

**Annual Report  
2012-13**



**Paramount Communications Limited**

यद्यदाचरति श्रेष्ठस्तत्तरेदेवेतरो जनः ।  
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥



LATE SHRI SHYAM SUNDER AGGARWAL

Founder - Paramount Communications Limited  
(6.10.1936 - 6.12.1999)

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

- Bhagwad Gita, 3.21

### IMPORTANT COMMUNICATION TO MEMBERS

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

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

Save Paper, Save Trees, Go Green!

# Corporate Information

## BOARD OF DIRECTORS

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

## REGISTERED OFFICE

C-125, Naraina Industrial Area, Phase-1,  
 Naraina, New Delhi-110028, India  
 Phone(s): +91-11-45618800/900,+91-11-25897421-25  
 Fax: +91-11-25893719/20  
 E-Mail: pcl@paramountcables.com  
 Website: www.paramountcables.com

## WORKS

Unit 1: SP-30A, SP-30B, E-31,  
 Khushkhera Industrial Area,  
 Distt. Alwar, Rajasthan, India

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

## AUDITORS

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

## COST AUDITORS

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

## BANKERS

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

## REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited  
 A-40, IInd Floor, Naraina Industrial Area, Phase-I, New Delhi - 110028, India  
 Phone No: +91-11-41410592, 93, 94 Fax No: +91-11-41410591

## CHIEF COMPLIANCE OFFICER

Mr. Ratan Aggarwal

## KEY MANAGEMENT PERSONNEL

- |                            |  |
|----------------------------|--|
| 1. Mr. Manmeet Singh Anand | - Head-Business Development                |
| 2. Mr. Ratan Aggarwal      | - CFO & Company Secretary                  |
| 3. Mr. D. S. Muchhal       | - President-Operations (Dharuhera unit)    |
| 4. Mr. G. D. Singh         | - President-Operations (Khushkhera unit)   |
| 5. Mr. Ravi Prakash Gupta  | - Vice president-Marketing (Flex Division) |
| 6. Mr. R. K. Marwah        | - Vice president-Technical                 |
| 7. Mr. Dhruv Aggarwal      | - Vice President (Business Development)    |
| 8. Mr. Tushar Aggarwal     | - Vice President (Business Development)    |
| 9. Mr. S. K. Suri          | - General Manager-Marketing                |
| 10. Mr. N. K. Gupta        | - General Manager-Accounts & Finance       |
| 11. Mr. Rajeev Gupta       | - General Manager-Marketing                |

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**NOTICE**

Notice is hereby given that the **19<sup>th</sup> Annual General Meeting** of the Members of Paramount Communications Limited will be held at **SHAH AUDITORIUM, SHREE DELHI GUJARATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054** on **Friday, the 20<sup>th</sup> Day of September, 2013 at 12:00 P.M.** to transact the following businesses:

**ORDINARY BUSINESSES:**

- 1 To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date and the reports of the Board of Directors and Auditors thereon.
- 2 To appoint a Director in place of Mr. Sanjay Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Mr. Vijay Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint M/s Jagdish Chand & Co., Chartered Accountants (Firm Registration No. 000129N) as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as the Board may decide, based on the recommendations of Audit Committee.

**By Order of the Board  
Paramount Communications Limited**

Place : New Delhi  
Dated : 14.08.2013

(Ratan Aggarwal)  
CFO & Company Secretary

**NOTES:**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING. PROXY FORM IS ATTACHED HERewith.
- 2 The Register of Members and Share Transfer Book of the Company shall remain closed from Monday, the 16<sup>th</sup> September, 2013 to Friday, the 20<sup>th</sup> September, 2013 (both days inclusive).
- 3 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 4 Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendee at the meeting.
- 5 Members are requested to note that all correspondence related to share transfer should be addressed to the Company's Registrars and Share Transfer Agents, M/s Link Intime India Pvt. Ltd., 44, 11nd Floor, Community Centre, Naraina Industrial Area, Phase-I, New Delhi-110028.
- 6 The members of the Company who holds shares in physical form are intimated that SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfer of shares held in physical form.
- 7 Shareholders are requested to bring their copy of Annual Report at the meeting.
- 8 Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed/ unpaid dividend up to the financial year ended 31<sup>st</sup> March, 2002 has been transferred to the Investor Education and Protection Fund set up by the Central Government and no claim can be admitted in respect of dividend upto the said financial year. The unclaimed dividend declared in the year 2005-06 is due to be transferred in the Investor Education and Protection Fund in current financial year. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the company and/or share transfer agents, if any dividend warrant is pending to be paid so that fresh warrants could be issued by the Company.
- 9 At the ensuing Annual General Meeting, Mr. Sanjay Aggarwal and Mr. Vijay Bhushan, retire by rotation and being eligible, offer themselves for reappointment. The information/details pertaining to these directors in terms of Clause 49 of the listing agreement with the Stock Exchanges are annexed herewith.

## Annexure A

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

1. Name : Mr. Sanjay Aggarwal  
 Date of Appointment : 01.11.1994  
 Educational Qualifications : B.Com (H) from University of Delhi.  
 Expertise in specific functional area :

Mr. Sanjay Aggarwal is a creative thinker and future oriented industrialist having vast experience of more than 28 years in Cable Industry. He has actively involved himself in all major activities of the Company including Production, Marketing, Exports, Finance and Commercial. He has always promoted talent among employees and takes keen interest in building their managerial skills for effective performance.

He has been associated with various apex industrial associations and industry forums in India in different capacities. Presently he is serving industry as:

- ◆ Member, CII National Committee on Exports
- ◆ Member, Managing Committee, PHD Chamber of Commerce and Industry
- ◆ Member, Rajasthan Affairs Committee, PHD Chamber of Commerce and Industry
- ◆ Member, Committee on Trade with Western & Northern Africa of Engineering Export Promotion Council (EEPC)

### List of Outside Directorships

1. PHD Chamber of Commerce and Industry
2. AEI Cables Ltd, United Kingdom
3. AEI Power Cables Ltd., United Kingdom
4. Paramount Holdings Ltd., Cyprus

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

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

2. Name : Mr. Vijay Bhushan  
 Date of Appointment : 20.07.2000  
 Educational Qualifications : M.B.A. from University of Delhi  
 Expertise in specific functional area :

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

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

#### List of Outside Directorships

1. Bharat Bhushan Equity Traders Ltd.
2. Bharat Bhushan Finance & Commodity Brokers Ltd.
3. Bharat Bhushan Insurance Brokers Pvt. Ltd.
4. Bharat Nidhi Ltd.
5. Bharat Bhushan Technologies Pvt. Ltd.
6. KEI Industries Ltd.
7. Association of National Exchanges Members of India

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

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

## DIRECTORS' REPORT

Your directors hereby present the 19<sup>th</sup> annual report along with audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2013 is summarised below:

(` in Lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
Gross Turnover including Other Income	51,755.11	50,939.23
Profit/(Loss) before Interest, Depreciation and Tax	502.62	(1,004.67)
Interest	3,998.96	3,582.54
Depreciation & Amortisation of FCMITDA	1,163.28	1,243.40
Profit/(Loss) before Tax	(4,659.62)	(5,830.61)
Exceptional Items	4,200.85	—
Provision for Taxation	—	—
Profit/(Loss) after Tax and Exceptional Items	(458.77)	(5,830.61)
Taxation for earlier years	(5.54)	(4.85)
Net Profit/(Loss) for the year	(464.31)	(5,835.46)

During the year the Company has incurred a net Loss of ` 464.31 Lac as against net loss of ` 5,835.46 Lac during previous year 2011-12, the gross turnover of the Company including other income stood at ` 51,755.11 Lac as against ` 50,939.23 Lac in fiscal 2011-12. Exceptional items includes ` 2,082.01 Lac on account of write back of secured loans from some banks upon One Time Settlement (OTS) and ` 2,118.84 Lac on account of profit on sale of 25 Acres Industrial Property in Khushkhera Industrial Area, District Alwar, Rajasthan in terms of the approved CDR Rework Package.

The Company is facing challenging business environment. The performance during FY13 is however broadly in line with the projections made under approved CDR Rework package. Price realisation and margin on bulk business are still under stress due to tough competition.

### 2. DIVIDEND

In view of losses incurred by the Company during the current financial year, your directors do not recommend declaration of any dividend for the year 2012-13.

### 3. CORPORATE DEBT RESTRUCTURING

The Corporate Debt Restructuring Rework Package as approved for the Company in July, 2012 by Corporate Debt Restructuring - Empowered Group has been implemented. During the year in Compliance with terms of Corporate Debt Restructuring, the Company sold its 25 Acres industrial property situated at Rajasthan to repay term loans of ` 55 Crores. Fresh funds were infused by way of share capital by the promoters group in the Company in tune of ` 15,05,74,950/- up to 31<sup>st</sup> March, 2013.

### 4. SHARE CAPITAL

During the year, the authorised share capital of the Company was increased twice on 21.09.2012 and 28.03.2013 from ` 35 Crore to ` 50 Crore and ` 50 Crore to ` 60 Crore respectively. 10,00,000 Redeemable preference shares of ` 100/- each were also added in capital of the Company.

The Company allotted 3,22,06,500 equity shares of ` 2/- each at a price of ` 2.30/- each inclusive of premium of ` 0.30/- each aggregating to ` 7,40,74,950/- to the specified promoter group Companies on preferential basis in terms of approved CDR Rework Package of the Company resulting in post issue equity holding of promoters aggregating to 51.52% of total equity paid up Capital.



The Company also allotted 7,65,000 0% non-convertible redeemable preference shares of ` 100/- each at par aggregating to ` 7,65,00,000/- to the specified promoter group Companies to induce fresh funds in the Company.

As at 31<sup>st</sup> March, 2013, the issued, subscribed and paid up capital of the Company stands at ` 32,69,66,930/- divided into 12,52,33,465 equity shares of ` 2/- each and 7,65,000 0% non-convertible redeemable preference shares of ` 100/- each.

**5. 0% NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (NCRPS)**

During the year, the Company has issued 7,65,000 0% non-convertible redeemable preference shares of ` 100/- each on 30.03.2013. These shares have been issued for a term of ten (10) years and redemption date is 30<sup>th</sup> March, 2023. The terms of issue provide for payment of redemption premium @50% of par value and redemption value is ` 150/- each upon completion of term with an option of earlier redemption available to board after obtaining consent of allottees exercisable only after completion of 6 months from date of issue. In case of an earlier redemption, the premium shall be adjusted proportionately.

A provision for redemption premium has been duly made in the books of accounts as on 31<sup>st</sup> March, 2013.

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

The Company raised US\$ 27 million by way of allotment of 1% Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2011 in the financial year 2006-07. During the financial year 2009-10, the Company bought back 3,900 bonds of US\$ 5,000 each at a discount. Outstanding FCCBs amounting to USD 7.5 million were due for redemption on 23<sup>rd</sup> November, 2011 at a premium equal to 145.54% of the outstanding principal amount i.e. @ US\$ 7,277. Pending redemption, a winding up petition has been filed against the Company by the trustees on behalf of FCCB holders, whereas an interim order dated 13.02.2013 has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The Company is contesting the case. The matter is presently subjudice.

The Bonds are listed at Luxembourg Stock Exchange.

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

The Global Depository Receipts issued by the Company during the financial year 2006-07 are listed at Luxembourg Stock Exchange. There are GDRs outstanding which represents 3,01,750 equity shares of ` 2/- each as at 31.03.2013.

**8. FUTURE OUTLOOK**

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

**9. DIRECTORS**

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

**10. AUDITORS**

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

**11. AUDITORS REPORT-CLARIFICATIONS AND EXPLANATIONS**

- (1) With respect to Auditors Report point no. 6 Basis of qualified report, your Directors' hereby clarify that no provision has been made for redemption premium of outstanding 1% US \$ 7.5 Million FCCBs as explained in point no. 6 of this report, the matter is presently subjudice. The Company wishes to settle the matter with Bondholders amicably. Pending settlement/outcome of the case no provision has been provided for redemption premium. The premium, if paid, would be adjusted against the securities premium account, hence will not have any effect on loss of the year.
- (2) The auditors have placed emphasis of matter under point no. 8, point wise clarification to the same is as under:

Auditors Report point no. 8 (a) preparation of financial statements on going concern basis.

The financial statements have been prepared on going concern basis despite the significant erosion of net worth, non-redemption of FCCBs and winding up petition filed against the Company as your Directors' are confident that the Company will be able to generate profits in future years. In the fiscal 2012-13 the Company has been able to achieve EBITA plus as a confirmation of sign of improvement. The accompanying financial statements thus have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- The Company has not defaulted in payment of statutory dues or its trade creditors etc.
- As per the Rework Package including any extension thereof, there is no default in payment of Principal and/or interest to banks as on date.
- Fresh funds are being infused in the Company by the promoters and/or promoter group Companies, during the year a sum of ₹ 15,05,74,950/- has been infused in the Company by promoters group which has created adequate Capital base for the Company.
- The Company is contesting the winding up petition filed against it.

Auditors Report point no. 8 (b) non-provisioning for diminution of value of investments.

In opinion of the management, diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount Holdings Limited (Subsidiary) is temporary in nature considering in case of AEI Cables Limited, United Kingdom CVA scheme has been implemented, business restructuring undertaken, expected cash flows from operations, successful additional finance arranged from the bankers, orders in hand and assets base and improvement in operations. In case of Associate considering future prospects, orders in hand and assets base of the investee Company and improvement in operations, no provision for diminution in value is required.

Auditors Report point no. 8 (c) payment of managerial remuneration.

The payment made to managerial personnel is subject to approval of Central Government an application to this effect has already been filed with the Ministry and the Company expects to receive approval of authority as it is basis. However, should there be any changes in terms of appointment pursuant to directions of Central Government, adjustment to that effect shall be carried out accordingly.

**12. COST AUDITORS**

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

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

During the year, the Cost Audit Report for both the units was filed with the Ministry of Corporate Affairs, Government of India in XBRL on 20.12.2012, whereas the due date of filing was 31.12.2012 which was further extended.

**13. SUBSIDIARIES**

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

Consolidated financials include audited financials of Paramount Holdings Limited, Cyprus, AEI Cables Limited, United Kingdom and AEI Power Cables Ltd., United Kingdom for the year/period ended 31<sup>st</sup> March, 2013.

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

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

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

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

**15. PERFORMANCE REPORTING TO BOARD OF INDUSTRIAL AND FINANCIAL RESTRUCTURING {BIFR}**

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company is falling under potentially sick Industrial Company as it has recorded erosion of more than fifty percent of its peak net worth as per the finalised audited accounts for the year ended 31.03.2012 which still subsists as per audited accounts for the year ended 31.03.2013.

A report on causes of erosion of net worth based on audited annual accounts for the year ended 31<sup>st</sup> March, 2012 and steps taken by the Company was filed with Board of Industrial and Financial Restructuring (BIFR). The Company shall be filing a performance report with the BIFR as per the provisions of the Act in this regard.

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

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

**17. ISO CERTIFICATION**

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

**18. PARTICULARS OF EMPLOYEES**

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

**19. INSURANCE**

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

**20. PUBLIC DEPOSITS**

There are no deposits from public outstanding as on 31<sup>st</sup> March, 2013.

**21. LISTING OF SHARES**

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

**22. CORPORATE GOVERNANCE & MDA**

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

**23. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards had been followed except as disclosed and explained in this report.
- ii) They had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a 'going concern' basis.

**24. ACKNOWLEDGEMENT**

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

**For and on behalf of the Board**

Place : New Delhi  
Dated : 14.08.2013

(Sanjay Aggarwal)  
Chairman & CEO

**ANNEXURE I TO THE DIRECTORS' REPORT**

Disclosures of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as per section 217 (1)(e) of the Companies Act, 1956 and the rules made there under and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2013.

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

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

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

No major additional investment is required.

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

Not Applicable.

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

Not Applicable.

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

A team of Engineers, Industry Experts with very wide & vast experience ranging from 15 Years to 50 Years has been dedicated to provide a cost effective cable solutions.

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

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

**3. Future plan of action**

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

**4. Expenditure on R&D**

R & D expenditure have not been accounted for separately.

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

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

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

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

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

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

**III. Foreign Exchange Earnings and Outgo**

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

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

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

Earnings	:	₹ 1,928.42 Lacs.
Outgo	:	₹ 12,134.63 Lacs (This includes repayment of Foreign Loan of ₹ 2,742 Lacs).

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For and on behalf of the Board

Place : New Delhi  
Dated : 14.08.2013

(Sanjay Aggarwal)  
Chairman & CEO

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

- |  |   |   |
|--|---|---|
| 1. Name of the Subsidiary Company  | : | M/s Paramount Holdings Limited                                      |
| 2. Date of becoming Subsidiary   | : | 03.08.2007  |
| 3. a) Number of shares held by M/s Paramount Communications Ltd. in the subsidiary Company at the end of the financial year of the subsidiary Company. | : | 3,675 ordinary shares of ₹1.71 each (Equivalent to ₹ 255,469,782/-) |
| b) Extent of interest of holding Company at the end of the financial year of the subsidiary Company.   | : | 100%  |
| 4. The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding Company                           |   |   |
| a) Not dealt with in the holding Company's accounts:   |   |   |
| i) For the financial year ended 31.03.2013   | : | Loss of ₹ 1,078,353/-   |
| ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.                                       | : | Loss of ₹ 3,427,929/-   |
| b) Dealt with in holding Company's accounts:   |   |   |
| i) For the financial year ended 31.03.2013   | : | NIL   |
| ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.                                       | : | NIL   |

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For and on behalf of the Board

Place : New Delhi  
Dated : 14.08.2013

(Sanjay Aggarwal)  
Chairman & CEO

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

1.	Name of the Subsidiary Company	:	M/s AEI Cables Limited
2.	Date of becoming Subsidiary	:	30.08.2007
3.	a) Number of shares held by M/s. Paramount Holdings Ltd., Cyprus in the subsidiary Company at the end of the financial year of the subsidiary Company.	:	20,000 ordinary shares of £ 1 each 2,995,000 Preference Shares of £ 1 each (Equivalent to ` 248,582,198/-)
	b) Extent of interest of holding Company at the end of the financial year of the subsidiary Company.	:	100%
4.	The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding Company		
	a) Not dealt with in the holding Company's accounts:		
	i) For the financial year ended 31.03.2013	:	Loss of ` 203,218,010/-
	ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.	:	Loss of ` 42,148,346/-
	b) Dealt with in holding Company's accounts:		
	i) For the financial year ended 31.03.2013	:	NIL
	ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.	:	NIL

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For and on behalf of the Board

Place : New Delhi  
Dated : 14.08.2013

(Sanjay Aggarwal)  
Chairman & CEO



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

- |    |   |   |   |
|----|---|---|---|
| 1. | Name of the Subsidiary Company  | : | M/s AEI Power Cables Limited  |
| 2. | Date of becoming Subsidiary   | : | 23.04.2010  |
| 3. | a) Number of shares held by M/s Paramount Holdings Ltd., Cyprus in the subsidiary Company at the end of the financial year of the subsidiary Company. | : | 1,000 ordinary shares of £ 1 each<br>100,000 Preference Shares of £ 1 each<br>(Equivalent to ` 7,260,826/-) |
|    | b) Extent of interest of holding Company at the end of the financial year of the subsidiary Company.  | : | 100%  |
| 4. | The net aggregate amount of the subsidiary Company's Profit/loss so far as it concerns the members of the holding Company                             |   |   |
|    | a) Not dealt with in the holding Company's accounts:  |   |   |
|    | i) For the financial year ended 31.03.2013  | : | Profit of ` 5,541,822/-   |
|    | ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.                                      | : | Profit of ` 22,356,913/-  |
|    | b) Dealt with in holding Company's accounts:  |   |   |
|    | i) For the financial year ended 31.03.2013  | : | NIL   |
|    | ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary.                                      | : | NIL   |

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For and on behalf of the Board

Place : New Delhi  
Dated : 14.08.2013

(Sanjay Aggarwal)  
Chairman & CEO

## MANAGEMENT DISCUSSION AND ANALYSIS

Paramount Communications Limited ranks among India's leading cables manufacturing Companies, having an experience of over 5 decades, the Company caters to wide span of Industries including Power, Telecom & IT, Railways, Petrochemicals, Construction, Defence, Space Research projects, etc.

Paramount is emerging as a 'One Stop Service Window' for all cable products & services by striving to provide complete cabling solution to its customers. The Company has wide product base which includes Low Tension & High Tension Power Cables, Aerial Bunch Cables (ABC), Control & Instrumentation Cables, Thermocouple Extension & Compensating Cables, Fire Resistant Low Smoke Cables, Signalling Cables, Axle Counter Cables, Jelly Filled Telephone Cables (JFTC), Optical Fibre Cables (OFC), Installation Cables for Electronic Exchanges, Hook-up / Jumper / Drop wire and so on.

The Company is an eminent member of Indian Cable Industry and is renowned for its quality products. Over the years it has also widened its scope in international market through its subsidiaries viz. AEI Cables Ltd. and AEI Power Cables Ltd., U.K.

### ECONOMIC OVERVIEW

#### *Global Economic Overview & Prospects*

Global Economy has been passing through an uncertain phase surrounded by ambiguity from past few years. The recovery from financial crisis of 2008-09 has been anaemic and uneven. Global economic growth has recorded a further slowdown from 3.9% in 2011 to 3.2% in 2012 straight from growth rate of 5.1% in 2010. Consequentially the growth rate in developed countries as well as emerging countries have recorded steep decline.

