ₹360,616,477/- of Term Loans from banks which were due for repayment on 31st March, 2012. Further the Company has defaulted in repayment of ₹580,911,955/- (inclusive of premium on redemption of ₹195,636,955/-) upon redemption on 23rd November, 2011 of Foreign currency Convertible Bonds (FCCBs). Interest on FCCBs of ₹675,042/- due as on 31st December, 2011 has also not been paid and is overdue. (Refer Note 4.2 & 9.2).*
- (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 corporates from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prime facie prejudicial to the interest of the company (Refer Note 35 (ii), (iii) & (iv)).
- (xvi) In our opinion and on the basis of information and explanations given to us, the Company has not obtained any term loans during the year.
- (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, 2012.

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

**Place : New Delhi
Dated : 25th July, 2012**

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

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTES No.	As at 31st March,2012 Amount(₹)		As at 31st March,2011 Amount (₹)	
EQUITY AND LIABILITIES					
Shareholder's funds					
Share Capital	2	186,053,930	90,849,598	177,270,340	674,528,738
Reserves and surplus	3	(95,204,332)		440,165,063	
Money Received against Share warrants		—		57,093,335	
Non-Current Liabilities					
Long Term Borrowings	4	1,791,857,486	1,801,058,513	1,629,017,655	1,637,366,236
Deferred Tax Liability (Net)	5	—		—	
Long Term Provisions	6	9,201,027		8,348,581	
Current Liabilities					
Short Term Borrowings	7	1,574,668,524	3,459,218,961	1,620,609,335	3,304,869,724
Trade Payables	8	833,452,970		859,701,978	
Other Current Liabilities	9	1,049,190,590		822,695,980	
Short Term Provisions	10	1,906,877		1,862,431	
TOTAL			5,351,127,072		5,616,764,698
ASSETS					
Non - Current Assets					
Fixed Assets					
-Tangible assets	11.1	1,395,560,256	1,401,043,612	1,479,837,091	1,489,809,164
-Intangible assets	11.2	5,483,356		9,972,073	
Non- Current Investments	12			281,217,782	
Long Term Loans and Advances	13		35,200,911		56,581,381
Other Non-Current Assets	14		13,430,499		—
Current Assets					
Inventories	15	1,599,505,880	3,620,234,268	1,563,554,230	3,789,156,371
Trade Receivables	16	1,611,549,398		1,725,674,671	
Cash and Bank Balances	17	89,884,754		98,291,392	
Short Term Loans and Advances	18	291,481,488		396,872,297	
Other Current Assets	19	27,812,748		4,763,781	
TOTAL			5,351,127,072		5,616,764,698

Significant Accounting Policies and Notes on Financial Statements 1 to 38

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 : 25th July, 2012

(Sanjay Aggarwal)
Chairman & CEO

(Sandeep Aggarwal)
Managing Director

(Ratan Aggarwal)
CFO & Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE No.	Year ended 31st March, 2012 Amount(₹)		Year ended 31st March, 2011 Amount(₹)	
Revenue from Operations (Gross)	20	5,077,229,163		4,157,958,952	
Less: Excise Duty		442,698,970	4,634,530,193	307,061,022	3,850,897,930
Other Income	21		16,694,028		70,429,426
Total Revenue			4,651,224,221		3,921,327,356
Expenses:					
Cost of Materials Consumed	22		3,903,010,949		3,362,982,760
Purchases of Stock in Trade	23		89,263,124		71,891,617
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-Trade	24		(25,749,442)		368,527,198
Employee Benefits Expense	25		138,535,740		128,521,732
Finance Costs	26		393,533,578		379,969,705
Depreciation and Amortization Expense	27		124,340,116		123,902,986
Other Expenses	28		611,351,369		500,551,256
Total Expenses			5,234,285,434		4,936,347,255
Profit/(Loss) Before Tax			(583,061,213)		(1,015,019,899)
Tax Expense					
- Current tax		—	—	—	—
- Deferred tax		—	—	—	—
Short/(Excess) Provision-Earlier Years					
- Current Tax		485,413		704,798	
- Fringe Benefit Tax		—	485,413	(4,770)	700,028
Profit / (loss) for the Year			(583,546,626)		(1,015,719,927)
Earnings per Equity Share:	29				
Equity Share of Par Value of ₹2/- each					
-Basic			(6.31)		(11.72)
-Diluted			(6.27)		(10.27)

Significant Accounting Policies and Notes on Financial Statements 1 to 38

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 : 25th July, 2012

(Sanjay Aggarwal)
Chairman & CEO

(Sandeep Aggarwal)
Managing Director

(Ratan Aggarwal)
CFO & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Figures in ₹

S.NO. PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation and exceptional items	(583,061,213)	(1,015,019,899)
Adjustment for :		
Depreciation (Net)	124,340,116	123,902,986
Financial Costs	393,533,579	379,969,706
Loss on sale/disposal of fixed assets	873,868	1,244,704
Exchange loss on FCCBs	25,574,250	—
Amortisation of FCMITDA	28,222,184	(23,114,679)
Provision for leave encashment	906,892	2,537,049
Operating profit before working capital changes	(9,610,324)	(530,480,133)
Adjustment for :		
Trade Receivables, Loans and Advances and Other Assets	241,430,326	(213,052,241)
Inventories	(35,951,650)	463,402,350
Trade Payables, Other Liabilities and Provisions	(14,977,102)	(314,010,582)
Cash generated from operations	180,891,250	(594,140,606)
Direct tax paid/ Refund	(173,344)	10,169,708
Cash flow before exceptional items	180,717,906	(583,970,898)
Exceptional items	—	—
Net cash from operating activities	180,717,906	(583,970,898)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and other capital expenditure	(13,408,946)	30,788,137
Sale of fixed assets	435,000	1,798,998
Purchase of Investment	—	(7,246,781)
Net cash used in investing activities	(12,973,946)	25,340,354
C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	266,829,094	882,425,515
Proceeds from Share Capital	—	53,666,665
Proceeds from Warrants	—	40,843,335
Working capital facilities from Bank	(48,699,776)	(21,135,161)
Hire purchase finance (Net of repayments)	(746,337)	(662,263)
Intercompany deposits including interest accrued & due	—	(888,687)
Financial Costs	(393,533,579)	(379,969,706)
Net cash received/(used) from financial activities	(176,150,598)	574,279,698

Figures in ₹

S.NO. PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(8,406,638)	15,649,154
Cash and cash equivalents as at 31st March, 2011 (Opening Balance)	98,291,392	82,642,238
Cash and cash equivalents as at 31st March, 2012 (Closing Balance)	89,884,754	98,291,392
Note:		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement.		
2. Cash and cash equivalents includes :		
Cash and bank balances	6,365,159	10,057,820
Fixed Deposits under lien/ custody with banks/sales tax department	82,420,860	87,128,821
Unclaimed Dividend Accounts	1,098,735	1,104,751
Total cash and cash equivalents as per balance sheet	89,884,754	98,291,392
3. 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 : 25th July, 2012

(Sanjay Aggarwal)
Chairman & CEO

(Sandeep Aggarwal)
Managing Director

(Ratan Aggarwal)
CFO & Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a Basis of Preparation

- i. In compliance with the accounting standards referred to in Section 211(3C) and the other relevant provisions of the Companies Act, 1956 to the extent applicable, the company follows the accrual system of accounting in general and the historical cost convention in accordance with the Generally Accepted Accounting Principles(GAAP), except where otherwise stated.
- ii. The preparation of accounting statements in conformity with GAAP requires the management to make assumption and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statement and the amounts of income and expenses during the period reported under the financial statements. Any revision to the accounting estimates are recognised prospectively when revised.
- iii. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

b Fixed Assets, intangible assets and capital work-in-progress

- 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.

c Depreciation and Amortisation

- i. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- ii. Depreciation is provided on Written - Down Value Method on buildings added up to 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.
- iii. No write off is being made in respect of leasehold land, as the lease is a long lease.

d 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.

e 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-Progress 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 is determined on weighted average basis. Work-in-Progress 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.

f Foreign Currency Transactions

- i. Foreign currency transactions remaining unsettled at the year end 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.
- ii. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- 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 are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.
- iv. Non monetary foreign currency items are carried at cost.

g 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.

h 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.

i 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.

j 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.

k Preliminary Expenses

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

I 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.

m 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.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012

2 Share Capital

Figures in ₹

Particulars	As At 31st March, 2012	As At 31st March, 2011
Authorised:		
175,000,000 (Previous Year 175,000,000)	350,000,000	350,000,000
Equity Shares of ₹ 2/- each	<u>350,000,000</u>	<u>350,000,000</u>
Issued, Subscribed & Paid up		
93,026,965 (Previous Year 88,635,170) Equity	186,053,930	177,270,340
Shares of ₹ 2/- each fully paid	<u>186,053,930</u>	<u>177,270,340</u>
Total	186,053,930	177,270,340

2.1 Rights, preferences and restrictions attached to Equity Shares

Equity Shares : The company has one class of equity shares having a par value of ₹ 2 /- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

2.2 Reconciliation of Number of Equity Shares

Particulars	As At 31st March, 2012 Nos.	Amount (₹)	As At 31st March, 2011 Nos.	Amount (₹)
Balance as at the beginning of the year	88,635,170	177,270,340	84,506,965	169,013,930
Add: Issued during the year on conversion of warrants	4,391,795	8,783,590	4,128,205	8,256,410
Balance as at the end of the year	<u>93,026,965</u>	<u>186,053,930</u>	<u>88,635,170</u>	<u>177,270,340</u>

Equity Shares of par value of ₹ 2/- each have been allotted to warrant holders at Securities Premium of ₹ 11/- each upon exercise of option by them. Proceeds from issue have been utilised as per objects of the issue.

2.3 List of Equity Shareholders holding more than 5% of the aggregate Equity Shares:

Name of Shareholder	Nos.	%age	Nos.	%age
Mr. Sanjay Aggarwal	5,826,100	6.26	5,826,100	6.57
Mr. Sandeep Aggarwal	5,732,300	6.16	5,732,300	6.47
Mrs. Kamla Aggarwal	5,731,600	6.16	5,731,600	6.47

3 Reserves & Surplus

Figures in ₹

Particulars	As At 31st March,2012		As At 31st March,2011	
Capital Reserve				
- Capital Investment Subsidy				
Balance at the beginning of the year	3,000,000		3,000,000	
- Profit on Issue of forfeited shares				
Balance at the beginning of the year	31,100	3,031,100	31,100	3,031,100
Securities Premium Account				
Balance at the beginning of the year	861,411,489		816,001,234	
Add: On allotment of Equity Shares (Refer Note 2.2)	48,309,745	909,721,234	45,410,255	861,411,489
Revaluation Reserve				
Balance at the beginning of the year	9,323,117		9,468,196	
Less: Transfer to Profit & Loss Statement	132,514	9,190,603	145,079	9,323,117
General Reserve				
Balance at the beginning of the year		25,282,886		25,282,886
Surplus				
Balance at the beginning of the year	(458,883,529)		556,836,398	
Add: Transfer from Profit & Loss Statement	(583,546,626)	(1,042,430,155)	(1,015,719,927)	(458,883,529)
Total		(95,204,332)		440,165,063

4 Long Term Borrowings

Figures in ₹

Particulars	As At 31st March,2012		As At 31st March,2011	
Secured				
Term Loans :				
- From Banks				
-Foreign Currency Loan	256,740,673		373,281,018	
-Rupee Loans	1,511,935,329		1,231,714,071	
- From Financial Institution	21,978,430	1,790,654,432	21,978,430	1,626,973,519
Finance Lease Obligations		1,203,054		2,044,136
(Refer Note 31)				
Total		1,791,857,486		1,629,017,655

4.1 Nature of Security :-

i Term Loan from Banks:-

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.

ii Term Loan from Financial Institution:-

Loan from Financial Institution is secured against surrender value/ maturity value of keyman insurance policy of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company.

iii Finance Lease Obligations :-

Hire Purchase Finance is secured against assets financed from it.

4.2 Period and Amount of Default in repayment :-

- Principal amount of ₹ 360,616,477 (Previous Year ₹ Nil) of Term Loan from Banks included in Current Maturities of Term Loan were due for repayment on 31st March, 2012 and have not been paid. Corporate Debt Restructuring-EG has approved "Rework Package" vide letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default as on date.
- During previous year interest of ₹ 3,964,725 on loan from a financial institution overdue as on 31st March, 2011 was subsequently paid during F.Y. 2011-12.
- During previous year, 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 was approved by CDR-EG and LOA was 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. 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 was no default of interest and principle to the banks.

