

## BOARD OF DIRECTORS

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director Finance

Anil Tandon  
Executive Director

Gaurav Kaura  
Director

Vidur Bharadwaj  
Director

Avinash Verma  
Director

## SECRETARY

Manish Kumar

## REGISTERED OFFICE

71/1, Shivaji Marg,  
New Delhi 110 015

## OVERSEAS OFFICES

Valiant Communications  
(UK) Ltd.

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

## Valiant Communications FZE

P.O. Box No.: 121523,  
SAIF Zone, Sharjah,  
UAE

## BANKERS

ING Vysya Bank Ltd.  
HDFC Bank Ltd.  
Punjab & Sind Bank Ltd.  
ICICI Bank Ltd.  
ICICI Bank UK plc., U.K.  
Barclay Bank plc., U.K.  
Standard Chartered Bank, U.A.E.

## AUDITORS

B. Aggarwal & Co.  
Chartered Accountants,  
16 A/17, Ajmal Khan Road,  
Karol Bagh, New Delhi 110 005

## SHARE REGISTRARS

Physical & Electronic Mode

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

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## DIRECTORS' REPORT

To the Members,  
The Directors present their 17<sup>th</sup> Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended March 31<sup>st</sup> 2010.

## Financial Results

	In Rupees	
	2009-2010	2008-2009
Sales & Other Income	116,012,968	126,506,130
Gross Profit	24,089,528	33,890,748
Less: Interest	Nil	Nil
Depreciation	7,247,866	6,157,687
Taxes	5,900,094	3,348,233
Net Profit	10,941,568	24,384,828

## Corporate Highlights

During the year under review, the total income was Rs. 1,160 lakh (previous year: Rs. 1,265 lakh). The gross profit was Rs. 241 lakh (previous year: Rs. 339 lakh) and the net profit was Rs. 109 lakh (previous year: Rs. 244 lakh).

The Company is a 100% Export Oriented Unit registered under Electronic Hardware Technology Park Scheme with Software Technology Park of India, Government of India. The Company was availing income tax benefits under the provisions of Income Tax Act, 1961. However, during the current year, the tax holiday available to the Company has expired; therefore, the Company has made appropriate provision for taxation.

Furthermore, the sharp appreciation and strengthening of the Indian rupee against foreign currencies, has adversely affected the revenue and profitability of the Company during the year under review.

## Revenue Mix – Region wise

	Rupees in Lakhs	
Particulars	2009-2010	2008-2009
USA	743.62	757.53
Europe	6.57	64.25
Rest of the world	273.50	313.74
Total Revenue (Export)	1,023.69	1,135.52

The Company continues to design, develop and introduce new products and strengthen its marketing network. The introduction of new products and technologies are expected to help to increase export sales growth in the current year. The Company has introduced many new products during the past one year and is confident to improve its performance, in the current year ending March 31<sup>st</sup> 2011.

## New Products

The Company has continued to introduce new products during the year 2009-2010. Improved and larger versions of existing products have been introduced. Many new products

were also added to the product portfolio during the previous financial year. The applications of new products include WiMAX and Broadband solutions, Ethernet-based products, internet protocol, voice quality enhancement solutions for wireless, wireline and long distance telephony applications, cellular / mobile network application solutions, ISPs applications, corporate and enterprises network applications. New Ethernet-based and IP (Internet protocol) based products and solutions were introduced. These products are already being deployed in various networks, worldwide.

## Marketing

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

## Future Prospects

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

## Subsidiaries

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

During the year under review, the Company has divested its investments in Valiant Communications & Technologies Inc., USA, due to the difficult prevailing business conditions and business environment in the US, in particular.

## Consolidated Financial Statements

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

The Central Government, vide its order no. 47/274/2010-CL-III dated April 15<sup>th</sup> 2010, has granted exemption to the Company from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of each subsidiary companies, as required under Section 212(1) of the Companies Act, 1956.

### Buy-back of Equity Shares

The Board of Directors at their meeting held on September 8<sup>th</sup> 2008, had announced the buy-back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, at a price not exceeding Rs. 32/- per share. The Company opted to buy-back shares from the open market through the stock exchange route and the total offer size aggregates to Rs. 31,419,700/-, but subject to the maximum limit of 1,125,000 equity shares.

During the year under reporting, the Company had bought back and extinguished 173,369 (previous year: 951,631) equity shares having face and fully paid-up value of Rs. 10/- each. The difference between the nominal value and amount spent for buy-back, amounting to Rs. 2,479,704/- (previous year: Rs. 12,845,352/-) has been appropriated from the securities premium account.

The Company has transferred Rs. 1,733,690/- (previous year: Rs. 9,516,310/-) from general reserve to capital redemption reserve which represented the nominal value of shares bought back during the year under reporting.

The Company has bought back the maximum limit of 1,125,000 equity shares up to May 8<sup>th</sup> 2009 for an aggregate purchase consideration of Rs. 26,575,056/-. The Board of Directors at their meeting held on May 14<sup>th</sup> 2009, had decided to close the buy-back offer.

### Dividend

Your Directors are pleased to recommend, subject to the approval of the shareholders, a dividend of Rs. 1.20/- (i.e. 12%) per equity share [previous year: Rs. 1.20/- (i.e. 12%) per equity share] on face value of Rs. 10/- per share, on the paid-up equity share capital, in respect of financial year 2009-2010, absorbing total Rs. 10,558,471/- (previous year: Rs. 10,558,471/-) inclusive of dividend distribution tax.

An amount of Rs. 1,124,341/- is proposed to transfer from profit and loss account to general reserve.

The amount lying in unclaimed dividend accounts are as follows: for the financial year 2004-05: Rs. 311,420/-; financial year 2005-06: Rs. 143,886/-; financial year 2006-07: Rs. 181,562/-; financial year 2007-08: Rs. 136,788/-; financial year 2008-09: Rs. 160,345/-.

### Dematerialization of Equity Shares

As on March 31<sup>st</sup> 2010, 64.57% (previous year: 65.24%) of the outstanding equity shares of the Company have been dematerialized.

### Employee Stock Option Plan (ESOP)

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

### Public Deposits

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

### Directors

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

None of the Directors to be appointed is disqualified under Section 274 (1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003.

### Directors' Responsibility Statement

The Directors hereby confirm:

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

### Report on Corporate Governance

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

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

### Code of Conduct

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

### Personnel

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

### Auditors

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

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

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

### Acknowledgment

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

On behalf of the Board of Directors  
For Valiant Communications Limited

Inder Mohan Sood  
Chairman and Managing Director

May 15<sup>th</sup> 2010, New Delhi

### ANNEXURE-I

Personnel who were in receipt of remuneration aggregating not less than Rs. 2,400,000/- per annum and employed throughout the year 2009-2010 and Rs. 200,000/- per month and employed for part of the year 2009-2010.  
NIL

### ANNEXURE-II

#### Conservation of Energy

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

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

#### Technology Absorption, Adaption & Innovation

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

### Research and Development

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

### Expenditure on R&D

Particulars	Rupees in Lakhs	
	2009-2010	2008-2009
Capital	18.50	50.90
Recurring	-	-
Total	18.50	50.90
Total R&D expenditure as % of total turnover	1.63	4.02

### Future Plan of Action

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

### Foreign Exchange Earnings and Outgo

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

Particulars	Rupees in Lakhs	
	2009-2010	2008-2009
The foreign exchange earnings	1,337.67	1,006.11
The foreign exchange advances received	31.38	13.71
The foreign exchange outgo	457.72	709.22



## MANAGEMENT DISCUSSION & ANALYSIS

### Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Accounting Standards issued by Institute of Chartered Accountants of India. The management accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the financial statements have been made on prudent and reasonable basis, in order that the financial statements reflects in a true and fair manner in the form and substance of transaction, and reasonably presents the Company's state of affairs and profits of the year.

### Shareholders Fund

A statement of Shareholders Fund as on March 31<sup>st</sup> 2010 with comparison with previous three years is given below:

*In Rupees*

Particulars	Year ended on March 31 <sup>st</sup> 2010 (Audited)	Year ended on March 31 <sup>st</sup> 2009 (Audited)	Year ended on March 31 <sup>st</sup> 2008 (Audited)	Year ended on March 31 <sup>st</sup> 2007 (Audited)
Equity Paid-up Capital	75,206,000	76,939,690	86,456,000	80,456,000
Reserve and Surplus				
- P&L A/c (Cr.)	115,689,941	120,591,690	115,616,900	106,663,806
- General Reserve	-	609,349	1,274,092	1,274,092
- Security Premium	95,524,944	98,004,648	110,850,000	83,850,000
- Capital Redemption Reserve	11,250,000	9,516,310	-	-
Less: Misc. Expenses (To the extent not written off)	-	914,307	1,828,959	2,743,611
<b>Shareholders Fund / Equity</b>	<b>297,670,885</b>	<b>304,747,380</b>	<b>312,368,033</b>	<b>269,500,287</b>
<b>Book Value (per equity share)</b>	<b>39.58</b>	<b>39.61</b>	<b>36.13</b>	<b>33.50</b>

### Industry Structure and Development

With an annual estimated market size of over US\$ 2.5 trillion, the international telecommunication business continues to see rapid change. The changes in technology are complex, but offer significant growth potential. Growth in the wireless sector, lead by growth in mobile communications has been the fastest. The size of the markets have increased dramatically, new products and technologies are being introduced at a feverish pace. There is a clear opportunity for companies to seize this opportunity with introduction of new products, technologies and applications.

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

### Opportunities

The Company is a 100% Export Oriented Unit registered under the Electronic Hardware Technology Park [EHTP] Scheme and engaged in the manufacture of Telecom

Transmission Solutions with installations in over 90 countries worldwide.

New product development, technological innovations and strength are Valiant's assets. With the introduction of new products, designs, solutions and applications, Valiant looks forward to a faster growth in sales and profits in the current financial year, while consolidating and expanding its sales and marketing initiatives worldwide.

To explore the world telecom market and to mark Valiant's presence at international level, subsidiaries namely, Valiant Communications (UK) Limited, United Kingdom and Valiant Communications FZE, United Arab Emirates, have been established. These subsidiaries offer pre-sales and post-sales support to customers in the European Union and the Gulf region.

The Company had acquired 59.43% equity stake in Valiant Infrastructure Limited, India. The present business of Valiant Infrastructure Limited is to develop know-how and technology for telecom infrastructure projects.

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

### Threats

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

### Outlook

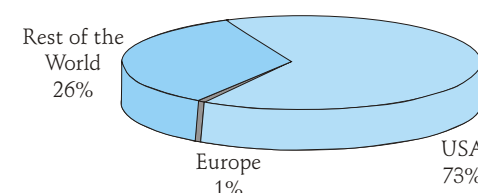
The Company continues to design, develop and introduce new products and strengthen its marketing network, worldwide. The introduction of new products and technologies are expected to help to increase export sales growth in the current year. The Company has introduced

many new products during the past one year and is confident of improving its performance in the current year ending March 31<sup>st</sup> 2011.

Many new products were also added to the product portfolio during the previous financial year. The applications of new products include WiMAX technologies, Broadband solutions, Ethernet / Internet Protocol based products, Voice Quality Enhancement solutions for wireless, wireline and long distance telephony applications, cellular / mobile network application solutions, ISPs applications, corporate and enterprises network applications.

### Segment-wise Performance

During the financial year 2009-2010, the 73% of operating revenue comes from the US, while 1% is from the European market and the balance 26% of the sales is contributed from rest of the world.