The Global economic environment is crowded with pressures build up on grounds of sovereign debt problem in the Euro zone, uncertainties about fiscal policy in the United States and increasing crude prices among other factors.

The Growth forecasts in emerging market and developing economies is expected to reach 5.3% in 2013 and 5.7% in 2014. Whereas in advanced economies there is an apparent diversion between the United States on one hand and the euro area on the other. Growth in the United States is expected to be 1.9% in 2013 and 3.0% in 2014. In contrast, growth in the euro area is forecasted to be -0.3% in 2013 and 1.1% in 2014 as per the World Economic Outlook, IMF.

#### *The Indian Perspective*

The Indian Economy has recorded a growth rate of 8.6% and 9.3% respectively in the financial year 2009-10 and 2010-11, however in recent fiscals viz. 2011-12 and 2012-13, the growth rate has slowed to 6.2% and 5.0% respectively. The moderation in growth is primarily caused by sluggish industrial growth comprising of mining and quarrying, manufacturing, electricity, gas & water supply and construction sectors registering a growth rate merely of 3.5% and 3.1% in fiscals 2011-12 and 2012-13 respectively. The manufacturing sector has particularly recorded an even lower growth @ 2.7% and 1.9% for these two years respectively.

The cumulative effect of above conditions has resulted in slackness of investments in corporate and Infrastructure as a result of investment bottlenecks and a tighter monetary policy which are further dampening Industrial growth in India. Indian Economy is also being adversely affected by the global slowdown since 43% of GDP is presently accounted for exports and imports and two way external sector transactions have also risen considerably.

The prospects of growth for India are still bright, since the only countries growing faster than India in 2012-13, have been China & Indonesia, it is also expected that if the growth of India is achieved as projected then India shall be second fastest growing country of the World. The Indian economy is expected to grow in the range of 6.1 to 6.7% in 2013-14.

#### *Industry Development & Trends*

Industrial growth was volatile across all sectors during the year 2012-13. The index of industrial production (IIP) which is the indicator of level of production and growth has recorded moderate to negative industrial performance which lately improved to 2.1% in the third quarter of financial year 2012-13. The moderation in industrial growth, particularly in the manufacturing sector, is largely attributed to sluggish growth of investment, squeezed margins of the corporate sector, deceleration in the rate of growth of credit flows and the fragile global economic recovery.

There are mixed signals on whether the slowdown phase has bottomed out or the current sluggishness would persist a little longer. There are at least some factors which suggest some optimism on industrial front. Government's recent steps to uplift overall business sentiment and boost investment, several specific initiatives have been initiated to strengthen industry and in particular the manufacturing sector in the country. The Twelfth Five Year Plan document lays down broad strategies for spurring industrial growth. Some of major initiatives that can change the manufacturing landscape of the country are announcement of National Manufacturing Policy (NMP), implementation of the Delhi Mumbai Industrial Corridor (DMIC) Project and policy reforms to promote foreign direct investment (FDI), an e-Biz project etc.

Though growth in power and other infrastructure sectors has slowed as several projects are getting delayed, however prospects for growth in Indian Cable Industry are still lucrative considering the proposed investments by government in infrastructure sector and projects pending completion. India has doubled its target for infrastructure spending to USD 1 trillion in the five years starting from 2012 to narrow the gap with China, the world's fastest growing major economy.

Growth in India is contingent on infrastructure investment and Cables, being used for transmission and distribution, are veins of any infrastructure. The Cables industry is an integral part of a large number of infrastructure sectors namely power, railways, telecom, etc. It is said to have a positive correlation with the investments in these sectors since Cables and wires derive demand and are highly dependent on growth in such sectors. A higher investment in these sectors is bound to have a positive impact in the growth of Cable Industry; however accelerated investments in infrastructure are needed to address delays, cost overruns and regulatory impediments.

#### **OPPORTUNITIES & THREATS**

The financial position of Company shaken after the global financial crises resulted in huge losses in past few years, however signs of improvement are now visible as the Company has been able to augment its turnover consecutively for last 3 financial years and losses are also being gradually reduced. During the financial year 2012-13, the Company has also achieved positive EBITA.

Though Paramount is still facing challenging business environment and is under huge debt burden, the performance of Company is further expected to improve considering projected increase in demand for cables in future years considering huge investment by government in key sectors like power, telecom and railways.

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

##### ***Power Sector***

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

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

Further there is an overall shortage of power in the country both in terms of energy deficit and peak shortage. At present, overall energy deficit is about 8.6% and peak shortage of power is about 9.0%. To fill in the gaps, it is estimated that the power sector should grow by atleast 8-10%

##### ***Power Generation***

Power generation is not only the fundamental base of an infrastructure but also a continuous requirement and need of any nation. With immense dependence on technology and machinery, today a world without power is unimaginable, thus growth in power generation is inevitable.

The estimated capacity addition requirement target for the Twelfth Plan has been fixed at 88,537 MW in order to bridge the gap between peak demand and peak deficit and provide for faster retirement of the old energy-inefficient plants. The expected rise in electricity generation has been around 6% in 2012, 9% in 2017 and 16% in 2030.

As per the reports of Planning Commission even in the moderate level of 1,403 Billion Units as 12<sup>th</sup> five year plan, the projected growth rate in power generation will be 9.8%.

*(Source: Planning Commission Report)*

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

#### ***Power Transmission***

An important role is played by the transmission segment in transmitting power continuously to various distribution entities across the country. Concomitant capacity additions are required in transmission segment in line with the generation capacity additions to enable seamless flow of power.

Transmission lines to the order of about 1,07,440 ckm and 12,750 MW of HDVC systems are proposed to be needed during the 12<sup>th</sup> Plan. The large expansion in production and consumption of electricity has to be supported by the significant expansion and strengthening of the transmission network. Where great significance is relied upon transmission lines of 765 KV and 1000-1200 KV to reduce land requirement and transmission losses.

The Company expects good business in terms of projected requirements of transmission lines which inevitably result in good demand of cables.

*(Source: Planning Commission Report)*

#### ***Power Distribution***

Distribution is the last and critical leg in the supply of electricity, reaching end consumers such as residential, commercial, agricultural and industrial segments and completing the activity. Recognising need to fill gap of requirement and availability, various plans by Government are being introduced to strengthen power distribution throughout the Country.

The Government has created a National Grid in the country demarcated into 5 regions. Out of it, 4 regional grids have been operating as a single system and the southern grid is under construction which is likely to be completed by January 2014 and this will be the largest single system with the capacity of around 2,00,000 MW. The capacity of transfer of power under the regional grids is about 27,750 MW at the end of 11<sup>th</sup> Plan and which is expected to be increased by 136% to 65,550 MW by the end of 12<sup>th</sup> Plan. Three HVDC systems and a number of 765 KV lines and substations shall be implemented during 12<sup>th</sup> Plan.

The distribution system planned for the 12<sup>th</sup> Plan includes setting up of new lines (13,05,000 ckm), installation of new substations (88,000 MVA), augmentation of substation etc with a total fund requirement of ₹ 3,06,235 Crore. (Source: Planning Commission Working Group report).

*(Source: Planning Commission Report)*

Thus power projects are expected to give rise to substantial demand for power cables.

#### ***Railways***

The Twelfth Five Year Plan (2012-2017) envisages an integrated approach for the transport sector as a whole, especially Railways, the investments planned in railways is about ₹ 7.35 trillion. One of the mega rail project undertaken by the Government for building of an effective multi-modal transport system is Eastern and Western Dedicated Freight Corridors (DFC) whereas the Eastern DFC (1839 route kilometres [RKM]) shall extend from Dankuni near Kolkata to Ludhiana in Punjab, while the Western DFC (1499 RKM) will extend from the Jawahar Lal Nehru Port (JNPT) in Mumbai to Dadri /Rewari near Delhi. The Dedicated Freight Corridor Corporation of India Limited has been set up to implement the project, 73% of total required land has already been acquired and civil contracts are being awarded for the same.

Apart from above, future freight corridors viz. East-West Corridor (Kolkata-Mumbai), North-South Corridor (Delhi-Chennai), East Coast Corridor (Kharagpur-Vijayawada) and Southern Corridor (Goa-Chennai) are also under consideration.

Some ongoing metro/mono-rail projects include East-West Metro Corridor of 14.67 km length in Kolkata by Kolkata Metro Rail Corporation Ltd. (KMRCL) which is targeted for completion by 31<sup>st</sup> January 2015, the Chennai Metro Rail Project of 46.5 km length by Chennai Metro Rail Ltd. (CMRL) at a total estimated cost of ₹ 14,600 Crore, targeted for completion by 31<sup>st</sup> March 2015 and the 103.5 km Phase III of Delhi Metro at a total cost of ₹ 35,242 Crore, targeted for completion by 2016. Other upcoming metro projects include Kochi Metro Rail Project, Mumbai Metro Rail Project and Rajasthan Metro Rail Project.

In view of above operational and upcoming railways and metro projects, good business is expected from this sector as demand of signalling cables and axle counter cables shall rise significantly.

#### *Telecommunications*

The telecom sector has been one of the fastest growing sectors as a series of reform measures by wireless technology and the private sector played an important role in the exponential growth. With the growth of mobile telephone, there is increase in number of wireless telephone users by 96.7% of all telephones, whereas the number of landline telephones has declined from 32.17 million to 30.95 million as on 31<sup>st</sup> October 2012 and at the end of March 2012, 22.86 million internet subscribers including 13.79 million broadband subscribers has been recorded.

The government has approved a National Optical Fiber Network (NOFN) Project to connect 2.5 Lakh Gram Panchayats in the country to form a seamless optical fibre network at an estimated cost of ₹ 20,000 Crore. On the other hand, the National Telecom Policy (NTP) 2012 is aiming at increasing rural tele-density from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020.

In view of above, where slowdown in demand of Jelly Filled Telephone Cables (JFTC) is apparent as its demand is limited to the extent of replacement only, the Optical Fibre Cables (OFC) business is expected to be at its highest levels as reflected by the concurrent and upcoming government projects in years to come. Thus the telecom sector though showing dual effect, is still promising.

#### *Building, Construction and Real Estate*

The building and construction sector is one of the major end markets for the cable industry. Cables and wires demand in this sector is directly related to growth in construction capex. It is projected that during the period 2012-13 to 2016-2017 the market size of construction industry for the 12<sup>th</sup> Plan is likely to be 52.31 Lakh Crores increasing from 7.67 Lakh Crores in 2012-13 to 13.59 Lakh Crores in 2016-17.

Growth in construction industry is linked to the growth in the infrastructure sector and the building industry. The thrust on capacity expansion in the infrastructure sector will continue in the 12<sup>th</sup> Plan.

The expected growth in housing projects shall increase demand of building wires.

#### *Threats*

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

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

With the growth prospects, multinational cable companies are increasingly entering the Indian market and the existing players are also endeavouring to set up joint ventures/technical collaborations to strengthen their position in the market. By entry of new players in the market, even more excessive competition may happen and the fight for market share may become even more intense.

### **PRODUCT WISE BUSINESS ANALYSIS AND PERFORMANCE**

#### *Power & Railway Cables*

The Company supplies various kinds of electric cables such as LT/HT Power Cables, Control Cables, Instrumentation Cables, Thermocouple Cables, Railway Signalling Cables, Copper Flexible & Industrial Wires. During the year the Company sold power cables amounting to ₹ 449.52 Crores as compared to ₹ 457.81 Crores in the previous year.

Power and railway cables constitute approximately 87.08% of gross turnover of the Company for the year 2012-13.

*Jelly Filled Telephone Cables (JFTC)*

The Company sold Jelly Filled Telephone Cables amounting to ` 35.36 Crores against ` 30.48 Crores in the previous year. JFTC comprises of 6.85% of gross turnover of the Company for the financial year 2012-13.

*Optical Fibre Cables (OFC)*

The growth in this segment has been long foreseen, the turnover of the Company has risen in fiscal 2012-13. The Company sold Optical Fibre Cables amounting to ` 18.65 Crores as compared to ` 2.92 Crores in the previous year.

OFC comprises of 3.61% of gross turnover of the Company for the financial year 2012-13. The Company needs to focus in this segment as the demand of OFC is likely to rise at a rapid pace in future.

**COMPETITIVE BUSINESS STRATEGY & OUTLOOK**

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

1. The Company serves the core and prime infrastructure sectors including power, telecom, real estate, railways and domestic building wires. The Company is an approved supplier of cables to Government and public sector enterprises along with major players in the private sector and derives its major revenues from government and institutional sales.
2. The Company's products meet the technological parameters and specifications of national and international agencies and holds major accreditations and approvals from its clients. Its long track record and ability to service client needs efficiently have placed it in the category of preferred vendor for its prestigious customers.
3. Swing capability (ability to use the same manufacturing infrastructure to manufacture different varieties of cables) has made your Company capable of offering the widest product basket. The Company has a well-diversified presence, which helps the Company to insulate itself from slowdown in any one sector.
4. The Company's subsidiary AEI Cables Ltd, United Kingdom, also holds various accreditations across the globe and has a strong marketing network in Europe, which is utilized to market the Company's products also.

*Exports*

During the year under review, the Company's export business was ` 19.28 Crores as compared to ` 22.96 Crores during previous year. The lower exports are attributable to the global economic meltdown, recession and poor economic conditions in UK market.

*Financial Performance*

The Company achieved gross turnover of ` 516.20 Crores for the year ended 31<sup>st</sup> March, 2013 as compared to ` 507.72 Crores during the previous year. The Company has incurred a net loss of ` 4.64 Crores as against net loss of ` 58.35 Crores during previous year. Though the Company has reduced its losses substantially however positive returns are yet to achieve. The Company is facing challenging business environment, heavy debt and interest burden and intense volatility in prices of basic inputs affecting its financial position adversely.

Total financial costs during the year have increased to ` 44.47 Crores (i.e. 8.62% to gross turnover) as against ` 39.35 Crores (7.75% to gross turnover) during previous year.

The Company achieved consolidated gross turnover of ` 729.18 Crores and net loss of ` 24.51 Crores for the year ended 31<sup>st</sup> March, 2013 as compared to ` 746.85 Crores and net loss of ` 50.46 Crores respectively during the previous year.

***Borrowing position***

Borrowings excluding working capital facilities as at 31<sup>st</sup> March, 2013 are ` 196.92 Crores as compared to ` 232.44 Crores during the previous year. These borrowings include term loans from banks of ` 193.07 Crores, loans from financial institutions of ` 3.73 Crores and hire purchase finance of ` 0.12 Crores. The debt equity ratio of the Company as at 31.03.2013 is 29.71:1 as compared to 98.32:1 as at 31.03.2012.

The liability against FCCBs amounting to ` 40.96 Crores as against ` 38.53 Crores previous year has not been included in Borrowings as already accrued and due for payment and has been classified as Current Liabilities.

***Fixed Assets***

Gross Fixed Assets as at 31<sup>st</sup> March, 2013 are ` 177.45 Crores as compared to ` 214.29 Crores as at 31<sup>st</sup> March, 2012.

***Inventories***

Level of Inventories as at 31<sup>st</sup> March, 2013 is ` 169.88 Crores as compared to ` 159.95 Crores as at 31<sup>st</sup> March, 2012.

***Sundry Debtors***

Sundry Debtors as at 31<sup>st</sup> March, 2013 are ` 182.04 Crores as compared to ` 161.15 Crores as at 31<sup>st</sup> March, 2012. These debtors are considered good and realizable.

***Earnings per Share***

Basic Earnings per Share for the year ended 31<sup>st</sup> March, 2013 is ` (0.50) as compared to ` (6.31) for the year ended 31<sup>st</sup> March, 2012 and Diluted Earnings per Share for the year ended 31<sup>st</sup> March, 2013 is ` (0.50) as compared to ` (6.27) for the year ended 31<sup>st</sup> March, 2012.

***Internal Control System***

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

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

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

**Risk Management*****Business Risk***

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

***Technology Risk***

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

***Financial Risk***

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

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

***Human Resources***

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

**Cautionary Statement**

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



## REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

### 2. BOARD OF DIRECTORS

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

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

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

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

Attendance of each director at the Board Meetings, last Annual General Meeting held on 21<sup>st</sup> September, 2012 and number of other directorships and chairmanships/memberships of committee, of each director in various Companies, is given herein below:

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

**Other provisions as to Board and Committees**

7 (Seven) board meetings were held during the financial year ended on 31<sup>st</sup> March, 2013. The dates on which the meetings were held are as follows:

- (1) 15<sup>th</sup> May, 2012
- (2) 25<sup>th</sup> July, 2012
- (3) 9<sup>th</sup> August, 2012
- (4) 21<sup>st</sup> September, 2012
- (5) 7<sup>th</sup> November, 2012
- (6) 12<sup>th</sup> February, 2013
- (7) 30<sup>th</sup> March, 2013

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

**Code of Conduct**

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

All the directors and senior management have affirmed compliance with this code for the year ended 31<sup>st</sup> March, 2013. A declaration of compliance of this code signed by the Chairman & CEO is annexed as Annexure to this report.

**3. AUDIT COMMITTEE****Qualified and Independent Audit Committee**

The Board of Directors has constituted an Audit Committee, comprising of three independent non executive directors namely Mr. S.P.S Dangi, Chairman of the Committee, Mr. Satya Pal and Mr. Vijay Bhushan. All the members of the audit committee are financially literate. Mr. S. P. S. Dangi - Chairman of the Committee is a well known Finance & Management Consultant. He is a fellow member of the Institute of Cost Accountants of India and has expertise in accounting & finance matters. Mr. S.P.S.Dangi was present at the last Annual General Meeting of the Company held on 21<sup>st</sup> September, 2012. Mr. Ratan Aggarwal, CFO & Company Secretary of the Company acts as the Secretary of the Committee. The Audit Committee is constituted in compliance of the requirements of Section 292A of the Companies Act, 1956.

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

Name of the Director	Category of Directorship	No. of Meetings attended
Mr. S. P. S. Dangi	Non-executive Independent Director	05
Mr. Satya Pal	Non-executive Independent Director	05
Mr. Vijay Bhushan	Non-executive Independent Director	04

#### Meetings of Audit Committee held during the financial year 2012-13.

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

- (1) 15<sup>th</sup> May, 2012
- (2) 25<sup>th</sup> July, 2012
- (3) 9<sup>th</sup> August, 2012
- (4) 7<sup>th</sup> November, 2012
- (5) 12<sup>th</sup> February, 2013

Proper quorum was present in all the Audit Committee Meetings held during the year.

#### Powers of Audit Committee

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

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

#### Role of Audit committee

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

#### Review of information by Audit Committee

The audit committee reviews the following information:

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

#### 4. REMUNERATION COMMITTEE

Board of Directors of the Company has constituted a Remuneration Committee, comprising of three independent non-executive directors viz. Mr. Satya Pal, Chairman of the Committee, Mr. S.P.S. Dangi and Mr. Vijay Bhushan. Meeting of the Remuneration Committee are held as and when required to review/revise or modify the remuneration of the executive directors (managerial personnel). Mr. Ratan Aggarwal, CFO and Company Secretary acts as the Secretary of the Committee. The present remuneration of the executive directors is in consonance with the existing industry practice.

#### Meetings of Remuneration Committee held during the financial year 2012-13.

During the year, the Committee has met two times on 9<sup>th</sup> August, 2012 & 12<sup>th</sup> February, 2013 respectively for fixation of remuneration of executive directors (managerial personnel). Quorum for the meeting is 1/3 of the total strength or 2 members whichever is higher. Proper quorum was present in all the Committee Meetings held.

**DETAILS OF REMUNERATION PAID TO THE EXECUTIVE DIRECTORS (MANAGERIAL PERSONNEL) DURING THE YEAR 2012-13.**

Aggregate value of salary, perquisites and commission paid during the financial year 2012-13 to the executive directors (managerial personnel) are as follows:-

(Amount in `)

Name	Salary and perquisites	Company's Contribution to P.F.	Sitting Fees	Total
Mr. Sanjay Aggarwal	31,76,237	3,12,000	Nil	34,88,237
Mr. Sandeep Aggarwal	31,48,470	3,12,000	Nil	34,60,470

The appointment of Mr. Sanjay Aggarwal as Whole Time Director (designated as Chairman & CEO) and Mr. Sandeep Aggarwal, Managing Director of the Company for a period of five years w.e.f. 01.03.2013 has been made subject to approval of Central Government at a remuneration of ` 4,00,000/- (Rupees Four Lac) per month all inclusive. The said appointment has been made pursuant to approval of members of the Company by way of postal ballot declaration of results of which was held on 28.03.2013. The appointment and payment of remuneration is subject to approval of Central Government and thus the terms of appointment may vary.