4.3 Maturity Profile and rate of interest of Secured Term Loans are as set out below :-

Figures in ₹

Rate of Interest	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
9 %	35,677,356	95,214,880	140,888,271	786,176,652
8.50%	570,000	2,280,000	3,705,000	21,945,000
5.2%	171,160,449	85,580,224	—	—
1 %	—	—	44,778,478	179,113,911
0 %	4,471,284	17,885,137	29,063,348	172,144,442
Total	211,879,089	200,960,241	218,435,097	1,159,380,005

5 Deferred Tax Liability (Net)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Deferred Tax Assets :		
- FCCB/GDR Issue Expense	—	922,292
- Leave Encashment	3,569,892	3,275,651
- Unabsorbed Depreciation	112,548,252	114,906,418
Deferred Tax Liabilities :		
- Depreciation	116,118,144	119,104,361
Total	—	—

- 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.

6 Long Term Provisions

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Employee Benefits (Refer Note 25.1)		
- Leave Encashment	9,201,027	8,348,581
Total	9,201,027	8,348,581

7 Short Term Borrowings

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Secured		
-Working Capital Loans from Banks	1,574,668,524	1,620,609,335
Total	1,574,668,524	1,620,609,335

7.1 Nature of Security :-

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.

8 Trade Payables

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Acceptances	628,235,184	725,690,777
Due to:		
- Micro, Small & Medium Enterprises	552,376	498,944
- Others	204,665,410	133,512,257
Total	833,452,970	859,701,978

8.1 Disclosure under MSMED Act,2006

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 :

i. Principal amount due and remaining unpaid	552,376	498,944
ii. Interest due on (1) above and unpaid interest	—	—
iii. Interest paid on all delayed payments under the MSMED Act.	—	—
iv. Payment made beyond the appointed day during the year	—	—
v. Interest due and payable for the period of delay other than (3) above	—	—
vi. Interest accrued and remaining unpaid	—	—
vii. Amount of further interest remaining due and payable in succeeding years	—	—

9 Other Current Liabilities

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Current Maturities of Long-Term Debt		
Term Loans :		
From Banks		
--- Foreign Currency Loan	256,740,673	74,656,204
--- Rupee Loans	274,979,546	274,980,000
(Refer Note 4.1)		
Current Maturities of Finance Lease Obligations	841,082	746,337
(Refer Note 4.1 & 31)		
Interest on borrowings		
- Accrued but not due	10,832,785	9,556,417
- Accrued and due	—	16,147,306
Unpaid Dividends	1,098,735	1,104,751
(Refer Note 9.3)		
Foreign Currency Convertible Bonds (FCCBs)	385,275,000	336,093,750
(Refer Note 9.1 & 9.2)		
Employee Benefits Payable	15,652,545	14,257,984
Sundry Creditors -Capital Goods	14,388,819	21,076,558
Statutory Dues Payable	75,084,597	54,736,547
Advance from Customers	9,789,846	15,226,868
Other Payables	4,506,962	4,113,258
Total	1,049,190,590	822,695,980

9.1 1% Foreign Currency Convertible Bonds ('FCCBs') had 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 is liable to redeem these bonds at 145.54 percent of the principal amount on 23rd November, 2011.

9.2 Period and Amount of Default in repayment and interest :-

- Principal amount of ₹ 385,275,000/- of 1% Foreign Currency Convertible Bonds ('FCCBs') is overdue for repayment since 23rd November,2011. Interest on FCCBs ₹ 675,042/- due as on 31st December,2011 has also not been paid and is over due. Premium on redemption of FCCB's of ₹ 195,636,955/- is also over due for payment since 23rd November,2011.
- Refer Note 4.2 for default in repayment of Term Loans.

9.3 No amount is due as on 31st March, 2012 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 be Fund.

10 Short Term Provisions

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Provision for Employee Benefits (Refer Note 25.1)		
- Leave Encashment	1,801,877	1,747,431
Others		
- Provision for Wealth Tax	105,000	115,000
Total	1,906,877	1,862,431

11. FIXED ASSETS

11.1 Tangible Assets

Figures in ₹

Description	GROSS BLOCK			As at 31.03.12	DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.11	Additions	Deduction		As at 01.04.11	For the Year	Deduction	As at 31.03.12	As at 31.03.12	As at 31.03.11
Own Assets:										
Land										
- Freehold	12,621,330	-	-	12,621,330	-	-	-	-	12,621,330	12,621,330
- Leasehold	287,317,317			287,317,317	-	-	-	-	287,317,317	287,317,317
Buildings	352,142,033	8,473,180		360,615,213	55,992,624	11,798,034		67,790,658	292,824,555	296,149,409
Plant & Equipment	1,319,858,670	23,039,925	143,582	1,342,755,013	509,035,872	100,617,216	143,582	609,509,506	733,245,507	810,822,798
Furniture & Fixtures	53,217,360	1,917,447		55,134,807	17,091,944	2,447,397		19,539,341	35,595,466	36,125,416
Leasehold Building Improvement	11,340,968			11,340,968	1,516,821	717,880		2,234,701	9,106,268	9,824,148
Vehicles	25,465,852	2,232,966	1,786,761	25,912,057	12,850,603	2,812,035	852,229	14,810,409	11,101,648	12,615,249
Office Equipment	12,933,883	374,603	606,523	12,701,963	3,307,026	613,526	232,187	3,688,365	9,013,598	9,626,857
Assets taken on Finance Lease:										
Hire Purchase										
- Vehicles	5,761,531	—	—	5,761,531	1,026,963	—	—	1,026,963	4,734,568	4,734,568
Total	2,080,658,944	36,038,121	2,536,866	2,114,160,199	600,821,853	119,006,088	1,227,998	718,599,943	1,395,560,256	1,479,837,091
Previous Year	2,074,284,658	19,918,435	13,544,149	2,080,658,944	492,771,454	118,566,903	10,516,504	600,821,853	1,479,837,091	1,581,513,204

11.2 Intangible Assets

Figures in ₹

Description	GROSS BLOCK			As at 31.03.12	DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.11	Additions	Deduction		As at 01.04.11	For the Year	Deduction	As at 31.03.12	As at 31.03.12	As at 31.03.11
Own Assets (Acquired):										
- Software	27,774,122	977,825	—	28,751,947	17,802,049	5,466,542	—	23,268,591	5,483,356	9,972,073
Total	27,774,122	977,825	—	28,751,947	17,802,049	5,466,542	—	23,268,591	5,483,356	9,972,073
Previous Year	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

- 11.3** Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,650,950
 Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,406,534
 Amount of Depreciation pertaining to revaluation in case of Buildings ₹ 132,514

- 11.4** Title deeds of factory land at Prahladpur, Bawana Road, Delhi-110 042 are in the name of erstwhile Paramount Cable Corporation.

- 11.5** Title deeds of a part of factory land measuring 954.50 sq. mtr. at Prahladpur, Bawana Road, Delhi-110042 shown in Balance Sheet at ₹2,386,250 are yet to be registered in name of the Company.

- 11.6** Carrying value of Assets acquired under hire purchase as on 31.03.2011 exclude the amount related to hire purchase agreement settled during the current year.

- 11.7** As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, 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 loss (net) ₹23,607,000/-(Previous year exchange gain (net) ₹882,000/-) 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'.

11.8 Additions are after adjusting exchange loss (net) ₹ 23,607,000/- (Previous Year exchange gain (net) ₹ 882,000/-)

Figures in ₹

Assets	31.3.2012	31.3.2011
i. Building	7,493,179	279,959
ii. Plant & Equipment	14,844,271	554,609
iii. Furniture & Fixtures	839,746	31,374
iv. Software	429,804	16,058
Total	23,607,000	882,000

12 Non Current investment

(Long Term Investments)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Other Investments (Valued at Cost unless stated otherwise)		
Quoted		
Equity Shares		
- Haryana Financial Corporation	168,000	168,000
4,800 (Previous Year 4,800) Equity Shares of ₹ 10/- each, fully paid		
Unquoted		
Equity Shares of Associate Company		
- Paramount Wires & Cables Limited	25,580,000	25,580,000
2,558,000 (Previous Year 2,558,000) Equity Shares of ₹10/-each, fully paid		
Equity Shares of Subsidiary Company		
- Paramount Holdings Limited, Cyprus	255,469,782	255,469,782
3675 (Previous Year 3675) Equity Shares of € 1.71 each, fully paid		
Total	281,217,782	281,217,782
Quoted Investments		
- Aggregate of Book Value	168,000	168,000
- Aggregate of Market Value	118,320	112,800
Unquoted Investments		
- Aggregate of Book Value	281,049,782	281,049,782

12.1 Although the book value of investments in subsidiary and associate companies (book value amounting to ₹166,021,133/- previous year ₹176,652,560/-) is lower than the cost, 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 considering in case of AEI Cables Limited, United Kingdom CVA scheme has been implemented, business restructuring undertaken, expected cash flows from operations, possibility of successfully additional arranging finance from the bankers and /or alternate finance providers and /or potential investors, orders in hand and assets base. In case of Associate considering future prospects, orders in hand and assets base of the investee company, no provision for diminution in value is required.

13 Long Term Loans and Advances

(Unsecured, Considered Good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Capital Advances	7,992,220	30,492,220
Security Deposits		
- Related Parties (Refer Note 13.1)	18,000,000	18,000,000
- Others	4,700,194	4,709,577
Loans and Advances to Workers & Staff	715,900	789,299
Advance to Related Parties		
- Paramount Holdings Limited (Subsidiary Company)	3,792,597	2,590,285
[Maximum Balance during the year ₹ 3,792,597/- (Previous Year ₹ 2,590,285/-)]		
Total	35,200,911	56,581,381

13.1 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 Related Parties: **Figures in ₹**

Name	As at 31.03.2012	Maximum Balance during 2011-12	As at 31.03.2011	Maximum Balance during 2010-11
------	---------------------	-----------------------------------	---------------------	-----------------------------------

Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-
------------------------------	--------------	--------------	--------------	--------------

--Security deposit for premises taken on rent by the Company and adjustable/ refundable as per terms & conditions of the Lease Agreement.

(b) Investment by the Loanee in the shares of the company

- Amount (par value)	7,040,000	—
- No of shares	3,520,000	—

14 Other Non Current Assets

(Unsecured, Considered Good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unamortised Expenses		
- Non Current portion of Foreign Currency Monetary Item	13,430,499	—
Translation Difference Account (Refer Note 19.1)		
Total	13,430,499	—

15 Inventories

(as taken, valued & certified by the management)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Raw Materials	377,389,297	366,142,492
Work -in- Progress	590,827,928	644,003,862
Finished Goods	609,005,858	531,488,646
Stores & Spares	11,405,725	11,707,343
Packing Materials	2,212,545	2,955,524
Scrap	8,664,527	7,256,363
Total	1,599,505,880	1,563,554,230

16 Trade Receivables (Current)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unsecured		
Outstanding for a period exceeding six months from the date due for payment		
- Considered Good	220,369,630	203,940,205
- Considered Doubtful	13,500,000	—
	233,869,630	203,940,205
Less: Provision for Bad and Doubtful Debts	13,500,000	—
Others		
- Considered Good	1,391,179,768	1,521,734,466
- Considered Doubtful	—	—
Total	1,611,549,398	1,725,674,671

17 Cash and Bank Balances

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Cash on hand	5,085,791	4,714,422
Balances with Banks		
- Current Accounts	2,378,103	6,448,149
- Fixed Deposits	82,420,860	87,128,821
(Refer Note 17.1)		
Total	89,884,754	98,291,392
Balance with Bank in Unpaid Dividend Accounts	1,098,735	1,104,751
Fixed Deposit with more than twelve months maturity	20,991,240	5,268,589