### Future Prospects

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

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

The Company will continue to introduce new products during the current financial year. New products and technologies and improved version of existing products are being introduced during the year. The Company is focused on WiMAX technologies, Broadband solutions, Ethernet transport products and technologies. Its focus is also on the mobile communication market, both of which represent the fastest growth areas, in the telecom equipment business.

### Risk and Concerns

Risk is an inherent aspect of every business, though the telecom sector being part of a rapidly changing technology orbit, the level of risk increases due to high technology obsolescence. However, the continuous technological innovation, product development, value additions by research and development can minimize this class of business

risk. Effective reporting and control mechanisms ensure timely information availability and facilitate proactive risk management.

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

The Board of Directors is responsible for monitoring risk levels on various parameters and their implementation to ensure the de-risking of the business at various levels. Further, the Audit Committee provides the direction on the risk management.

### Exchange Rate Fluctuation

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

### Internal Control System

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

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

### Human Resources

Human resources are most precious asset of your Company and the Company seeks to attract and retain the best talent available. The Company provides an environment, which encourages initiatives, innovative thinking and recognizes and rewards performance. Since the Company operates in state-of-the-art technologies, necessary training and development of its personnel are conducted on a continuous basis. Industrial relations with all employees are cordial. The staff strength of the Company as on March 31<sup>st</sup> 2010 is 40.

### Financial Performance

During the year under review, the total income was Rs. 1,160 lakh (previous year: Rs. 1,265 lakh). The gross profit was Rs. 241 lakh (previous year: Rs. 339 lakh) and the net profit was Rs. 109 lakh (previous year: Rs. 244 lakh).

### Cautionary Statement

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

## CORPORATE GOVERNANCE

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

The Company strives to set and achieve high standards of Corporate Governance. "Endeavor to maximization of shareholders wealth" is the edifice on which the Corporate Governance initiative of Valiant Communications Limited is built on. The Company is of the view that transparency in management, best board practices and empowerment of shareholders are essential for maximizing shareholders value.

### Board of Directors

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

The Board of Directors met five times on 14.05.2009, 02.06.2009, 30.07.2009, 29.10.2009, 29.01.2010 during the financial year 2009-2010.

Details of the Composition of the Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorships / other committee memberships held during the financial year 2009-2010, are given below:

Name of Directors	Board meetings attended during the year	Directorship in other public limited companies
Sh. I.M. Sood <i>Chairman &amp; Managing Director</i>	5	1
Sh. D.M. Sood <i>Executive Director</i>	5	1
Sh. Anil Tandon <i>Executive Director</i>	5	1
Sh. Gaurav Kaura <i>Independent Non Executive Director</i>	4	-
Sh. Vidur Bharadwaj <i>Independent Non Executive Director</i>	2	1
Sh. Avinash Verma <i>Independent Non Executive Director</i>	4	-

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

### Audit Committee

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

The powers, role and terms of reference of the Audit Committee cover the areas as specified under the Listing Agreement and the Companies Act, 1956, besides other terms as may be referred by the Board. The functions of Audit Committee includes reviewing the Company's financial reporting process, disclosure norms, internal control systems, accounting policies and practices as well as

quarterly / half yearly financial statements. It approves appointment of Chief Financial Officer, recommends appointment of Statutory Auditors, fixes audit fees and reviews matters required to be included in Director's Responsibility Statements, review of employees' remuneration packages and its financial implications, disclosures of related party transactions (if any), internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

The members of the Audit Committee met four times on 02.06.2009, 30.07.2009, 29.10.2009, 29.01.2010 during the financial year 2009-2010.

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

Name	Category	Number of Audit Committee Meeting Held		Attended
Sh. Gaurav Kaura	Chairman	4		4
Sh. Avinash Verma	Member	4		4
Sh. Vidur Bharadwaj	Member	4		2
Sh. D.M. Sood	Member	4		4

### Investors Grievance Committee

To focus on the shareholders' grievances towards strengthening investor relations, the Board has constituted an Investors Grievance Committee under the Chairmanship of Sh. Gaurav Kaura, an Independent Non-Executive Director with two other Independent Non-Executive Directors namely, Sh. Avinash Verma and Sh. Vidur Bharadwaj and one Executive Director, Sh. D.M. Sood.

During the year, the Company received total thirteen queries regarding change of addresses of shareholders, non-receipt of Annual Report / Dividend Warrant / Transfer of Shares / Dematerialization etc. All complaints were attended to the satisfaction of the investors. There were no pending share transfers at the close of the financial year ended on March 31<sup>st</sup> 2010.

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

### Remuneration Committee

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

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

### Remuneration Policy

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

### Details of Remuneration Paid to Directors

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

Name & Category	Annual Salary	Directors' Fees	Service Contract
Sh. I.M. Sood <i>Chairman &amp; Managing Director</i>	1,740,000	Nil	Up to 16/08/2014
Sh. D.M. Sood <i>Executive Director</i>	1,632,000	Nil	Up to 30/11/2014
Sh. Anil Tandon <i>Executive Director</i>	989,400	Nil	Up to 29/05/2013
Sh. Gaurav Kaura <i>Independent Non Executive Director</i>	Nil	20,000	Not Applicable
Sh. Vidur Bharadwaj <i>Independent Non Executive Director</i>	Nil	20,000	Not Applicable
Sh. Avinash Verma <i>Independent Non Executive Director</i>	Nil	10,000	Not Applicable

The applicable notice period is one month for all Executive Directors.

No stock options have been allotted to any Director(s) during the financial year 2009-2010.

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

As on March 31<sup>st</sup> 2010, the shareholdings of Non-Executive Independent Directors are as follows:

Name	Total no. of Shares	Shareholding in % age
Sh. Gaurav Kaura	Nil	Nil
Sh. Vidur Bharadwaj	40,000	0.53
Sh. Avinash Verma	27,301	0.36

### Directors Inter-se Relations

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

### Disclosures

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

- The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement.

### General Body Meeting

Location and time for the last three Annual General Meeting:

	Date and Time	Venue
16 <sup>th</sup> Annual General Meeting	August 17 <sup>th</sup> 2009 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110041
15 <sup>th</sup> Annual General Meeting	August 27 <sup>th</sup> 2008 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110041
14 <sup>th</sup> Annual General Meeting	August 9 <sup>th</sup> 2007 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110041

During the previous three years, the Company has passed special resolutions in the 16<sup>th</sup> and 15<sup>th</sup> Annual General Meetings; however, the Company had not passed any special resolution during last three years, by way of postal ballot. There is no proposed special resolution to be passed by way of postal ballot under the Companies (Postal Ballot) Rules, 2001.

### Means of Communications

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

In addition to above, the Company's quarterly half-yearly and annual audited financial results and other statutory filings are also available on [www.corpfiling.co.in](http://www.corpfiling.co.in) pursuant to listing agreement.

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

### Shareholders' Information

#### a. Annual General Meeting:

The information regarding the 17<sup>th</sup> Annual General Meeting during the year 2010 is as follows:

Date : August 16<sup>th</sup> 2010  
Time : at 9.30 a.m.  
Place : Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110041

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

#### c. Date of Book Closure: August 7<sup>th</sup> 2010 to August 16<sup>th</sup> 2010 (both days inclusive)

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



## e. Market Price Data:

Month	Valiant' market price in BSE		BSE Sensex	
	High	Low	High	Low
April	26.50	21.00	11,492	9,546
May	29.15	22.00	14,931	11,621
June	37.40	24.65	15,600	14,017
July	35.40	23.20	15,733	13,220
August	39.90	25.90	16,002	14,684
September	33.80	27.45	17,143	15,357
October	33.00	25.20	17,493	15,805
November	29.90	24.00	17,290	15,331
December	28.50	25.05	17,531	16,578
January	39.00	25.00	17,790	15,982
February	29.40	24.90	16,669	15,652
March	31.65	23.00	17,793	16,438

f. Distribution of Shareholding  
(as on 31<sup>st</sup> March 2010)

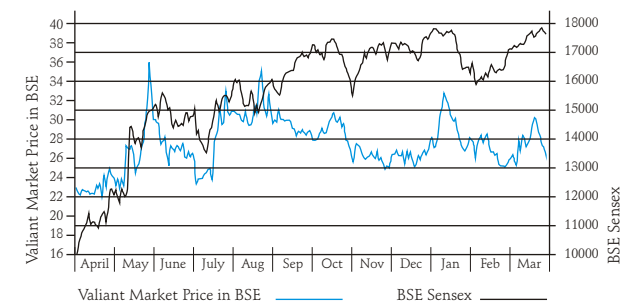
No. of equity shares held	No. of Shareholders	% of Shareholders
Up to 250	3,628	68.66
251-500	812	15.37
501-1000	405	7.66
1001-2000	177	3.35
2001-3000	77	1.46
3001-4000	34	0.64
4001-5000	31	0.59
5001-10000	47	0.89
10001 & above	73	1.38

No. of equity shares held	No. of Shares held	% of Shares held
Up to 250	383,909	5.10
251-500	334,150	4.44
501-1000	340,911	4.54
1001-2000	279,911	3.72
2001-3000	201,046	2.67
3001-4000	126,132	1.68
4001-5000	146,410	1.95
5001-10000	362,574	4.82
10001 & above	5,345,557	71.08

g. Shareholding Pattern  
(as on 31<sup>st</sup> March 2010)

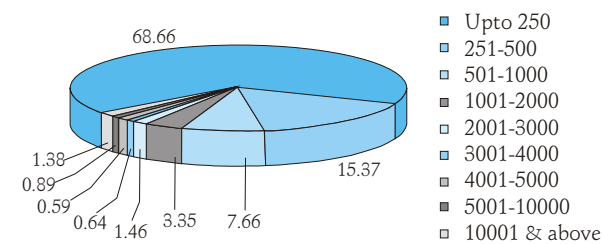
Categories	No. of Shares	Shareholding in %
Promoters, directors, relatives and associates	2,787,322	37.06
Mutual funds	3,900	0.05
Private corporate bodies	1,121,837	14.92
Indian public	2,818,146	37.47
NRIs/OCBs/FIIs	789,395	10.50
<b>Total</b>	<b>7,520,600</b>	<b>100.00</b>

Valiant Market Price Vs. BSE Sensex\*

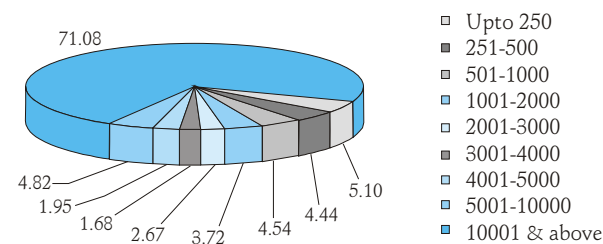


\*Data Source – official website of Bombay Stock Exchange  
www.bseindia.com

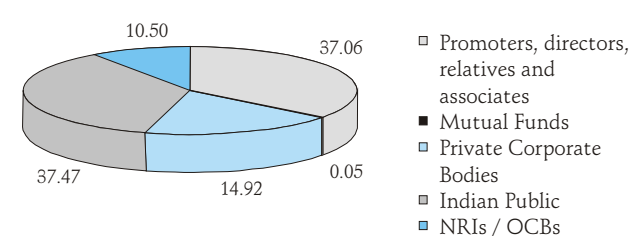
Distribution of Shareholders



Distribution of Total Shareholding



Shareholding Distribution



## h. Dividend:

The Board of Directors have recommended for the approval of the shareholders, a dividend of Rs. 1.20/- (i.e. 12%) per equity share, on face value of Rs. 10/- per share on the paid-up equity share capital in respect of financial year 2009-2010, which will be paid after August 16<sup>th</sup> 2010 to those members of the Company whose name appear in the Company's Register of Members as at the end of business hours on August 6<sup>th</sup> 2010.