**Compensation and Disclosures of Non Executive Directors**

The Company pays sitting fees to all the non-executive directors at the rate of ` 8,500/- (Rupees Eight Thousand Five Hundred Only) per director for each meeting attended. The independent directors are also paid a lump sum for conveyance and out of pocket expenses at the rate of ` 4,000/- (Rupees Four Thousand Only) for each committee meeting or meeting of the Board of Directors attended by them. The details of sitting fee paid to the directors for attending the Board and Committee meetings for the year ended 31<sup>st</sup> March, 2013 are as follows:

Mr. S.P.S Dangi	` 1,19,000/-
Mr. Satya Pal	` 1,19,000/-
Mr. Vijay Bhushan	` 1,02,000/-

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

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

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

The Shareholders and Investors Grievance Committee met once on 15<sup>th</sup> May, 2012 during the year under reporting. 2 investor complaints were received during the year. Total numbers of requests received were 19 during the year under review where all of them were replied to the satisfaction of the shareholders. All the investors' grievances and complaints have been resolved as and when received and there were no outstanding complaints/requests as on 31.03.2013. The Company has designated an e-mail id [investors@paramountcables.com](mailto:investors@paramountcables.com) exclusively for the purpose of receiving investors' queries and complaints so that they can be attended promptly.

## 6. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2009-10 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	27.09.2010	11.00.A.M.
2010-11 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	28.09.2011	11.00.A.M.
2011-12 (AGM)	Shah Auditorium Shree Delhi Gujarati Samaj Marg Near ISBT, Delhi	21.09.2012	10.00.A.M.

### Postal Ballots

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

Voting by postal ballot was conducted by the Company in terms of provisions of Section 192A of the Companies Act, 1956 to obtain approval of shareholders by way of special resolutions on the matters as stated below whereas declaration of results of postal ballot was held on 28<sup>th</sup> March, 2013 at registered office of the Company at 4:00 P.M.

At the Postal Ballot Voting held on 28<sup>th</sup> March, 2013, five special resolutions were passed:

- For according approval of the members of the Company for issue of 14,35,00,000 equity shares at a price of ` 2.30/- each to promoters/ promoter group Companies on preferential basis under Section 81(1A) and approval of CDR re-work package entered into by the Company.
- For Alteration of Articles of Association of the Company pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and to enable issue of redeemable preference shares.
- For increase and classification of Authorized Share Capital of the Company by creation of 10,00,000 redeemable preference shares of ` 100/- each pursuant to Section 94 and other applicable provisions of the Companies Act, 1956 and in accordance with Articles of Association of the Company.
- For approval of the members of the Company for appointment of Mr. Sanjay Aggarwal as Whole Time Director (to be designated as Chairman & CEO) for a period of 5 years w.e.f. 01.03.2013 at a remuneration not exceeding ` 4,00,000/- per month and
- For approval of the members of the Company for appointment of Mr. Sandeep Aggarwal as Managing Director for a period of 5 years w.e.f. 01.03.2013 at a remuneration not exceeding ` 4,00,000/- per month.

### Special Resolutions Passed at the General Meetings

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

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

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

- One for according the approval of the members of the Company for appointment of Mr. Tushar Aggarwal, relative of Executive Directors, as Vice President-Business Development, to hold office and place of profit in the Company at remuneration not exceeding ` 1,25,000/- per month and
- Second for approval of the members of the Company for appointment of Mr. Dhruv Aggarwal, relative of Executive Directors, as Vice President-Business Development, to hold office and place of profit in the Company at remuneration not exceeding ` 1,25,000/- per month.

At the A.G.M. held on 21<sup>st</sup> September, 2012 two special resolutions were passed:

- One for according approval of the members of the Company for increase in authorized share capital of the Company from ` 35 Crore to ` 50 Crore and
- Second for approval of the members of the Company for report on erosion of more than 50% of peak net worth as per provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

## 7. Disclosures

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

Members may refer to the disclosures of transactions with the related parties as given under Note no. 30 of the notes to accounts.

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

The Company has fully complied with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the Company with any matters whatsoever relating to the requirements as stipulated by the regulatory authorities on capital markets or are for the time being in force except that the Company has not declared its consolidated financials within the stipulated time period i.e. up to 30<sup>th</sup> May, 2013. No penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

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

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

- (iv) **Compliance with the code of Corporate Governance.**

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

- (v) **Accounting Standards**

The Company has followed the accounting standards, referred to in sub-section 3C of Section 211 of the Companies Act, 1956 except as disclosed and explained in the Directors Report of the Company.

- (vi) **Subsidiary Companies**

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

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

**(vii) Risk Management**

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

**(viii) CEO/CFO Certification**

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

- (i) They have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2013 and the same does not contain any materially untrue statement or omit any material fact or contain any misleading statement.
- (ii) The financial statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards along with proper explanation relating to material departures, applicable laws and regulations and no transactions entered into by the Company during the year were fraudulent, illegal or are in violation of the company's code of conduct.
- (iii) They accept the responsibility for establishing and maintaining internal controls and their effectiveness, and they have disclosed the deficiencies, if any in the design and operation of internal controls, significant changes in the accounting policies or in the internal control or the instances of significant fraud, if any of which they are aware, to the auditors and the audit committee and the steps they have taken to rectify those deficiencies.
- (iv) They have indicated to the auditors and the Audit committee
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

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

**(x) Reconciliation of Share Capital Audit**

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

**8. MEANS OF COMMUNICATION****Quarterly Results / Annual Financial Results**

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

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

**9. GENERAL SHAREHOLDERS INFORMATION**

**9.1 Annual General Meeting**

Date	:	September 20 <sup>th</sup> , 2013
Day and Time	:	Friday, 12.00 P.M.
Venue	:	SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Near Inter-State Bus Terminal, Delhi-110054, India

**9.2 Financial Calendar 2013-2014 (tentative)**

Financial year	:	1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014
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**Approval of Quarterly/Annual Results**

Results for the quarter ending June 30 <sup>th</sup>	:	By 14 <sup>th</sup> Aug, 2013
Results for the quarter ending Sept. 30 <sup>th</sup>	:	By 14 <sup>th</sup> Nov, 2013
Results for the quarter ending Dec. 31 <sup>st</sup>	:	By 14 <sup>th</sup> Feb, 2014
Results for the quarter/year ending March 31 <sup>st</sup>	:	By 30 <sup>th</sup> May, 2014

<b>9.3 Book Closure Date</b>	:	<b>Monday, 16<sup>th</sup> September, 2013 to Friday, 20<sup>th</sup> September, 2013 (both days inclusive)</b>
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<b>9.4 Dividend Payment Date</b>	:	Not Applicable
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**9.5 The Equity Shares of the Company are Listed at the following Stock Exchanges:**

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

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

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

\*\* The Outstanding US \$ 7.5 Million Foreign Currency Convertible Bonds (FCCB's) of the Company were due for repayment on 23<sup>rd</sup> November, 2011 however these bonds were not redeemed on their redemption date and are still outstanding.

The Company has paid the Annual Listing Fees for the year 2013-14 to BSE and NSE.

**9.6 Stock Code**

◆ The Bombay Stock Exchange Ltd.	:	530555
◆ The National Stock Exchange of India Ltd.	:	PARACABLES
◆ The Calcutta Stock Exchange Assn. Ltd.	:	--
◆ Trading Symbol of BSE	:	PARACOM
◆ Trading Symbol of NSE	:	PARACABLES
◆ Demat ISIN Number in NSDL and CDSL for Equity Shares	:	INE074B01023

The ISIN of Global Depository Receipts and One Percent Unsecured Foreign Currency Convertible Bonds due 2011 are US69921M1027 and XS0276171823 respectively.

Face Value of each Equity Share	:	₹ 2/-
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9.7 Stock Market Data

BSE Scrip Code:530555

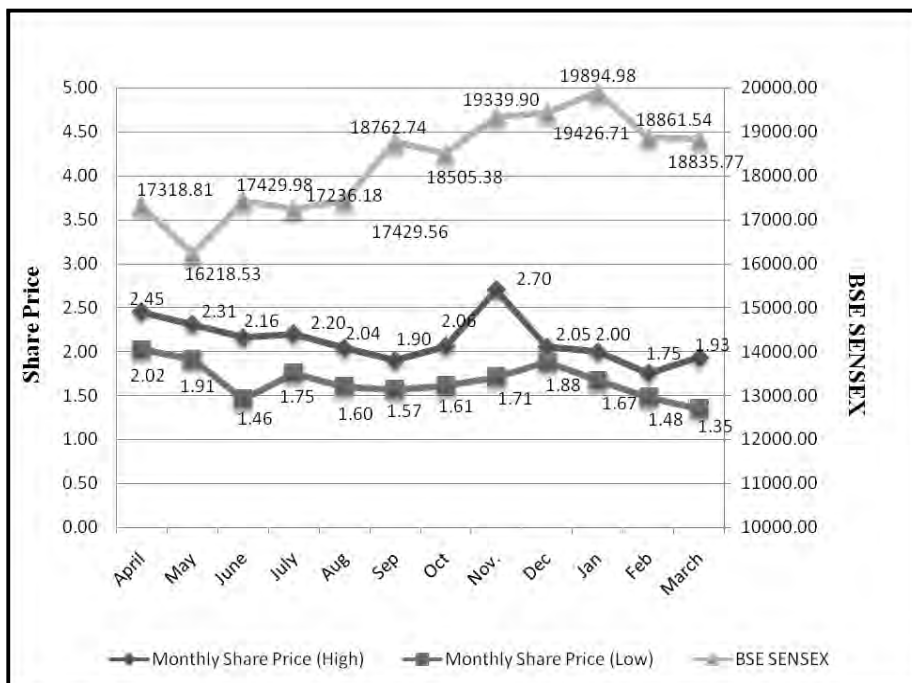
For the Period: April, 2012 to March, 2013

(Value in `)

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (`)	*Spread (`)	
								H - L	C - O
April 2012	2.30	2.45	2.02	2.15	1,46,686	353	3,29,628	0.43	-0.15
May 2012	2.13	2.31	1.91	2.10	1,22,212	327	2,52,351	0.40	-0.03
June 2012	1.97	2.16	1.46	1.88	1,93,767	390	3,64,729	0.70	-0.09
July 2012	1.85	2.20	1.75	2.00	13,92,436	491	26,53,033	0.45	0.15
August 2012	1.91	2.04	1.60	1.80	1,16,819	336	2,16,112	0.44	-0.11
September 2012	1.80	1.90	1.57	1.79	1,57,694	364	2,71,755	0.33	-0.01
October 2012	1.75	2.06	1.61	1.71	2,44,190	470	4,37,868	0.45	-0.04
November 2012	1.71	2.70	1.71	1.96	3,68,522	866	8,06,646	0.99	0.25
December 2012	1.91	2.05	1.88	1.91	1,95,471	321	3,81,782	0.17	0.00
January 2013	1.86	2.00	1.67	1.70	2,95,683	458	5,45,547	0.33	-0.16
February 2013	1.70	1.75	1.48	1.57	1,91,920	329	3,06,350	0.27	-0.13
March 2013	1.60	1.93	1.35	1.50	5,41,550	445	8,78,948	0.58	-0.10

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

9.8 Performance of equity shares in comparison with BSE index during the Financial Year 2012-13.

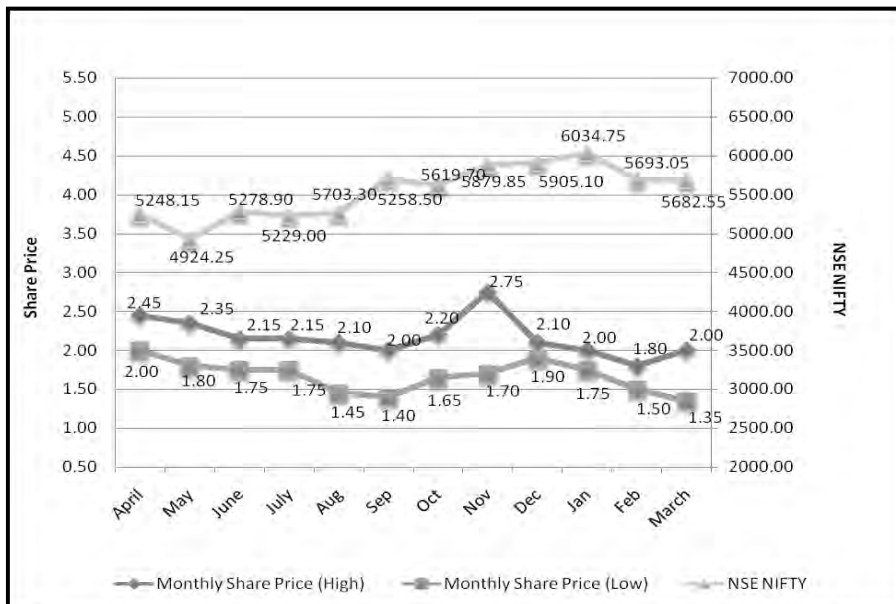


NSE Scrip Code: PARACABLES

For the period: April, 2012 to March, 2013

Month	Open	High	Low	Close	No. of Shares	Spread	
						H-L	C-O
April 2012	2.30	2.45	2.00	2.20	221833	0.45	-0.10
May 2012	2.15	2.35	1.80	2.10	267838	0.55	-0.05
June 2012	1.95	2.15	1.75	1.85	207513	0.40	-0.10
July 2012	1.80	2.15	1.75	1.95	1983879	0.40	0.15
August 2012	1.90	2.10	1.45	1.85	448842	0.65	-0.05
September 2012	1.85	2.00	1.40	1.75	1467860	0.60	-0.10
October 2012	1.75	2.20	1.65	1.75	369803	0.55	0.00
November 2012	1.70	2.75	1.70	2.00	708560	1.05	0.30
December 2012	2.10	2.10	1.90	1.90	146497	0.20	-0.20
January 2013	1.90	2.00	1.75	1.75	301673	0.25	-0.15
February 2013	1.70	1.80	1.50	1.55	133121	0.30	-0.15
March 2013	1.50	2.00	1.35	1.45	145121	0.65	-0.05

Performance of equity shares in comparison with NSE NIFTY during the Financial Year 2012-13.



9.9 Registrar and Share Transfer Agent :

M/S Link Intime India Private Limited  
 44, IInd Floor, Community Centre,  
 Naraina Industrial Area, Phase-I,  
 New Delhi-110028  
 Phone(s) +91-11-4141 0592, 93, 94  
 Fax: +91-11-4141 0591

**9.10 Share Transfer System:**

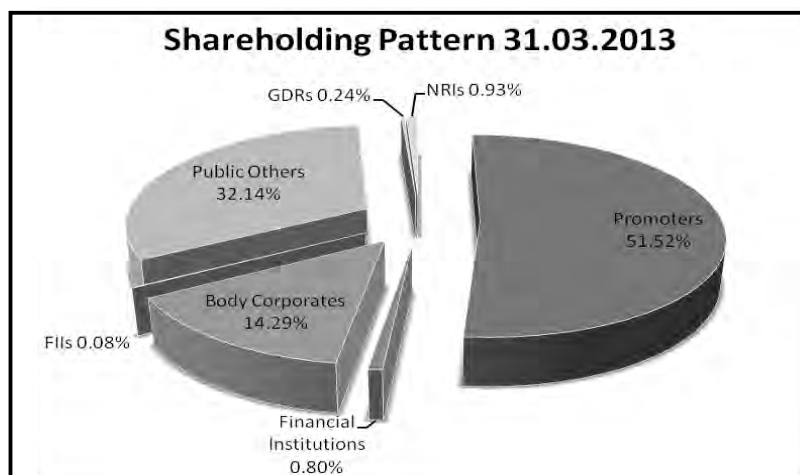
The Company has a sound share transfer process. For the purpose of making the share transfer process smooth and speedy; the Company has appointed M/s Link Intime India Private Limited, as its share transfer agents. After the Share Transfer Agents complete the formalities of transfer/transmission, approval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

During the financial year 2012-13, the Share Transfer Committee of the Company met 16 times and 313 transfers were approved thereat for the transfer of 2,011 equity shares and 1 transmission was approved for 1,400 equity shares. The committee also approved re-mat requests for 455 equity shares during the year under reporting.

**9.11 Distribution of Shareholding and Shareholding Pattern as on 31.03.2013**

Shareholding of Nominal Value of `	No. of Shareholders		No. of Shares held	Amount	
	Numbers	% to total		`	% to total
Upto 2,500	27,214	83.58	94,22,102	1,88,44,204	7.53
2,501 - 5,000	2,772	8.52	50,31,206	1,00,62,412	4.02
5,001 - 10,000	1,357	4.17	50,90,130	1,01,80,260	4.06
10,001 - 20,000	603	1.85	45,13,222	90,26,444	3.60
20,001 - 30,000	206	0.63	25,57,385	51,14,770	2.04
30,001 - 40,000	105	0.32	18,70,614	37,41,228	1.50
40,001 - 50,000	48	0.15	11,02,567	22,05,134	0.88
50,001 - 1,00,000	122	0.38	45,45,913	90,91,826	3.63
1,00,001 & Above	132	0.40	9,11,00,326	18,22,00,652	72.74
<b>Total</b>	<b>32,559</b>	<b>100.00</b>	<b>12,52,33,465</b>	<b>25,04,66,930</b>	<b>100.00</b>

Shareholding Pattern of the Company as at 31<sup>st</sup> March, 2013



**9.12 Dematerialization of Shares**

At the end of the year 2012-13 around 98.65% (this dose not includes 3,22,06,500 equity shares allotted in March, 2013) of the equity shares of the Company are held in dematerialized form.

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

**Liquidity:**

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

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

The Company raised US\$ 27 million by way of allotment of 1% Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2011 in the financial year 2006-07. During the financial year 2009-10, the Company bought back 3,900 bonds of US\$ 5,000 each at a discount. Outstanding FCCBs amounting to USD 7.5 million were due for redemption on 23<sup>rd</sup> November, 2011 at a premium equal to 145.54% of the outstanding principal amount i.e. @ US\$ 7,277. Pending redemption, a winding up petition has been filed against the Company by the trustees on behalf of FCCB holders, whereas an interim order dated 13.02.2013 has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The Company is contesting the case. The matter is presently subjudice.

As at 31<sup>st</sup> March, 2013 there were 3,01,750 equity shares of ₹ 2/- each (post split) which are represented by outstanding Global Depository Receipts.

The Company has allotted 3,22,06,500 equity shares to the promoter group Companies in March, 2013 whereas these shares were listed in June, 2013. These shares were allotted out of 14,35,00,000 equity shares to be allotted to promoters/ promoter group Companies in terms of approved CDR re-work package of the Company.

**Plant Locations:**

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

**Registered Office:**

C-125, Naraina Industrial Area, Phase-1, New Delhi-110028, India

**9.14 (i) Investors' Correspondence**

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

Link Intime India Private Limited  
44, IInd Floor, Community Center,  
Naraina Industrial Area, Phase-I,  
New Delhi-110028, India  
Phone(s) : +91-11-41410592,93,94 Fax: +91-11-41410591

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

The Company Secretary  
Paramount Communications Ltd.  
C-125, Naraina Industrial Area, Phase-1,  
New Delhi - 110028, India

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

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

**AUDITORS CERTIFICATE**

The Members  
Paramount Communications Limited

We have examined the compliance of conditions of corporate governance by Paramount Communications Limited for the year ended on 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing agreement of the said company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

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

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

(J. C. Gupta)  
Partner

M.No. : 006107

Firm Registration No. : 000129N

Place : New Delhi

Dated : 14.08.2013

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

The Members  
Paramount Communications Limited

I hereby confirm that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year ended 31<sup>st</sup> March, 2013.

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

(Sanjay Aggarwal)  
Chairman & CEO

Place : New Delhi

Dated : 14.08.2013

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**INDEPENDENT AUDITORS' REPORT**

To the members of  
**PARAMOUNT COMMUNICATIONS LIMITED**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Paramount Communications Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**Management's Responsibility for the Financial Statements**

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956 of India (the "Act")'. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

6. *We state that no provision has been made for premium on redemption of US \$ 7.5 million 1% Foreign Currency Convertible Bonds (FCCBs) due on 23rd November, 2011 amounting to ` 207,976,137/- (gross of tax) for the year ended 31st March, 2013. In our opinion, this accounting treatment is not in accordance with current accounting standards i.e. AS-16. We further report that had above provision been considered, other current liabilities would have been ` 1,100,973,010/- as against reported figure of other current liabilities ` 892,996,873/- and securities premium account would have been ` 711,386,088/- as against reported figure of securities premium account ` 919,362,225/-. (Refer Note 35 )*

**Qualified Opinion**

7. *In our opinion, and to the best of our information and according to the explanations given to us except for the effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - (a) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;*
  - (b) *in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and*
  - (c) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

**Emphasis of Matter**

8. We draw attention to :

- a) Note 36 to the financial statements. The accompanying financial statements have been prepared on a going concern basis despite significant erosion of net worth, default in redemption of Foreign Currency Convertible Bonds (FCCBs) and filing of winding up petition filed against the Company under the Act on behalf of FCCB holders. The appropriation of the said basis is interalia dependent on successful implementation of Corporate Debt Restructuring (CDR) package and outcome of winding up petition.
- b) Note 12.1 to the financial statements. No provision for diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount Holdings Limited (Subsidiary) has been made. In the opinion of the management diminution in the value of these investments is temporary in nature.
- c) Note 24.1 to the financial statements. Managerial Remuneration of ` 853,720 /- to Chairman & CEO and Managing Director for March, 2013 is as approved by the shareholders by way of postal ballot. However, this is subject to final approval from the Central Government. Pending approval from the Central Government in this regard, the impact thereof on the financial statements to the extent of amount of remuneration that may be disallowed by the Central government, if any, is currently unascertainable.