17.1 Fixed deposits with banks ₹82,420,860/- (Previous Year ₹87,128,821/-) are under lien/custody with banks/others.

18 Short Term Loans & Advances

(Unsecured, considered good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Balance with Excise Authorities	71,330,734	176,026,670
Others		
- Commercial Advances	39,841,552	76,816,835
- Prepaid Expenses	3,533,487	2,784,206
- Amount Recoverable in Cash or Kind	209,894	1,034,119
- Earnest Money Deposits	10,107,574	13,372,941
- Security Deposits	745,255	1,320,255
- Loans to Workers & Staff	791,470	1,024,758
- Advances to Workers & Staff	292,659	1,987,344
- Claims Recoverable from Government	160,302,231	117,866,468
- Advance Tax	4,326,632	4,638,701
[Net of Provision ₹1,180,966/- (Previous Year ₹1,180,966/-)]		
Total	291,481,488	396,872,297

19 Other Current Assets

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unamortised Expenses		
- Foreign Currency Monetary Item Translation	23,894,809	—
Difference Account (Refer Note 19.1)		
Interest Accrued on Deposits	3,917,939	4,763,781
Total	27,812,748	4,763,781

19.1 Are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.

20 Revenue From Operations (Gross)

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Sale Of Products		
- Manufactured Goods	4,912,141,890	3,741,876,054
- Traded Goods	136,430,015	235,874,749
Other Operating Revenue		
- Export Benefits	2,691,680	14,624,797
- Sale of Scrap	25,965,578	165,583,352
Total	5,077,229,163	4,157,958,952

20.1 Detail of Sales (Manufactured Goods)

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Power Cables	4,578,100,552	3,672,941,202
Jelly Filled Telephone Cables	304,806,780	32,079,014
Optical Fibre Cables	29,234,558	36,855,838
Total	4,912,141,890	3,741,876,054

20.2 Detail of Sales (Traded Goods)

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Cables & Accessories	99,960,215	83,675,835
Others	36,469,800	152,198,914
Total	136,430,015	235,874,749

21 Other Income

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Interest Income		
- Fixed Deposits	7,110,667	5,616,015
- Others	5,005,677	3,676,529
- Income Tax Refund	54,960	12,171,304
Liabilities Written Back	4,473,427	1,320,576
Amortisation of FCMITDA (Net)	—	10,613,120
Insurance Claim Received	20,000	32,049,037
Miscellaneous Income	29,297	23,114,679
Exchange Fluctuation (Net)	—	7,688
Total	16,694,028	70,429,426

22 Cost of Materials Consumed

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Raw Materials consumed		
- Opening Stock	366,142,492	462,494,176
Add : Purchases	3,914,257,754	3,266,631,076
Less : Closing Stock	377,389,297	366,142,492
	3,903,010,949	3,362,982,760
	3,903,010,949	3,362,982,760

22.2 Particulars of Raw Materials consumed

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Copper	1,706,498,221	1,425,836,792
Aluminum	908,127,133	876,758,527
PVC/PE	856,949,354	722,126,004
GI Wires/Strips	353,069,605	224,012,519
Others	78,366,636	114,248,918
Total	3,903,010,949	3,362,982,760

23 Purchase of Trading Goods

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Cables & Accessories	89,263,124	71,891,617
Total	89,263,124	71,891,617

24 (Increase)/Decrease in Inventory of Finished Goods, Work In Progress and Stock in Trade Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Opening Stock		
- Finished Goods	531,488,646	781,389,611
- Work In Progress	644,003,862	765,939,538
- Scrap	7,256,363	3,946,920
Less: Closing Stock		
- Finished Goods	609,005,858	531,488,646
- Work In Progress	590,827,928	644,003,862
- Scrap	8,664,527	7,256,363
	1,208,498,313	1,182,748,871
	(25,749,442)	368,527,198

25 Employee Benefits Expense Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Salaries, Wages & Others Benefits	127,943,914	116,858,345
Contribution to Provident & Other Funds	6,543,464	7,298,958
Welfare Expenses	4,048,362	4,364,429
	138,535,740	128,521,732
	138,535,740	128,521,732

25.1 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:

(Figures in ₹)

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Contributory Provident Fund & Employees Pension Scheme, 1995	6,543,464	7,298,958

Defined Benefit Plan

The company is having following Defined Benefit Plans:

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

(Figures in ₹)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
a) Actuarial Assumptions				
Discount rate	8.00	8.60	8.00	8.00
Expected rate of return on assets	8.00	—	8.00	—
Expected rate of future salary increase	8.00	6.00	8.00	6.00
b) Reconciliation of opening and closing balances of Defined Benefit obligation				
Present value of obligations as at beginning of year	12,551,049	10,096,011	11,295,029	7,558,963
Interest cost	978,792	807,681	844,025	582,040
Current Service Cost	1,531,083	1,302,721	1,459,721	3,182,356
Benefits paid	(632,295)	(707,630)	(1,489,444)	(540,664)
Actuarial (gain)/loss on Obligations	(58,463)	(495,880)	441,718	(1,793,463)

(Figures in ₹)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	—	—	—	1,106,779
Present value of obligations as at end of year	14,370,166	1,102,903	12,551,049	10,096,011
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	14,021,738	—	11,644,015	—
Expected return on plan assets	1,124,812	—	987,288	—
Contributions	1,531,083	—	2,895,161	—
Benefits paid	(632,295)	—	(1,489,444)	—
Actuarial Gain/(Loss) on Plan assets	49,120	—	(15,282)	—
Fair value of plan assets at the end of year	16,094,458	—	14,021,738	—
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	14,021,738	—	11,644,015	—
Actual return on plan assets	1,173,932	—	972,006	—
Contributions	1,531,083	—	2,895,161	—
Benefits paid	(632,295)	—	(1,489,444)	—
Fair value of plan assets at the end of year	16,094,458	—	14,021,738	—
Funded status	1,724,292	(11,002,903)	1,470,689	(10,096,011)
Excess of Actual over estimated return on plan	49,120	—	(15,282)	—
e) Actuarial Gain/Loss recognized				
Actuarial gain/(Loss) for the year – Obligation	(58,463)	(495,880)	441,718	(1,793,463)
Actuarial (gain)/Loss for the year – plan assets	(49,120)	—	15,282	—
Total (gain)/Loss for the year	(107,583)	(495,880)	457,000	(1,793,463)
Actuarial (gain)/Loss recognized in the year	(107,583)	(495,880)	457,000	(1,793,463)
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	14,370,166	11,002,903	12,551,049	10,096,011
Fair value of plan assets as at the end of the year	16,094,458	—	14,021,738	—
Funded status	1,724,292	(11,002,903)	1,470,689	(10,096,011)
Net (Asset)/liability recognized in balance sheet	1,724,292	(11,002,903)	1,470,689	(10,096,011)
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	1,531,083	1,302,721	1,459,721	3,182,356
Interest cost	978,792	807,681	844,025	582,040
Expected return on plan assets	(1,124,812)	—	(987,288)	—
Net Actuarial (gain)/Loss recognized in the year	(107,583)	(495,880)	457,000	(1,793,463)
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	—	—	—	1,106,779
Expenses recognized in statement of Profit & Loss	1,277,480	161,452	1,773,458	3,077,712

26 Finance Costs

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Interest Expense		
- Interest on Loan	358,177,579	336,561,499
- Interest On Income Tax	76,503	28,135
Other Borrowing Costs	358,254,082	336,589,634
	35,279,496	43,380,071
Total	393,533,578	379,969,705

27 Depreciation and Amortisation Expenses

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Fixed Assets		
- Tangible Assets	119,006,088	118,566,903
- Intangible Assets	5,466,542	5,481,162
Less: Transfer from Revaluation Reserve	124,472,630	124,048,065
	132,514	145,079
	124,340,116	123,902,986

28 Other Expenses

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Stores , Spares & Consumables	18,241,746	14,622,891
Excise Duty (Refer Note 28.1)	19,199,276	(26,800,916)
Packing Expenses	144,199,039	111,937,691
Power, Fuel and Lighting	90,066,145	76,105,513
Rent	21,667,167	22,161,456
Repair & Maintenance		
- Plant & Machinery	6,920,541	11,162,166
- Building	891,731	627,575
- Others	4,234,909	1,689,960
Insurance	7,769,620	13,479,701
(Refer Note 28.2)		8,203,198
Rates and Taxes	1,985,694	2,227,653
[Includes Wealth Tax ₹105,000/- (Previous Year ₹115,000/-)]		
Auditor's Remuneration (Refer Note 28.4)	1,741,508	1,117,720
Conversion Charges	19,354,504	8,863,263
Labour Charges	66,818,858	59,415,754
Rebates,Discount,Commission on Sales	25,090,095	57,621,599
Freight, Octroi & cartage	30,815,804	31,744,888
[Net of recovery ₹64,421,246/- (Previous Year ₹50,916,134/-)]		
Bad Debts written off / provided	19,636,566	30,535,819
Travelling and Conveyance	26,370,665	22,565,201
[Net of recovery ₹1,442,302/- (Previous Year ₹ 863,288/-)]		
(Refer Note 28.3)		
Amortisation of FCMITDA (Net)	28,222,184	—
Exchange Fluctuation (Net)	21,532,135	—
Advertisement & Publicity	2,115,621	5,161,580
Communication Expenses	5,605,906	6,846,573
Loss on sale/disposal of Fixed Assets (Net)	873,868	1,244,704
Donations	350,000	379,100
Directors Meeting Fee	263,500	297,500
Share Transfer Expenses	29,067	85,407
Miscellaneous Expenses	47,355,220	52,734,962
Total	611,351,369	500,551,256

- 28.1** 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.
- 28.2** Insurance Premium of ₹3,793,545/- (Previous Year ₹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.
- 28.3** Following reimbursements from AEI Cables Limited for the portion of expenses attributable to them have been netted off from respective account heads:

Figures in ₹		
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Travelling & Conveyance	1,442,302	863,288

- 28.4 Auditor's Remuneration*:**

Figures in ₹		
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Audit Fees	1,260,000	840,000
Tax Audit fees	150,000	100,000
Taxation Matters	30,000	20,000
Certification & Consultancy	211,000	91,000
Out of Pocket Expenses	90,508	66,720
	1,741,508	1,117,720

*Excludes Service Tax ₹170,053/- (Previous Year ₹103,000/-)

- 28.5 Value of Imports on CIF basis**

Figures in ₹		
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
- Raw Materials purchases	929,972,120	307,020,864
- Stores, Spares & Consumables	509,013	1,986,020
- Packing Materials	—	4,936,429
- Traded Goods	51,437,179	71,891,617

- 28.6 Expenditure in Foreign Currency (On Accrual Basis)**

Figures in ₹		
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Finance Cost		
- Interest on Loan	30,830,203	25,893,600
Other Expenses		
- Travelling & Conveyance	5,222,252	4,380,194
- Miscellaneous Expenses	3,104,256	2,253,589
- Annual Maintenance Fee to Exchange	151,925	149,931

- 28.7 Value of Imported and Indigenous materials consumed**

Class of Goods	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Percentage	Amount (₹)	Percentage	Amount (₹)
Materials				
- Indigenous	76.17	2,973,038,829	90.87	3,055,961,896
- Imported	23.83	929,972,120	9.13	307,020,864
Total	100.00	3,903,010,949	100.00	3,362,982,760
Stores, Spares & Consumables				
- Indigenous	97.06	17,732,733	86.42	12,636,871
- Imported	2.94	509,013	13.58	1,986,020
Total	100.00	18,241,746	100.00	14,622,891

Class of Goods	Year ended 31st March,2012 Percentage	Amount (₹)	Year ended 31st March,2011 Percentage	Amount (₹)
Packing Materials				
- Indigenous	100.00	144,199,039	95.59	107,001,262
- Imported	—	—	4.41	4,936,429
Total	100.00	144,199,039	100.00	111,937,691
Traded Goods				
- Indigenous	42.38	37,825,945	—	—
- Imported	57.62	51,437,179	100.00	71,891,617
Total	100.00	89,263,124	100.00	71,891,617

28.8 Earnings in Foreign Exchange (on Accrual Basis) Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
- Exports (on FOB Prices)	229,586,587	627,270,015

29 Earnings Per Equity Share pursuant to Accounting Standard- 20 ("AS-20") Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Net Profit /(Loss) after Taxation	(583,546,626)	(1,015,719,927)
Weighted average number of Equity shares for Basic EPS	92,522,989	86,650,203
Add: Adjustment for weighted 'FCCBs'outstanding convertible in equity shares	—	7,920,775
Add: Adjustment for weighted 'Warrants'outstanding having option to subscribe equity shares	503,976	4,341,912
Weighted average number of equity shares for Diluted EPS	93,026,965	98,912,890
Basic Earnings per Share (₹)	(6.31)	(11.72)
Diluted Earnings per Share (₹)	(6.27)	(10.27)
Par Value of each Equity Share (₹)	2/-	2/-