## i. Listing of Shares:

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

## Bombay Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.

Listing Fee: The Company has paid, till date, the listing fees of Bombay Stock Exchange, Mumbai, for the year 2009-2010 and 2010-2011.

## j. Share Transfer System:

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

## k. Registrar and Share Transfer Agent:

M/s. Link Intime India (P) Ltd. have been appointed as

Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical and electronics mode. All transfers, transmissions, requests related to correspondence / queries, intimation of change of address and dividend mandate etc. should be addressed to our RTA directly at the following address:

LINK INTIME INDIA (P) LTD.

A-40, 2<sup>ND</sup> FLOOR

NARIANA INDUSTRIAL AREA, PHASE-II

NEW DELHI-110 028

TELEPHONE NO. +91-11-4141 0592

## l. Dematerialisation of Shares and Liquidity:

The Company's equity shares are in demat trading segment and the Company has established connectivity with both NSDL and CDSL by signing the necessary agreements. As on March 31<sup>st</sup> 2010, 64.57% of the Company's equity Share Capital has been dematerialised.

## m. Address for Factory / Correspondence:

Valiant Communications Ltd.

71/1, Shivaji Marg,

New Delhi 110015, India

## n. Compliance Officer:

Sh. Manish Kumar, Company Secretary

Valiant Communications Ltd.

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Valiant Communications Limited,

We have examined the compliance of the conditions of Corporate Governance by Valiant Communications Limited (the Company) for the year ended March 31<sup>st</sup> 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

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

Kapil Aggarwal  
(Partner)  
Membership No.82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

## AUDITORS' REPORT

To the Members of  
VALIANT COMMUNICATIONS LIMITED,

We have audited the attached Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') as at March 31<sup>st</sup> 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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;
- The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors, as on March 31<sup>st</sup> 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup> 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 read with the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
  - In the case of the Balance Sheet, of the state of affairs of the Company as at March 31<sup>st</sup> 2010;
  - In the case of the Profit & Loss Account, of profit for the period ended on that date; and
  - In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) thereof)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of information available.

According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.

During the year, the Company has not disposed off any major part of the fixed assets.

- The stocks of the finished goods, stores and spare parts have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of stocks, as compared to book records.

- We are informed that the Company has not taken / granted any loans, secured or unsecured, from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- As explained to us, there has not been any transaction during the year that needs to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding during the year to Rs. 5,00,000 or more in respect of each such party.
- During the year, the Company has not accepted any deposits within the meaning of Sections 58 A and 58 AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.
- In our opinion, the Company has an Internal Audit System commensurate with the size and the nature of its business.
- The Company is not required to maintain cost records as prescribed under Section 209 (1) (d) of the Companies Act, 1956.
- There are no accumulated losses at the end of the financial year and the Company has not incurred any cash losses in the current financial year and preceding financial year. Hence the requirements of Clause (x) of Paragraph 4 of the Order are not applicable to the Company.
- The Company has not taken any loans (either secured or unsecured) including term loans from financial institutions or banks or debenture holders.
- The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a Chit Fund, Nidhi or mutual benefit society. Hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- The Company has kept adequate records of its transactions and contracts in shares, securities, and other investments and timely entries have been made therein. The shares, securities and other investments are held in the name of the Company or are in the process of being transferred in the Company's name.
- The Company has not taken any term loans.

15. The Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty and other material statutory dues applicable to it.

According to the information and explanations given to us, there are no statutory dues payable in respect of Provident Fund Investor, Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, cess which are outstanding as at March 31<sup>st</sup> 2010, for a period of more than six months from the date they became payable.

According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, Service tax, and cess as at March 31<sup>st</sup> 2010, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	Rs. 41,245,827/-	Assessment Years 2003-2004, 2004-2005, 2006-2007 & 2007-2008	Appellate Authorities (Below Tribunal)

16. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

17. The Company has not issued any debentures. Hence the requirements of Clause (xix) of Paragraph 4 of the Order are not applicable to the Company.

18. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment and vice versa.

19. According to the information and explanations given to us, no preferential allotment of shares has been made by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

20. The Company has not raised any money from public issue during the year. Hence the requirements of Clause (xx) of Paragraph 4 of the Order are not applicable to the Company.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

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

Kapil Aggarwal  
(Partner)  
Membership No. 82908

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**BALANCE SHEET AS AT**  
(In Rupees)

Particulars	Sch. No.	31-03-2010	31-03-2009
<b>I. SOURCES OF FUNDS</b>			
1) Shareholders Funds			
a) Share capital	I	75,206,000	76,939,690
b) Reserves & surplus	II	222,464,885	228,721,997
2) Loan Funds			
a) Secured loans		-	-
b) Unsecured loans		-	-
3) Deferred Tax Liability		4,395,520	-
<b>TOTAL</b>		<b>302,066,405</b>	<b>305,661,687</b>
<b>II. APPLICATION OF FUNDS</b>			
1) Fixed Assets	III		
a) Gross block		115,578,985	112,224,362
b) Less: Accumulated depreciation		62,756,921	55,509,055
c) Net block		52,822,064	56,715,307
d) Capital work-in-progress including capital advances		4,053,373	-
		56,875,437	56,715,307
2) Investments	IV	21,586,800	55,565,208
3) Current Assets, Loans and Advances			
a) Inventories	V	81,503,800	84,413,703
b) Sundry debtors	VI	12,818,947	13,233,243
c) Cash and bank balances	VII	141,479,253	106,536,274
d) Other current assets		-	-
e) Loans and advances	VIII	10,120,054	9,627,791
<b>TOTAL (A)</b>		<b>245,922,054</b>	<b>213,811,011</b>
Less:			
Current Liabilities and Provisions	IX		
a) Current liabilities		6,429,750	7,197,408
b) Provisions		15,888,136	14,146,738
<b>TOTAL (B)</b>		<b>22,317,886</b>	<b>21,344,146</b>
<b>Net Current Assets (A-B)</b>		<b>223,604,168</b>	<b>192,466,865</b>
4) Miscellaneous Expenditure	X	-	914,307
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>302,066,405</b>	<b>305,661,687</b>
Significant Accounting Policies	XIV		
Notes to Accounts	XV		

Schedules referred to above and notes attached thereto form an integral part of balance sheet.  
This is the balance sheet referred to in our report of even date.

For and on behalf of  
  
B. AGGARWAL & CO.  
Chartered Accountants  
  
Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director  
  
Manish Kumar  
Company Secretary



VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED**  
(In Rupees)

Particulars	Sch. No.	31-03-2010	31-03-2009
<b>INCOME</b>			
Sales & other income	XI	116,012,968	126,506,130
<b>TOTAL INCOME</b>		<b>116,012,968</b>	<b>126,506,130</b>
<b>EXPENDITURE</b>			
Manufacturing & other expenditure	XIII	91,009,133	91,700,730
Expenditure amortized	X	914,307	914,652
<b>TOTAL EXPENDITURE</b>		<b>91,923,440</b>	<b>92,615,382</b>
Profit before depreciation		24,089,528	33,890,748
Less: Depreciation		7,247,866	6,157,687
Profit before tax		16,841,662	27,733,061
Less: Income tax for previous years		551,915	(328,374)
Less: Income tax for the current year		5,113,164	3,445,000
Less: Deferred tax for the current year		235,015	-
Less: Fringe benefits tax for previous years		-	55,607
Less: Fringe benefits tax for the current year		-	176,000
Profit after tax		10,941,568	24,384,828
Add: Profit brought forward		120,591,690	115,616,900
<b>Profit Available for Appropriation</b>		<b>131,533,258</b>	<b>140,001,728</b>
<b>APPROPRIATION</b>			
Proposed dividend		9,024,720	9,024,720
Dividend distribution tax		1,533,751	1,533,751
Transferred to general reserve		1,124,341	8,851,567
<b>Balance Carried to Balance Sheet</b>		<b>119,850,446</b>	<b>120,591,690</b>
Significant Accounting Policies	XIV		
Notes to Accounts	XV		

Schedules referred to above and notes attached thereto form an integral part of profit and loss account.  
This is the profit & loss account referred to in our report of even date.

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

For and on behalf of the Board

Inder Mohan Sood  
Managing Director

Manish Kumar  
Company Secretary

Davinder Mohan Sood  
Director

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**SCHEDULES FORMING PART OF  
THE BALANCE SHEET AS AT**  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>I. SHARE CAPITAL AUTHORISED</b>		
15,000,000 (previous year: 15,000,000) equity shares of Rs. 10/- each	150,000,000	150,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
7,520,600 (previous year: 7,693,969) equity shares of Rs. 10/- each fully paid up (refer note 6 of schedule XV)	75,206,000	76,939,690
<b>TOTAL</b>	<b>75,206,000</b>	<b>76,939,690</b>
<b>II. RESERVES AND SURPLUS</b>		
Securities Premium Account		
Balance brought forward	98,004,648	110,850,000
Less: Utilized for buy-back of equity shares	2,479,704	12,845,352
	95,524,944	98,004,648
Capital Redemption Reserve		
Balance brought forward	9,516,310	-
Add: Transferred from general reserve	1,733,690	9,516,310
	11,250,000	9,516,310
General Reserve		
Balance brought forward	609,349	1,274,092
Add: Transferred from profit and (loss) account	1,124,341	8,851,567
Less: Transferred to capital redemption reserve (refer note 6 of schedule XV)	1,733,690	9,516,310
	-	609,349
Profit and (loss) account (undistributed profits)	119,850,446	120,591,690
Less: Deferred tax for prior period	4,160,505	-
	115,689,941	120,591,690
<b>TOTAL</b>	<b>222,464,885</b>	<b>228,721,997</b>

**III. FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION & AMORTIZATION		NET BLOCK	
Description	As at 01-04-2009	Additions during the year	Deductions during the year	Total up to 31-03-2010	Depreciation for the year ended 31-03-2010	Accumulated Depreciation Up to 31-03-2010	Total as at 31-03-2009	Total as at 31-03-2010
Tangible Assets								
Building	18,106,657	-	-	18,106,657	295,139	1,801,484	16,600,312	16,305,173
Plant & Machinery	18,770,720	-	-	18,770,720	891,609	11,687,358	7,974,971	7,083,362
Electric Fitting	821,998	-	-	821,998	39,045	336,490	524,553	485,508
Office Equipment	2,971,710	107,194	-	3,078,904	143,224	1,445,554	1,669,380	1,633,350
Air Conditioner	982,733	10,575	-	993,308	46,921	358,965	670,689	634,343
Generator Set	732,487	-	-	732,487	34,793	260,748	506,532	471,739
Vehicles	4,333,624	400,523	-	4,734,147	446,095	2,174,933	2,604,786	2,559,214
Tools & Dies	1,499,146	339,305	-	1,838,451	189,590	948,646	740,090	889,805
Testing Equipment	14,123,709	-	-	14,123,709	670,876	5,086,956	9,707,629	9,036,753
Furniture & Fittings	3,532,636	16,138	-	3,548,774	223,988	1,882,980	1,873,644	1,665,794
Computer	2,334,331	144,558	-	2,478,889	246,136	1,850,420	730,047	628,469
Intangible Assets								
Software	8,035,489	486,330	-	8,521,819	1,357,265	4,100,966	5,291,788	4,420,853
Technical Know-How	35,979,122	1,850,000	-	37,829,122	2,663,185	30,821,421	7,820,886	7,007,701
Total	112,224,362	3,354,623	-	115,578,985	7,247,866	62,756,921	56,715,307	52,822,064
Capital work-in-progress including capital advances							-	4,053,373
							56,715,307	56,875,437
Previous Year	104,470,315	7,754,047	-	112,224,362	6,157,687	55,509,055	55,118,947	56,715,307