Our opinion is not qualified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
10. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;*
  - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number: 000129N

Place of signing: New Delhi  
Date : 29th May, 2013

(J.C. GUPTA)  
Partner  
Membership Number 6107

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph '9' of the Independent Auditors' Report to the Members of Paramount Communications Limited on the financial statements for the year ended 31st March, 2013

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, a portion of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion, the Company has disposed off a substantial part of fixed assets during the year. On the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, in our opinion, the disposal of the said part of fixed assets has not affected the going concern status of the Company. (Refer Note- 28.2).
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was ` 18,000,000/- and the year end balance of deposit granted to such party was ` 18,000,000/-. (Refer Note 13.1)
- (b) In our opinion, terms and conditions on which deposit has been given to such party listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from the party, since this is deposit against premises taken on rent.
- (c) No principal amount was due for repayment, no interest was charged from the party, since this was deposit against premises taken on rent.
- (d) In respect of aforesaid deposit, there is no overdue amount more than Rupees one Lac.
- (e) The company has taken deposits from two parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 102,349,633/- and the year end balance of deposits taken from such parties was NIL.
- (f) In our opinion, the rate of interest where applicable and other terms and conditions on which deposits have been taken from Companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amounts as stipulated and also in the payment of interest, where applicable, in case of deposits taken from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories, fixed assets and with regard to the sale of goods. There are no sale of services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in aforesaid internal control system.



- (v) (a) According to the information and explanations given to us, we are of the opinion that during the year, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) As, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under, paragraph 4(vi) of the order is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor education and protection fund, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities, We are informed there are no undisputed statutory dues as of March 31, 2013 outstanding for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with appropriate authorities on account of any dispute other than those mentioned below :-

Name of the Statute	Nature of the Due	Amount ( ` )	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	74,336,296	Various years for 2002-03 to 2009-10	CESTAT
Finance Act	Service Tax	12,391,979	Various years for 2005-06 to 2009-10	CESTAT
		9,938,462	2005-06 & 2006-07	Commissioner (Appeals)
Customs Act	Custom Duty	1,836,570	2005-06 & 2006-07	CESTAT

- (x) *The company's accumulated losses at the end of the financial year were more than fifty percent of its net worth. The company has not incurred cash losses during the financial year. However, it had incurred cash losses in the immediately preceding financial year.*
- (xi) *Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of principal amount of ` 91,461,704/- of Term Loan from a bank for the period from 23/09/2012 to 22/12/2012. Further the Company has defaulted in repayment of ` 596,129,595/- (inclusive of premium on redemption of ` 186,554,595/-) upon redemption on 23rd November, 2011 of Foreign currency Convertible Bonds (FCCBs). Interest on FCCBs of ` 6,500,080/- due up to 31st December, 2012 has also not been paid and is overdue. (Refer Note 4.2 & 9.1).*
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.

- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) The company has given guarantee for loans taken by two corporates from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prime facie prejudicial to the interest of the company. (Refer Note 34 (ii), (iii) & (iv)).
- (xvi) The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) During the year, the company has allotted equity shares and 0% Non-Convertible Redeemable Preference Shares (NCRPS) on preferential basis to two Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The price at which, these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, which in our opinion, is not prejudicial to the interest of the Company. "NCRPS" have been issued at par, which is in our opinion, is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end on which it is required to create security or charge. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable.
- (xxi) 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For JAGDISH CHAND & CO.  
Chartered Accountants  
Firm Registration Number: 000129N

Place of signing: New Delhi  
Date : 29th May, 2013

(J.C. GUPTA)  
Partner  
Membership Number 6107

## BALANCE SHEET AS AT 31ST MARCH, 2013

Figures in `

	Note	As at 31st March,2013		As at 31st March,2012	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
Share Capital	2	326,966,930		186,053,930	
Reserves and surplus	3	(163,359,209)	163,607,721	(132,529,640)	53,524,290
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	1,625,683,882		1,791,857,486	
Deferred Tax Liability (Net)	5	—		—	
Long Term Provisions	6	12,517,569	1,638,201,451	9,201,027	1,801,058,513
<b>Current Liabilities</b>					
Short Term Borrowings	7	1,325,462,159		1,574,668,524	
Trade Payables	8	1,001,659,001		833,452,970	
Other Current Liabilities	9	892,996,873		1,049,190,590	
Short Term Provisions	10	2,295,235	3,222,413,268	1,906,877	3,459,218,961
<b>TOTAL</b>			<b>5,024,222,440</b>		<b>5,313,801,764</b>
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
<b>Fixed Assets</b>					
- Tangible assets	11.1	951,852,767		1,395,560,256	
- Intangible assets	11.2	2,117,184		5,483,356	
- Capital Work - in Progress		1,309,033	955,278,984	—	1,401,043,612
Non- Current Investments	12		281,217,782		281,217,782
Long Term Loans and Advances	13		40,428,092		35,200,911
<b>Current Assets</b>					
Inventories	14	1,698,821,466		1,599,505,880	
Trade Receivables	15	1,820,411,231		1,611,549,398	
Cash and Bank Balances	16	97,680,843		89,884,754	
Short Term Loans and Advances	17	122,359,179		291,481,488	
Other Current Assets	18	8,024,863	3,747,297,582	3,917,939	3,596,339,459
<b>TOTAL</b>			<b>5,024,222,440</b>		<b>5,313,801,764</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 37

As per our separate report of even date attached.

For Jagdish Chand & Co.,

Chartered Accountants

Firm Registration Number : 000129N

(J.C. Gupta)

Partner

Membership No. 6107

(Sanjay Aggarwal)

Chairman & CEO

(Sandeep Aggarwal)

Managing Director

(Ratan Aggarwal)

CFO & Company Secretary

Place of signing: New Delhi

Date : 29th May, 2013

Place: New Delhi

Date : 29th May, 2013

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Figures in `

Particulars	Note	Year ended 31st March,2013		Year ended 31st March,2012	
Revenue from Operations (Gross)	19	5,162,033,607		5,077,229,163	
Less: Excise Duty		484,688,892	4,677,344,715	442,698,970	4,634,530,193
Other Income	20		13,477,448		16,694,028
<b>Total Revenue</b>			<b>4,690,822,163</b>		<b>4,651,224,221</b>
Expenses :					
Cost of Materials Consumed	21		3,794,357,139		3,903,010,949
Purchases of Stock in Trade	22		36,274,893		89,263,124
(Increase)/Decrease in Finished goods, Work-in-progress and Stock-in-Trade	23		16,836,076		(25,749,442)
Employee Benefits Expense	24		149,592,115		138,535,740
Finance Costs	25		444,736,894		393,533,578
Depreciation and Amortization Expense	26		116,328,792		124,340,116
Other Expenses	27		598,658,492		611,351,369
<b>Total Expenses</b>			<b>5,156,784,401</b>		<b>5,234,285,434</b>
Profit / (Loss) Before exceptional and Tax Exceptional Items	28		(465,962,238)		(583,061,213)
Profit / (Loss) Before Tax			420,085,189		—
Tax Expense			(45,877,049)		(583,061,213)
- Current tax			—		—
- Deferred tax			—		—
Short/(Excess) Provision-Earlier Years -Current Tax			553,735		485,413
Profit / (loss) for the Year			(46,430,784)		(583,546,626)
Earnings per Equity Share:	29				
Equity Share of Par Value of ` 2/- each					
-Basic ( ` )			(0.50)		(6.31)
-Diluted ( ` )			(0.50)		(6.27)

Significant Accounting Policies and Notes on Financial Statements 1 to 37

As per our separate report of even date attached  
**For Jagdish Chand & Co.,**  
 Chartered Accountants  
 Firm Registration Number : 000129N

(J.C. Gupta)  
 Partner  
 Membership No. 6107

(Sanjay Aggarwal)  
 Chairman & CEO

(Sandeep Aggarwal)  
 Managing Director

(Ratan Aggarwal)  
 CFO & Company Secretary

Place of signing: New Delhi  
 Date : 29th May, 2013

Place: New Delhi  
 Date : 29th May, 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Figures in `

S.NO. PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation and extraordinary items	(465,962,238)	(583,061,213)
<b>Adjustment for:</b>		
Depreciation (Net)	116,328,792	124,340,116
Financial Costs	444,736,894	393,533,579
Loss on sale/disposal of fixed assets	1,068,446	873,868
Exchange loss on FCCBs	12,636,000	25,574,250
Amortisation of FCMITDA	30,884,575	28,222,184
Provision for leave encashment/ Gratuity	3,705,741	906,892
Operating profit before working capital changes	143,398,211	(9,610,324)
<b>Adjustment for:</b>		
Trade Receivables, Loans and Advances and Other Assets	(48,813,554)	241,430,326
Inventories	(99,315,586)	(35,951,650)
Trade Payables, Other Liabilities and Provisions	176,733,363	(14,977,102)
<b>Cash generated from operations</b>	172,002,434	180,891,250
Direct tax paid/ Refund	(835,610)	(173,344)
<b>Cash flow before exceptional items</b>	171,166,824	180,717,906
Exceptional items	420,085,189	—
<b>Net cash from operating activities</b>	591,252,013	180,717,906
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and other capital expenditure	(18,600,254)	(13,408,946)
Sale of fixed assets	570,394,398	435,000
<b>Net cash used in investing activities</b>	551,794,144	(12,973,946)
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from long term borrowings (Net of repayments)	(591,040,677)	266,829,094
Proceeds from Equity Share Capital	74,074,950	—
Proceeds from Preference Share Capital	76,500,000	—
Working capital facilities from Bank	(249,206,365)	(48,699,776)
Hire purchase finance (Net of repayments)	(841,081)	(746,337)
Financial Costs	(444,736,894)	(393,533,579)
<b>Net cash received/(used) from financial activities</b>	(1,135,250,068)	(176,150,598)

Figures in `

S.NO. PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>7,796,089</b>	<b>(8,406,638)</b>
Cash and cash equivalents as at 31st March, 2012 (Opening Balance)	89,884,754	98,291,392
Cash and cash equivalents as at 31st March, 2013 (Closing Balance)	97,680,843	89,884,754
<b>Note:</b>		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement.		
2. <b>Cash and cash equivalents includes :</b>		
Cash and bank balances	5,447,171	6,365,159
Fixed Deposits under lien/ custody with banks/sales tax department	91,138,282	82,420,860
Unclaimed Dividend Accounts	1,095,390	1,098,735
<b>Total cash and cash equivalents as per balance sheet</b>	<b>97,680,843</b>	<b>89,884,754</b>
3. Figures in brackets represent cash outflow		

As per our separate report of even date attached  
**For Jagdish Chand & Co.,**  
 Chartered Accountants  
 Firm Registration Number : 000129N

**(J.C. Gupta)**  
 Partner  
 Membership No. 6107

**(Sanjay Aggarwal)**  
 Chairman & CEO

**(Sandeep Aggarwal)**  
 Managing Director

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

Place of signing: New Delhi  
 Date : 29th May, 2013

Place: New Delhi  
 Date : 29th May, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES****a Basis of Preparation**

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

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

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

**c Depreciation and Amortisation**

- i. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- ii. Depreciation is provided on Written - Down Value Method on buildings added up to 31st March, 1993 and straight line method on fixed assets added from 1st April, 1993 in accordance with and at the rates specified in Schedule XIV of the Companies Act, 1956. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.
- iii. No write off is being made in respect of leasehold land, as the lease is a long lease.

**d Investments**

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

**e Inventories**

- i. Inventories are valued as follows :
  - Finished Goods are valued at lower of cost or net realisable value.
  - Raw materials are valued at lower of cost or net realisable value.
  - Work-in-Progress is valued at lower of cost or net realisable value.
  - Packing materials, Stores & Spares are valued at cost.
  - Scrap is valued at estimated realisable value.

- ii. Cost of Raw Material is determined on weighted average basis. Cost of Packing Materials and Stores & Spares is determined on weighted average basis. Work-in-Progress includes raw material costs and allocated production overheads on estimated basis. Cost of Finished Goods is determined by taking derived material costs and other overheads.

**f Foreign Currency Transactions**

- i. Foreign currency transactions remaining unsettled at the year end are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- ii. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items:-
  - In so far as they relate to the acquisition of a depreciable capital assets are adjusted in the cost of assets.
  - In other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and are amortised over period of foreign currency monetary item or up to 31st March,2020, whichever is earlier.
- iv. Non monetary foreign currency items are carried at cost.

**g Revenue Recognition**

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

**h Excise Duty**

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

**i Employees Benefits**

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

**j Reserves**

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

**j Preliminary Expenses**

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

**l Taxes on Income**

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



**m Impairment of Fixed Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2013**

**2 Share Capital**

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
<b>Authorised:</b>		
250,000,000 (Previous Year 175,000,000) Equity Shares of ` 2/- each	500,000,000	350,000,000
1,000,000 (Previous Year Nil) Redeemable Preference Shares of ` 100/- each	100,000,000	—
	<u>600,000,000</u>	<u>350,000,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
125,233,465 (Previous Year 93,026,965) Equity Shares of ` 2/- each fully paid	250,466,930	186,053,930
765,000 (Previous Year Nil) 0% Non-Convertible Redeemable Preference Shares (NCRPS) of ` 100/- each	76,500,000	—
<b>Total</b>	<u>326,966,930</u>	<u>186,053,930</u>

**2.1 Rights, preferences and restrictions attached to Equity Shares**

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

**Rights, preferences and restrictions attached to 0% Non-Convertible Redeemable Preference Shares (NCRPS)**

**Rate of Dividend:** 0% rate of dividend. NCRPS are not convertible in equity shares. Redeemable on day and date falling next to date of expiry of a period of 10 years calculated from the date of allotment of these shares. Option of an earlier redemption after expiry of period of 6 months shall be open to Board and can be made by a Board resolution to this effect passed in a duly convened meeting and when consented by the NCRPS shareholders, where the premium payable on redemption shall be adjusted proportionately. **Redemption Value & Premium:** The redemption premium shall be @ 50% of par value and thereby the redemption value shall be 150% of par value after 10 (Ten) years term. There is no right to vote in general. The voting rights shall be restricted to the matters concerning their interest only. **Right to share of Assets:** In the event of winding up of the Company, the NCRPS shareholders shall be entitled to share of assets of the Company in proportion of the preference share capital to aggregate of total paid up capital after settlement of all the liabilities of the Company. The NCRPS shareholders shall have a preferential right on the assets of Company over the Equity shareholders while distribution of assets among shareholders in the event of winding up of Company.

## 2.2 Reconciliation of Number of Equity Shares

Figures in `

Particulars	As At 31st March,2013		As At 31st March,2012	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	93,026,965	186,053,930	88,635,170	177,270,340
Add: Issued during the year (Refer Note 2.2.1)	32,206,500	64,413,000	—	—
Add: Issued on conversion of warrants (Refer Note 2.2.2)	—	—	4,391,795	8,783,590
Balance as at the end of the year	<b>125,233,465</b>	<b>250,466,930</b>	93,026,965	186,053,930

## Reconciliation of Number of Preference Shares

Particulars	As At 31st March,2013		As At 31st March,2012	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	—	—	—	—
Add: Issued during the year (Refer Note 2.2.3)	765,000	76,500,000	—	—
Balance as at the end of the year	<b>765,000</b>	<b>76,500,000</b>	—	—

2.2.1 Additions of 32,206,500 Equity Shares of par value of ` 2/- each have been allotted on Preferential basis at Securities Premium of ` 0.30 per share as per SEBI (ICDR) regulations, 2009 and as amended from time to time in terms of Regulation 10(2) of SEBI (SAST) Regulations, 2011. Proceeds from issue have been utilised as per objects of the issue.

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

Name of Shareholder	Year ended	Year ended
	31.03.2013	31.3.2012
	Nos.	Nos.
M/s Paramount Telecables Limited	21,331,500	3,520,000
M/s April Investment and Finance Pvt. Ltd.	10,875,000	—
M/s Worth Finance & Leasing Pvt. Ltd.	—	871,795

2.2.3 765,000 Preference Shares of par value of ` 100/- each have been allotted at par to M/s Paramount Telecables Limited. Proceeds from issue have been utilised as per objects of the issue.

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

Figures in `

Name of Shareholder	Nos.		%age	
	Nos.	%age	Nos.	%age
<b>Equity Shareholders</b>				
M/s Paramount Telecables Limited	24,851,500	19.84	3,520,000	3.78
M/s April Investment and Finance Pvt. Ltd.	13,040,172	10.41	2,165,172	2.33
Mr. Sanjay Aggarwal	5,826,100	4.65	5,826,100	6.26
Mr. Sandeep Aggarwal	5,732,300	4.58	5,732,300	6.16
Mrs. Kamla Aggarwal	5,731,600	4.58	5,731,600	6.16
<b>Preference Shareholder</b>				
M/s Paramount Telecables Limited	765,000	100.00	—	—

3 Reserves & Surplus		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
<b>Capital Reserve</b>			
- Capital Investment Subsidy			
Balance at the beginning of the year	3,000,000	3,000,000	
- Profit on Issue of forfeited shares			
Balance at the beginning of the year	31,100	31,100	3,031,100
<b>Securities Premium Account</b>			
Balance at the beginning of the year	909,721,234	861,411,489	
Add: On allotment of Equity Shares (Refer note - 2.2.1 & 2.2.2)	9,661,950	48,309,745	
Less: Provision for Premium on Redemption of Preference Shares (Refer Note 3.1)	20,959	—	909,721,234
<b>Revaluation Reserve</b>			
Balance at the beginning of the year	9,190,603	9,323,117	
Less : Transfer to Profit & Loss Statement	121,110	132,514	9,190,603
<b>General Reserve</b>			
Balance at the beginning of the year		25,282,886	25,282,886
<b>Surplus</b>			
Balance at the beginning of the year	(1,042,430,155)	(458,883,529)	
Add: Transfer from Profit & Loss Statement	(46,430,784)	(583,546,626)	(1,042,430,155)
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b>			
Balance at the beginning of the year	(37,325,308)	—	
Add: Additions during the year	(24,803,241)	(65,547,492)	
Less: Written off during the year (Refer Note 3.3)	(30,884,575)	(28,222,184)	(37,325,308)
<b>Total</b>		<b>(163,359,209)</b>	<b>(132,529,640)</b>

- 3.1 During the year Redemption Premium payable on prorata basis of ` 20,959/- on 0% Non-Convertible Redeemable Preference share (NCRPS) has been charged to Securities Premium Account.
- 3.2 In view of losses Capital Redemption Reserve required under section 80 of the Companies Act, 1956 has not been created.
- 3.3 Are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.

4 Long Term Borrowings		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
<b>Secured</b>			
Term Loans :			
- From Banks			
- Foreign Currency Loan	272,817,664	256,740,673	
- Rupee Loans	1,315,248,269	1,511,935,329	
- From Financial Institution	37,362,750	21,978,430	1,790,654,432
Finance Lease Obligations (Refer Note 31)		255,199	1,203,054
<b>Total</b>	<b>1,625,683,882</b>	<b>1,791,857,486</b>	

## 4.1 Nature of Security :-

## i Term Loan from Banks:-

Term loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company and 2nd pari-passu charge on present and future current assets of the Company. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.

## ii Term Loan from Financial Institution:-

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

## iii Finance Lease Obligations:-

Hire Purchase Finance is secured against assets financed from it.

## 4.2 Period and Amount of Default in Repayment :-

i During the year Principal amount of ₹ 91,461,704 of Term Loan from Bank was due for repayment on 23rd September, 2012 and was paid on 22nd December, 2012.

ii During previous year principal amount of ₹ 360,616,477 of Term Loan from Banks included in Current Maturities of Term Loan were due for repayment on 31st March, 2012 and rescheduled by Corporate Debt Restructuring- EG approved "Rework Package" vide letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there was no default.