30 "Related party disclosures", for the year ended 31st March, 2012, as required by Accounting Standard-18 ("AS-18") are given below:

Relationships:

i) Subsidiaries of the Company:

Paramount Holdings Limited, Cyprus
AEI Cables Limited, United Kingdom
AEI Power Cables Limited, United Kingdom

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:

Mrs. Kamla Aggarwal
Mr. Dhruv Aggarwal
Mr. Tushar Aggarwal
Mrs. Shashi Aggarwal
Mrs. Archana Aggarwal
Ms Parul Aggarwal

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

Figures in ₹

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Maximum o/s of deposits taken during the year	2011-12 2010-11	- -	- -	- 1,887,865	8,600,000 8,175,000	- -	8,600,000 10,062,865
Maximum o/s of advance given during the year	2011-12 2010-11	3,792,597 2,590,285	- -	- -	- -	- -	3,792,597 2,590,285
Advance given balance O/s as at year end	2011-12 2010-11	3,792,597 2,590,285	- -	- -	- -	- -	3,792,597 2,590,285
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2011-12 2010-11	- -	- -	- 94,510,000	- -	- -	- 94,510,000
Investment in Equity Shares	2011-12 2010-11	- 7,246,781	- -	- -	- -	- -	- 7,246,781
Sundry debtors o/s as at year end	2011-12 2010-11	208,345,733 519,285,615	- 97,616	- -	- -	- -	208,345,733 519,383,231
Maximum o/s of sundry debtors during the year	2011-12 2010-11	549,523,801 559,610,283	78,695,316 77,971,679	- -	- -	- -	628,219,117 637,581,962
Maximum o/s of security deposits given for premises taken on rent	2011-12 2010-11	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
O/s Of security deposit given for premises taken on rent as at year end	2011-12 2010-11	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Amount payable as at year end	2011-12 2010-11	14,209,346 22,976,350	- -	- -	- -	- -	14,209,346 22,976,350
Interest Paid on deposits	2011-12 2010-11	- -	- -	- 8,126	134,770 89,657	- -	134,770 97,783
Rent Paid for use of assets	2011-12 2010-11	- -	- -	21,386,664 21,386,664	- -	720,000 720,000	22,106,664 22,106,664
Managerial Remuneration	2011-12 2010-11	- -	- -	- -	10,266,168 10,315,781	- -	10,266,168 10,315,781

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Salaries and other Benefit	2011-12 2010-11	- -	- -	- -	- -	1,452,000 265,440	1,452,000 265,440
Reimbursement of expenses received	2011-12 2010-11	1,442,302 863,288	- -	- -	- -	- -	1,442,302 863,288
Reimbursement of expenses Given	2011-12 2010-11	- 2,474,481	- -	- -	- -	- -	- 2,474,481
Sales	2011-12 2010-11	216,900,980 623,368,349	170,887,986 22,109,368	- -	- -	- -	387,788,966 645,477,717
Purchases	2011-12 2010-11	5,946,004 17,870,197	- 71,346,171	- -	- -	- -	5,946,004 89,216,368
Donations	2011-12 2010-11	- -	- -	350,000 335,000	- -	- -	350,000 335,000

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 ₹10,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2012 ₹ 9,301,250/- (Previous year ₹8,780,673/-) 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, U.K., 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 ₹40,555,000/- (sterling pounds 500,000) (previous year ₹35,601,250/- (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 ₹1,338,315,000/- (sterling pounds 16,500,000) (Previous Year ₹1,174,841,250/- (sterling pounds 16,500,000)) 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 31.03.2012 was ₹817,106,908/- (sterling pounds 10,074,059) (Previous year ₹ 1,107,693,804 (sterling pounds 15,556,951).
- Paramount Telecables Limited has given its property as collateral by way of 2nd charge to the banks of the company.
- During the year Paramount Telecables Limited and Worth Finance & Leasing Private Limited have been allotted 4,391,795 Equity Shares of par value of ₹2/- each at Securities Premium of ₹11/- each upon conversion of warrants. Full amount was received against this allotment in previous year.

31 Future lease obligation by way of lease rental:

Fixed Assets taken on lease on or after April 1, 2001 include motor vehicles at an aggregate cost of ₹57,61,531/- (Previous year ₹5,761,531/-) with future lease obligation by way of lease rental as follows:

Figures in ₹

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Within one year	1,041,300	1,041,300	200,218	294,963	841,082	746,337
Later than one year and not later than five years	1,301,625	2,342,925	98,571	298,790	1,203,054	2,044,136
Total:	2,342,925	3,384,225	298,789	593,753	2,044,136	2,790,473

31.1 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 ₹ 22,867,167/- (Previous year ₹ 23,361,456/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

Figures in ₹

PARTICULARS	As at 31st March,2012	As at 31st March,2011
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	82,666,656
-Later than five years	55,833,326	76,499,990

32 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.

33 The Company has following outstanding Currency Swaps for hedging purpose at the year end:

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Forward Contracts (net)	—	36,773,350

34 (i) Unhedged amount payable in foreign currency:

Particulars	As at 31st March,2012			As at 31st March,2011		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Import of Goods	5,892,139	114,700	USD	67,572,123	1,507,886	USD
	14,209,346	171,756	GBP	22,976,350	316,839	GBP
	533,260	7,719	EURO	491,671	7,721	EURO
FCCBs	385,275,000	7,500,000	USD	336,093,750	7,500,000	USD
Foreign Currency Term Loans	513,481,346	9,995,744	USD	447,937,222	9,995,810	USD

(ii) Unhedged amount receivable in foreign currency:

Particulars	As at 31st March,2012			As at 31st March,2011		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Export of Goods	7,895,407	155,238	USD	10,035,691	225,978	USD
	208,345,733	2,568,681	GBP	493,400,050	6,929,497	GBP
	—	—	—	25,885,565	414,020	EURO
Advances	204,908	2,526	GBP	—	—	—
Receivables	3,792,597	57,157	EURO	2,590,285	39,000	EURO

35 Contingent Liabilities & Commitments

(to the extent not provided for)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Contingent Liabilities		
Claims Against the Company not acknowledged as Debt	5,662,454	2,580,254
Guarantees		
i. Financial Bank Guarantees outstanding	72,634,926	12,986,404
ii. Guarantee of ₹10,000,000/- (Previous Year ₹10,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Ltd (Associate)		
- Credit Facilities availed by Paramount Wires & Cables Ltd.	9,301,250	8,780,673
iii. 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 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.		
- Grant Facilities availed by AEI Cables Ltd.	(₹) 40,555,000	35,601,250
	(£) 500,000	500,000
iv. Parental Guarantee of ₹1,338,315,000/-(sterling pounds 16,500,000/-)[Previous Year ₹1,174,841,250/- (sterling pounds 1,65,00,000/-)] given to a Bank for credit facilities given to AEI Cables Limited(Subsidiary).		
- Credit Facilities availed by AEI Cables Ltd.	(₹) 817,106,908	1,107,693,804
	(£) 10,074,059	15,556,951
v. Right of recompense of CDR lenders for reliefs/sacrifices/ waivers extended by respective CDR lenders to the company.	Amount unascertainable	Amount unascertainable
Other money for which company is contingently liable		
i. Unutilised Letter of Credits	131,663,116	348,435,379
ii. Outstanding Bill discounted	155,435,607	—

iii. Income Tax

- Demand under appeal/rectification arising out of disallowances and non-credit of tax deduction at source	1,726,165		3,309,048	
- Matter which have been decided in favour of the Company in first appeal stage, however, Income tax department has filed appeal against orders of first appellate authority.	27,008,740	28,734,905	27,008,740	30,317,788
iv. Excise demands under appeal		76,480,446		70,318,388
v. Service tax demands under appeal		24,760,595		1,328,068
vi. Custom duty demand due to denial of concessional custom duty, under appeal		1,836,570		1,836,570
vii. Premium on Redemption of 1% Foreign Currency Convertible Bonds (FCCBs)		—		128,893,428

Commitments

i. Estimated amount of contracts (net of advances) remaining to be executed on Capital Account.	—		22,500,000	
---	---	--	------------	--

36. Outstanding 1% Foreign Currency Convertible Bonds (FCCBs) amounting to USD 7.5 million were due for redemption on 23rd November, 2011 and are yet to be redeemed. The Company was to redeem these FCCBs at a Premium equal to 145.54% of the outstanding principal amount. The said premium amounts to ₹195,636,955/- (gross of tax) and the same has not been provided. The Company has duly informed the FCCBs holders about its financial position and is in discussion with the FCCBs holders, through the trustee, for re-scheduling of payment due on the outstanding FCCBs. In view of this redemption amount is subject to re-scheduling / final settlement with FCCBs holders. The premium, if paid, would be adjusted against the Securities Premium Account.

37. Going Concern :

The company has recorded a net loss of ₹583,546,626/- for the year and has accumulated losses of ₹1,042,430,155/- as at 31st March, 2012, resulting in substantial erosion of the net worth. During the year the company has also defaulted in payments of interest and redemption amount of Foreign currency Convertible Bonds (FCCBs) and principal amount of term loan from banks. The management is confident that the company will be able to generate profits in future years and dispose off some assets to meet its financial obligations as may arise. The accompanying financial statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- The company has not defaulted in payment of statutory dues or its trade creditors etc.
- CDR package was approved during previous year and further "Rework Package" has been approved by CDR-EG vide Letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default in payment of Principal and/or interest to banks as on date.
- The Company and promoters have undertaken to raise adequate finances by way of disposal of assets and induction of fresh funds by promoters and/or promoter group companies.

38 Previous Year's figures have been regrouped / rearranged wherever necessary.

For Jagdish Chand & Co.,
Chartered Accountants

(J.C. Gupta)

Partner

Membership No. 6107

Firm Registration Number : 000129N

Place : New Delhi

Dated : 25th July, 2012

(Sanjay Aggarwal)

Chairman & CEO

(Sandeep Aggarwal)

Managing Director

(Ratan Aggarwal)

CFO & Company Secretary

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

Particulars	Paramount Holdings Limited, Cyprus	AEI Cables Limited, UK	AEI Power Cables Limited, UK
Capital (Including Share Application Money)	350,577	248,582,197	7,260,826
Reserve & Surplus (Net of Misc. Exp.)	251,366,975	(98,864,334)	1,334,718
Total Assets	29,111	1,262,628,097	248,023,833
Total Liabilities	4,154,589	1,113,375,885	239,428,289
Investment *	255,843,029	465,653	—
Turnover	—	2,285,902,052	462,172,196
Profit/(Loss) before Taxation	(1,032,546)	62,161,544	21,336,620
Provision for Taxation	—	—	—
Profit/(Loss) after Taxation	(1,032,546)	62,161,544	21,336,620
Proposed Dividend	—	—	—
Reporting Currency	EURO	GBP	GBP
Conversion Rate	67.70	81.11	81.11

* Paramount holdings Limited , Cyprus has made investment in AEI Cables Limited , United Kingdom and AEI Power Cables Limited, United Kingdom, subsidiaries of the company.