VALIANT COMMUNICATIONS LIMITED, NEW DELHI

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>IV. INVESTMENTS</b>		
<i>(in shares, debentures or bonds)</i>		
<b>Long-Term (at cost)</b>	<b>Face value of each</b>	
a) Trade investments in subsidiaries (unquoted, fully paid up):		
i) Valiant Communications (UK) Limited, United Kingdom; 225,000 (previous year: 225,000) ordinary shares	GBP 1.00	17,758,130
ii) Valiant Communications FZE, United Arab Emirates; 1 (Previous year: nil) equity share	AED 150,000	1,915,800
iii) Valiant Infrastructure Ltd., India; 191,287 (previous year: 188,787) equity shares	Rs. 10.00	1,912,870
iv) Valiant Communications & Technologies Inc., United States of America; nil (previous year: 65,000,000) capital stocks	USD 0.01	-
b) Other than trade investments (quoted, fully paid up):		
i) Rallis India Ltd.; nil (previous year: 2,025) equity shares	Rs. 10.00	-
ii) Siemens Ltd.; nil (previous year: 2,000) equity shares	Rs. 2.00	-
iii) Tata Chemicals Ltd.; nil (previous year: 10,000) equity shares	Rs. 10.00	-
iv) Tata Metaliks Ltd.; nil (previous year: 5,000) equity shares	Rs. 10.00	-
v) Tata Steel Ltd.; nil (previous year: 5,000) equity shares	Rs. 10.00	-
vi) Tata Sponge Iron Ltd.; nil (previous year: 10,000) equity shares	Rs. 10.00	-
<b>TOTAL</b>	<b>21,586,800</b>	<b>55,565,208</b>
<b>V. INVENTORIES</b>		
Raw material	45,117,834	51,931,310
Semi finished	36,385,966	32,482,393
<b>TOTAL</b>	<b>81,503,800</b>	<b>84,413,703</b>
<b>VI. SUNDRY DEBTORS</b> <i>(Unsecured, but considered good)</i>		
Debts (outstanding for less than 6 months)	12,818,947	13,233,243
<b>TOTAL</b>	<b>12,818,947</b>	<b>13,233,243</b>
<b>VII. CASH &amp; BANK BALANCES</b>		
Cash balance on hand	128,826	592,222
<i>Balances with scheduled banks</i>		
Current accounts*	20,415,046	15,371,126
Fixed deposits	120,935,381	90,572,926
<b>TOTAL</b>	<b>141,479,253</b>	<b>106,536,274</b>
* It includes balance in unclaimed dividend accounts.		

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT

(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>VIII. LOANS &amp; ADVANCES</b> <i>(Unsecured, but considered good)</i>		
Sundry advances to suppliers and others	1,924,622	1,955,917
Tax deducted at source by banks	1,443,304	2,263,402
Advance income and other taxes	6,356,396	5,065,977
Prepaid expenses	395,732	342,495
<b>TOTAL</b>	<b>10,120,054</b>	<b>9,627,791</b>
<b>IX. CURRENT LIABILITIES AND PROVISIONS</b>		
<i>Current liabilities</i>		
Sundry creditors	2,357,388	4,876,307
Advances from customers	3,138,360	1,522,527
Investor Education and Protection Fund shall be credited by unclaimed dividend	934,002	798,574
<i>Provisions</i>		
Provision for income tax	5,113,164	3,445,000
Provision for short-term employees benefits	216,501	143,267
Proposed dividend	9,024,720	9,024,720
Dividend distribution tax on proposed dividend	1,533,751	1,533,751
<b>TOTAL</b>	<b>22,317,886</b>	<b>21,344,146</b>
<b>X. MISCELLANEOUS EXPENDITURE</b>		
<i>(To the extent not written off)</i>		
Preliminary expenses	914,307	1,828,959
Less: written off	914,307	914,652
<b>TOTAL</b>	<b>-</b>	<b>914,307</b>

## VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF  
THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>XI. SALES AND OTHER INCOME</b>		
<i>Sales</i>		
Exports	102,368,622	113,551,909
<i>Other income</i>		
Unrealized foreign exchange rate fluctuation gain / (loss)	(678,528)	375,975
Bank interest*	9,591,267	10,909,037
Dividend income (quoted, long-term, non-trade investments)	112,400	-
Profits on sale of fully paid-up investments:		
Long-term (unquoted trade investments in subsidiary)	593,071	-
Long-term (other quoted non-trade investments)	4,026,136	-
Current (other quoted non-trade investments)	-	1,669,209
<b>TOTAL</b>	<b>116,012,968</b>	<b>126,506,130</b>
*Amount is gross of tax deduction at source (refer Schedule VIII)		
<b>XII. COST OF MATERIAL</b>		
<i>Raw material</i>		
Opening stock	51,931,310	45,136,136
Add: Purchases	49,694,608	66,729,464
	101,625,918	111,865,600
Less: Closing stock	45,117,834	51,931,310
Raw material consumed	56,508,084	59,934,290
<i>Semi finished</i>		
Opening stock	32,482,393	27,174,239
Less: Closing stock	36,385,966	32,482,393
(Increase) / decrease in inventories	(3,903,573)	(5,308,154)
<b>Cost of material</b>	<b>52,604,511</b>	<b>54,626,136</b>
<b>XIII. MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Cost of material	52,604,511	54,626,136
Stores and spares consumed	364,692	266,264
Power & fuel	730,128	707,208
Repairs to plant & machinery	105,249	117,674
Other manufacturing expenses	1,229,361	1,266,046
	55,033,941	56,983,328
<b>Personnel Cost</b>		
Salary, wages and benefits	15,590,149	11,939,421
Contribution to provident and other funds	486,657	494,830
Staff welfare	728,199	578,661
Directors' fee	50,000	40,000
	16,855,005	13,052,912
<b>Administrative and other expenses</b>		
Rent	720,000	720,000
Rates & taxes	17,604	21,723
Postage, phones & grams	673,711	730,762
Printing & stationery	861,235	832,393

## VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF  
THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>XIII. MANUFACTURING &amp; OTHER EXPENSES (Continued..)</b>		
<b>Administrative and other expenses</b>		
Traveling expenses	3,644,647	2,411,974
Insurance	214,197	291,141
Advertisement expenses	436,125	349,758
Office general expenses	439,938	201,414
Vehicle repair & maintenance	473,159	452,785
Freight & cartage	5,863,237	6,922,093
Books & periodicals	8,822	28,804
Charity & donation	34,000	43,601
Securities buy-back expenses	179,541	783,911
Cost recovery charges	110,000	232,500
Security guard expenses	440,388	366,000
Miscellaneous expenses	75,514	56,080
Auditors remuneration	225,000	225,000
Bank charges	526,047	512,292
Legal & professional charges	2,286,627	4,708,416
	17,229,792	19,890,647
<b>Selling and distribution expenses</b>		
Packing & forwarding	729,348	727,722
Business promotion	429,691	499,537
Royalty	731,356	546,584
	1,890,395	1,773,843
<b>TOTAL</b>	<b>91,009,133</b>	<b>91,700,730</b>

## XIV. SIGNIFICANT ACCOUNTING POLICIES

## 1. Accounting assumption

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

## 2. Employees benefits

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

- Provident fund is a defined contribution scheme and the contributions are charged to the profit & loss account of the year when the contributions to the government funds are due.
- Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation as per

projected unit credit method, made at the end of each financial year. The Company has taken a policy with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and premium paid to the LIC is charged to Profit and Loss Account. The difference between the actuarial valuation of the gratuity liability of the employees at the year end and the balance of funds with LIC is provided for as liability in the books.

- Employees are entitled to short-term compensated absences, which are provided for on the basis of estimates.
- Actuarial gains / losses are immediately taken to the profit and loss account and are not deferred.

## 3. Fixed assets

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

In accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India, consideration is

given at the date of balance sheet to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets to recognize impairment loss. However, during the financial year under reporting, there is no indication which gives an expression of impairment loss in carrying amount of the Company's fixed assets.

#### 4. Depreciation and amortization

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

Technical know-how	: 4 years
Software	: 6 years

#### 5. Inventories valuation

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

#### 6. Transactions of foreign currencies

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

#### 7. Investments

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

#### 8. Miscellaneous expenditure

Preliminary expenses are amortized over a period of ten years.

#### 9. Revenue recognition

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

#### 10. Income tax

Provision for current income tax liability is made on

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

#### 11. Lease

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

#### 12. Contingent liabilities and provisions

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

#### 13. Use of estimates

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

#### 14. Earning per share

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

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

#### 15. Segment reporting

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

## XV. NOTES TO ACCOUNTS

### 1. Directors' remuneration:

(In Rupees)		
For the year ended March 31 <sup>st</sup>		
Particulars	2010	2009
<b>Managing Director and Whole-time Directors</b>		
Salary	4,361,400	3,441,757
Contribution to provident and other funds	28,080	26,520
Commission	-	-
Other allowances and perquisites	-	-
<b>Other Directors</b>		
Directors' fee	50,000	40,000
<b>TOTAL</b>	<b>4,439,480</b>	<b>3,508,277</b>

Apart from the above mentioned remuneration, all executive directors are entitled for gratuity in accordance with the provisions of the Payment of Gratuity Act, 1972, payable only at the time of disassociation with the Company.

### 2. Auditor's remuneration:

(In Rupees)		
For the year ended March 31 <sup>st</sup>		
Particulars	2010	2009
Statutory audit fee	125,000	125,000
Certification & other charges	35,000	35,000
Tax audit	65,000	65,000
Service tax	-	-
<b>TOTAL</b>	<b>225,000</b>	<b>225,000</b>

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

### 3. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956:

For the year ended March 31 <sup>st</sup>		
A. Particulars	2010	2009
a) Licenced capacity	N.A.	N.A.
b) Installed capacity (lines)		
Telecom transmission equipment / cards (Nos.)	30,000	30,000
c) Production		
Telecom transmission equipment / cards (Nos.)	7,608	11,001

(In Rupees)		
For the year ended March 31 <sup>st</sup>		
B. Particulars	2010	2009
a) Opening stock		
Raw material		
Electronic components	49,855,690	43,616,174
Hardware	2,075,620	1,519,962
	51,931,310	45,136,136
Semi finished (telecom equipment)	32,482,393	27,174,239
Finished goods	-	-
<b>TOTAL</b>	<b>84,413,703</b>	<b>72,310,375</b>
b) Turnover		
Telecom transmission equipment / cards	102,368,622	113,551,909
[Total 7,608 cards (previous year: 11,001 cards)]		



(In Rupees)

**For the year ended March 31<sup>st</sup>**

B. Particulars	2010	2009
c) Closing stock		
Raw material		
Electronic components	44,824,564	49,855,690
Hardware	293,270	2,075,620
	45,117,834	51,931,310
Semi finished (telecom equipment)	36,385,966	32,482,393
Finished goods	-	-
<b>TOTAL</b>	<b>81,503,800</b>	<b>84,413,703</b>
d) Consumption of raw material		
Electronic components	53,808,190	57,939,248
[Total Qty. (in Nos.) 614,652 (previous year: 644,872)]		
Hardware	2,699,894	1,995,042
[Total Qty. (in Nos.) 8,145 (previous year: 3,613)]		
<b>TOTAL</b>	<b>56,508,084</b>	<b>59,934,290</b>
e) Earning in foreign currency		
Value of exports (FOB)		
Telecom transmission equipment / cards	100,579,437	106,719,387
Others	-	-
Profit on sale of investments in foreign subsidiary	593,071	-
f) Expenditure in foreign currency		
Raw material	40,230,345	48,183,694
Capital goods	-	811,579
Total import (CIF)	40,230,345	48,995,273
Traveling expenses	1,420,789	1,317,979
g) Value of imported and indigenous raw material and stores and spares consumed with percentage		
i) Raw material		
Imported [73.27% (previous year: 72.64%)]	41,403,473	43,536,268
Indigenous [26.73% (previous year: 27.36%)]	15,104,611	16,398,022
<b>TOTAL</b>	<b>56,508,084</b>	<b>59,934,290</b>
ii) Stores and spares		
Imported [0.00% (previous year: 0.00%)]	-	-
Indigenous [100.00% (previous year: 100.00%)]	364,692	266,264
<b>TOTAL</b>	<b>364,692</b>	<b>266,264</b>

h) During the financial year ended on March 31<sup>st</sup> 2010, final dividend 2008-09, in foreign currency equivalent to Rs. 67,231/- was paid to three non resident shareholders, who hold 56,026 equity shares of the Company.