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

Figures in ₹

Rate of Interest	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
11.5%	4,000,000	8,000,000	8,000,000	28,230,685
10%	—	—	—	37,362,750
9%	82,082,208	35,277,160	84,884,822	628,155,136
8.50%	3,437,100	570,000	2,280,000	18,519,300
5.2%	77,947,904	77,947,904	77,947,904	38,973,952
1%	—	41,626,396	41,626,396	124,879,188
0%	16,626,929	27,018,759	31,175,491	128,858,697
<b>Total</b>	<b>184,094,140</b>	<b>190,440,219</b>	<b>245,914,614</b>	<b>1,004,979,710</b>

## 5 Deferred Tax Liability (Net)

Figures in ₹

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Deferred Tax Assets :</b>		
- Leave Encashment	4,293,690	3,569,892
- Unabsorbed Depreciation	<u>123,615,778</u>	<u>112,548,252</u>
<b>Deferred Tax Liabilities :</b>		
- Depreciation	<u>127,909,468</u>	<u>116,118,144</u>
<b>Total</b>	<u>—</u>	<u>—</u>

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

6 Long Term Provisions		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Employee Benefits (Refer Note 24.2)			
- Leave Encashment	11,021,713	9,201,027	
- Gratuity	1,474,897	—	
Provision for Premium on Redemption of Preference Shares (Refer Note 2.1 & 3.1)	20,959	—	
<b>Total</b>	<b>12,517,569</b>	<b>9,201,027</b>	
7 Short Term Borrowings		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Secured			
-Working Capital Loans from Banks	1,325,462,159	1,574,668,524	
<b>Total</b>	<b>1,325,462,159</b>	<b>1,574,668,524</b>	
<b>7.1 Nature of Security :-</b>			
Working Capital facilities from Banks are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stocks in process, finished goods, consumable stores & spares and receivables of the Company, 1st Pari-Passu charge on company's property situated at Prahaladpur, Bawana Road, Delhi, 2nd Pari-Passu charge on other present and future fixed assets. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.			
8 Trade Payables		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Acceptances	845,389,421	628,235,184	
<b>Due to:</b>			
- Micro, Small & Medium Enterprises	803	552,376	
- Others	156,268,777	156,269,580	204,665,410
<b>Total</b>	<b>1,001,659,001</b>	<b>833,452,970</b>	
<b>8.1 Disclosure under MSMED Act,2006</b>			
The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under :			
i. Principal amount due and remaining unpaid	803	552,376	
ii. Interest due on (1) above and unpaid interest	—	—	
iii. Interest paid on all delayed payments under the MSMED Act.	—	—	
iv. Payment made beyond the appointed day during the year	—	—	
v. Interest due and payable for the period of delay other than (3) above	—	—	
vi. Interest accrued and remaining unpaid	—	—	
vii. Amount of further interest remaining due and payable in succeeding years	—	—	

9 Other Current Liabilities		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Current Maturities of Long-Term Debt			
Term Loans :			
From Banks			
--- Foreign Currency Loan	—	256,740,673	
--- Rupee Loans	<u>342,592,396</u>	<u>274,979,546</u>	531,720,219
(Refer Note 4.1)			
Current Maturities of Finance Lease Obligations	947,856		841,082
(Refer Note 4.1 & 31)			
Interest on borrowings			
- Accrued but not due	18,270,478		10,832,785
Unpaid Dividends	1,095,390		1,098,735
(Refer Note 9.2)			
Foreign Currency Convertible Bonds (FCCBs)	409,575,000		385,275,000
(Refer Note 9.1)			
Employee Benefits Payable	16,140,062		15,652,545
Sundry Creditors -Capital Goods	10,393,320		14,388,819
Statutory Dues Payable	73,309,409		75,084,597
Advance from Customers	14,437,337		9,789,846
Other Payables	6,235,624		4,506,962
<b>Total</b>	<u><b>892,996,873</b></u>		<u><b>1,049,190,590</b></u>

#### 9.1 Period and Amount of Default in repayment and interest :-

- Principal amount of ` 409,575,000/- of 1% Foreign Currency Convertible Bonds ('FCCBs') is overdue for repayment since 23rd November,2011. Interest on FCCBs ` 6,500,080/- due up to 31st December,2012 has also not been paid and is over due. Premium on redemption of FCCB's of ` 186,554,595/- is also over due for payment since 23rd November,2011.
- Refer Note 4.2 for default in repayment of Term Loans.  
No amount is due as on 31st March, 2013 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to be Fund.

10 Short Term Provisions		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Provision for Employee Benefits (Refer Note 24.2)			
- Leave Encashment	2,212,035		1,801,877
Others			
- Provision for Wealth Tax	83,200		105,000
<b>Total</b>	<u><b>2,295,235</b></u>		<u><b>1,906,877</b></u>

11. FIXED ASSETS

11.1 Tangible Assets

Figures in `

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As at 01.04.12	Additions	Deduction	As at 31.03.13	As at 01.04.12	For the Year	Deduction	As at 31.03.13	As at 31.03.13	As at 31.03.12
<b>Own Assets:</b>										
Land										
- Freehold	12,621,330	—	—	12,621,330	—	—	—	—	12,621,330	12,621,330
- Leasehold	287,317,317	—	218,262,202	69,055,115	—	—	—	—	69,055,115	287,317,317
Buildings	360,615,213	3,702,311	139,884,113	224,433,411	67,790,658	11,150,277	16,569,501	62,371,434	162,061,977	292,824,555
Plant & Equipment	1,342,755,013	23,245,989	37,800,054	1,328,200,948	609,509,506	94,544,408	20,594,666	683,459,248	644,741,700	733,245,507
Furniture & Fixtures	55,134,807	770,534	556,429	55,348,912	19,539,341	2,616,995	96,018	22,060,318	33,288,594	35,595,466
Leasehold Building Improvement	11,340,968	—	—	11,340,968	2,234,701	717,880	—	2,952,581	8,388,388	9,106,268
Vehicles	25,912,057	46,586	831,036	25,127,607	14,810,409	2,739,526	494,669	17,055,266	8,072,341	11,101,648
Office Equipment	12,701,963	477,439	—	13,179,402	3,688,365	602,282	—	4,290,647	8,888,755	9,013,598
<b>Assets taken on Finance Lease:</b>										
Hire Purchase										
- Vehicles	5,761,531	—	—	5,761,531	1,026,963	—	—	1,026,963	4,734,568	4,734,568
<b>Total</b>	<b>2,114,160,199</b>	<b>28,242,859</b>	<b>397,333,834</b>	<b>1,745,069,224</b>	<b>718,599,943</b>	<b>112,371,368</b>	<b>37,754,854</b>	<b>793,216,457</b>	<b>951,852,767</b>	<b>1,395,560,256</b>
Previous Year	2,080,658,944	36,038,121	2,536,866	2,114,160,199	600,821,853	119,006,088	1,227,998	718,599,943	1,395,560,256	1,479,837,091

11.2 Intangible Assets

Figures in `

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As at 01.04.12	Additions	Deduction	As at 31.03.13	As at 01.04.12	For the Year	Deduction	As at 31.03.13	As at 31.03.13	As at 31.03.12
<b>Own Assets (Acquired):</b>										
- Software	28,751,947	712,362	—	29,464,309	23,268,591	4,078,534	—	27,347,125	2,117,184	5,483,356
<b>Total</b>	<b>28,751,947</b>	<b>712,362</b>	<b>—</b>	<b>29,464,309</b>	<b>23,268,591</b>	<b>4,078,534</b>	<b>—</b>	<b>27,347,125</b>	<b>2,117,184</b>	<b>5,483,356</b>
Previous Year	27,774,122	977,825	—	28,751,947	17,802,049	5,466,542	—	23,268,591	5,483,356	9,972,073

- 11.3 Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ` 7,650,950  
Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ` 7,406,534  
Amount of Depreciation pertaining to revaluation in case of Buildings ` 121,110
- 11.4 Title deeds of factory land at Prahladpur, Bawana Road, Delhi are in the name of erstwhile Paramount Cable Corporation.
- 11.5 Title deeds of a part of factory land measuring 954.50 sq. mtr. at Prahladpur, Bawana Road, Delhi shown in Balance Sheet at ` 2,386,250 are yet to be registered in name of the Company.
- 11.6 Land (Freehold) of ` 7,886,689/- as of 31st March, 2013 situated at Prahaladpur, Delhi is under acquisition as per the Land Acquisition Act, 1894. The Company has decided to contest the acquisition proceedings.
- 11.7 Carrying value of Assets acquired under hire purchase as on 31.03.2012 exclude the amount related to hire purchase agreement settled during the current year.
- 11.8 As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, during financial year 2008-09 the company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after December 22, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange loss (net) ` 11,664,000/-(Previous year exchange loss (net) ` 23,607,000/-) has been adjusted in gross block of Fixed Assets. Exchange difference on External Commercial Borrowing (ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'.

11.9 Additions are after adjusting exchange loss (net) ₹ 11,664,000/- (Previous Year exchange loss (net) ₹ 23,607,000/-)

Assets	31.3.2013	31.3.2012
i. Building	3,702,311	7,493,179
ii. Plant & Equipment	7,334,416	14,844,271
iii. Furniture & Fixtures	414,911	839,746
iv. Software	212,362	429,804
<b>Total</b>	<b>11,664,000</b>	<b>23,607,000</b>

12 Non Current investment  
(Long Term Investments)

Particulars	As At 31st March,2013	As At 31st March,2012
Other Investments (Valued at Cost unless stated otherwise)		
<b>Quoted</b>		
Equity Shares		
- Haryana Financial Corporation 4,800 (Previous Year 4,800) Equity Shares of ₹ 10/- each, fully paid	168,000	168,000
<b>Unquoted</b>		
Equity Shares of Associate Company		
- Paramount Wires & Cables Limited 2,558,000 (Previous Year 2,558,000) Equity Shares of ₹ 10/-each, fully paid	25,580,000	25,580,000
Equity Shares of Subsidiary Company		
- Paramount Holdings Limited, Cyprus 3675 (Previous Year 3675) Equity Shares of € 1.71 each, fully paid	255,469,782	255,469,782
<b>Total</b>	<b>281,217,782</b>	<b>281,217,782</b>
<b>Quoted Investments</b>		
- Aggregate of Book Value	168,000	168,000
- Aggregate of Market Value	118,320	118,320
<b>Unquoted Investments</b>		
- Aggregate of Book Value	281,049,782	281,049,782

12.1 Although the book value of investments in subsidiary and associate companies (book value ₹ 26,570,314/- (previous year ₹ 166,021,133/-)) is lower than the cost, In opinion of the management, diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount Holdings Limited (Subsidiary) is temporary in nature considering in case of AEI Cables Limited, United Kingdom CVA scheme has been implemented, business restructuring undertaken, expected cash flows from operations, additional finance arranged from the bankers, orders in hand, assets base and improvement in operations. In case of of Associate considering future prospects ,orders in hand, assets base of the investee company and improvement in operations, no provision for diminution in value is required.

13 Long Term Loans and Advances  
(Unsecured, Considered Good)

Particulars	As At 31st March,2013	As At 31st March,2012
Capital Advances	7,992,220	7,992,220
Security Deposits		
- Related Parties (Refer Note 13.1)	18,000,000	18,000,000
- Others	8,627,830	4,700,194
Loans and Advances to Workers & Staff	864,270	715,900
Advance to Related Parties		
- Paramount Holdings Limited (Subsidiary Company) [Maximum Balance during the year ₹ 4,943,772/- (Previous Year ₹ 3,792,597/-)]	4,943,772	3,792,597
<b>Total</b>	<b>40,428,092</b>	<b>35,200,911</b>



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

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

Name	As at 31.03.2013	Maximum Balance during 2012-13	As at 31.03.2012	Maximum Balance during 2011-12
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Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-
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--Security deposit for premises taken on rent by the Company and adjustable/ refundable as per terms & conditions of the Lease Agreement.

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

Equity Shares

- Amount (par value)	49,703,000	7,040,000
- No of shares	24,851,500	3,520,000

Preference Shares

- Amount (par value)	76,500,000	—
- No of shares	765,000	—

## 14 Inventories

(as taken, valued &amp; certified by the management)

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
Raw Materials	493,452,263	377,389,297
Work -in- Progress	604,194,320	590,827,928
Finished Goods	578,469,684	609,005,858
Stores & Spares	12,903,057	11,405,725
Packing Materials	803,909	2,212,545
Scrap	8,998,233	8,664,527
<b>Total</b>	<b>1,698,821,466</b>	<b>1,599,505,880</b>

## 15 Trade Receivables (Current)

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date due for payment		
- Considered Good	209,567,375	220,369,630
- Considered Doubtful	28,000,000	13,500,000
	<u>237,567,375</u>	<u>233,869,630</u>
Less: Provision for Bad and Doubtful Debts	28,000,000	13,500,000
	209,567,375	220,369,630
<b>Others</b>		
- Considered Good	1,610,843,856	1,391,179,768
- Considered Doubtful	—	—
	<u>1,610,843,856</u>	<u>1,391,179,768</u>
<b>Total</b>	<b>1,820,411,231</b>	<b>1,611,549,398</b>

16 Cash and Bank Balances		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Cash in hand	5,174,800	5,085,791	
Balances with Banks			
- Current Accounts	1,367,761	2,378,103	
- Fixed Deposits	91,138,282	92,506,043	82,420,860
(Refer Note 16.1)			84,798,963
<b>Total</b>	<b>97,680,843</b>	<b>89,884,754</b>	
Balance with Bank in Unpaid Dividend Accounts	1,095,390	1,098,735	
Fixed Deposit with more than twelve months maturity	17,802,986	20,991,240	
16.1 Fixed deposits with banks ` 91,138,282/- (Previous Year ` 82,420,860/-) are under lien/custody with banks/others.			
17 Short Term Loans & Advances (Unsecured, considered good)		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Balance with Excise Authorities	11,298,676	71,330,734	
Others			
- Advances to Supplier	25,761,251	39,841,552	
- Prepaid Expenses	2,763,079	3,533,487	
- Amount Recoverable in Cash or Kind	1,323,280	209,894	
- Earnest Money Deposits	12,846,673	10,107,574	
- Security Deposits	679,505	745,255	
- Loans to Workers & Staff	1,110,730	791,470	
- Advances to Workers & Staff	1,699,932	292,659	
- Claims Recoverable from Government	60,289,347	160,302,231	
- Advance Tax	4,586,707	111,060,503	4,326,632
[Net of Provision ` 1,180,966/- (Previous Year ` 1,180,966/-)]			220,150,754
<b>Total</b>	<b>122,359,179</b>	<b>291,481,488</b>	
18 Other Current Assets		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Interest Accrued on Deposits	8,024,863	3,917,939	
<b>Total</b>	<b>8,024,863</b>	<b>3,917,939</b>	
19 Revenue From Operations (Gross)		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Sale of Products			
- Manufactured Goods	5,035,317,132	4,912,141,890	
- Traded Goods	91,023,358	5,126,340,490	136,430,015
Other Operating Revenue			
- Export Benefits	4,847,657	2,691,680	
- Sale of Scrap	30,845,460	35,693,117	25,965,578
<b>Total</b>	<b>5,162,033,607</b>	<b>5,077,229,163</b>	

19.1 Detail of Sales (Manufactured Goods)		Figures in `	
Class of Goods	Year ended 31st March,2013	Year ended 31st March,2012	
Power Cables	4,495,237,978	4,578,100,552	
Jelly Filled Telephone Cables	353,584,457	304,806,780	
Optical Fibre Cables	186,494,697	29,234,558	
<b>Total</b>	<b>5,035,317,132</b>	<b>4,912,141,890</b>	
19.2 Detail of Sales (Traded Goods)		Figures in `	
Class of Goods	Year ended 31st March,2013	Year ended 31st March,2012	
Cables & Accessories	36,456,271	99,960,215	
Others	54,567,087	36,469,800	
<b>Total</b>	<b>91,023,358</b>	<b>136,430,015</b>	
20 Other Income		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Interest Income			
- Fixed Deposits	8,094,988	7,110,667	
- Others	4,929,587	5,005,677	
- Income Tax Refund	—	54,960	12,171,304
Liabilities Written Back	17,308	4,473,427	
Insurance Claim Received	401,955	20,000	
Miscellaneous Income	33,610	29,297	
<b>Total</b>	<b>13,477,448</b>	<b>16,694,028</b>	
21 Cost of Materials Consumed		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Raw Materials consumed			
- Opening Stock	377,389,297	366,142,492	
Add : Purchases	3,910,420,105	3,914,257,754	
Less : Closing Stock	493,452,263	377,389,297	3,903,010,949
	<b>3,794,357,139</b>	<b>3,794,357,139</b>	<b>3,903,010,949</b>
21.1 Particulars of Raw Materials consumed		Figures in `	
Class of Goods	Year ended 31st March,2013	Year ended 31st March,2012	
Copper	1,594,997,509	1,706,498,221	
Aluminum	949,798,176	908,127,133	
PVC/PE	731,725,507	856,949,354	
GI Wires/Strips	361,783,458	353,069,605	
Others	156,052,489	78,366,636	
<b>Total</b>	<b>3,794,357,139</b>	<b>3,903,010,949</b>	
22 Purchase of Stock in Trade		Figures in `	
Class of Goods	Year ended 31st March,2013	Year ended 31st March,2012	
Cables & Accessories	36,274,893	89,263,124	
<b>Total</b>	<b>36,274,893</b>	<b>89,263,124</b>	

## 23 (Increase)/Decrease in Inventory of Finished Goods, Work In Progress and Stock in Trade Figures in `

Particulars	Year ended 31st March,2013		Year ended 31st March,2012	
<b>Opening Stock</b>				
- Finished Goods	609,005,858		531,488,646	
- Work In Progress	590,827,928		644,003,862	
- Scrap	8,664,527	1,208,498,313	7,256,363	1,182,748,871
<b>Less: Closing Stock</b>				
- Finished Goods	578,469,684		609,005,858	
- Work In Progress	604,194,320		590,827,928	
- Scrap	8,998,233	1,191,662,237	8,664,527	1,208,498,313
		<u>16,836,076</u>		<u>(25,749,442)</u>

## 24 Employee Benefits Expense Figures in `

Particulars	Year ended 31st March,2013		Year ended 31st March,2012	
Salaries, Wages & Others Benefits	135,362,761		126,666,114	
Contribution to Provident & Other Funds	9,683,339		7,821,264	
Welfare Expenses	4,546,015	149,592,115	4,048,362	138,535,740
		<u>149,592,115</u>		<u>138,535,740</u>

24.1 Managerial Remuneration of ` 853,720/- to Chairman & CEO and Managing Director for March, 2013 is as approved by the shareholders by way of postal ballot. However, this is subject to final approval from the Central Government.

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

**Defined Contribution Plan**

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

Figures in `

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
Contributory Provident Fund & Employees Pension Scheme, 1995	6,484,150	6,543,464

**Defined Benefit Plan**

The company is having following Defined Benefit Plans:

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

Figures in `

Particulars	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12
<b>a) Actuarial Assumptions</b>				
Discount rate	8.00	8.10	8.00	8.00
Expected rate of return on assets	8.00	—	8.00	—
Expected rate of future salary increase	8.00	6.00	8.00	6.00
<b>b) Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Present value of obligations as at beginning of year	14,370,166	11,002,903	12,551,049	10,096,011
Interest cost	1,119,483	946,250	978,792	807,681
Current Service Cost	1,649,414	1,762,087	1,531,083	1,302,721

Figures in `

Particulars	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12
Benefits paid	(753,263)	(383,807)	(632,295)	(707,630)
Actuarial (gain)/loss on Obligations	1,649,590	(93,687)	(58,463)	(495,880)
Value of Obligation for employees transferred from Paramount wire & Cables Ltd. during the year	—	—	—	—
Present value of obligations as at end of year	18,035,390	13,233,746	14,370,166	1,102,903
<b>c) Reconciliation of opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets as on beginning of year	16,094,458	—	14,021,738	—
Expected return on plan assets	1,257,426	—	1,124,812	—
Contributions	—	—	1,531,083	—
Benefits paid	(753,263)	—	(632,295)	—
Actuarial Gain/(Loss) on Plan assets	(38,128)	—	49,120	—
Fair value of plan assets at the end of year	16,560,493	—	16,094,458	—
<b>d) Fair value of plan assets</b>				
Fair value of plan assets at beginning of year	16,094,458	—	14,021,738	—
Actual return on plan assets	1,219,298	—	1,173,932	—
Contributions	—	—	1,531,083	—
Benefits paid	(753,263)	—	(632,295)	—
Fair value of plan assets at the end of year	16,560,493	—	16,094,458	—
Funded status	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
Excess of Actual over estimated return on plan	(38,128)	—	49,120	—
<b>e) Actuarial Gain/Loss recognized</b>				
Actuarial gain/(Loss) for the year – Obligation	(1,649,590)	93,687	58,463	495,880
Actuarial (gain)/Loss for the year – plan assets	38,128	—	(49,120)	—
Total (gain)/Loss for the year	1,687,718	(93,687)	(107,583)	(495,880)
Actuarial (gain)/Loss recognized in the year	1,687,718	(93,687)	(107,583)	(495,880)
<b>f) The amounts recognized in the balance sheet</b>				
Present value of obligations as at the end of year	18,035,390	13,233,746	14,370,166	11,002,903
Fair value of plan assets as at the end of the year	16,560,493	—	16,094,458	—
Funded status	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
Net (Asset)/liability recognized in balance sheet	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
<b>g) Expenses Recognized in statement of Profit &amp; Loss</b>				
Current Service Cost	1,649,414	1,762,087	1,531,083	1,302,721
Interest cost	1,119,483	946,250	978,792	807,681
Expected return on plan assets	(1,257,426)	—	(1,124,812)	—
Net Actuarial (gain)/Loss recognized in the year	1,687,718	(93,687)	(107,583)	(495,880)
Value of Obligation for employees transferred from Paramount wire & Cables Ltd. during the year	—	—	—	—
Expenses recognized in statement of Profit & Loss	3,199,189	2,614,650	1,277,480	1,614,522

25 Finance Costs				Figures in `
Particulars	Year ended 31st March,2013	Year ended 31st March,2012		
Interest Expense				
- Interest on Loan	399,820,900	358,177,579		
- Interest On Income Tax	75,031	76,503	358,254,082	
Other Borrowing Costs		44,840,963		35,279,496
<b>Total</b>		<b>444,736,894</b>	<b>393,533,578</b>	
26 Depreciation and Amortisation Expenses				Figures in `
Particulars	Year ended 31st March,2013	Year ended 31st March,2012		
Fixed Assets				
- Tangible Assets	112,371,368	119,006,088		
- Intangible Assets	4,078,534	5,466,542	124,472,630	
Less: Transfer from Revaluation Reserve		121,110		132,514
		<b>116,328,792</b>	<b>124,340,116</b>	
27 Other Expenses				Figures in `
Particulars	Year ended 31st March,2013	Year ended 31st March,2012		
Stores, Spares & Consumables	22,732,149		18,241,746	
Excise Duty (Refer Note 27.1)	(2,847,883)		19,199,276	
Packing Expenses	137,685,459		144,199,039	
Power, Fuel and Lighting	92,208,163		90,066,145	
Rent	21,840,818		21,667,167	
Repair & Maintenance				
- Plant & Machinery	15,059,280	6,920,541		
- Building	1,586,034	891,731		
- Others	1,922,420	4,234,909	12,047,181	
Insurance		7,208,216		7,769,620
(Refer Note 27.2)				
Rates and Taxes		2,876,151		1,985,694
[Includes Wealth Tax ` 83,200/- (Previous Year ` 105,000/-)]				
Auditor's Remuneration (Refer Note 27.4)		1,561,028		1,741,508
Conversion Charges		25,738,628		19,354,504
Labour Charges		73,868,026		66,818,858
Rebates,Discount,Commission on Sales		25,664,154		25,090,095
Freight, Octroi & cartage		9,627,983		30,815,804
[Net of recovery ` 90,475,641/- (Previous Year ` 64,421,246/-)]				
Bad Debts written off/provided		18,612,522		19,636,566
Travelling and Conveyance		34,564,173		26,370,665
[Net of recovery ` 22,48,786/- (Previous Year ` 1,442,302/- )]				
(Refer Note 27.3)				
Amortisation of FCMITDA (Net)		30,884,575		28,222,184
Exchange Fluctuation (Net)		11,546,841		21,532,135
Advertisement & Publicity		688,978		2,115,621
Communication Expenses		6,151,415		5,605,906
Loss on sale/disposal of Fixed Assets (Net)		1,068,446		873,868
Donations		1,075,000		350,000
Directors Meeting Fee		314,500		263,500
Share Transfer Expenses		—		29,067
Miscellaneous Expenses		57,021,414		47,355,220
<b>Total</b>		<b>598,658,492</b>		<b>611,351,369</b>

27.1 Amount of Excise Duty deducted from the turnover is for sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock and opening stock.