AEI Cables Limited, United Kingdom has made investment in 36700 ordinary shares of Cable Markets Properties and Services Limited, United Kingdom

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
Dated : 25th July, 2012

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, 2012 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 ₹1,766,989,722/- as on 31st March, 2012, total income of ₹2,936,373,326/- and total expenditure of ₹2,853,907,708/- for the year then ended and financial statements of one associate wherein the company's share of Loss aggregates to ₹2,024,068/-. 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. We invite your attention to the following:
 - Note no 39 & 40 to the financial statements. The accompanying financial statements have been prepared on a going concern basis despite significant erosion of net worth, defaults in repayments to banks and redemption of Foreign Currency Convertible Bonds (FCCBs). The appropriation of the said basis is interalia dependent on successful implementation of Corporate Debt Restructuring (CDR) package.
- We have not qualified our opinion in respect of the matter referred in the paragraph 5 above.
6.
 - a) *We state that no provision has been made for premium on redemption of US \$ 7.5 million 1% Foreign Currency Convertible Bonds (FCCBs) due on 23rd November, 2011 amounting to ₹195,636,955/- (gross of tax) for the year ended 31st March, 2012. In our opinion, this accounting treatment is not in accordance with current accounting standards i.e. AS-16. (Refer Note 38)*
 - b) *We further report that had observation made in Paragraph 6 (a) above been considered, other current liabilities would have been ₹1,333,077,453/- as against reported figure of other current liabilities ₹1,137,440,498/- and securities premium account would have been ₹714,084,279/- as against reported figure of securities premium account ₹909,721,234/-.*

7. 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 subject to the effect of the matter stated in paragraphs 6(a) & 6(b) above 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 : 25th July, 2012**

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTES No.	As at 31st March,2012 Amount(₹)		As at 31st March,2011 Amount (₹)	
EQUITY AND LIABILITIES					
Shareholder's funds					
Share Capital	2	186,053,930	(26,473,618)	177,270,340	569,223,779
Reserves and surplus	3	(212,527,548)		334,860,104	
Money Received against Share warrants		—		57,093,335	
Non-Current Liabilities					
Long Term Borrowings	4	1,791,857,486	1,924,426,823	1,629,017,655	1,640,333,030
Deferred Tax Liability (Net)	5	—		—	
Other Long Term Liabilities	6	123,368,310		2,966,794	
Long Term Provisions	7	9,201,027		8,348,581	
Current Liabilities					
Short Term Borrowings	8	2,427,626,374	4,467,882,267	2,728,303,139	4,802,509,507
Trade Payables	9	900,908,519		1,084,829,621	
Other Current Liabilities	10	1,137,440,497		987,514,316	
Short Term Provisions	11	1,906,877		1,862,431	
TOTAL			6,365,835,472		7,012,066,316
ASSETS					
Non - Current Assets					
Fixed Assets	12		1,428,557,911		1,516,852,087
-Tangible assets	12.1	1,416,652,904		1,501,242,770	
-Intangible assets	12.2	5,483,356		9,972,073	
-Capital Work - in Progress		6,421,651		5,637,244	
Non- Current Investments	13		11,646,879		13,614,068
Long Term Loans and Advances	14		31,408,314		53,991,096
Other Non-Current Assets	15		13,430,499		—
Current Assets					
Inventories	16	2,394,010,108	4,880,791,869	2,571,108,047	5,427,609,065
Trade Receivables	17	1,999,542,001		2,258,521,982	
Cash and Bank Balances	18	111,708,502		124,121,764	
Short Term Loans and Advances	19	347,718,510		469,093,491	
Other Current Assets	20	27,812,748		4,763,781	
TOTAL				6,365,835,472	

Significant Accounting Policies and Notes on Financial Statements 1 to 41

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 : 25th July, 2012

(Sanjay Aggarwal)
Chairman & CEO

(Sandeep Aggarwal)
Managing Director

(Ratan Aggarwal)
CFO & Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	NOTE No.	Year ended 31st March, 2012 Amount(₹)		Year ended 31st March, 2011 Amount(₹)	
Revenue from Operations (Gross)	21	7,468,508,834		7,419,482,505	
Less: Excise Duty		442,698,970	7,025,809,864	307,061,022	7,112,421,483
Other Income	22		30,775,145		81,558,966
Total Revenue			7,056,585,009		7,193,980,449
Expenses:					
Cost of Materials Consumed	23		5,270,958,189		5,631,328,446
Purchases of Stock in Trade	24		210,063,320		306,699,017
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-Trade	25		171,653,667		287,510,962
Employee Benefits Expense	26		612,927,811		749,769,109
Finance Costs	27		441,679,069		424,352,366
Depreciation and Amortization Expense	28		127,868,269		127,139,987
Other Expenses	29		897,722,828		853,531,734
Total Expenses			7,732,873,153		8,380,331,621
Profit/(Loss) Before exceptional items and tax			(676,288,144)		(1,186,351,172)
Exceptional items	30		174,217,960		—
Profit/(Loss) Before Tax			(502,070,184)		(1,186,351,172)
Tax Expense					
-Current tax		—		—	
-Tax Credit under UK Laws		—		(5,110,081)	
-Deferred tax		—		425,302	(4,684,779)
Short/(Excess) Provision-Earlier Years					
-Current Tax		485,413		704,798	
-Fringe Benefit Tax		—	485,413	(4,770)	700,028
Profit / (loss) for the Year			(502,555,597)		(1,182,366,422)
Add: Share of Profit/(Loss) in Associate			(2,024,068)		(16,851,494)
Net Profit/(Loss) for the Year			(504,579,665)		(1,199,217,916)
Earnings per Equity Share:	31				
Equity Share of Par Value of ₹2/- each					
-Basic			(5.45)		(13.84)
-Diluted			(5.42)		(12.12)

Significant Accounting Policies and Notes on Financial Statements 1 to 41

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 : 25th July, 2012

(Sanjay Aggarwal)

Chairman & CEO

(Sandeep Aggarwal)

Managing Director

(Ratan Aggarwal)

CFO & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Figures in ₹

S.NO. PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation and exceptional items & after share of profit/(loss) of Associates	(678,312,212)	(1,203,202,666)
Adjustment for:		
Depreciation (Net)	127,868,269	127,139,987
Financial Costs	441,679,069	424,352,366
Loss on sale/disposal of fixed assets	873,868	1,244,704
Amortisation of FCMITDA	28,222,184	(23,114,679)
Exchange loss on FCCBs	25,574,250	—
Provision for leave encashment	906,892	2,537,049
Exchange Fluctuation Reserve	(90,985,218)	(26,403,510)
Operating profit before working capital changes	(144,172,897)	(697,446,749)
Adjustment for:		
Trade & Other receivables	403,471,517	39,655,642
Inventories	177,097,940	312,158,623
Trade payables	(144,963,416)	(302,760,896)
Provision for Loss on Derivatives / Exchange options	—	—
Cash generated from operations	291,433,144	(648,393,380)
Direct tax paid/ Refund	(173,344)	5,883,050
Cash flow before exceptional items	291,259,800	(642,510,330)
Exceptional items: Write back of creditors under CVA	174,217,960	—
Net cash from operating activities	465,477,760	(642,510,330)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and other capital expenditure	(17,527,846)	29,621,645
Sale of fixed assets	554,370	512,377
(Increase)/decrease of Investments (net)	1,967,189	16,829,965
Net cash used in investing activities	(15,006,287)	46,963,987
C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	280,217,436	882,425,515
Proceeds from Share Capital	—	53,666,665
Proceeds from Warrants	—	40,843,335
Working capital facilities from Bank	(300,676,765)	78,652,104
Hire purchase finance (Net of repayments)	(746,337)	(662,263)
Intercompany deposits including interest accrued & due	—	(888,687)
Financial Costs	(441,679,069)	(424,352,366)
Net cash received/(used) from financial activities	(462,884,734)	629,684,303

Figures in ₹

S.NO. PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(12,413,262)	34,137,960
Cash and cash equivalents as at 31st March, 2011 (Opening Balance)	124,121,764	89,983,804
Cash and cash equivalents as at 31st March, 2012 (Closing Balance)	111,708,502	124,121,764
Note:		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement.		
2. Cash and cash equivalents includes:		
Cash and bank balances	20,676,904	26,595,782
Fixed Deposits under lien/ custody with banks/sales tax department	89,932,863	96,421,230
Unclaimed Dividend Accounts	1,098,735	1,104,751
Total cash and cash equivalents as per balance sheet	111,708,502	124,121,764
3. 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 : 25th July, 2012

1. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

1.1 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:

- a. 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".
- b. Investments in Associate are accounted for using the equity method as per Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements".
- c. 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.
- d. 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.

1.2 The Consolidated Financial Statements include the results of the following entities:

S.No.	Name of Company	Country of incorporation	Relationship	Ownership Interest
a.	Paramount Holdings Limited (PHL)	Cyprus	Subsidiary	100.00%
b.	AEI Cables Limited (AEI)	United Kingdom	Subsidiary	100.00%
c.	AEI Power Cables Limited (APCL)	United Kingdom	Subsidiary	100.00%
d.	Paramount Wires & Cables Ltd. (PWCL)	India	Associate	44.49%

1.3 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.

1.4 Other Significant Accounting Policies

a. Basis of Accounting

- i. The accounts have been prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated.
- ii. In case of AEI after making appropriate enquiries and reviewing budgets, profit and cash flow forecast and business plans, together with financing facilities available, the directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that AEI has more than sufficient resources and viable facilities to continue in operational existence for the foreseeable future as more fully explained in the business review section of the directors' report. Furthermore the directors have received commitment from the ultimate parent company confirming support for AEI for a period at least 12 months from the date of approval of these financial statement. For these reasons the directors consider that adoption of going concern basis in preparing the financial statements is appropriate. The validity of this assumption depends upon AEI successfully trading the CVA, the successful conclusion of negotiations with AEI's bankers and/ or alternative finance providers and/ or potential investors, which will provide AEI with additional finance.

b. Fixed Assets, intangible assets and capital work-in-progress

- 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.

c. Depreciation and Amortisation

- i. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- ii. Depreciation is provided on Written - Down Value Method on buildings added up to 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.
- iii. No write off is being made in respect of leasehold land, as the lease is a long lease.
- iv. 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 & Equipments	- 10% Straight line basis
Fixtures & Fittings	- 20% Straight line basis
Motor Vehicles	- 20% Straight line basis
Computers	- 20% Straight line basis

d. 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.

e. 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-Progress 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 is determined on weighted average basis. Work-in-Progress 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.

f. Foreign Currency Transactions

- i. Foreign currency transactions remaining unsettled at the year end 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.
- ii. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- 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 are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.

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

g. 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.

h. 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.

i. 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.

j. 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.

k. Preliminary Expenses

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

l. 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.

m. 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.

n. 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.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012

2 Share Capital

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Authorised:		
175,000,000 (Previous Year 175,000,000)	350,000,000	350,000,000
Equity Shares of ₹ 2/- each	<u>350,000,000</u>	<u>350,000,000</u>
Issued, Subscribed & Paid up		
93,026,965 (Previous Year 88,635,170) Equity Shares of ₹ 2/- each fully paid	186,053,930	177,270,340
Total	<u>186,053,930</u>	<u>177,270,340</u>

2.1 Rights, preferences and restrictions attached to Equity Shares

Equity Shares : The company has one class of equity shares having a par value of ₹ 2 /- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation , the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

2.2 Reconciliation of Number of Equity Shares

Particulars	As At 31st March,2012 Nos.	Amount (₹)	As At 31st March,2011 Nos.	Amount (₹)
Balance as at the beginning of the year	88,635,170	177,270,340	84,506,965	169,013,930
Add: Issued during the year on conversion of warrants	4,391,795	8,783,590	4,128,205	8,256,410
Balance as at the end of the year	<u>93,026,965</u>	<u>186,053,930</u>	<u>88,635,170</u>	<u>177,270,340</u>

Equity Shares of par value of ₹ 2/- each have been allotted to warrant holders at Securities Premium of ₹ 11/- each upon exercise of option by them. Proceeds from issue have been utilised as per objects of the issue.