#### 4. Dividend:

For the financial year ended March 31<sup>st</sup> 2010, the Company has proposed to pay to the equity shareholders a final dividend of Rs. 1.20/- (i.e 12%) per equity share (not subject to tax deduction), total amounting to Rs. 9,024,720/- excluding dividend distribution tax.

During the financial year ended March 31<sup>st</sup> 2010, the Company had declared and paid to the equity shareholders a final dividend for the financial year ended March 31<sup>st</sup> 2009, of Rs. 1.20/- (i.e 12%) per equity share (not subject to tax deduction), total amounting to Rs. 9,024,720/- excluding dividend distribution tax.

#### 5. Segment-wise revenue and results:

(In Rupees)

**For the year ended March 31<sup>st</sup>**

Particulars	2010	2009
a) Revenue by Geographical Segment		
USA	74,362,263	75,752,939
Europe	656,700	6,424,995
Rest of the world	27,349,659	31,373,975
<b>TOTAL</b>	<b>102,368,622</b>	<b>113,551,909</b>
Less: Inter segment revenue	-	-
<b>Net Sales / Revenue from operation</b>	<b>102,368,622</b>	<b>113,551,909</b>
b) Segment Results: Profit / (Loss) before tax and interest		
USA	36,149,475	39,310,660
Europe	319,239	3,334,138
Rest of the world	13,295,397	16,280,975
<b>TOTAL</b>	<b>49,764,111</b>	<b>58,925,773</b>
Less: Interest	Nil	Nil
Less: Other unallocable expenditure	46,566,795	44,146,934
Add: Other unallocable income	13,644,346	12,954,222
<b>Profit before tax</b>	<b>16,841,662</b>	<b>27,733,061</b>

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

#### 6. Buy-back of equity shares:

The Board of Directors at their meeting held on September 8<sup>th</sup> 2008, had announced buy-back of its fully paid equity shares from existing shareholders and beneficial owners in accordance with the relevant provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, at a price not exceeding Rs. 32/- per share. The Company opted to buy-back shares from open market through stock exchange route and the total offer size aggregates to Rs. 31,419,700/-, but subject to the maximum limit of 1,125,000 equity shares.

During the year under reporting, the Company had bought back and extinguished 173,369 (previous year: 951,631) equity shares having face and fully paid-up value of Rs. 10/- each. The difference between the nominal value and amount spent for buy-back, amounting to Rs. 2,479,704/- (previous year: Rs. 12,845,352/-) has been appropriated from the securities premium account. The Company has transferred Rs. 1,733,690/- (previous year: Rs. 9,516,310/-) from general reserve to capital redemption reserve which represented the nominal value of shares bought back during the year under reporting.

The Company has bought back the maximum limit of 1,125,000 equity shares up to May 8<sup>th</sup> 2009 for an aggregate purchase consideration of Rs. 26,575,056/-. The Board of Directors at their meeting held on May 14<sup>th</sup> 2009, had decided to close the buy-back offer.

- The Company had filed a suit against M/s. Seh Investments for recovery of Rs. 737,574/-, which has been decided in favour of Company by the Civil Court during the current year.
- The export earnings have been shown after deducting realized foreign currency exchange fluctuation loss of Rs. 1,484,753/- (previous year: gain of Rs. 2,543,733/-).
- Basic and diluted Earning Per Share (EPS) is Rs. 1.45/- (previous year: Rs. 2.89/-) calculated by dividing the net profit (after tax) of the year by weighted average number of equity shares i.e. 7,539,368 (previous year: 8,444,061) having nominal value of Rs. 10/- each.

**10. Employees benefits:**

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

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

	<i>(In Rupees)</i>	
<b>Gratuity Scheme</b>	<b>2009-2010</b>	<b>2008-2009</b>
<b>Changes in present value of defined benefit obligation</b>		
Opening defined benefit obligation	1,549,771	2,187,032
Interest cost	160,185	125,698
Current service cost	139,572	96,581
Benefits paid	-	(233,388)
Net actuarial (gain) / loss on obligation	140,773	(626,152)
Closing defined benefit obligation	1,990,301	1,549,771
<b>Changes in fair value of plan assets</b>		
Opening fair value of plan assets	1,660,599	1,502,092
Expected return	149,454	135,188
Contribution by employer	316,521	270,804
Benefits paid	-	(233,388)
Net actuarial gain / (loss)	1,795	(14,097)
Closing fair value of plan assets	2,128,369	1,660,599
<b>Plan assets / (liability) recognized in the balance sheet</b>	138,068	110,828
<b>Net employee benefit expenses (recognized in profit and loss account)</b>		
Current service cost	139,572	96,581
Interest cost on benefit obligation	160,185	125,698
Expected return on plan assets	(149,454)	(135,188)
Net actuarial (gain) / loss recognized in the year	138,978	(612,055)
Net benefit expense	289,281	(524,964)
Actual return on plan assets	151,249	121,091
<b>Constitution of the fair value of total plan assets</b>		
Investments with insurer	100%	100%
<b>Principal actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
<b>Contribution to defined contribution plan</b>		
Provident fund	401,852	424,303

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

The Company expects to contribute Rs. 356,086/- to gratuity in financial year 2010-2011. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Current and previous year's figures as required to be disclosed under Para 120(n) are as follows:**

	<i>(In Rupees)</i>		
<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2007-2008</b>
Defined benefit obligation	(1,990,301)	(1,549,771)	(2,187,032)
Plan assets	2,128,369	1,660,599	1,502,092
Surplus / (deficit)	138,068	110,828	(684,940)
Experience adjustments on plan liabilities	(140,773)	626,152	(3,669)
Experience adjustments on plan assets	1,795	(14,097)	4,197

**11. Contingent liabilities (not provided for) in respect of:**

	<i>(In Rupees)</i>	
	<b>As at March 31<sup>st</sup></b>	
<b>Particulars</b>	<b>2010</b>	<b>2009</b>
a) Appeal against Company's cenvat credit refund by Central Excise Department for the financial year 2007-08	-	239,060
b) Appeal against Company by Income Tax Department in Income Tax Appellate Tribunal, for demand of the assessment year 2005-06	-	8,277,961
c) Appeal by Company against Income Tax Department in the office of Commissioner of Income Tax (Appeal) for demand of the assessment years 2003-04, 2004-05, 2006-07 and 2007-08.	41,245,827	36,108,432

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

The Commissioner of Income Tax (Appeal) has decided the aforesaid matter in favour of the Company for the assessment year 2005-06, whereas, the matter is subjudice for the assessment years 2003-04, 2004-05, 2006-07 and 2007-08. Further, the Delhi High Court has provided an interim relief to the Company, by providing stay of demands for the assessment years 2003-04, 2004-05 and 2006-07.

Further, the Income Tax Appellate Tribunal (ITAT), Delhi, in their order delivered after the balance sheet date, has also decided the aforesaid matter in favour of the Company for the assessment year 2005-06.

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

**12. Deferred tax liability:**

	<i>(In Rupees)</i>		
<b>Particulars</b>	<b>Amount charged/ credited to reserves</b>	<b>Current period charge/credit</b>	<b>Deferred tax liability/ assets as at March 31<sup>st</sup> 2010</b>
<b>Deferred tax assets</b>			
Depreciation	-	50,865	50,865
Disallowance/reversal of expenses	359,470	73,589	433,059
<b>Deferred tax liability</b>			
Depreciation	(4,519,975)	-	(4,519,975)
Disallowance/reversal of expenses	-	(359,469)	(359,469)
Net deferred tax liability	(4,160,505)	(235,015)	(4,395,520)

The Company is a 100% Export Oriented Unit registered under Electronic Hardware Technology Park Scheme with Software Technology Park of India, Govt. of India. The Company was availing of income tax benefits under the provisions of Income Tax Act, 1961. During the current year, tax holiday available to the Company has expired. The Company has made a provision of Rs. 4,395,520/-, as deferred tax liability, out of which Rs. 4,160,505/- relates to period up to March 31<sup>st</sup> 2009.

### 13. Exposures in foreign currencies:

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

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

Particulars	As at March 31 <sup>st</sup>	
	2010	2009
Creditors	USD 2,531 INR 114,245	USD 63,952 INR 3,258,330
Debtors	USD 283,982 INR 12,818,947	USD 259,730 INR 13,233,244
Advances to suppliers	USD 30,720 & JPY 674,500	USD 21,290 -
	INR 1,713,466	INR 1,084,725
Advances from customers	USD 69,525 INR 3,138,360	USD 29,883 INR 1,522,526

### 14. Net profit in accordance with the provisions of Sections 198 and 349 of the Companies Act, 1956:

(In Rupees)

Particulars	For the year ended March 31 <sup>st</sup>	
	2010	2009
Profit before tax	16,841,662	27,733,061
Add:		
Directors' remuneration	4,439,480	3,508,277
Less:		
Profit on sale of investments	4,619,207	1,669,209
Net profit as per Section 198 of Companies Act, 1956	16,661,935	29,572,129
Less:		
Directors' remuneration	4,439,480	3,508,277
Net profit as per Section 349 of Companies Act, 1956	12,222,455	26,063,852
Commission paid to directors	Nil	Nil

### 15. Related parties disclosure:

Name	Relationship	Transaction Details
Valiant Communications (UK) Ltd., UK	Subsidiary	Sale of investment amounting to Rs. 8,953,895/- (previous year: nil)
Valiant Communications FZE, UAE	Subsidiary	Equity allotment amounting to Rs. 1,915,800/- (previous year: nil)
Valiant Infrastructure Limited, India	Subsidiary	Nil
Valcomm Technologies Inc., USA	Associate	Nil
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of Rs. 4,389,480/-
Mr. Davinder Mohan Sood	Key Managerial Personnel	(previous year: Rs. 3,468,277/-)
Mr. Anil Tandon	Key Managerial Personnel	

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

### 16. Lease:

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

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

### 17. Investments:

As on balance sheet date, the aggregate value of:

(In Rupees)

S. N.	Particulars	As at March 31 <sup>st</sup> 2010		As at March 31 <sup>st</sup> 2009	
		Book Value	Market Value	Book Value	Market Value
1.	Quoted investments	-	-	5,527,708	5,263,794
2.	Unquoted investments	21,586,800	-	50,037,500	-

The Company has divested 65,000,000 capital stock of Valiant Communications & Technologies Inc., USA at par value equivalent to Rs. 30,984,571/-. The resultant gain has been shown as profit on sale of long-term investments in subsidiary.