27.2 Insurance Premium of ₹ 3,793,545/- (Previous Year ₹ 3,793,545/-) on Keyman Insurance Policy has been charged to Profit & Loss. Maturity value of such policies will be accounted for on receipt basis.

27.3 Following reimbursements from AEI Cables Limited for the portion of expenses attributable to them have been netted off from respective account heads: Figures in ₹

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Travelling & Conveyance	2,248,786	1,442,302

27.4 Auditor's Remuneration\*: Figures in ₹

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
Audit Fees	1,260,000	1,260,000
Tax Audit fees	150,000	150,000
Taxation Matters	30,000	30,000
Certification & Consultancy	60,000	211,000
Out of Pocket Expenses	61,028	90,508
	<u>1,561,028</u>	<u>1,741,508</u>

\*Excludes Service Tax ₹ 185,400/- (Previous Year ₹ 1,70,053/-)

27.5 Value of Imports on CIF basis Figures in ₹

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
- Raw Materials purchases	897,661,042	929,972,120
- Stores, Spares & Consumables	797,686	509,013
- Traded Goods	—	51,437,179

27.6 Expenditure in Foreign Currency (On Accrual Basis) Figures in ₹

Particulars	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Finance Cost</b>		
- Interest on Loan	28,509,500	30,830,203
<b>Other Expenses</b>		
- Travelling & Conveyance	8,343,961	5,222,252
- Miscellaneous Expenses	3,581,708	3,104,256
- Annual Maintenance Fee to Exchange	368,750	151,925

27.7 Value of Imported and Indigenous materials consumed Figures in ₹

Class of Goods	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Percentage	Amount	Percentage	Amount
<b>Materials</b>				
- Indigenous	76.58	2,905,901,209	76.17	2,973,038,829
- Imported	23.42	888,455,930	23.83	929,972,120
<b>Total</b>	<u>100.00</u>	<u>3,794,357,139</u>	<u>100.00</u>	<u>3,903,010,949</u>
<b>Stores, Spares &amp; Consumables</b>				
- Indigenous	96.49	21,934,463	97.06	17,732,733
- Imported	3.51	797,686	2.94	509,013
<b>Total</b>	<u>100.00</u>	<u>22,732,149</u>	<u>100.00</u>	<u>18,241,746</u>

Figures in `

Class of Goods	Year ended 31st March,2013		Year ended 31st March,2012	
	Percentage	Amount	Percentage	Amount
<b>Packing Materials</b>				
- Indigenous	100.00	137,685,459	100.00	144,199,039
- Imported	—	—	—	—
<b>Total</b>	<b>100.00</b>	<b>137,685,459</b>	<b>100.00</b>	<b>144,199,039</b>
<b>Traded Goods</b>				
- Indigenous	100.00	36,274,893	42.38	37,825,945
- Imported	—	—	57.62	51,437,179
<b>Total</b>	<b>100.00</b>	<b>36,274,893</b>	<b>100.00</b>	<b>89,263,124</b>

## 27.8 Earnings in Foreign Exchange (on Accrual Basis)

Figures in `

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
- Exports (on FOB Prices)	192,841,586	229,586,587

## 28. Exceptional Items

Figures in `

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
-Write back of Secured Loan Liability (Refer Note 28.1)	208,201,325	—
-Profit on Sale of Factory land, Building & some Assets (Net) (Refer Note 28.2)	211,883,864	—
	<u>420,085,189</u>	<u>—</u>

28.1 Exceptional item of ` 208,201,325/- for the year ended 31st March, 2013 is on account of write back of secured loan from some banks upon one time settlement.

28.2 Exceptional item of ` 211,883,864/- for the year ended 31st March, 2013 is on account of profit on sale of assets (net of WDV and expenses) consisting of factory land, building and some plant & machineries situated at SP - 76 ,77 & 77 A, Khushkhera Industrial Area, Alwar (Rajasthan). These assets were sold as per the terms of approved CDR Rework Package dated 11th July, 2012.

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

Figures in `

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
Net Profit /(Loss) after Taxation	(46,430,784)	(583,546,626)
Number of Equity Shares at the beginning of the year	93,026,965	86,650,203
<b>Add:</b> Weighted average number of equity shares issued during the year	176,474	5,872,786
Weighted average number of Equity shares for Basic EPS	93,203,439	92,522,989
<b>Add:</b> Adjustment for weighted 'Warrants'outstanding having option to subscribe equity shares	—	503,976
Weighted average number of equity shares for Diluted EPS	93,203,439	93,026,965
Basic Earnings per Share (`)	(0.50)	(6.31)
Diluted Earnings per Share (`)	(0.50)	(6.27)
Par Value of each Equity Share (`)	2/-	2/-

30 "Related party disclosures", for the year ended 31st March, 2013, as required by Accounting Standard-18 ("AS-18") are given below:

## Relationships:

- i) **Subsidiaries of the Company:**  
 Paramount Holdings Limited, Cyprus  
 AEI Cables Limited, United Kingdom  
 AEI Power Cables Limited, United Kingdom



- ii) Associate of the Company:  
Paramount Wires & Cables Limited
- iii) Other related parties in the Group where common control exists:  
Sanjay Aggarwal (HUF)  
Sandeep Aggarwal (HUF)  
S.S. Aggarwal (HUF)  
April Investment & Finance Private Limited  
Worth Finance & Leasing Private Limited  
Paramount Telecables Limited  
S.S. Aggarwal Foundation
- iv) Key Managerial Personnel:  
Shri Sanjay Aggarwal, Chairman and CEO  
Shri Sandeep Aggrawal, Managing Director
- v) Relatives of Key Managerial Personnel with whom transaction have taken place:  
Smt. Kamla Aggarwal  
Shri. Dhruv Aggarwal  
Shri. Tushar Aggarwal  
Smt. Shashi Aggarwal  
Smt. Archana Aggarwal  
Ms Parul Aggarwal

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

Figures in `

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Maximum outstanding of deposits taken during the year	2012-13 2011-12	- -	- -	122,949,633 -	- 8,600,000	- -	122,949,633 8,600,000
Deposit taken balance outstanding at the year end	2012-13 2011-12	- -	- -	- -	- -	- -	- -
Maximum outstanding of advance given during the year	2012-13 2011-12	4,943,772 3,792,597	- -	- -	- -	- -	4,943,772 3,792,597
Advance given balance outstanding as at year end	2012-13 2011-12	4,943,772 3,792,597	- -	- -	- -	- -	4,943,772 3,792,597
Maximum outstanding of sundry debtors during the year	2012-13 2011-12	282,413,559 549,523,801	67,844,852 78,695,316	- -	- -	- -	350,258,411 628,219,117
Sundry debtors outstanding as at year end	2012-13 2011-12	112,712,103 208,345,733	27,302,531 -	- -	- -	- -	140,014,634 208,345,733
Maximum outstanding of security deposits given for premises taken on rent	2012-13 2011-12	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Outstanding of security deposit given for premises taken on rent as at year end	2012-13 2011-12	- -	- -	18,000,000 18,000,000	- -	- -	18,000,000 18,000,000
Amount payable as at year end	2012-13 2011-12	- 14,209,346	- -	- -	- -	- -	- 14,209,346
Amount Recoverable as at year end	2012-13 2011-12	- -	- -	- -	860,400 -	- -	860,400 -
Interest Paid on deposits	2012-13 2011-12	- -	- -	- -	- 134,770	- -	- 134,770
Rent Paid for use of assets	2012-13 2011-12	- -	- -	21,266,664 21,386,664	- -	540,000 720,000	21,806,664 22,106,664

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	(v)	TOTAL
Managerial Remuneration	2012-13 2011-12	- -	- -	- -	6,948,707 10,266,168	- -	6,948,707 10,266,168
Salaries and other Benefits	2012-13 2011-12					3,169,440 1,452,000	3,169,440 1,452,000
Reimbursement of expenses received	2012-13 2011-12	2,248,786 1,442,302	- -	- -	- -	- -	2,248,786 1,442,302
Sales	2012-13 2011-12	181,934,044 216,900,980	115,929,079 170,887,986	- -	- -	- -	297,863,123 387,788,966
Purchases of Raw Materials	2012-13 2011-12	8,014,865 5,946,004	- -	- -	- -	- -	8,014,865 5,946,004
Purchases of Machinery	2012-13 2011-12	- -	138,119 -	- -	- -	- -	138,119 -
Donations	2012-13 2011-12	- -	- -	1,075,000 350,000	- -	- -	1,075,000 350,000
Equity Share Allotment	2012-13 2011-12	- -	- -	64,413,000 -	- -	- -	64,413,000 -
0% Non-Convertible redeemable Preference share allotment	2012-13 2011-12	- -	- -	76,500,000 -	- -	- -	76,500,000 -
Security Premium on Equity Share Allotment	2012-13 2011-12	- -	- -	9,661,950 -	- -	- -	9,661,950 -
Equity Share Application Money received	2012-13 2011-12	- -	- -	74,074,950 -	- -	- -	74,074,950 -
Preference Share Application Money received	2012-13 2011-12	- -	- -	76,500,000 -	- -	- -	76,500,000 -

**b) Non-Financial Transactions:**

- i. Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have given personal guarantees to banks/financial institutions for Company's borrowings and also have pledged their share holding in the company with banks.
- ii. Guarantee of ` 10,000,000/- (Previous Year ` 10,000,000/-) given to a Bank for credit facilities sanctioned to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2013 ` 7,153,292/- (Previous year ` 9,301,250/-).
- iii. The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ` 40,845,000/- (sterling pounds 500,000) (previous year ` 40,555,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.
- iv. The Company has executed a parental guarantee of ` 1,347,885,000/- (sterling pounds 16,500,000) (Previous Year ` 1,338,315,000/- (sterling pounds 16,500,000) given to a Bank for credit facilities sanctioned to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2013 was ` 805,321,504/- (sterling pounds 9,858,263) (Previous year ` 817,106,908 (sterling pounds 10,074,059).
- v. Paramount Telecables Limited has given its property as collateral by way of 2nd charge to the banks of the company.
- vi. The remuneration does not include Gratuity and Provision for Leave Encashment under Accounting Standard -15 (Revised) and personal accident insurance premium ,since same is not available for individual employees.

## 31 Future lease obligation by way of lease rental:

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

Figures in ₹

Due	Total Minimum lease payments outstanding		Future Interest on outstanding		Present value of minimum lease payments	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Within one year	1,041,300	1,041,300	93,443	200,218	947,856	841,082
Later than one year and not later than five years	260,325	1,301,625	5,127	98,571	255,199	1,203,054
<b>Total:</b>	<b>1,301,625</b>	<b>2,342,925</b>	<b>98,570</b>	<b>298,789</b>	<b>1,203,055</b>	<b>2,044,136</b>

## 31.1 Operating Leases:

The Company has entered into lease transactions during the current financial year mainly for leasing of storage / office premises and company leased accommodations for its employees for periods upto 10 years. Terms of Lease include terms of renewal, increase in rents in future periods and terms of cancellation. There are no subleases. The Operating lease payments recognized in the Profit & Loss account amount to ₹ 22,640,818/- (Previous year ₹ 22,867,167/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

Figures in ₹

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
Minimum Lease Payments		
--Not later than one year	20,666,664	20,666,664
--Later than one year but not later than five years	82,666,656	82,666,656
--Later than five years	35,166,662	55,833,326

32 In opinion of the management Company's business activity mainly falls within a single primary business segment 'Cables', the disclosures requirements of Accounting Standard-17 ("AS-17") "Segment Reporting" are not applicable.

## 33 (i) Unhedged amount payable in foreign currency:

Figures in ₹

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Amount in (Rs)	Amount in foreign currency	Foreign currency	Amount in (Rs)	Amount in foreign currency	Foreign currency
Import of Goods	1,932,648	35,390	USD	5,892,139	114,700	USD
	-	-	-	14,209,346	171,756	GBP
	-	-	-	533,260	7,719	EURO
Payable	7,943,165	145,543	USD	1,981,869	38,580	USD
FCCBs	409,575,000	7,500,000	USD	385,275,000	7,500,000	USD
Foreign Currency Term Loans	272,817,664	4,995,746	USD	513,481,346	9,995,744	USD

Particulars	As at 31st March,2013						As at 31st March,2012		
	Amount in (Rs)	Amount in foreign currency	Foreign currency	Amount in (Rs)	Amount in foreign currency	Foreign currency			
Export of Goods	-	-	-	7,895,407	155,238	USD			
	112,160,380	1,373,000	GBP	208,345,733	2,568,681	GBP			
Advances	-	-	-	204,908	2,526	GBP			
Receivables	551,723	6,754	GBP	331,628	4,089	GBP			
	4,943,772	73,581	EURO	3,792,597	57,157	EURO			

34 **Contingent Liabilities & Commitments**  
(to the extent not provided for)

Particulars	As At 31st March,2013	As At 31st March,2012
<b>Contingent Liabilities</b>		
Claims Against the Company not acknowledged as Debt	6,097,504	5,662,454
<b>Guarantees</b>		
i. Financial Bank Guarantees outstanding	46,986,124	72,634,926
ii. Guarantee of ` 10,000,000/- (Previous Year ` 10,000,000/-) given to a Bank for credit facilities sanctioned to Paramount Wires & Cables Ltd (Associate) - Credit Facilities availed by Paramount Wires & Cables Ltd.	7,153,292	9,301,250
iii. Parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant. Grant Facilities availed by AEI Cables Ltd.	( ` ) 40,845,000 (£) 500,000	40,555,000 500,000
iv. Parental Guarantee of ` 1,347,885,000/- (sterling pounds 16,500,000/-) [Previous Year ` 1,338,315,000/- (sterling pounds 16,500,000/-)] given to a Bank for credit facilities ((sanctioned limit (sterling pounds 11,500,000/-) sanctioned to AEI Cables Limited (Subsidiary). - Credit Facilities availed by AEI Cables Ltd.	( ` ) 805,321,504 (£) 9,858,263	817,106,908 10,074,059
v. Right of recompense of CDR lenders for reliefs/sacrifices/ waivers extended by respective CDR lenders to the company.	Amount unascertainable	Amount unascertainable
<b>Other money for which company is contingently liable</b>		
i. Unutilised Letter of Credits	71,267,047	131,663,116
ii. Outstanding Bill discounted	117,991,871	155,435,607
iii. Income Tax - Demand under appeal/rectification arising out of disallowances and non-credit of tax deduction at source	1,203,403	1,726,165

- Matter which have been decided in favour of the Company in first appeal stage, however, Income tax department has filed appeal against orders of first appellate authority.	27,008,740	28,212,143	27,008,740	28,734,905
iv. Excise demands under appeal		76,411,296		76,480,446
v. Service tax demands under appeal		22,330,441		24,760,595
vi. Custom duty demand due to denial of concessional custom duty, under appeal		1,836,570		1,836,570
<b>Commitments</b>				
i. Estimated amount of contracts (net of advances) remaining to be executed on Capital Account.		—		—
35. Outstanding 1% Foreign Currency Convertible Bonds (FCCBs) amounting to USD 7.5 million were due for redemption on 23rd November, 2011 and are yet to be redeemed. The Company was to redeem these FCCBs at a Premium equal to 145.54% of the outstanding principal amount. The said premium amounts to ` 207,976,137/- (Gross of tax) and the same has not been provided. A winding up petition has been filed against the Company on behalf of the FCCB holders, wherein an interim order has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The Company is contesting the case. The matter is presently subjudice. Pending settlement /outcome of Court case no provision for premium on Redemption has been made in the accounts. The premium, if paid, would be adjusted against the Securities Premium Account, hence, will not have any effect on loss for the year.				
36. <b>Going Concern :</b>				
The company has recorded a net loss of ` 46,430,784/- for the year and has accumulated losses of ` 1,088,860,938/- as at 31st March, 2013, resulting in substantial erosion of the net worth. The company has also defaulted in payments of interest and redemption amount of Foreign currency Convertible Bonds (FCCBs). A winding up petition has also been filed against the Company on behalf of the FCCB holders, whereas an interim order has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The management is confident that the company will be able to generate profits in future years and dispose off some assets to meet its financial obligations as may arise. The accompanying financial statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:				
a) The company has not defaulted in payment of statutory dues or its trade creditors etc.				
b) CDR package was approved during financial year 2010-11 and further "Rework Package" has been approved by CDR-EG vide Letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default in payment of Principal and/or interest to banks as on date.				
c) The Company and promoters have undertaken to raise and have raised adequate finances by way of disposal of assets and induction of fresh funds by promoters and/or promoter group companies.				
d) The Company is contesting the Winding up petition filed against it. The matter is presently subjudice.				
37. Previous Year's figures have been regrouped/rearranged wherever necessary.				

For Jagdish Chand & Co.,

Chartered Accountants

Firm Registration Number : 000129N

(J.C. Gupta)

Partner

Membership No. 6107

(Sanjay Aggarwal)

Chairman & CEO

(Sandeep Aggarwal)

Managing Director

(Ratan Aggarwal)

CFO & Company Secretary

Place of signing: New Delhi

Date : 29th May, 2013

Place: New Delhi

Date : 29th May, 2013

## GIST OF FINANCIAL PERFORMANCE OF SUBSIDIARIES

## STATEMENT PURSUANT TO EXEMPTION AVAILED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

*Figures in `*

Particulars	Paramount Holdings Limited, Cyprus	AEI Cables Limited, UK	AEI Power Cables Limited, UK
Capital (Including Share Application Money)	350,577	248,582,197	7,260,826
Reserve & Surplus (Net of Misc. Exp.)	250,279,095	(294,694,866)	1,405,415
Total Assets(excluding Investment)	27,572	1,031,784,320	77,556,841
Total Liabilities	5,240,929	1,078,365,970	68,890,600
Investment *	255,843,029	468,982	—
Turnover	—	2,112,488,235	352,814,057
Profit/(Loss) before Taxation	(1,078,353)	(203,218,010)	5,541,822
Provision for Taxation	—	—	—
Profit/(Loss) after Taxation	(1,078,353)	(203,218,010)	5,541,822
Proposed Dividend	—	—	—
Reporting Currency	EURO	GBP	GBP
Conversion Rate	68.93	81.69	81.69

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

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

For and on behalf of the Board of Directors

(Sanjay Aggarwal)  
Chairman & CEO

(Sandeep Aggarwal)  
Managing Director

(Ratan Aggarwal)  
CFO & Company Secretary

Place : New Delhi  
Dated : 28th June, 2013

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

To the Board of Directors of PARAMOUNT COMMUNICATIONS LIMITED

1. We have audited the accompanying Consolidated Financial Statements of Paramount Communications Limited ("the company") its subsidiaries and associate company; hereinafter referred to as the "Group", which comprise Consolidated Balance Sheet as at 31st March, 2013 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

**Management's Responsibility for the Consolidated Financial Statements**

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit qualified opinion.

**Basis for Qualified of Opinion**

6. *We state that no provision has been made for premium on redemption of US \$ 7.5 million 1% Foreign Currency Convertible Bonds (FCCBs) due on 23rd November, 2011 amounting to ` 207,976,137/- (gross of tax) for the year ended 31st March, 2013. In our opinion, this accounting treatment is not in accordance with current accounting standards i.e. AS-16. We further report that had above provision been considered, other current liabilities would have been ` 1,202,565,768/- as against reported figure of other current liabilities ` 994,589,631/- and securities premium account would have been ` 711,386,088/- as against reported figure of securities premium account ` 919,362,225/-. (Refer Note 37)*

**Qualified Opinion**

7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.