2.3 List of Equity Shareholders holding more than 5% of the aggregate Equity Shares:

Name of Shareholder	Nos.	%age	Nos.	%age
Mr. Sanjay Aggarwal	5,826,100	6.26	5,826,100	6.57
Mr. Sandeep Aggarwal	5,732,300	6.16	5,732,300	6.47
Mrs. Kamla Aggarwal	5,731,600	6.16	5,731,600	6.47

3 Reserves & Surplus

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Capital Reserve		
- Capital Investment Subsidy		
Balance at the beginning of the year	3,000,000	3,000,000
- Profit on Issue of forfeited shares		
Balance at the beginning of the year	<u>31,100</u>	<u>31,100</u>
Exchange Fluctuation Reserve	(78,062,490)	12,922,728
Capital Reserve on Consolidation	<u>9,901,599</u>	<u>9,901,599</u>

Figures in ₹

Particulars	As At 31st March,2012		As At 31st March,2011	
Securities Premium Account				
Balance at the beginning of the year	861,411,489		816,001,234	
Add: On allotment of Equity Shares (Refer Note 2.2)	<u>48,309,745</u>	<u>909,721,234</u>	<u>45,410,255</u>	861,411,489
Revaluation Reserve				
Balance at the beginning of the year	9,323,117		9,468,196	
Less: Transfer to Profit & Loss Statement	<u>132,514</u>	<u>9,190,603</u>	<u>145,079</u>	9,323,117
General Reserve				
Balance at the beginning of the year		25,282,886		25,282,886
Surplus				
Balance at the beginning of the year	(587,012,815)		612,205,101	
Add: Transfer from Profit & Loss Statement	<u>(504,579,665)</u>	<u>(1,091,592,479)</u>	<u>(1,199,217,916)</u>	(587,012,815)
Total		<u>(212,527,548)</u>		<u>334,860,104</u>

4 Long Term Borrowings

Figures in ₹

Particulars	As At 31st March,2012		As At 31st March,2011	
Secured				
Term Loans :				
- From Banks				
- Foreign Currency Loan	256,740,673		373,281,018	
- Rupee Loans	<u>1,511,935,329</u>		<u>1,231,714,071</u>	
- From Financial Institution	<u>21,978,430</u>	<u>1,790,654,432</u>	<u>21,978,430</u>	1,626,973,519
Finance Lease Obligations (Refer Note 31)		<u>1,203,054</u>		<u>2,044,136</u>
Total		<u>1,791,857,486</u>		<u>1,629,017,655</u>

4.1 Nature of Security :-

i Term Loan from Banks:-

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.

ii Term Loan from Financial Institution:-

Loan from Financial Institution is secured against surrender value/ maturity value of keyman insurance policy of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company.

iii Finance Lease Obligations:-

Hire Purchase Finance is secured against assets financed from it.

4.2 Period and Amount of Default in repayment :-

- Principal amount of ₹ 360,616,477 (Previous Year ₹Nil) of Term Loan from Banks included in Current Maturities of Term Loan were due for repayment on 31st March, 2012 and have not been paid. Corporate Debt Restructuring-EG has approved "Rework Package" vide letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default as on date.
- During previous year interest of ₹3,964,725 on loan from a financial institution overdue as on 31st March, 2011 was subsequently paid during financial year 2011-12.

- iii During previous year, 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 was approved by CDR-EG and LOA was 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. 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 was no default of interest and principle to the banks.

4.3 Maturity Profile and rate of interest of Secured Term Loans are as set out below :-

Figures in ₹

Rate of Interest	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
9%	35,677,356	95,214,880	140,888,271	786,176,652
8.50%	570,000	2,280,000	3,705,000	21,945,000
5.2%	171,160,449	85,580,224	—	—
1%	—	—	44,778,478	179,113,911
0%	4,471,284	17,885,137	29,063,348	172,144,442
Total	211,879,089	200,960,241	218,435,097	1,159,380,005

5 Deferred Tax Liability (Net)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Deferred Tax Assets :		
- FCCB/GDR Issue Expense	—	922,292
- Leave Encashment	3,569,892	3,275,651
- Unabsorbed Depreciation	112,548,252	116,118,144
		114,906,418
Deferred Tax Liabilities :		
- Depreciation	116,118,144	119,104,361
Total	—	—

- 5.1 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.

6 Other Long Term Liabilities

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Government Grant	—	2,966,794
Trade Payables (under CVA) (Refer Note 9.2)	123,368,310	—
Total	123,368,310	2,966,794

7 Long Term Provisions

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Employee Benefits (Refer Note 26.1)		
- Leave Encashment	9,201,027	8,348,581
Total	9,201,027	8,348,581

8 Short Term Borrowings

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Secured		
-Working Capital Loans from Banks	2,427,626,374	2,728,303,139
Total	2,427,626,374	2,728,303,139

8.1 Nature of Security :-

- 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.
- 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.
- Overdrafts of APCL are secured by a means of a fixed and floating charge on the assets of the APCL.

9 Trade Payables

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Acceptances	628,235,184	725,690,777
Due to:		
- Micro, Small & Medium Enterprises	552,376	498,944
- Others	272,120,959	358,639,900
Total	900,908,519	1,084,829,621

9.1 Disclosure under MSMED Act,2006

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 :

i. Principal amount due and remaining unpaid	552,376	498,944
ii. Interest due on (1) above and unpaid interest	—	—
iii. Interest paid on all delayed payments under the MSMED Act.	—	—
iv. Payment made beyond the appointed day during the year	—	—
v. Interest due and payable for the period of delay other than (3) above	—	—
vi. Interest accrued and remaining unpaid	—	—
vii. Amount of further interest remaining due and payable in succeeding years	—	—

9.2 In case of AEI in May 2011 the Board of AEI concluded that AEI did not have sufficient working capital to cope with the burden of its historical liabilities. The Board, having taken professional advice, therefore sought the agreement of its unsecured creditors to a restructuring of their debt to allow AEI to continue to trade. This Company Voluntary Agreement (CVA) was proposed in May 2011 and approved by creditors in June 2011.

Under the terms of CVA AEI is expected to pay 65% of net profits or at least ₹29,199,600/- per annum, whichever is higher, for a maximum period of 5 years. The monthly scheduled payment is ₹3,163,290/- or ₹2,433,300/- as the case may be.

Included within creditors are the expected amounts payable under the CVA. As at the year end there were 51 monthly payments due ₹44,529,390/- has been included within amounts falling due within one year, being 12 months at ₹3,163,290/- per month. Also included within creditors falling due within one year is ₹6,569,910/- representing the difference between expected payments of ₹3,163,290/- per month and the actual amounts paid of ₹2,433,300/- per month for the first 9 months under the CVA. The remaining ₹123,368,310/- has been included within amounts falling due after more than one year, being 39 months at ₹3,163,290/- per month.

At the date these amounts were signed AEI was up to date with its payments to the fund. A total of ₹29,199,600/- has been paid and the remaining amount is expected to be paid by June 2016.

As a result of the above arrangement AEI has written off ₹174,217,960/- of trade creditors and social security and other taxes in the financial statements. This represents amounts that are not expected to be repaid under the CVA.

9 Other Current Liabilities

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Current Maturities of Long-Term Debt		
Term Loans :		
From Banks		
--- Foreign Currency Loan	256,740,673	74,656,204
--- Rupee Loans	274,979,546	274,980,000
(Refer Note 4.1)		
Current Maturities of Finance Lease Obligations	841,082	746,337
(Refer Note 4.1 & 33)		
Interest on borrowings		
- Accrued but not due	10,832,785	9,556,417
- Accrued and due	—	16,147,306
Government Grant	3,379,611	7,120,250
Unpaid Dividends	1,098,735	1,104,751
(Refer Note 10.3)		
Foreign Currency Convertible Bonds 'FCCBs'	385,275,000	336,093,750
(Refer Note 10.1 & 10.2)		
Employee Benefits Payable	15,652,545	14,257,984
Sundry Creditors -Capital Goods	14,388,819	21,076,558
Statutory Dues Payable	156,112,523	208,219,122
Advance from Customers	9,789,846	15,226,868
Other Payables	8,349,332	8,328,769
Total	1,137,440,497	987,514,316

- 10.1** 1% Foreign Currency Convertible Bonds ('FCCBs') had 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 is liable to redeem these bonds at 145.54 percent of the principal amount on 23rd November, 2011.

10.2 Period and Amount of Default in repayment and interest :-

- Principal amount of ₹385,275,000/- of 1% Foreign Currency Convertible Bonds ('FCCBs') is overdue for repayment since 23rd November, 2011. Interest on FCCBs ₹675,042/- due as on 31st December,2011 has also not been paid and is over due. Premium on redemption of FCCB's of ₹195,636,955/- is also over due for payment since 23rd November,2011.
- Refer Note 4.2 for default in repayment of Term Loans.

10.3 No amount is due as on 31st March, 2012 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 be Fund.

11 Short Term Provisions

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Provision for Employee Benefits (Refer Note 26.1)		
- Leave Encashment	1,801,877	1,747,431
Others		
- Provision for Wealth Tax	105,000	115,000
Total	1,906,877	1,862,431

12. FIXED ASSETS

12.1 Tangible Assets

Figures in ₹

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION					NET BLOCK	
	As at 01.04.11	Additions	Deduction	As at 31.03.12	As at 01.04.11	For the Year	Ded./Adj.	As at 31.03.12	As at 31.03.12	As at 31.03.11
Own Assets:										
Land										
- Freehold	12,621,330	-	-	12,621,330	-	-	-	-	12,621,330	12,621,330
- Leasehold	287,317,317	-	-	287,317,317	-	-	-	-	287,317,317	287,317,317
Buildings	352,142,033	8,473,180	-	360,615,213	55,992,624	11,798,034	-	67,790,658	292,824,555	296,149,409
Plant & Equipment	1,349,979,232	27,736,944	143,582	1,377,572,594	519,050,860	103,560,975	(1,417,342)	624,029,177	753,543,417	830,928,372
Furniture & Fixtures	53,412,660	1,944,623	-	55,357,283	17,211,849	2,480,776	(18,457)	19,711,082	35,646,201	36,200,811
Leasehold Building Improvement	11,340,968	-	-	11,340,968	1,516,821	717,880	-	2,234,701	9,106,268	9,824,148
Vehicles	26,825,952	2,422,218	2,084,110	27,164,060	13,595,310	3,046,601	821,442	15,820,469	11,343,591	13,230,642
Office Equipment	14,740,897	666,596	606,523	14,800,970	4,504,723	929,975	149,388	5,285,310	9,515,660	10,236,174
Assets taken on Finance Lease:										
Hire Purchase										
- Vehicles	5,761,531	-	-	5,761,531	1,026,963	-	-	1,026,963	4,734,568	4,734,568
Total	2,114,141,920	41,243,561	2,834,215	2,152,551,266	612,899,150	122,534,241	(464,969)	735,898,360	1,416,652,906	1,501,242,770
Previous Year	2,106,004,196	19,918,435	11,780,711	2,114,141,920	501,134,957	121,803,881	10,039,688	612,899,150	1,501,242,770	1,604,869,239

12.2 Intangible Assets

Figures in ₹

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION					NET BLOCK	
	As at 01.04.11	Additions	Deduction	As at 31.03.12	As at 01.04.11	For the Year	Ded./Adj.	As at 31.03.12	As at 31.03.12	As at 31.03.11
Own Assets (Acquired):										
- Software	27,774,122	977,825	-	28,751,947	17,802,049	5,466,542	-	23,268,591	5,483,356	9,972,073
Total	27,774,122	977,825	-	28,751,947	17,802,049	5,466,542	-	23,268,591	5,483,356	9,972,073
Previous Year	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

12.3 Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,650,950
 Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ₹ 7,406,534
 Amount of Depreciation pertaining to revaluation in case of Buildings ₹ 132,514

12.4 Title deeds of factory land at Prahladpur, Bawana Road, Delhi-110 042 are in the name of erstwhile Paramount Cable Corporation.

12.5 Title deeds of a part of factory land measuring 954.50 sq. mtr. at Prahladpur, Bawana Road, Delhi-110042 shown in Balance Sheet at ₹2,386,250 are yet to be registered in name of the Company.

12.6 Carrying value of Assets acquired under hire purchase as on 31.03.2011 exclude the amount related to hire purchase agreement settled during the current year.