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

(In Rupees)

Particulars	As at March 31 <sup>st</sup>	
	2010	2009
Total outstanding dues including interest, of creditors other than micro and small enterprises	1,085,591	5,391,629
Total outstanding dues including interest, of micro and small enterprises	-	-

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

20. Schedules I to XV form an integral part of balance sheet and profit and loss account.

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
Managing Director      Director

Manish Kumar  
Company Secretary



VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**CASH FLOW STATEMENT FOR THE YEAR ENDED**  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>16,841,662</b>	<b>27,733,061</b>
Adjustment for		
Depreciation	7,247,866	6,157,687
Profit on sale of investments	(4,619,207)	(1,669,209)
Bank interest	(9,591,267)	(10,909,037)
Dividend income	(112,400)	-
Preliminary expenses written off	914,307	914,652
Securities buy-back expenses	179,541	783,911
Unrealized foreign exchange (gain) / loss	678,528 (5,302,632)	(375,975) (5,097,971)
<b>Operating profit before working capital changes</b>	<b>11,539,030</b>	<b>22,635,090</b>
Adjustment for		
Trade & other receivables	(77,966)	(11,856,683)
Inventories	2,909,902	(12,103,328)
Trade & other payables	973,740	3,727,130
<b>Cash generated from operations</b>	<b>15,344,706</b>	<b>2,402,209</b>
Interest paid	-	-
Direct taxes	(5,665,079)	(3,348,233)
<b>Net cash generated from operating activities</b>	<b>9,679,627</b>	<b>(946,024)</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,354,623)	(7,754,047)
Capital work in progress including capital advances	(4,053,373)	-
Dividend income	112,400	-
Sale proceeds of investments in subsidiary	30,984,571	-
Investments in subsidiaries	(1,940,800)	(24,347,500)
Sale proceeds of other long-term investments	9,553,844	1,669,209
Investments in other long-term investments	-	(5,527,708)
Bank interest	9,591,267	10,909,037
<b>Net cash generated from investing activities</b>	<b>40,893,286</b>	<b>(25,051,009)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Funds utilized for buy-back of equity shares	(4,392,935)	(23,145,573)
Dividends paid	(9,024,720)	(8,645,600)
Dividend distribution tax	(1,533,751)	(1,469,320)
<b>Net cash generated from financing activities</b>	<b>(14,951,406)</b>	<b>(33,260,493)</b>
Unrealized foreign exchange gain / (loss)	(678,528)	375,975
<b>Net increase in cash and cash equivalents</b>	<b>34,942,979</b>	<b>(58,881,551)</b>
Cash and cash equivalents – (opening balance)	106,536,274	165,417,825
<b>Cash and cash equivalents – (closing balance)</b>	<b>141,479,253</b>	<b>106,536,274</b>

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

As per our report attached

For and on behalf of

For and on behalf of the Board

B. AGGARWAL & CO.  
Chartered Accountants

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director

Manish Kumar  
Company Secretary

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE**

I. Registration Details	
State Code 5 5	Balance Sheet Date 3 1 0 3 2 0 1 0
Registration No. 5 6 6 5 2	
II. Capital Raised during the year (Amount in Rs. Thousands)	
Public Issue NIL	Right Issue NIL
Bonus Issue NIL	Private Placements NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities 3 2 4 3 8 4	Total Assets 3 2 4 3 8 4
Sources of Funds	
Paid-up Capital 7 5 2 0 6	Application of Funds
Share Application Money NIL	Net Fixed Assets 5 6 8 7 5
Reserves & Surplus 2 2 2 4 6 5	Investment 2 1 5 8 7
Secured & Unsecured Loans NIL	Net Current Assets 2 2 3 6 0 4
Deferred Tax Liability 4 3 9 5	Accumulated Losses NIL
IV. Performance of Company (Amount in Rs. Thousand)	
Turnover including other incomes 1 1 6 0 1 3	Total Expenditure 9 9 1 7 1
Profit/Loss before Tax + 1 6 8 4 2	Profit/Loss after Tax + 1 0 9 4 2
Earning Per Share (In Rs.) 1 . 4 5	Dividend Rate (%) 1 2
V. Generic Name of Three Principal Services of Company	
Item Code number: 8517	Product Description: TELECOMMUNICATION EQUIPMENT
Item Code number: 8517-40	Product Description: OPTICAL FIBRE LINE TERMINATION
Item Code number: 85173005	Product Description: DATA COMMUNICATION EQUIPMENT

For and on behalf of

For and on behalf of the Board

B. AGGARWAL & CO.  
Chartered Accountants

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director

Manish Kumar  
Company Secretary

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

Particulars	Valiant Communication (UK) Ltd. U.K.	Valiant Communications FZE U.A.E.	Valiant Infrastructure Ltd., India
For the period ended	March 31 <sup>st</sup> 2010	March 31 <sup>st</sup> 2010	March 31 <sup>st</sup> 2010
Holding Company's interest	100% (225,000 ordinary shares of £ 1.00 each fully paid up)	100% (1 equity share of AED 150,000 each fully paid up)	59.43% (191,287 equity shares of Rs. 10.00 each fully paid up)
The net aggregate of profits or losses for the current period of the subsidiary so far as it concerns the members of the holding company	Nil	Nil	Nil
a) dealt with or provided for in the accounts of the holding company	Profit: 238,875	Loss: 336,490	Loss: 171
b) not dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil
The net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company	Nil	Not applicable	Nil
a) dealt with or provided for in the accounts of the holding company	Profit: 2,999,158	Not applicable	Loss: 3,661
b) not dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil
<b>Other information pertaining to subsidiary companies</b>			
Share capital	225,000 ordinary shares amounting to Rs. 15,307,380	1 equity share amounting to Rs. 1,830,810	324,882 equity shares amounting to Rs. 3,218,820
Reserves	3,216,056	(321,893)	(81,732)
Total assets	18,523,481	1,508,926	3,137,088
Total liabilities	18,523,481	1,508,926	3,137,088
Investments (long-term, trade)	8,205,565	Nil	Nil
Turnover (total income)	467,813	11,781	19,238
Profit / (loss) before taxation	296,529	(336,490)	(288)
Provision for taxation	57,654	Nil	Nil
Profit / (loss) after taxation	238,875	(336,490)	(288)
Proposed dividend	Nil	Nil	Nil
Currency	GBP	AED	Rupee
Exchange rate as of March 31 <sup>st</sup> 2010	Rs. 68.083	Rs. 12.205	Re. 1.000

Note: Information pertaining to subsidiary companies is provided in compliance with Central Govt. Approval vide 47/274/2010-CL-III dated April 15<sup>th</sup> 2010. The annual accounts and other related information of these subsidiary companies are available to the investors of Company's and subsidiary companies seeking such information during the business hours at the Company's registered office at any point of time. Further, the annual accounts of these subsidiaries are also kept for inspection by any investor of the Company and subsidiary companies during the business hours at the registered and head office of Company and the concerned subsidiary company.

For and on behalf of the Board

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director

Manish Kumar  
Company Secretary

VALIANT COMMUNICATIONS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31-03-2010

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors,  
VALIANT COMMUNICATIONS LIMITED

- We have audited the attached Consolidated Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') and its subsidiaries collectively referred to as "the Valiant Group" as at March 31<sup>st</sup> 2010 and also the Consolidated Profit & Loss Account and also Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our Audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
- We have not audited the financial statements of foreign subsidiary, Valiant Communications (UK) Limited, for the financial year ended on March 31<sup>st</sup> 2010, whose financial statements reflect total assets (net) of Rs. 185.23 Lakhs as at March 31<sup>st</sup> 2010, total revenues of Rs. 4.68 Lakhs and net cash out flow of Rs. 70.57 Lakhs for the year ended as on that date. These unaudited financial statements and other financial information have been presented to us prepared by management, and we do not express an opinion thereto.

As per the English Companies Act, 2006, M/s Valiant Communications (UK) Limited is defined as a small company. Consequently the provisions of Section 477 of the English Companies Act, 2006 exempts the Company from the requirement of audited accounts. Moreover, no member or members of the subsidiary have requested an audit pursuant to Section 476 of the English Companies Act, 2006. The foreign subsidiary is therefore, eligible for exemption from the provisions relating to the audit of the financial statements for the period.

- We have not audited the financial statements of foreign subsidiary, Valiant Communications FZE, United Arab Emirates, for the financial year ended on March 31<sup>st</sup> 2010 whose financial statements reflect total assets (net) of Rs. 15.09 Lakhs as at March 31<sup>st</sup> 2010, total revenues of Rs. 0.12 Lakh and net cash out flow of Rs. 3.48 Lakhs for the year ended as on that date. These unaudited interim financial statements and other financial information have been presented to us prepared by management, and we do not express an opinion thereto.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India and on the basis of audited financial statements of the Company and un-audited financial statements of its foreign subsidiaries.
- Based on our audit, and on the other financial information of subsidiaries, and to the best of our information and according to the explanations given to us but subject to our remark in paragraphs 3 & 4, the said consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
  - In the case of the Consolidated Balance Sheet, of the state of affairs of the Valiant Group as at March 31<sup>st</sup> 2010;
  - In the case of the Consolidated Profit & Loss Account, of the profit for the period ended on that date; and
  - In the case of the Consolidated Cash Flows, of the cash flows for the period ended on that date.

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

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

CONSOLIDATED BALANCE SHEET AS AT  
(In Rupees)

Particulars	Sch. No.	31-03-2010	31-03-2009
<b>I. SOURCES OF FUNDS</b>			
1) Shareholders Funds			
a) Share capital	I	75,206,000	76,939,690
b) Reserves & surplus	II	223,262,323	233,836,931
2) Loan Funds			
a) Secured loans		-	-
b) Unsecured loans		-	-
3) Minority Interest		1,272,156	1,297,273
4) Deferred Tax Liability		4,395,520	-
<b>TOTAL</b>		<b>304,135,999</b>	<b>312,073,894</b>
<b>II. APPLICATION OF FUNDS</b>			
1) Fixed Assets	III		
a) Gross block		118,084,054	114,729,431
b) Less: Accumulated depreciation		62,756,921	55,509,055
c) Net block		55,327,133	59,220,376
d) Capital work-in-progress including capital advances		4,053,373	-
		59,380,506	59,220,376
2) Investments	IV	8,692,376	46,423,286
3) Current Assets, Loans and Advances			
a) Inventories	V	81,503,800	84,413,703
b) Sundry debtors	VI	12,818,947	13,233,243
c) Cash and bank balances	VII	144,381,228	119,806,703
d) Other current assets		-	-
e) Loans and advances	VIII	19,837,443	9,986,343
<b>TOTAL (A)</b>		<b>258,541,418</b>	<b>227,439,992</b>
Less:			
Current Liabilities and Provisions	IX		
a) Current liabilities		6,532,511	7,307,530
b) Provisions		15,945,790	14,616,537
<b>TOTAL (B)</b>		<b>22,478,301</b>	<b>21,924,067</b>
Net Current Assets (A-B)		236,063,117	205,515,925
4) Miscellaneous Expenditure	X	-	914,307
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>304,135,999</b>	<b>312,073,894</b>
Significant Accounting Policies	XIV		
Notes to Accounts	XV		

Schedules referred to above and notes attached thereto form an integral part of consolidated balance sheet.  
This is the consolidated balance sheet referred to in our report of even date.