8. *Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 10 below, and to the best of our information and according to the explanations given to us, in our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
- (a) *in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;*
  - (b) *in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and*
  - (c) *in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.*

**Emphasis of Matter**

9. We draw attention to :
- a) Note 38 & 39 to the consolidated financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis despite significant erosion of net worth, default in redemption of Foreign Currency Convertible Bonds (FCCBs) and filing of winding up petition filed against the Company under the Act on behalf of FCCB holders. The appropriation of the said basis is inter alia dependent on successful implementation of Corporate Debt Restructuring (CDR) package and outcome of winding up petition.
  - b) Note 25.1 to the consolidated financial statements. Managerial Remuneration of ` 853,720/- to Chairman & CEO and Managing Director for March, 2013 is as approved by the shareholders by way of postal ballot. However, this is subject to final approval from the Central Government. Pending approval from the Central Government in this regard, the impact thereof on the financial statements to the extent of amount of remuneration that may be disallowed by the Central government, if any, is currently unascertainable

Our opinion is not qualified in respect of these matters.

**Other Matters**

10. We did not audit the financial statements of :
- (i) Three subsidiaries included in the consolidated financial statements, which constitute total assets of ` 1,053,302,517/- and net assets of ` (42,659,785/-) as at 31st March, 2013, total revenue of ` 2,479,861,200/- and net loss of ` 198,754,541/- for the year then ended; and
  - (ii) One associate company which constitutes net profit of ` 22,947/- for the year then ended.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For JAGDISH CHAND & CO.  
Firm Registration Number: 000129N  
Chartered Accountants

Place of signing: New Delhi  
Date: 28th June, 2013

(J.C. GUPTA)  
Partner  
Membership Number 6107



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Figures in `

	Note	As at 31st March,2013		As at 31st March,2012	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
Share Capital	2	326,966,930		186,053,930	
Reserves and surplus	3	(477,484,261)	(150,517,331)	(249,852,856)	(63,798,926)
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	1,625,683,882		1,791,857,486	
Deferred Tax Liability (Net)	5	—		—	
Other Long Term Liabilities	6	104,971,650		123,368,310	
Long Term Provisions	7	12,517,569	1,743,173,101	9,201,027	1,924,426,823
<b>Current Liabilities</b>					
Short Term Borrowings	8	2,130,783,664		2,427,626,374	
Trade Payables	9	991,165,324		900,908,519	
Other Current Liabilities	10	994,589,631		1,137,440,497	
Short Term Provisions	11	2,295,235	4,118,833,854	1,906,877	4,467,882,267
<b>TOTAL</b>			<b>5,711,489,624</b>		<b>6,328,510,164</b>
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
<b>Fixed Assets</b>					
-Tangible assets	12.1	976,120,980		1,416,652,904	
-Intangible assets	12.2	2,117,184		5,483,356	
-Capital Work - in Progress		1,309,033	979,547,197	6,421,651	1,428,557,911
Non- Current Investments	13		11,673,156		11,646,879
Long Term Loans and Advances	14		35,484,320		31,408,314
<b>Current Assets</b>					
Inventories	15	2,396,493,874		2,394,010,108	
Trade Receivables	16	1,942,412,551		1,999,542,001	
Cash and Bank Balances	17	109,021,963		111,708,502	
Short Term Loans and Advances	18	228,831,700		347,718,510	
Other Current Assets	19	8,024,863	4,684,784,951	3,917,939	4,856,897,060
<b>TOTAL</b>			<b>5,711,489,624</b>		<b>6,328,510,164</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 40

As per our separate report of even date attached.

For Jagdish Chand & Co.,

Chartered Accountants

Firm Registration Number : 000129N

(J.C. Gupta)

Partner

Membership No. 6107

(Sandeep Aggarwal)

Managing Director

(Vijay Bhushan)

Director

(Ratan Aggarwal)

CFO & Company Secretary

Place of signing: New Delhi

Date : 28th June, 2013

Place: New Delhi

Date : 28th June, 2013

## CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Figures in `

Particulars	Note	Year ended 31st March,2013		Year ended 31st March,2012	
Revenue from Operations (Gross)	20	7,291,840,574		7,468,508,834	
Less: Excise Duty		484,688,892	6,807,151,682	442,698,970	7,025,809,864
Other Income	21		28,036,356		30,775,145
<b>Total Revenue</b>			<b>6,835,188,038</b>		<b>7,056,585,009</b>
<b>Expenses :</b>					
Cost of Materials Consumed	22		5,155,970,682		5,270,958,189
Purchases of Stock in Trade	23		101,795,373		210,063,320
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-Trade	24		109,984,094		171,653,667
Employee Benefits Expense	25		618,720,015		612,927,811
Finance Costs	26		493,732,097		441,679,069
Depreciation and Amortization Expense	27		120,332,129		127,868,269
Other Expenses	28		899,347,495		897,722,828
<b>Total Expenses</b>			<b>7,499,881,886</b>		<b>7,732,873,153</b>
Profit/(Loss) Before exceptional items and tax			(664,693,849)		(676,288,144)
Exceptional items	29		420,085,189		174,217,960
Profit/(Loss) Before Tax			(244,608,660)		(502,070,184)
Tax Expense					
-Current tax			—		—
-Tax Credit under UK Laws			—		—
-Deferred tax			—		—
Short/(Excess) Provision-Earlier Years					
-Current Tax			553,735		485,413
Profit/(loss) for the Year			(245,162,395)		(502,555,597)
Add: Share of Profit/(Loss) in Associate			22,947		(2,024,068)
Net Profit/(Loss) for the Year			(245,139,448)		(504,579,665)
Earnings per Equity Share:	30				
Equity Share of Par Value of ` 2/- each					
-Basic (`)			(2.63)		(5.45)
-Diluted (`)			(2.63)		(5.42)

Significant Accounting Policies and Notes on Financial Statements 1 to 40

As per our separate report of even date attached.

For Jagdish Chand & Co.,

Chartered Accountants

Firm Registration Number : 000129N

(J.C. Gupta)  
Partner  
Membership No. 6107

(Sandeep Aggarwal)  
Managing Director

(Vijay Bhushan)  
Director

(Ratan Aggarwal)  
CFO & Company Secretary

Place of signing: New Delhi  
Date : 28th June, 2013

Place: New Delhi  
Date : 28th June, 2013

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Figures in `

S.NO. PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation and exceptional items & after share of profit/(loss) of Associates	(664,670,902)	(678,312,212)
<b>Adjustment for:</b>		
Depreciation (Net)	120,332,129	127,868,269
Financial Costs	493,732,097	441,679,069
Loss on sale/disposal of fixed assets	1,068,446	873,868
Amortisation of FCMITDA	30,884,575	28,222,184
Exchange loss on FCCBs	12,636,000	25,574,250
Provision for leave encashment	3,705,741	906,892
Exchange Fluctuation Reserve	1,906,827	(90,985,218)
Operating profit before working capital changes	(405,086)	(144,172,897)
<b>Adjustment for:</b>		
Trade Receivables, Loans and Advances and Other Assets	168,093,405	403,471,517
Inventories	(2,483,766)	177,097,940
Trade Payables, Other Liabilities and Provisions	93,730,329	(144,963,416)
<b>Cash generated from operations</b>	<b>258,934,882</b>	<b>291,433,144</b>
Direct tax paid/ Refund	(835,610)	(173,344)
<b>Cash flow before exceptional items</b>	<b>258,099,272</b>	<b>291,259,800</b>
Exceptional items	420,085,189	174,217,960
<b>Net cash from operating activities</b>	<b>678,184,461</b>	<b>465,477,760</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and other capital expenditure	(19,013,771)	(17,527,846)
Sale of fixed assets	570,050,664	554,370
(Increase)/decrease of Investments (net)	(26,277)	1,967,189
<b>Net cash used in investing activities</b>	<b>551,010,616</b>	<b>(15,006,287)</b>
<b>C) CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from long term borrowings (Net of repayments)	(591,040,678)	280,217,436
Proceeds from Equity Share Capital	74,074,950	—
Proceeds from Preference Share Capital	76,500,000	—
Working capital facilities from Bank	(296,842,710)	(300,676,765)
Hire purchase finance (Net of repayments)	(841,081)	(746,337)
Financial Costs	(493,732,097)	(441,679,069)
<b>Net cash received/(used) from financial activities</b>	<b>(1,231,881,616)</b>	<b>(462,884,734)</b>

Figures in `

S.NO. PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(2,686,540)</b>	<b>(12,413,262)</b>
Cash and cash equivalents as at 31st March, 2012 (Opening Balance)	111,708,502	124,121,764
Cash and cash equivalents as at 31st March, 2013 (Closing Balance)	109,021,963	111,708,502
<b>Note:</b>		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement.		
2. <b>Cash and cash equivalents includes:</b>		
Cash and bank balances	9,087,620	20,676,904
Fixed Deposits under lien/custody with banks/sales tax department	98,838,953	89,932,863
Unclaimed Dividend Accounts	1,095,390	1,098,735
<b>Total cash and cash equivalents as per balance sheet</b>	<b>109,021,963</b>	<b>111,708,502</b>
3. Figures in brackets represent cash outflow		

As per our separate report of even date attached

For Jagdish Chand &amp; Co.,

Chartered Accountants

Firm Registration Number : 000129N

(J.C. Gupta)

Partner

Membership No. 6107

(Sandeep Aggarwal)

Managing Director

(Vijay Bhushan)

Director

(Ratan Aggarwal)

CFO &amp; Company Secretary

Place of signing: New Delhi

Date : 28th June, 2013

Place: New Delhi

Date : 28th June, 2013

## 1. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

### 1.1 Principles of Consolidation

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

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

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

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

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

### 1.4 Other Significant Accounting Policies

#### a. Basis of Accounting

- i. The accounts have been prepared under the historical cost convention and in accordance with the applicable accounting standards except where otherwise stated.

#### b. Going concern

In case of AEI after making appropriate enquiries and reviewing budgets, profit and cash flow forecasts and business plans, together with financing facilities available, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that AEI has sufficient resources and adequate financing facilities to continue in operational existence for the foreseeable future as more fully explained in the Chairman's statement. In February 2013, AEI signed an extension of its available overdraft facility up to February 2014. The facility was increased to ₹ 939,435,000/- at this time. The directors believe that this renewed facility will provide AEI with the funding required to continue to trade in the coming 12 months.

For these reasons the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate. The validity of this assumption principally depends upon three key factors. Firstly AEI's ability to retain sufficient bank funding and other credit to adequately finance working capital. Secondly AEI's ability to grow sales and thereby return to profit and positive operating cash flows. Thirdly to comply with the requirements of the CVA.

Taking these in turn; Firstly, our bankers have remained very supportive of the business and have increased facilities available to AEI in recent months. This support has continued despite AEI being in breach of various covenants throughout the period. Given that the bank has shown its support to AEI by increasing the available facility, the directors feel that there is reasonable expectation that the facility will again be renewed in February 2014. Whilst we see no reason to believe that the bank will not continue to provide this level of financial support we cannot be certain of that fact. Secondly, we believe that the unprecedented level of change and consolidation in the market for Industrial Cables presents our business with many opportunities to grown sales. Existing and new customers are seeing AEI as increasingly important and valuable source of high quality Industrial Cables and we fully intend to capitalize on these opportunities to increase sales. Such growth is vital to our future profitability and sustainability. Whilst we firmly believe that strong sales growth will be achieved in the coming years, we cannot be certain of that fact. Thirdly, we are operating under the terms of CVA entered into during 2011. The CVA requires AEI to agree and fulfill certain minimum obligations to valid creditors at the date of CVA. Whilst we believe that we can agree commitments to creditors and fulfill these conditions going forward, we cannot be certain of that fact.

Should sufficient bank funding and other credit not be available to the business in the coming years, or should sales not increase such that losses continued and cash was not generated, or should we be unable to meet our commitments under the CVA, then the business may not be able to continue as a going concern. These matters may represent material uncertainties that cast significant doubt upon AEI's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if AEI was unable to continue as a going concern, because the Directors currently believe that they can continue to address these uncertainties by retaining adequate levels of funding in the business, growing sales, returning to profit and complying with the terms of the CVA.

In case of APCL after making appropriate enquiries and reviewing budgets, profit and cash flow forecasts and business plans, the directors have formed the opinion at the time of approving the financial statements that there is a reasonable expectation that APCL has sufficient resources and available facilities to continue in operational existence for at least 12 months from the date of approval of these financial statements. APCL is dependent on the financial support of its parent undertaking and ₹ 66,964,806/- was owed to the parent undertaking at 31 March 2013. In addition, included within debtors is an amount due from a fellow group undertaking, AEI, of ₹ 57,280,865/-. The availability of ongoing financial support from the parent undertaking and the ultimate recoverability of the amounts due from AEI represent uncertainties that the Directors have considered when choosing the going concern basis. The Directors believed that adequate support will continue to be available and that the debts due from AEI will be settled in due course. For these reasons, the Directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate. However, should sufficient ongoing finance not continue to be available at a Group level, the going concern basis could become invalid and adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

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

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

**d. Depreciation and Amortisation**

- i. The cost of capitalised software is amortised over a period of five years from the date of its acquisition.
- ii. Depreciation is provided on Written - Down Value Method on buildings added up to 31st March, 1993 and straight line method on fixed assets added from 1st April, 1993 in accordance with and at the rates specified in Schedule XIV of the Companies Act, 1956. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.

- iii. No write off is being made in respect of leasehold land, as the lease is a long lease.
- iv. In case of AEI and APCL, depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:
 

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

**e. Investments**

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

**f. Inventories**

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

**g. Foreign Currency Transactions**

- i. Foreign currency transactions remaining unsettled at the year end are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- ii. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- iii. Exchange difference arising on reporting of long term foreign currency monetary items:-
  - In so far as they relate to the acquisition of a depreciable capital assets are adjusted in the cost of assets.
  - In other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and are amortised over period of foreign currency monetary item or up to 31st March,2020, whichever is earlier.
- iv. Non monetary foreign currency items are carried at cost.

**h. Revenue Recognition**

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

**i. Excise Duty**

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

**j. Employees Benefits**

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

**k. Reserves**

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

**l. Preliminary Expenses**

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

**m. Taxes on Income**

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

**n. Impairment of Fixed Assets**

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

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

**o. Deferred Government Grants**

In case of AEI, government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.



## NOTES TO ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2013

## 2 Share Capital

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
<b>Authorised:</b>		
250,000,000 (Previous Year 175,000,000) Equity Shares of ` 2/- each	500,000,000	350,000,000
1,000,000 (Previous Year Nil) Redeemable Preference Shares of ` 100/- each	100,000,000	—
	<u>600,000,000</u>	<u>350,000,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
125,233,465 (Previous Year 93,026,965) Equity Shares of ` 2/- each fully paid	250,466,930	186,053,930
765,000 (Previous Year Nil) 0% Non-Convertible Redeemable Preference Shares (NCRPS) of ` 100/- each	76,500,000	—
<b>Total</b>	<u>326,966,930</u>	<u>186,053,930</u>

## 2.1 Rights, preferences and restrictions attached to Equity Shares

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

Rights, preferences and restrictions attached to 0% Non-Convertible Redeemable Preference Shares (NCRPS)

Rate of Dividend: 0% rate of dividend. NCRPS are not convertible in equity shares. Redeemable on day and date falling next to date of expiry of a period of 10 years calculated from the date of allotment of these shares. Option of an earlier redemption after expiry of period of 6 months shall be open to Board and can be made by a Board resolution to this effect passed in a duly convened meeting and when consented by the NCRPS shareholders, where the premium payable on redemption shall be adjusted proportionately. Redemption Value & Premium: The redemption premium shall be @ 50% of par value and thereby the redemption value shall be 150% of par value after 10 (Ten) years term. There is no right to vote in general. The voting rights shall be restricted to the matters concerning their interest only. Right to share of Assets: In the event of winding up of the Company, the NCRPS shareholders shall be entitled to share of assets of the Company in proportion of the preference share capital to aggregate of total paid up capital after settlement of all the liabilities of the Company. The NCRPS shareholders shall have a preferential right on the assets of Company over the Equity shareholders while distribution of assets among shareholders in the event of winding up of Company.

## 2.2 Reconciliation of Number of Equity Shares

Figures in `

Particulars	As At 31st March,2013		As At 31st March,2012	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	93,026,965	186,053,930	88,635,170	177,270,340
Add: Issued during the year (Refer Note 2.2.1)	32,206,500	64,413,000	—	—
Add: Issued on conversion of warrants (Refer Note 2.2.2)	—	—	4,391,795	8,783,590
Balance as at the end of the year	<u>125,233,465</u>	<u>250,466,930</u>	<u>93,026,965</u>	<u>186,053,930</u>

## Reconciliation of Number of Preference Shares

Figures in `

Particulars	As At 31st March,2013		As At 31st March,2012	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	—	—	—	—
Add: Issued during the year (Refer Note 2.2.3)	765,000	76,500,000	—	—
Balance as at the end of the year	765,000	76,500,000	—	—

2.2.1 Additions of 32,206,500 Equity Shares of par value of ` 2/- each have been allotted on Preferential basis at Securities Premium of ` 0.30 per share as per SEBI (ICDR) regulations, 2009 and as amended from time to time in terms of Regulation 10(2) of SEBI (SAST) Regulations, 2011. Proceeds from issue have been utilised as per objects of the issue.

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

Name of Shareholder	Year ended	Year ended
	31.03.2013	31.3.2012
	Nos.	Nos.
M/s Paramount Telecables Limited	21,331,500	3,520,000
M/s April Investment and Finance Pvt. Ltd.	10,875,000	—
M/s Worth Finance & Leasing Pvt. Ltd.	—	871,795

2.2.3 765,000 Preference Shares of par value of ` 100/- each have been allotted at par to M/s Paramount Telecables Limited. Proceeds from issue have been utilised as per objects of the issue.

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

Figures in `

Name of Shareholder	Nos.		%age	
	Nos.	%age	Nos.	%age
<b>Equity Shareholders</b>				
M/s Paramount Telecables Limited	24,851,500	19.84	3,520,000	3.78
M/s April Investment and Finance Pvt. Ltd.	13,040,172	10.41	2,165,172	2.33
Mr. Sanjay Aggarwal	5,826,100	4.65	5,826,100	6.26
Mr. Sandeep Aggarwal	5,732,300	4.58	5,732,300	6.16
Mrs. Kamla Aggarwal	5,731,600	4.58	5,731,600	6.16
<b>Preference Shareholder</b>				
M/s Paramount Telecables Limited	765,000	100.00	—	—

3 Reserves & Surplus		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
<b>Capital Reserve</b>			
- Capital Investment Subsidy			
Balance at the beginning of the year	3,000,000	3,000,000	
- Profit on Issue of forfeited shares			
Balance at the beginning of the year	31,100	31,100	3,031,100
Exchange Fluctuation Reserve	(76,155,663)	(78,062,490)	
Capital Reserve on Consolidation	9,901,599	9,901,599	
<b>Securities Premium Account</b>			
Balance at the beginning of the year	909,721,234	861,411,489	
Add: On allotment of Equity Shares (Refer note - 2.2.1 & 2.2.2)	9,661,950	48,309,745	
Less: Provision for Premium on redemption of Preference Shares (Refer Note 3.1 )	20,959	—	909,721,234
<b>Revaluation Reserve</b>			
Balance at the beginning of the year	9,190,603	9,323,117	
Less: Transfer to Profit & Loss Statement	121,110	132,514	9,190,603
<b>General Reserve</b>			
Balance at the beginning of the year	25,282,886	25,282,886	
<b>Surplus</b>			
Balance at the beginning of the year	(1,091,592,479)	(587,012,815)	
Add: Transfer from Profit & Loss Statement	(245,139,448)	(504,579,665)	(1,091,592,479)
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b>			
Balance at the beginning of the year	(37,325,308)	—	
Add: Additions during the year	(24,803,241)	(65,547,492)	
Less: Written off during the year (Refer Note 3.3)	(30,884,575)	(28,222,184)	(37,325,308)
<b>Total</b>	<b>(477,484,261)</b>	<b>(249,852,856)</b>	
3.1	During the year Redemption Premium payable on prorata basis of ` 20,959/- on 0% Non-Convertible Redeemable Preference share (NCRPS) has been charged to Securities Premium Account.		
3.2	In view of losses Capital Redemption Reserve required under section 80 of the Companies Act, 1956 has not been created.		
3.3	Are amortised over period of foreign currency monetary item or up to 31st March, 2020, whichever is earlier.		
4 Long Term Borrowings		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
<b>Secured</b>			
Term Loans :			
- From Banks			
- Foreign Currency Loan	272,817,664	256,740,673	
- Rupee Loans	1,315,248,269	1,511,935,329	
- From Financial Institution	37,362,750	21,978,430	1,790,654,432
Finance Lease Obligations (Refer Note 32)		255,199	1,203,054
<b>Total</b>	<b>1,625,683,882</b>	<b>1,791,857,486</b>	

## 4.1 Nature of Security :-

## i Term Loan from Banks:-

Term loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company and 2nd pari-passu charge on present and future current assets of the Company. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/ Promoters Group Companies.