12.7 As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, 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 loss (net) ₹23,607,000/-(Previous year exchange gain (net) ₹882,000/-) 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'

12.8 Additions are after adjusting exchange loss (net) ₹23,607,000/- (Previous Year exchange gain (net) ₹882,000/-)

Figures in ₹

Assets	31.3.2012	31.3.2011
i. Building	7,493,179	279,959
ii. Plant & Equipment	14,844,271	554,609
iii. Furniture & Fixtures	839,746	31,374
iv. Software	429,804	16,058
Total	23,607,000	882,000

13 Non Current investment
(Long Term Investments)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Other Investments (Valued at Cost unless stated otherwise)		
Quoted		
Equity Shares		
- Haryana Financial Corporation	168,000	168,000
4,800 (Previous Year 4,800) Equity Shares of ₹10/-each , fully paid		
Unquoted		
Equity Shares of Associate Company		
- Paramount Wires & Cables Limited	25,580,000	25,580,000
2,558,000 (Previous Year 2,558,000) Equity Shares of ₹10/-each, fully paid		
Capital Reserve at the time of acquisition	9,901,599	9,901,599
Share in profit of Associates:		
Balance at the beginning of the year	(22,444,304)	(5,592,810)
Add: Share in profit/(loss)during the year	(2,024,068)	(16,851,494)
	(24,468,372)	(22,444,304)
Others		
- Cable Makers Properties and Services Limited	465,652	408,773
36,700 (Previous Year 36,700) Ordinary Shares of £ 0.0001/-each , fully paid		
Total	11,646,879	13,614,068
Quoted Investments		
- Aggregate of Book Value	168,000	168,000
- Aggregate of Market Value	118,320	112,800
Unquoted Investments		
- Aggregate of Book Value	281,515,435	281,458,556

14 Long Term Loans and Advances

(Unsecured, Considered Good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Capital Advances	7,992,220	30,492,220
Security Deposits		
- Related Parties (Refer Note 14.1)	18,000,000	18,000,000
- Others	4,700,194	4,709,577
Loans and Advances to Workers & Staff	715,900	789,299
Total	31,408,314	53,991,096

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

14.1 (a) Loans and Advances in the nature of Security deposit given to Related Parties:

Figures in ₹

Name	As at 31.03.2012	Maximum Balance during 2011-12	As at 31.03.2011	Maximum Balance during 2010-11
Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-
-Security deposit for premises taken on rent by the Company and adjustable/refundable as per terms & conditions of the Lease Agreement.				
(b) Investment by the Loanee in the shares of the company				
- Amount (par value)	7,040,000		—	
- No of shares	3,520,000		—	

15 Other Non Current Assets

(Unsecured, Considered Good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unamortised Expenses		
- Non Current portion of Foreign Currency Monetary Item	13,430,499	—
Translation Difference Account (Refer Note 20.1)		
Total	13,430,499	—

16 Inventories

(as taken, valued & certified by the management)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Raw Materials	501,038,601	510,351,906
Work -in- Progress	821,187,033	798,940,431
Finished Goods	881,251,608	946,739,632
Stock in Trade [Includes In Transit ₹ 47,678,363/- (Previous Year ₹ 80,391,319/-)]	153,762,877	278,171,642
Stores & Spares	11,405,725	11,707,343
Packing Materials	14,041,361	9,870,710
Scrap	11,322,903	15,326,383
Total	2,394,010,108	2,571,108,047

17 Trade Receivables (Current)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unsecured		
Outstanding for a period exceeding six months from the date due for payment		
- Considered Good	232,494,439	222,788,859
- Considered Doubtful	16,742,129	—
	249,236,568	222,788,859
Less: Provision for Bad and Doubtful Debts	16,742,129	—
	232,494,439	222,788,859
Others		
- Considered Good	1,767,047,562	2,035,733,123
- Considered Doubtful	—	—
	1,767,047,562	2,035,733,123
Total	1,999,542,001	2,258,521,982

18 Cash and Bank Balances

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Cash on hand	5,531,896	4,821,226
Balances with Banks		
- Current Accounts	16,243,743	22,879,308
- Fixed Deposits	89,932,863	96,421,230
(Refer Note 18.1)		
	106,176,606	119,300,538
Total	111,708,502	124,121,764
Balance with Bank in Unpaid Dividend Accounts	1,098,735	1,104,751
Fixed Deposit with more than twelve months maturity	20,991,240	5,268,589

18.1 Fixed deposits with banks ₹89,932,863/- (Previous Year ₹96,421,230/-) are under lien/custody with banks/ others.

19 Short Term Loans & Advances

(Unsecured, considered good)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Balance with Excise Authorities	71,330,734	176,026,670
Others		
- Commercial Advances	54,663,375	76,816,835
- Prepaid Expenses	18,952,931	16,518,100
- Amount Recoverable in Cash or Kind	209,894	42,931,236
- Earnest Money Deposits	10,107,574	13,372,941
- Security Deposits	26,741,010	17,910,438
- Loans to Workers & Staff	791,470	1,024,758
- Advances to Workers & Staff	292,659	1,987,344
- Claims Recoverable from Government	160,302,231	117,866,468
- Advance Tax	4,326,632	4,638,701
[Net of Provision ₹1,180,966/- (Previous Year ₹1,180,966/-)]		
Total	347,718,510	469,093,491

20 Other Current Assets

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Unamortised Expenses		
- Foreign Currency Monetary Item Translation Difference Account (Refer Note 20.1)	23,894,809	—
Interest Accrued on Deposits	3,917,939	4,763,781
Total	27,812,748	4,763,781

20.1 Are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.

21 Revenue From Operations (Gross)

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Sale Of Products		
- Manufactured Goods	6,703,156,301	6,250,017,109
- Traded Goods	656,774,337	851,192,027
Other Operating Revenue		
- Export Benefits	2,691,680	14,624,797
- Sale of Scrap	105,886,516	303,648,572
Total	7,468,508,834	7,419,482,505

21.1 Detail of Sales (Manufactured Goods)

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Power Cables	4,361,199,572	3,049,572,853
Jelly Filled Telephone Cables	304,806,780	32,079,014
Optical Fibre Cables	29,234,558	36,855,838
General Wiring Cables	773,539,024	2,347,078,902
OEM Cables	1,234,376,367	784,430,502
Total	6,703,156,301	6,250,017,109

21.2 Detail of Sales (Traded Goods)

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Cables & Accessories	626,250,541	716,863,310
Others	30,523,796	134,328,717
Total	656,774,337	851,192,027

22 Other Income

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Interest Income		
- Fixed Deposits	7,128,958	5,616,157
- Others	5,005,678	3,676,529
- Income Tax Refund	54,960	1,320,576
Liabilities Written Back	4,473,427	32,049,037
Amortisation of FCMITDA (Net)	—	23,114,679
Insurance Claim Received	317,979	7,688
Government Grant Written Back	7,674,800	7,094,280
Miscellaneous Income	4,954,446	2,507,939
Exchange Fluctuation (Net)	1,164,897	6,172,081
Total	30,775,145	81,558,966

23 Cost of Materials Consumed

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Raw Materials consumed		
- Opening Stock	510,351,906	537,163,891
Add : Purchases	5,261,644,884	5,604,516,461
Less : Closing Stock	501,038,601	510,351,906
Total	5,270,958,189	5,631,328,446

23.2 Particulars of Raw Materials consumed

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Copper	2,610,775,317	3,172,898,643
Aluminum, Metal & Braiding	965,591,035	937,723,716
PVC/PE	1,188,861,754	1,141,200,467
GI Wires/Strips	353,069,605	224,012,519
Others	152,660,478	155,493,101
Total	5,270,958,189	5,631,328,446

24 Purchase of Trading Goods

Figures in ₹

Class of Goods	Year ended 31st March,2012	Year ended 31st March,2011
Cables & Accessories	210,063,320	306,699,017
Total	210,063,320	306,699,017

25 (Increase)/Decrease in Inventory of Finished Goods, Work In Progress and Stock in Trade

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Opening Stock		
- Finished Goods	946,739,632	1,194,713,454
- Stock In Trade	278,171,643	42,898,875
- Work In Progress	798,940,431	1,083,341,366
- Scrap	15,326,383	5,735,356
	2,039,178,089	2,326,689,051
Less: Closing Stock		
- Finished Goods	881,251,608	946,739,632
- Stock In Trade	153,762,877	278,171,643
- Work In Progress	821,187,034	798,940,431
- Scrap	11,322,903	15,326,383
	1,867,524,422	2,039,178,089
Total	171,653,667	287,510,962

26 Employee Benefits Expense

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Salaries, Wages & Others Benefits	588,184,410	717,641,136
Contribution to Provident & Other Funds	20,695,039	27,763,544
Welfare Expenses	4,048,362	4,364,429
Total	612,927,811	749,769,109

26.1 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:

(Figures in ₹)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Contributory Provident Fund & Employees Pension Scheme, 1995	6,543,464	7,298,958
Contribution to Group Pension Scheme in AEI Cables Limited, United Kingdom	14,151,575	20,464,586

Defined Benefit Plan

The company is having following Defined Benefit Plans:

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

(Figures in ₹)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
a) Actuarial Assumptions				
Discount rate	8.00	8.60	8.00	8.00
Expected rate of return on assets	8.00	—	8.00	—
Expected rate of future salary increase	8.00	6.00	8.00	6.00
b) Reconciliation of opening and closing balances of Defined Benefit obligation				
Present value of obligations as at beginning of year	12,551,049	10,096,011	11,295,029	7,558,963
Interest cost	978,792	807,681	844,025	582,040
Current Service Cost	1,531,083	1,302,721	1,459,721	3,182,356
Benefits paid	(632,295)	(707,630)	(1,489,444)	(540,664)
Actuarial (gain)/loss on Obligations	(58,463)	(495,880)	441,718	(1,793,463)
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	-	-	-	1,106,779
Present value of obligations as at end of year	14,370,166	1,102,903	12,551,049	10,096,011
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	14,021,738	-	11,644,015	-
Expected return on plan assets	1,124,812	-	987,288	-
Contributions	1,531,083	-	2,895,161	-
Benefits paid	(632,295)	-	(1,489,444)	-
Actuarial Gain/(Loss) on Plan assets	49,120	-	(15,282)	-
Fair value of plan assets at the end of year	16,094,458	-	14,021,738	-

(Figures in ₹)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	14,021,738	-	11,644,015	-
Actual return on plan assets	1,173,932	-	972,006	-
Contributions	1,531,083	-	2,895,161	-
Benefits paid	(632,295)	-	(1,489,444)	-
Fair value of plan assets at the end of year	16,094,458	-	14,021,738	-
Funded status	1,724,292	(11,002,903)	1,470,689	(10,096,011)
Excess of Actual over estimated return on plan	49,120	-	(15,282)	-
e) Actuarial Gain/Loss recognized	-	-	-	-
Actuarial (gain)/Loss for the year– Obligation	(58,463)	(495,880)	441,718	(1,793,463)
Actuarial (gain)/Loss for the year– plan assets	(49,120)	-	15,282	-
Total (gain)/Loss for the year	(107,583)	(495,880)	457,000	(1,793,463)
Actuarial (gain)/Loss recognized in the year	(107,583)	(495,880)	457,000	(1,793,463)
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	14,370,166	11,002,903	12,551,049	10,096,011
Fair value of plan assets as at the end of the year	16,094,458	-	14,021,738	-
Funded status	1,724,292	(11,002,903)	1,470,689	(10,096,011)
Net Asset/(liability) recognized in balance sheet	1,724,292	(11,002,903)	1,470,689	(10,096,011)
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	1,531,083	1,302,721	1,459,721	3,182,356
Interest cost	978,792	807,681	844,025	582,040
Expected return on plan assets	(1,124,812)	-	(987,288)	-
Net Actuarial (gain)/Loss recognized in the year	(107,583)	(495,880)	457,000	(1,793,463)
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	-	-	-	1,106,779
Expenses recognized in statement of Profit & Loss	1,277,480	161,452	1,773,458	3,077,712

27 Finance Costs

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Interest Expense		
- Interest on Loan	394,788,062	376,690,719
- Interest On Income Tax	76,503	28,135
Other Borrowing Costs	46,814,504	47,633,512
Total	441,679,069	424,352,366

28 Depreciation and Amortisation Expenses

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Fixed Assets		
- Tangible Assets	122,534,241	121,803,904
- Intangible Assets	5,466,542	5,481,162
Less: Transfer from Revaluation Reserve	132,514	145,079
	127,868,269	127,139,987

29 Other Expenses

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Stores, Spares & Consumables	25,859,621	27,930,270
Excise Duty (Refer Note 29.1)	19,199,276	(26,800,916)
Packing Expenses	168,677,654	137,742,660
Power, Fuel and Lighting	159,211,473	147,006,599
Rent	54,711,935	50,533,468
Repair & Maintenance		
- Plant & Machinery	25,302,288	63,446,088
- Building	4,176,266	6,529,945
- Others	4,234,909	1,689,960
Insurance	19,966,960	21,647,142
(Refer Note 29.2)		
Rates and Taxes	19,349,279	16,917,779
[Includes Wealth Tax ₹105,000/- (Previous Year ₹115,000/-)]		
Auditor's Remuneration (Refer Note 29.3)	6,523,692	4,399,679
Conversion Charges	19,354,504	8,863,262
Labour Charges	78,370,476	77,289,225
Rebates,Discount,Commission on Sales	32,136,076	70,245,302
Freight, Octroi & cartage	66,047,444	83,233,541
[Net of recovery ₹67,195,533/- (Previous Year ₹58,786,670/-)]		
Bad Debts written off / provided	21,018,030	31,741,847
Travelling and Conveyance	33,498,856	28,555,681
[Net of recovery ₹1,442,302/- (Previous Year ₹863,288/-)]		
Amortisation of FCMITDA (Net)	28,222,184	—
Exchange Fluctuation (Net)	21,532,135	—
Advertisement & Publicity	7,976,704	17,760,312
Communication Expenses	7,954,349	9,981,039
Loss on sale/disposal of Fixed Assets (Net)	873,868	1,244,704
Donations	365,350	379,100
Directors Meeting Fee	263,500	297,500
Share Transfer Expenses	29,067	85,407
Miscellaneous Expenses	72,866,932	72,812,140
Total	897,722,828	853,531,734

29.1 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.