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

Inder Mohan Sood  
Managing Director

Davinder Mohan Sood  
Director

Manish Kumar  
Company Secretary



VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED**  
(In Rupees)

Particulars	Sch. No.	31-03-2010	31-03-2009
<b>INCOME</b>			
Sales & other income	XI	116,511,800	129,307,375
<b>TOTAL INCOME</b>		<b>116,511,800</b>	<b>129,307,375</b>
<b>EXPENDITURE</b>			
Manufacturing & other expenditure	XIII	91,548,214	91,985,644
Expenditure amortized		914,307	914,652
<b>TOTAL EXPENDITURE</b>		<b>92,462,521</b>	<b>92,900,296</b>
Profit before depreciation		24,049,279	36,407,079
Less: Depreciation		7,247,866	6,157,687
Profit before tax		16,801,413	30,249,392
Less: Income tax for previous years		551,915	(328,374)
Less: Income tax for the current year		5,170,818	3,914,799
Less: Deferred tax for the current year		235,015	-
Less: Fringe benefits tax for previous years		-	55,607
Less: Fringe benefits tax for the current year		-	176,000
Profit after tax before minority interest		10,843,665	26,431,360
Less: Minority interest		(117)	(1,703)
Add: Share in profit / (loss) of associate		487,011	-
Net profit		11,330,793	26,433,063
Add: Profit brought forward		124,060,405	117,770,877
<b>Profit Available for Appropriation</b>		<b>135,391,198</b>	<b>144,203,940</b>
<b>APPROPRIATION</b>			
Proposed dividend		9,024,720	9,024,720
Dividend distribution tax		1,533,751	1,533,751
Transferred to general reserve		1,124,341	8,851,567
<b>Balance carried to balance sheet</b>		<b>123,708,386</b>	<b>124,793,902</b>
Significant Accounting Policies	XIV		
Notes to Accounts	XV		

Schedules referred to above and notes attached thereto form an integral part of consolidated profit & loss account.  
This is the consolidated profit & loss account referred to in our report of even date.

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
*Managing Director*      *Director*

Manish Kumar  
*Company Secretary*

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**SCHEDULES FORMING PART OF  
THE CONSOLIDATED BALANCE SHEET AS AT**  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>I. SHARE CAPITAL AUTHORISED</b>		
15,000,000 (previous year: 15,000,000) equity shares of Rs. 10/- each	150,000,000	150,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
7,520,600 (previous year: 7,693,969) equity shares of Rs. 10/- each fully paid up	75,206,000	76,939,690
<b>TOTAL</b>	<b>75,206,000</b>	<b>76,939,690</b>
<b>II. RESERVES AND SURPLUS</b>		
Securities Premium Account		
Balance brought forward	98,004,648	110,850,000
Less: Utilized for buy-back of equity shares	2,479,704	12,845,352
	95,524,944	98,004,648
Capital Redemption Reserve		
Balance brought forward	9,516,310	-
Add: Transferred from general reserve	1,733,690	9,516,310
	11,250,000	9,516,310
General Reserve		
Balance brought forward	609,349	1,274,092
Add: Transferred from profit and (loss) account	1,124,341	8,851,567
Less: Transferred to capital redemption reserve	1,733,690	9,516,310
	-	609,349
Profit and (loss) account (undistributed profits)	123,708,386	124,793,902
Less: Deferred tax for prior period	4,160,505	-
	119,547,881	124,793,902
Foreign currency translation reserve	(3,060,502)	912,722
<b>TOTAL</b>	<b>223,262,323</b>	<b>233,836,931</b>

**III. FIXED ASSETS**

Description	GROSS BLOCK				DEPRECIATION & AMORTIZATION		NET BLOCK	
	As at 01-04-2009	Additions during the year	Deductions during the year	Total up to 31-03-2010	Depreciation for the year ended 31-03-2010	Accumulated Depreciation Up to 31-03-2010	Total as at 31-03-2009	Total as at 31-03-2010
<b>Tangible Assets</b>								
Building	18,106,657	-	-	18,106,657	295,139	1,801,484	16,600,312	16,305,173
Plant & Machinery	18,770,720	-	-	18,770,720	891,609	11,687,358	7,974,971	7,083,362
Electric Fitting	821,998	-	-	821,998	39,045	336,490	524,553	485,508
Office Equipment	2,971,710	107,194	-	3,078,904	143,224	1,445,554	1,669,380	1,633,350
Air Conditioner	982,733	10,575	-	993,308	46,921	358,965	670,689	634,343
Generator Set	732,487	-	-	732,487	34,793	260,748	506,532	471,739
Vehicles	4,333,624	400,523	-	4,734,147	446,095	2,174,933	2,604,786	2,559,214
Tools & Dies	1,499,146	339,305	-	1,838,451	189,590	948,646	740,090	889,805
Testing Equipment	14,123,709	-	-	14,123,709	670,876	5,086,956	9,707,629	9,036,753
Furniture & Fittings	3,532,636	16,138	-	3,548,774	223,988	1,882,980	1,873,644	1,665,794
Computer	2,334,331	144,558	-	2,478,889	246,136	1,850,420	730,047	628,469
<b>Intangible Assets</b>								
Software	8,035,489	486,330	-	8,521,819	1,357,265	4,100,966	5,291,788	4,420,853
Technical Know-How	38,484,191	1,850,000	-	40,334,191	2,663,185	30,821,421	10,325,955	9,512,770
<b>Total</b>	<b>114,729,431</b>	<b>3,354,623</b>	<b>-</b>	<b>118,084,054</b>	<b>7,247,866</b>	<b>62,756,921</b>	<b>59,220,376</b>	<b>55,327,133</b>
Capital work-in-progress including capital advances							-	4,053,373
							<b>59,220,376</b>	<b>59,380,506</b>
<b>Previous Year</b>	<b>106,975,384</b>	<b>7,754,047</b>	<b>-</b>	<b>114,729,431</b>	<b>6,157,687</b>	<b>55,509,055</b>	<b>57,624,016</b>	<b>59,220,376</b>

## VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF  
THE CONSOLIDATED BALANCE SHEET AS AT  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>IV. INVESTMENTS</b> <i>(in shares, debentures or bonds)</i>		
<b>Long-term fully paid-up (at cost)</b>		
Share in associates (unquoted trade investments)	8,692,376	-
Other investment (quoted non-trade investments)	-	46,423,286
<b>TOTAL</b>	<b>8,692,376</b>	<b>46,423,286</b>
<b>V. INVENTORIES</b>		
Raw material	45,117,834	51,931,310
Semi finished	36,385,966	32,482,393
<b>TOTAL</b>	<b>81,503,800</b>	<b>84,413,703</b>
<b>VI. SUNDRY DEBTORS</b> <i>(Unsecured, but considered good)</i>		
Debts (outstanding for less than 6 months)	12,818,947	13,233,243
<b>TOTAL</b>	<b>12,818,947</b>	<b>13,233,243</b>
<b>VII. CASH &amp; BANK BALANCES</b>		
Cash balance on hand	232,503	708,749
<i>Balances with scheduled banks</i>		
Current accounts*	20,415,919	15,373,160
Fixed deposits	121,157,291	90,779,828
<i>Balances with non-scheduled banks</i>		
Current accounts	2,575,515	12,944,966
<b>TOTAL</b>	<b>144,381,228</b>	<b>119,806,703</b>
*It includes balance in unclaimed dividend accounts.		
<b>VIII. LOANS &amp; ADVANCES</b> <i>(Unsecured, but considered good)</i>		
Sundry advances to suppliers and others	2,274,622	2,308,342
Tax deducted at source by banks	1,453,661	2,263,402
Advance income and other taxes	6,356,396	5,072,104
Prepaid expenses	395,732	342,495
Short-term loan to associate	9,357,032	-
<b>TOTAL</b>	<b>19,837,443</b>	<b>9,986,343</b>
<b>IX. CURRENT LIABILITIES AND PROVISIONS</b>		
<i>Current liabilities</i>		
Sundry creditors	2,460,149	4,986,429
Advances from customers	3,138,360	1,522,527
Investor Education and Protection Fund shall be credited by unclaimed dividend	934,002	798,574
<i>Provisions</i>		
Provision for income tax	5,170,818	3,914,799
Provision for short-term employees benefits	216,501	143,267
Proposed dividend	9,024,720	9,024,720
Dividend distribution tax on proposed dividend	1,533,751	1,533,751
<b>TOTAL</b>	<b>22,478,301</b>	<b>21,924,067</b>
<b>X. MISCELLANEOUS EXPENDITURE</b>		
<i>(To the extent not written off)</i>		
Preliminary expenses	914,307	1,828,959
Less: written off	914,307	914,652
<b>TOTAL</b>	<b>-</b>	<b>914,307</b>

## VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF THE  
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>XI. SALES AND OTHER INCOME</b>		
<i>Sales</i>		
Exports	102,368,622	113,590,332
<i>Other income</i>		
Foreign exchange rate fluctuation	(623,342)	3,306,311
Bank interest*	9,610,505	11,583,044
Other interest (short-term loan)	424,408	-
Dividend income (quoted, long-term, non-trade investments)	112,400	374,243
Profits on sale of fully paid-up investments:		
Long-term (unquoted trade investments in subsidiary)	593,071	-
Long-term (other quoted non-trade investments)	4,026,136	-
Current (other quoted non-trade investments)	-	453,445
<b>TOTAL</b>	<b>116,511,800</b>	<b>129,307,375</b>
*Amount is gross of tax deduction at source (refer Schedule VIII)		
<b>XII. COST OF MATERIAL</b>		
<i>Raw material</i>		
Opening stock	51,931,310	45,136,136
Add: Purchases	49,694,608	66,729,464
	101,625,918	111,865,600
Less: Closing stock	45,117,834	51,931,310
Raw material consumed	56,508,084	59,934,290
<i>Semi finished</i>		
Opening stock	32,482,393	27,174,239
Less: Closing stock	36,385,966	32,482,393
(Increase) / decrease in inventories	(3,903,573)	(5,308,154)
<b>Cost of material</b>	<b>52,604,511</b>	<b>54,626,136</b>
<b>XIII. MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Cost of material	52,604,511	54,626,136
Stores and spares consumed	364,692	266,264
Power & fuel	730,128	707,208
Repairs to plant & machinery	105,249	117,674
Other manufacturing expenses	1,229,361	1,266,046
	55,033,941	56,983,328
<b>Personnel Cost</b>		
Salary, wages and benefits	15,590,149	11,939,421
Contribution to provident and other funds	486,657	494,830
Staff welfare	728,199	578,661
Directors' fee	50,000	40,000
	16,855,005	13,052,912
<b>Administrative and other expenses</b>		
Rent	721,800	721,800
Rates & taxes	17,604	49,091
Postage, phones & grams	675,924	730,762
Printing & stationery	864,399	833,118

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**SCHEDULES FORMING PART OF THE  
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>XIII. MANUFACTURING &amp; OTHER EXPENSES (Continued...)</b>		
<b>Administrative and other expenses</b>		
Traveling expenses	3,745,026	2,411,974
Insurance	214,197	291,141
Advertisement expenses	436,125	349,758
Office general expenses	439,938	277,005
Vehicle repair & maintenance	473,159	452,785
Freight & cartage	5,863,237	6,922,093
Books & periodicals	10,322	28,804
Charity & donation	34,000	43,601
Securities buy-back expenses	179,541	783,911
Cost recovery charges	110,000	232,500
Security guard expenses	440,388	366,000
Miscellaneous expenses	77,564	56,505
Auditors remuneration	230,515	230,515
Bank charges	533,433	547,552
Legal & professional charges	2,701,701	4,846,646
	17,768,873	20,175,561
<b>Selling and distribution expenses</b>		
Packing & forwarding	729,348	727,722
Business promotion	429,691	499,537
Royalty	731,356	546,584
	1,890,395	1,773,843
<b>TOTAL</b>	<b>91,548,214</b>	<b>91,985,644</b>

**XIV. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of consolidation**

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

- a) The financial statements of holding company and its subsidiaries have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra group balances / transactions and unrealized profits / losses. Exchange difference resulting from the differences due to translation of foreign currency assets, liabilities, income and expenses is disclosed as foreign currency translation reserve. The excess value of consideration given over the net value of the identifiable assets acquired

in the subsidiary companies is recognized as goodwill (capital reserve). Goodwill is amortized during the financial year of acquisition.