29.2 Insurance Premium of ₹3,793,545/-(Previous Year ₹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.

29.3 Auditor's Remuneration*:

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Audit Fees	4,423,187	3,689,208
Tax Audit fees	150,000	100,000
Taxation Matters	563,015	452,751
Certification & Consultancy	1,296,982	91,000
Out of Pocket Expenses	90,508	66,720
	6,523,692	4,399,679

*Excludes Service Tax ₹170,053/-(Previous Year ₹103,000/-)

30 Exceptional Items

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Write back of creditors under CVA	174,217,960	—
	174,217,960	—

- 30.1** AEI entered into a CVA which was agreed with creditors on 14th June 2011. The exceptional income represents the difference between the creditors at 14th June 2011 and the amounts expected to be repaid. However, AEI still has a legal obligation for the full amount due to the creditors until June 2016, which would become payable if the CVA terms are not adhered to. Furthermore, a contingent liability exists to pay further amounts should be AEI exceed the forecast profits in the CVA.

Prior to entering the CVA, AEI had undertaken a restructuring exercise which involved a significant number of redundancies. As at the year end no claim has been made to the CVA. As such these financial statements do not include any of these costs, although no additional liability is expected to fall due on AEI in any case.

31 Earnings Per Equity Share pursuant to Accounting Standard- 20 ("AS-20")

Figures in ₹

Particulars	Year ended 31st March,2012	Year ended 31st March,2011
Net Profit /(Loss) after Taxation	(504,579,665)	(1,199,217,916)
Weighted average number of Equity shares for Basic EPS	92,522,989	86,650,203
Add: Adjustment for weighted 'FCCBs'outstanding convertible in equity shares	—	7,920,775
Add: Adjustment for weighted 'Warrants'outstanding having option to subscribe equity shares	503,976	4,341,912
Weighted average number of equity shares for Diluted EPS	93,026,965	98,912,890
Basic Earnings per Share (₹)	(5.45)	(13.84)
Diluted Earnings per Share (₹)	(5.42)	(12.12)
Par Value of each Equity Share (₹)	2/-	2/-

- 32** "Related party disclosures", for the year ended 31st March, 2012, 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. Mukesh C Goel
Mr. Mark Heneghan
Mr. C J sharp
Mr. J P Duffy (resigned 31st March,2012)
Mr. K Scott (resigned 20th June,2012)

iv) Relatives of functional Directors:

Mrs. Kamla Aggarwal
Mr. Dhruv Aggarwal
Mr. Tushar Aggarwal
Mrs. Shashi Aggarwal
Mrs. Archana Aggarwal
Ms. Parul Aggarwal

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

Figures in ₹

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	TOTAL
Maximum o/s of deposits taken during the year	2011-12 2010-11	- -	- 1,887,865	8,600,000 8,175,000	- -	8,600,000 10,062,865
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2011-12 2010-11	- -	- 94,510,000	- -	- -	- 94,510,000
Sundry debtors o/s as at year end	2011-12 2010-11	- 97,616	- -	- -	- -	- 97,616
Maximum o/s of sundry debtors during the year	2011-12 2010-11	78,695,316 77,971,679	- -	- -	- -	78,695,316 77,971,679
maximum o/s of security deposits given for premises taken on rent	2011-12 2010-11	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
O/s Of security deposit given for premises taken on rent as at year end	2011-12 2010-11	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Interest Paid on deposits	2011-12 2010-11	- -	- 8,126	134,770 89,657	- -	134,770 97,783
Rent Paid for use of assets	2011-12 2010-11	- -	21,386,664 21,386,664	- -	720,000 720,000	22,106,664 22,106,664
Managerial Remuneration	2011-12 2010-11	- -	- -	35,910,821 31,813,791	- -	35,910,821 31,813,791
Salaries and other Benefit	2011-12 2010-11	- -	- -	- -	1,452,000 265,440	1,452,000 265,440
sales	2011-12 2010-11	170,887,986 22,109,368	- -	- -	- -	170,887,986 22,109,368
Purchases	2011-12 2010-11	- 71,346,171	- -	- -	- -	- 71,346,171
Donations	2011-12 2010-11	- -	350,000 335,000	- -	- -	350,000 335,000

b) Non-Financial Transactions:

- i. 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.
- ii. Guarantee of ₹10,000,000/- (Previous Year ₹10,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2012 Rs 9,301,250/- (Previous year ₹8,780,673/-) 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 ₹40,555,000/- (sterling pounds 500,000) (previous year ₹35,601,250/- (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 ₹1,338,315,000/- (sterling pounds 16,500,000) (Previous Year ₹1,174,841,250/- (sterling pounds 16,500,000)) 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 31.03.2012 was ₹817,106,908/- (sterling pounds 10,074,059) (Previous year ₹1,107,693,804/- (sterling pounds 15,556,951)).
- v. Paramount Telecables Limited has given as collateral by way of 2nd charge on its property to the banks of the company.
- vi. During the year Paramount Telecables Limited and Worth Finance & Leasing Private Limited have been allotted 4,391,795 Equity Shares of par value of ₹2/- each at Securities Premium of ₹11/- each upon conversion of warrants. Full amount was received against this allotment in previous year.

33 Future lease obligation by way of lease rental:

Fixed Assets taken on lease on or after April 1, 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:

Figures in ₹

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Within one year	1,041,300	1,041,300	200,218	294,963	841,082	746,337
Later than one year and not later than five years	1,301,625	2,342,925	98,571	298,790	1,203,054	2,044,136
Total:	2,342,925	3,384,225	298,789	593,753	2,044,136	2,790,473

33.1 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 up to 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 ₹55,911,935/- (Previous year ₹51,733,468/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

Figures in ₹

PARTICULARS	As at 31st March, 2012	As at 31st March, 2013
Minimum Lease Payments		
---Not later than one year	21,072,214	22,161,917
---Later than one year but not later than five years	129,304,906	125,388,156
---Later than five years	55,833,326	76,499,990

34 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.

35 (i) The Company has following outstanding Currency Swaps for hedging purpose at the year end:
Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Forward Contracts (net)	81,110	37,414,173

(ii) For Hedging Commodity Related Risks:

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Copper Forward Contracts	405,550	3,631,328

36 (i) Unhedged amount payable in foreign currency:

Particulars	As at 31st March,2012			As at 31st March,2011		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Import of Goods	5,892,139	114,700	USD	67,572,123	1,507,886	USD
	533,260	7,719	EURO	491,671	7,721	EURO
FCCBs	385,275,000	7,500,000	USD	336,093,750	7,500,000	USD
Foreign Currency Term Loans	513,481,346	9,995,744	USD	447,937,222	9,995,810	USD

(ii) Unhedged amount receivable in foreign currency:

Particulars	As at 31st March,2012			As at 31st March,2011		
	Amount (₹)	Amount in foreign currency	Foreign currency	Amount (₹)	Amount in foreign currency	Foreign currency
Export of Goods	7,895,407	155,238	USD	10,035,691	225,978	USD
Advances	204,908	2,526	GBP	—	—	—

37 Contingent Liabilities & Commitments

(to the extent not provided for)

Figures in ₹

Particulars	As At 31st March,2012	As At 31st March,2011
Contingent Liabilities		
Claims Against the Company not acknowledged as Debt	5,662,454	2,580,254
Guarantees		
i. Financial Bank Guarantees outstanding	79,934,826	22,196,661
ii. Guarantee of ₹10,000,000/- (Previous Year ₹10,000,000/-) given to a Bank for credit facilities given to Paramount Wires & Cables Ltd (Associate)		
- Credit Facilities availed by Paramount Wires & Cables Ltd.	9,301,250	8,780,673

- iii. 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 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.

- Grant Facilities availed by AEI Cables Ltd.	(₹)	40,555,000	35,601,250
	(£)	500,000	500,000

- iv. Parental Guarantee of ₹1,338,315,000/-(sterling pounds 16,500,000/-)[Previous Year ₹1,174,841,250/- (sterling pounds 1,65,00,000/-)] given to a Bank for credit facilities given to AEI Cables Limited(Subsidiary).

- Credit Facilities availed by AEI Cables Ltd.	(₹)	817,106,908	1,107,693,804
	(£)	10,074,059	15,556,951

- v. Right of recompense of CDR lenders for reliefs/sacrifices/ waivers extended by respective CDR lenders to the company.

Amount unascertainable

Amount unascertainable

Other money for which company is contingently liable

i. Unutilised Letter of Credits	131,663,116	348,435,379
ii. Outstanding Bill discounted	155,435,607	—
iii. Income Tax		

- Demand under appeal/rectification arising out of disallowances and non-credit of tax deduction at source

1,726,165

3,309,048

- Matter which have been decided in favour of the Company in first appeal stage, however, Income tax department has filed appeal against orders of first appellate authority.

27,008,740

28,734,905

27,008,740

30,317,788

- iv. Excise demands under appeal

76,480,446

70,318,388

- v. Service tax demands under appeal

24,760,595

1,328,068

- vi. Custom duty demand due to denial of concessional custom duty, under appeal

1,836,570

1,836,570

- vii. Premium on Redemption of 1% Foreign Currency Convertible Bonds (FCCBs)

—

128,893,428

Commitments

- i. Estimated amount of contracts (net of advances) remaining to be executed on Capital Account.

—

22,500,000

- ii. Forward Currency Contracts

10,214,507

66,901,015

- iii. Copper Forward Contracts

32,571,586

86,695,523

38. Outstanding 1% Foreign Currency Convertible Bonds (FCCBs) amounting to USD 7.5 million were due for redemption on 23rd November, 2011 and are yet to be redeemed. The Company was to redeem these FCCBs at a Premium equal to 145.54% of the outstanding principal amount. The said premium amounts to ₹195,636,955/- (gross of tax) and the same has not been provided. The Company has duly informed the FCCBs holders about its financial position and is in discussion with the FCCBs holders, through the trustee, for re-schedulement of payment due on the outstanding FCCBs. In view of this redemption amount is subject to re-scheduling / final settlement with FCCBs holders. The premium, if paid, would be adjusted against the Securities Premium Account.

39. Going Concern :

The company has recorded a net loss of ₹583,546,626/- for the year and has accumulated losses of ₹1,042,430,155/- as at 31st March, 2012, resulting in substantial erosion of the net worth. During the year the company has also defaulted in payments of interest and redemption amount of Foreign Currency Convertible Bonds (FCCBs) and principal amount of term loan from banks. The management is confident that the company will be able to generate profits in future years and dispose off some assets to meet its financial obligations as may arise. The accompanying financial statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- a) The company has not defaulted in payment of statutory dues or its trade creditors etc.
- b) CDR package was approved during previous year and further "Rework Package" has been approved by CDR-EG vide Letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default in payment of Principal and/or interest to banks as on date.
- c) The Company and promoters have undertaken to raise adequate finances by way of disposal of assets and induction of fresh funds by promoters and/or promoter group companies.

40. 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 director's report, notes to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of GBP 377,000/- during the year ended 31st March, 2012. The future of the business is dependent upon successfully trading under the CVA and refinancing the business, which the directors are currently negotiating with the current bankers and a number of potential investors and finance providers. These conditions, along with the other matters explained in the director's report, notes 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".

41. Previous Year's figures have been regrouped / rearranged wherever necessary.

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 : 25th July, 2012



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 18th Annual General Meeting of the Company being held on Friday, September 21st, 2012 at 10:00 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 18th Annual General meeting of the Company being held on Friday, September 21st, 2012 at 10:00 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: / /2012

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

BOOK-POST

P. G. GRAPHICS, 9871548848

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