- b) Investments in entities in which the Group has significant influence but not controlling interest, are reported according to the equity method i.e. the investments is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. Goodwill amortized during the financial year of acquisition / investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the investee (associate). The consolidated profit and loss account includes the Company's share of the results of the operations of investee (associate).
- c) Minority interest's share of net profit is adjusted against the income, to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

**2. Employees benefits**

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

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

**3. Fixed assets**

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

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

**4. Depreciation and amortization**

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

Technical know-how	: 4 years
Software	: 6 years

**5. Inventories valuation**

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

**6. Transactions of foreign currencies**

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

**7. Investments**

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

**8. Miscellaneous expenditure**

Preliminary expenses are amortized over a period of ten years.

**9. Revenue recognition**

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

**10. Income tax**

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

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

**11. Lease**

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

**12. Contingent liabilities and provisions**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may but probably will



not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

### 13. Use of estimates

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

### 14. Earning per share

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

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

## XV. NOTES TO THE ACCOUNTS

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

a) The subsidiaries considered in the consolidated financial statements are:

Name of Subsidiary Companies	Country of Incorporation	Proportion of Ownership/Voting Power as at March 31 <sup>st</sup> 2010	Proportion of Ownership/Voting Power as at March 31 <sup>st</sup> 2009
Valiant Communications (UK) Limited	United Kingdom	100.00%	100.00%
Valiant Communications FZE.	United Arab Emirates	100.00%	Not applicable
Valiant Communications & Technologies Inc.	United States of America	Nil	100.00%
Valiant Infrastructure Limited	India	59.43%	58.65%

b) For the purpose of consolidated financial statements of Group, the consolidated financial statements of Valiant Communications (UK) Ltd. and its associate, Valcomm Technologies Inc., USA, with its 30% (previous year: nil) ownership interest, have been prepared and considered. The carrying amount of investment in associate includes Rs. 156,572/- (previous year: nil) towards capital reserve.

c) During the financial year under reporting, Valiant Communications FZE, UAE has become the subsidiary of the Company. Further, the Company has divested its investments in Valiant Communications & Technologies Inc., USA; therefore, the figures of previous financial year, are incomparable with the figures of current financial year under reporting.

2. Basic and diluted Earning Per Share (EPS) is Rs. 1.50/- (previous year: Rs. 3.13/-) calculated by dividing the net profit (after tax) of the year by weighted average number of equity shares i.e. 7,539,368 (previous year: 8,444,061) having nominal value of Rs. 10/- each.

3. During the financial year under reporting, the staff strength of subsidiary companies is nil.

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

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

(In Rupees)

For the year ended March 31<sup>st</sup>

Particulars	2010	2009
<b>5. Maximum balances with non scheduled banks:</b>		
ICICI Bank UK plc., UK	7,331,508	18,450,882
Barclay Bank plc., UK	3,401,650	11,293,455
Citibank N.A., USA	Not applicable	19,087,492
Habib Bank AG Zurich, UAE	1,842,588	Not applicable
<b>6. Auditor's remuneration:</b>		
Statutory audit fee	130,000	130,000
Certification & other charges	35,000	35,000
Tax audit	65,000	65,000
Service tax	515	515
<b>TOTAL</b>	<b>230,515</b>	<b>230,515</b>

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

### 7. Directors' remuneration:

(In Rupees)

For the year ended March 31<sup>st</sup>

Particulars	2010	2009
<b>Managing Director and Whole-time Directors</b>		
Salary	4,361,400	3,441,757
Contribution to provident and other funds	28,080	26,520
Commission	-	-
Other allowances and perquisites	-	-
<b>Other Directors</b>		
Directors' fee	50,000	40,000
<b>TOTAL</b>	<b>4,439,480</b>	<b>3,508,277</b>

Apart from the above mentioned remuneration, all executive directors are entitled for gratuity in accordance with the provisions of the Payment of Gratuity Act, 1972, payable only at the time of disassociation with the Company.

Further, no managerial remuneration has been paid by the subsidiaries.

### 8. Related parties disclosure:

Name	Relationship	Transaction Details
Valiant Communications (UK) Ltd., UK	Subsidiary	Sale of investments by holding company amounting to Rs. 8,953,895/- (previous year: nil)
Valiant Communications FZE, UAE	Subsidiary	Equity allotment to holding company amounting to Rs. 1,915,800/- (previous year: nil)
Valiant Infrastructure Limited, India	Subsidiary	Nil
Valcomm Technologies Inc., USA	Associate	Interest payment of Rs. 424,408/- to subsidiaries (previous year: nil)
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of Rs. 4,389,480/- (previous year: Rs. 3,468,277/-)
Mr. Davinder Mohan Sood	Key Managerial Personnel	
Mr. Anil Tandon	Key Managerial Personnel	

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

9. The comparative figures for the previous year have been rearranged wherever required to conform to the revised presentation of accounts.
10. Schedules I to XV form an integral part of consolidated balance sheet and consolidated profit & loss account.

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

Place: New Delhi  
Date: May 15<sup>th</sup> 2010

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood  
*Managing Director*      *Director*

Manish Kumar  
*Company Secretary*

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED**  
(In Rupees)

Particulars	31-03-2010	31-03-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>16,801,413</b>	<b>30,249,392</b>
Adjustment for		
Depreciation	7,247,866	6,157,687
Profit on sale of investments	(4,619,207)	(453,445)
Dividend income	(112,400)	(374,243)
Interest income	(10,034,913)	(11,583,044)
Preliminary expenses written off	914,307	914,652
Securities buy-back expenses	179,541	783,911
Foreign currency translation reserve adjustment	(1,306,648)	872,019
Unrealized foreign exchange (gain) / loss	678,528	(169,933)
<b>Operating profit before working capital changes</b>	<b>9,748,487</b>	<b>26,396,996</b>
Adjustment for		
Trade & other receivables	(9,436,804)	(11,859,108)
Inventories	2,909,903	(12,103,328)
Trade & other payables	554,234	3,862,293
<b>Cash generated from operations</b>	<b>3,775,820</b>	<b>6,296,853</b>
Direct taxes	(5,722,733)	(3,818,032)
<b>Net cash generated from operating activities</b>	<b>(1,946,913)</b>	<b>2,478,821</b>
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,354,623)	(7,754,047)
Capital work-in-progress including capital advances	(4,053,373)	-
Dividend income	112,400	374,243
Sale proceeds of investments	40,538,415	453,445
Investments in subsidiaries	(1,940,800)	(24,347,500)
Investments in other long-term investments	(8,205,365)	(46,423,286)
Interest income	10,034,913	11,583,044
Adjustment for disinvestment in subsidiary	7,188,995	-
<b>Net cash generated from investing activities</b>	<b>40,320,562</b>	<b>(66,114,101)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity by subsidiary	1,830,810	24,347,500
Funds utilized for buy-back of equity shares	(4,392,935)	(23,145,573)
Dividends paid	(9,024,720)	(8,645,600)
Dividend distribution tax	(1,533,751)	(1,469,320)
<b>Net cash generated from financing activities</b>	<b>(13,120,596)</b>	<b>(8,912,993)</b>
Unrealized foreign exchange gain / (loss)	(678,528)	169,933
<b>Net increase in cash and cash equivalents</b>	<b>24,574,525</b>	<b>(72,378,340)</b>
Cash and cash equivalents – (opening balance)	119,806,703	192,185,043
<b>Cash and cash equivalents – (closing balance)</b>	<b>144,381,228</b>	<b>119,806,703</b>

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

For and on behalf of

B. AGGARWAL & CO.  
Chartered Accountants

Kapil Aggarwal  
(Partner)  
Membership No. 82908

For and on behalf of the Board

Inder Mohan Sood      Davinder Mohan Sood      Manish Kumar  
*Managing Director*      *Director*      *Company Secretary*

Place: New Delhi  
Date: May 15<sup>th</sup> 2010



PROXY FORM

I/We..... of ..... in the district of ..... being a member/ members of the above named Company, hereby appoint ..... of ..... in the district of ..... or failing him/her ..... of ..... in the district of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 17<sup>TH</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday , the 16<sup>th</sup> day of August, 2010 at 9.30 A.M. at Surbhi Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Signed this .....day of .....2010.

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

Affix  
Re. One  
Revenue  
Stamp

Note

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

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



ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

I hereby record my presence at the 17<sup>TH</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday , the 16<sup>th</sup> day of August, 2010 at 9.30 A.M. at Surbhi Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Folio Number .....

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

Full Name of the Shareholder ..... Signature .....  
(In block letters)

\*Full Name of Proxy ..... Signature .....  
(In block letters)

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



NOTICE

Notice is hereby given that 17<sup>th</sup> Annual General Meeting of the Valiant Communications Ltd. will be held on Monday, August 16<sup>th</sup> 2010, at 9.30 a.m. at Surbhi Farms, 96/4, Post & Village, Tikri Kalan, New Delhi 110 041 to transact the following business:

Ordinary Business:

- To receive, consider and adopt the balance sheet as at March 31<sup>st</sup> 2010 and the profit & loss account for the year ended on the date, together with the reports of the Directors' and Auditors' thereon.
- To declare a dividend for the financial year ended on March 31<sup>st</sup> 2010.
- To appoint a Director in place of Mr. Gaurav Kaura, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Anil Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors of the Company and fix their remuneration.

Date: May 15<sup>th</sup> 2010  
Regd. Office: 71/1, Shivaji Marg,  
New Delhi - 110015

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

Manish Kumar  
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- The proxy form duly completed must reach the Company's Registered Office at least 48 hours before the time of the meeting.
- The members are requested to:
  - Notify change in their address, if any to the Company;
  - Send their queries, if any, at least 7 days in advance of the meeting so that necessary information can be made available at the meeting.
- The Register of Members and Share Transfer Books of the Company will be closed from Saturday, August 7<sup>th</sup> 2010 to Monday, August 16<sup>th</sup> 2010 (both days inclusive).
- The dividend that may be declared by the Company will be paid on or after August 16<sup>th</sup> 2010 to those members of the Company whose name appear in the Company's Register of Members as at the end of business hours on Friday, August 6<sup>th</sup> 2010.
- Information required to be furnished under the Listing Agreement:
  - Mr. Gaurav Kaura is a commerce graduate and proficient in the field of Computer Software / Internet technologies. He does not hold directorship, or membership of any committees, in any other public limited company. As on March 31<sup>st</sup> 2010, he does not hold any equity share of Company.
  - Mr. Anil Tandon is a Honors Graduate in Economics from Delhi University with an experience of 25 years in corporate business. He has been associated with the Company, since its inception. He has varied experience in senior management and operations of the Company. Apart from the Company, he holds directorship in Valiant Infrastructure Limited. As on March 31<sup>st</sup> 2010, he holds 10,200 (0.14%) equity shares of the Company.

Date: May 15<sup>th</sup> 2010  
Regd. Office: 71/1, Shivaji Marg,  
New Delhi - 110015

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

Manish Kumar  
Company Secretary