## ii Term Loan from Financial Institution:-

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

## iii Finance Lease Obligations:-

Hire Purchase Finance is secured against assets financed from it.

## 4.2 Period and Amount of Default in Repayment :-

i During the year Principal amount of ₹ 91,461,704 of Term Loan from Bank was due for repayment on 23rd September, 2012 and was paid on 22nd December, 2012.

ii During previous year principal amount of ₹ 360,616,477 of Term Loan from Banks included in Current Maturities of Term Loan were due for repayment on 31st March, 2012 and rescheduled by Corporate Debt Restructuring- EG approved "Rework Package" vide letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there was no default.

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

Figures in ₹

Rate of Interest	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
11.5%	4,000,000	8,000,000	8,000,000	28,230,685
10.0%	—	—	—	37,362,750
9.0%	82,082,208	35,277,160	84,884,822	628,155,136
8.5%	3,437,100	570,000	2,280,000	18,519,300
5.2%	77,947,904	77,947,904	77,947,904	38,973,952
1.0%	—	41,626,396	41,626,396	124,879,188
0.0%	16,626,929	27,018,759	31,175,491	128,858,697
<b>Total</b>	<b>184,094,140</b>	<b>190,440,219</b>	<b>245,914,614</b>	<b>1,004,979,709</b>

## 5 Deferred Tax Liability (Net)

Figures in ₹

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Deferred Tax Assets :</b>		
- Leave Encashment	4,293,690	3,569,892
- Unabsorbed Depreciation	<u>123,615,778</u>	<u>112,548,252</u>
<b>Deferred Tax Liabilities :</b>		
- Depreciation	<u>127,909,468</u>	<u>116,118,144</u>
<b>Total</b>	<u>—</u>	<u>—</u>

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

6 Other Long Term Liabilities		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Trade Payables (under CVA) (Refer Note 9.2)	104,971,650	123,368,310	
<b>Total</b>	<b>104,971,650</b>	<b>123,368,310</b>	
7 Long Term Provisions		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Employee Benefits (Refer Note 25.1)		9,201,027	
- Leave Encashment	11,021,713	—	
- Gratuity	1,474,897	—	
Provision for Premium on Redemption of Preference Shares (Refer Note 2.1 & 3.1)	20,959	—	
<b>Total</b>	<b>12,517,569</b>	<b>9,201,027</b>	
8 Short Term Borrowings		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Secured		2,427,626,374	
-Working Capital Loans from Banks	2,130,783,664	—	
<b>Total</b>	<b>2,130,783,664</b>	<b>2,427,626,374</b>	
<b>8.1 Nature of Security :-</b>			
i. Working Capital facilities from Banks are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stocks in process, finished goods, consumable stores & spares and receivables of the Company, 1st Pari-Passu charge on company's property situated at Prahaladpur, Bawana Road, Delhi, 2nd Pari-Passu charge on other present and future fixed assets. Further they are secured through collateral by way of 2nd charge on a property owned by a Corporate, personal guarantees of Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal, Directors of the Company and pledge of 100% equity shares of the company held by Promoters/Promoters Group Companies.			
ii. Overdrafts of AEI are secured by a means of a fixed and floating charge on the assets of AEI. Paramount Communications Limited, Mr.Sanjay Aggarwal and Mr. Sandeep Aggarwal, directors of the company have guaranteed the overdrafts.			
iii. Overdrafts and similar financing of APCL was secured by a means of a fixed and floating charge on the assets of the APCL.			
9 Trade Payables		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Acceptances	845,389,421	628,235,184	
<b>Due to:</b>			
- Micro, Small & Medium Enterprises	803	552,376	
- Others	145,775,100	145,775,903	272,120,959
<b>Total</b>	<b>991,165,324</b>	<b>900,908,519</b>	

### 9.1 Disclosure under MSMED Act,2006

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

i. Principal amount due and remaining unpaid	803	552,376
ii. Interest due on (1) above and unpaid interest	—	—
iii. Interest paid on all delayed payments under the MSMED Act.	—	—
iv. Payment made beyond the appointed day during the year	—	—
v. Interest due and payable for the period of delay other than (3) above	—	—
vi. Interest accrued and remaining unpaid	—	—
vii. Amount of further interest remaining due and payable in succeeding years	—	—

9.2 In case of AEI in May 2011 the Board of AEI concluded that AEI did not have sufficient working capital to cope with the burden of its historical liabilities. The Board, having taken professional advice, sought the agreement of its unsecured creditors to a restructuring of their debt to allow AEI to continue to trade. This Company Voluntary Arrangement (CVA) was proposed in May 2011 and approved by creditors in June 2011. As a result of this arrangement AEI wrote back ` 174,217,960/- of trade creditors and social security and other taxes in the financial statements for the year ended 31 March 2012. This represents amounts that are not expected to be repaid under the CVA.

Under the current terms of the CVA, over a 5 year period, at a minimum, AEI is required to pay an amount that equates to a dividend of 30% to all creditors that have made a valid claim. At 31 March 2013, the director's assessment of valid claims by creditors was ` 547,323,000/-, representing ` 164,196,900/- at 30 %. This could increase however as further valid claims may be made by creditors up to the point at which a dividend is declared by the joint supervisors of the CVA.

Under the terms of the CVA, the maximum payable to the joint supervisors of the CVA is 65% of net profits over the five year period. This was initially estimated to be a net profit of ` 285,915,000/- which equates to ` 185,844,750/- being paid to the joint supervisors during the 5 year period. It may be possible for a variation to this to be proposed to the creditors, however at the date of these financial statements, a variation has not yet been proposed. ` 185,844,750/- therefore still represents the current proposed amount to be paid to the joint supervisors of the CVA over the 5 year period.

The monthly scheduled payment based on expected net profits over the 5 year period was initially calculated to be ` 3,185,910/-. The minimum monthly payment to the CVA was agreed at ` 2,450,700/-. At 31 March 2013, the company was up to date with its minimum payments to the CVA. A total of ` 51,464,700/- has been paid to 31 March 2013. The payments to date represent 21 monthly payments of ` 2,450,700/- per month.

Included within creditors are the current expected amounts payable to the joint supervisors of the CVA of ` 134,380,050/-. This represents the ` 185,844,750/- liability calculated at the start of the CVA less payments to date of ` 51,464,700/-. ` 29,408,400/- has been included within creditors falling due in less than one year which represents the expected payments to be made to the joint supervisors of the CVA during the year ended 31 March 2014. The remaining ` 104,971,650/- has been included in creditors falling due after more than one year.

During the period AEI made progress toward finalising the liabilities included in the CVA. The main area of uncertainty surrounds the outcome of tribunal cases brought by ex-employees. At the balance sheet date, the directors believe the ultimate liability will be in the same order as the original estimate at the time of the CVA. AEI intends to approach the CVA supervisor with a proposal to vary the terms to reduce the ongoing burden on AEI. Whilst there is no obligation for the creditors to agree to a variation, AEI believes a compelling case can be made for a variation to the terms.

However, AEI still has a legal obligation for the full amount due to valid creditors at the date of entering the CVA until June 2016, which would become payable if the CVA terms are not adhered to {Ref Note 29.3 & 36 (vi)} .

10 Other Current Liabilities		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Current Maturities of Long-Term Debt			
Term Loans :			
From Banks			
--- Foreign Currency Loan	—	256,740,673	
--- Rupee Loans	<u>342,592,396</u>	<u>274,979,546</u>	531,720,219
(Refer Note 4.1)			
Current Maturities of Finance Lease Obligations	947,856		841,082
(Refer Note 4.1 & 32)			
Interest on borrowings			
- Accrued but not due	18,270,478		10,832,785
Government Grant	—		3,379,611
Unpaid Dividends	1,095,390		1,098,735
(Refer Note 10.2)			
Foreign Currency Convertible Bonds 'FCCBs'	409,575,000		385,275,000
(Refer Note 10.1 )			
Employee Benefits Payable	16,140,062		15,652,545
Sundry Creditors -Capital Goods	10,393,320		14,388,819
Statutory Dues Payable	171,448,753		156,112,523
Advance from Customers	14,437,337		9,789,846
Other Payables	9,689,039		8,349,332
<b>Total</b>	<u><b>994,589,631</b></u>		<u><b>1,137,440,497</b></u>

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

- Principal amount of ` 409,575,000/- of 1% Foreign Currency Convertible Bonds ('FCCBs') is overdue for repayment since 23rd November,2011. Interest on FCCBs ` 6,500,080/- due up to 31st December,2012 has also not been paid and is over due. Premium on redemption of FCCB's of ` 186,554,595/- is also over due for payment since 23rd November,2011.
- Refer Note 4.2 for default in repayment of Term Loans.

10.2 No amount is due as on 31st March, 2013 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to be Fund.

11 Short Term Provisions		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Provision for Employee Benefits (Refer Note 25.1)			
- Leave Encashment	2,212,035		1,801,877
Others			
- Provision for Wealth Tax	83,200		105,000
<b>Total</b>	<u><b>2,295,235</b></u>		<u><b>1,906,877</b></u>

## 12. FIXED ASSETS

## 12.1 Tangible Assets

Figures in `

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As at 01.04.12	Additions	Deduction	As at 31.03.13	As at 01.04.12	For the Year	Ded./Adj.	As at 31.03.13	As at 31.03.13	As at 31.03.12
<b>Own Assets:</b>										
Land										
- Freehold	12,621,330	—	—	12,621,330	—	—	—	—	12,621,330	12,621,330
- Leasehold	287,317,317	—	218,262,202	69,055,115	—	—	—	—	69,055,115	287,317,317
Buildings	360,615,213	3,702,311	139,884,113	224,433,411	67,790,658	11,150,277	16,569,501	62,371,434	162,061,977	292,824,555
Plant & Equipment	1,377,572,594	30,081,155	37,551,081	1,370,102,668	624,029,177	97,894,736	20,652,823	701,271,090	668,831,578	753,543,417
Furniture & Fixtures	55,357,283	770,534	554,838	55,572,979	19,711,082	2,654,676	96,282	22,269,476	33,303,503	35,646,201
Leasehold Building Improvement	11,340,968	—	—	11,340,968	2,234,701	717,880	—	2,952,581	8,388,387	9,106,267
Vehicles	27,164,060	46,586	2,083,039	25,127,607	15,820,469	2,995,557	1,760,761	17,055,265	8,072,342	11,343,591
Office Equipment	14,800,970	477,439	(15,010)	15,293,419	5,285,310	961,579	5,650	6,241,239	9,052,180	9,515,660
<b>Assets taken on Finance Lease:</b>										
Hire Purchase										
- Vehicles	5,761,531	—	—	5,761,531	1,026,963	—	—	1,026,963	4,734,568	4,734,568
<b>Total</b>	<b>2,152,551,266</b>	<b>35,078,025</b>	<b>398,320,263</b>	<b>1,789,309,028</b>	<b>735,898,360</b>	<b>116,374,705</b>	<b>39,085,017</b>	<b>813,188,047</b>	<b>976,120,980</b>	<b>1,416,652,906</b>
Previous Year	2,114,141,920	41,243,561	2,834,215	2,152,551,266	612,899,150	122,534,241	(464,969)	735,898,360	1,416,652,906	1,501,242,770

## 12.2 Intangible Assets

Figures in `

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As at 01.04.12	Additions	Deduction	As at 31.03.13	As at 01.04.12	For the Year	Deduction	As at 31.03.13	As at 31.03.13	As at 31.03.12
<b>Own Assets (Acquired):</b>										
- Software	28,751,947	712,362	—	29,464,309	23,268,591	4,078,534	—	27,347,125	2,117,184	5,483,356
<b>Total</b>	<b>28,751,947</b>	<b>712,362</b>	<b>—</b>	<b>29,464,309</b>	<b>23,268,591</b>	<b>4,078,534</b>	<b>—</b>	<b>27,347,125</b>	<b>2,117,184</b>	<b>5,483,356</b>
Previous Year	27,774,122	977,825	—	28,751,947	17,802,049	5,466,542	—	23,268,591	5,483,356	9,972,073

- 12.3 Land includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ` 7,650,950  
Building includes addition made due to revaluation as on 31st March, 1994 in erstwhile Paramount Cable Corporation ` 7,406,534  
Amount of Depreciation pertaining to revaluation in case of Buildings ` 121,110
- 12.4 Title deeds of factory land at Prahaladpur, Bawana Road, Delhi are in the name of erstwhile Paramount Cable Corporation.
- 12.5 Title deeds of a part of factory land measuring 954.50 sq. mtr. at Prahaladpur, Bawana Road, Delhi shown in Balance Sheet at ` 2,386,250 are yet to be registered in name of the Company.
- 12.6 Land (Freehold) of ` 7,886,689/- as of 31st March, 2013 situated at Prahaladpur, Delhi is under acquisition as per the Land Acquisition Act, 1894. The Company has decided to contest the acquisition proceedings.
- 12.7 Carrying value of Assets acquired under hire purchase as on 31.03.2012 exclude the amount related to hire purchase agreement settled during the current year.
- 12.8 As per changes made in AS 11 vide Companies (Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, during financial year 2008-09 the company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after December 22, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange loss (net) ` 11,664,000/- (Previous year exchange loss (net) ` 23,607,000/-) has been adjusted in gross block of Fixed Assets. Exchange difference on External Commercial Borrowing (ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'.



12.9 Additions are after adjusting exchange loss (net) ₹ 11,664,000/- (Previous Year exchange loss (net) ₹ 23,607,000/-)

	Figures in ₹	
Assets	31.3.2013	31.3.2012
i. Building	3,702,311	7,493,179
ii. Plant & Equipment	7,334,416	14,844,271
iii. Furniture & Fixtures	414,911	839,746
iv. Software	212,362	429,804
<b>Total</b>	<b>11,664,000</b>	<b>23,607,000</b>

13 Non Current investment  
(Long Term Investments)

Particulars	Figures in ₹	
	As At 31st March,2013	As At 31st March,2012
Other Investments (Valued at Cost unless stated otherwise)		
<b>Quoted</b>		
Equity Shares		
- Haryana Financial Corporation 4,800 (Previous Year 4,800) Equity Shares of ₹ 10/- each, fully paid	168,000	168,000
<b>Unquoted</b>		
Equity Shares of Associate Company		
- Paramount Wires & Cables Limited 2,558,000 (Previous Year 2,558,000) Equity Shares of ₹ 10/- each, fully paid	25,580,000	25,580,000
Capital Reserve at the time of acquisition	9,901,599	9,901,599
Share in profit of Associates:		
Balance at the beginning of the year	(24,468,372)	(22,444,304)
Add: Share in profit/(loss) during the year	22,947	(2,024,068)
Others		
- Cable Makers Properties and Services Limited 36,700 (Previous Year 36,700) Ordinary Shares of ₹ 0.0001/- each, fully paid	468,982	465,652
<b>Total</b>	<b>11,673,156</b>	<b>11,646,879</b>
Quoted Investments		
- Aggregate of Book Value	168,000	168,000
- Aggregate of Market Value	118,320	118,320
Unquoted Investments		
- Aggregate of Book Value	11,505,156	11,478,879

14 Long Term Loans and Advances  
(Unsecured, Considered Good)

Particulars	Figures in ₹	
	As At 31st March,2013	As At 31st March,2012
Capital Advances	7,992,220	7,992,220
Security Deposits		
- Related Parties (Refer Note 14.1)	18,000,000	18,000,000
- Others	8,627,830	4,700,194
Loans and Advances to Workers & Staff	864,270	715,900
Advance to Related Parties	—	—
<b>Total</b>	<b>35,484,320</b>	<b>31,408,314</b>

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

(a) Loans and Advances in the nature of Security deposit given to Related Parties: <span style="float: right;">Figures in `</span>				
Name	As at 31.03.2013	Maximum Balance during 2012-13	As at 31.03.2012	Maximum Balance during 2011-12
Paramount Telecables Limited	18,000,000/-	18,000,000/-	18,000,000/-	18,000,000/-
--Security deposit for premises taken on rent by the Company and adjustable/ refundable as per terms & conditions of the Lease Agreement.				
(b) Investment by the Loanee in the shares of the company				
<u>Equity Shares</u>				
- Amount (par value)	49,703,000		7,040,000	
- No of shares	24,851,500		3,520,000	
<u>Preference Shares</u>				
- Amount (par value)	76,500,000		—	
- No of shares	765,000		—	

## 15 Inventories

(as taken, valued &amp; certified by the management)

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
Raw Materials	619,660,046	501,038,601
Work -in- Progress	835,641,532	821,187,033
Finished Goods	873,791,696	881,251,608
Stock in Trade [Includes In Transit ` 21,634,150/- (Previous Year ` 47,678,363/-)]	34,073,332	153,762,877
Stores & Spares	12,903,057	11,405,725
Packing Materials	6,390,443	14,041,361
Scrap	14,033,768	11,322,903
<b>Total</b>	<b>2,396,493,874</b>	<b>2,394,010,108</b>

## 16 Trade Receivables (Current)

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
Unsecured		
Outstanding for a period exceeding six months from the date due for payment		
- Considered Good	213,474,444	232,494,439
- Considered Doubtful	32,727,645	16,742,129
	246,202,089	249,236,568
Less: Provision for Bad and Doubtful Debts	32,727,645	16,742,129
	213,474,444	232,494,439
Others		
- Considered Good	1,728,938,107	1,767,047,562
- Considered Doubtful	—	—
	1,728,938,107	1,767,047,562
<b>Total</b>	<b>1,942,412,551</b>	<b>1,999,542,001</b>

17 Cash and Bank Balances		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Cash on hand	5,518,960		5,531,896
Balances with Banks			
- Current Accounts	4,664,050		16,243,743
- Fixed Deposits	<u>98,838,953</u>	<u>103,503,003</u>	<u>89,932,863</u>
(Refer Note 17.1)			106,176,606
<b>Total</b>	<b><u>109,021,963</u></b>		<b><u>111,708,502</u></b>
Balance with Bank in Unpaid Dividend Accounts	1,095,390		1,098,735
Fixed Deposit with more than twelve months maturity	17,802,986		20,991,240
17.1 Fixed deposits with banks ` 98,838,953/- (Previous Year ` 89,932,863/-) are under lien/custody with banks/others.			
18 Short Term Loans & Advances (Unsecured, considered good)		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Balance with Excise Authorities	11,298,676		71,330,734
Others			
- Commercial Advances	90,695,651		54,663,375
- Prepaid Expenses	18,303,403		18,952,931
- Amount Recoverable in Cash or Kind	1,323,280		209,894
- Earnest Money Deposits	12,846,673		10,107,574
- Security Deposits	26,289,320		26,741,010
- Loans to Workers & Staff	1,110,730		791,470
- Advances to Workers & Staff	1,699,932		292,659
- Claims Recoverable from Government	60,677,328		160,302,231
- Advance Tax	<u>4,586,707</u>	<u>217,533,024</u>	<u>4,326,632</u>
[Net of Provision ` 1,180,966/- (Previous Year ` 1,180,966/-)]			276,387,776
<b>Total</b>	<b><u>228,831,700</u></b>		<b><u>347,718,510</u></b>
19 Other Current Assets		Figures in `	
Particulars	As At 31st March,2013	As At 31st March,2012	
Interest Accrued on Deposits	8,024,863		3,917,939
<b>Total</b>	<b><u>8,024,863</u></b>		<b><u>3,917,939</u></b>
20 Revenue From Operations (Gross)		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Sale of Products			
- Manufactured Goods	6,709,349,704		6,703,156,301
- Traded Goods	<u>480,487,898</u>	<u>7,189,837,602</u>	<u>656,774,337</u>
Other Operating Revenue			
- Export Benefits	4,847,657		2,691,680
- Sale of Scrap	<u>97,155,315</u>	<u>102,002,972</u>	<u>105,886,516</u>
<b>Total</b>	<b><u>7,291,840,574</u></b>		<b><u>7,468,508,834</u></b>



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

Particulars	Year ended 31st March,2013		Year ended 31st March,2012	
<b>Opening Stock</b>				
- Finished Goods	881,251,608		946,739,632	
- Stock In Trade	153,762,877		278,171,643	
- Work In Progress	821,187,034		798,940,431	
- Scrap	11,322,903	1,867,524,422	15,326,383	2,039,178,089
<b>Less: Closing Stock</b>				
- Finished Goods	873,791,696		881,251,608	
- Stock In Trade	34,073,332		153,762,877	
- Work In Progress	835,641,532		821,187,034	
- Scrap	14,033,768	1,757,540,328	11,322,903	1,867,524,422
		<b>109,984,094</b>		<b>171,653,667</b>

## 25 Employee Benefits Expense Figures in `

Particulars	Year ended 31st March,2013		Year ended 31st March,2012	
Salaries, Wages & Others Benefits	589,681,979		588,184,410	
Contribution to Provident & Other Funds	24,492,021		20,695,039	
Welfare Expenses	4,546,015	618,720,015	4,048,362	612,927,811
		<b>618,720,015</b>		<b>612,927,811</b>

25.1 Managerial Remuneration of Rs. 853,720/- to Chairman & CEO and Managing Director for March, 2013 is as approved by the shareholders by way of postal ballot. However, this is subject to final approval from the Central Government.

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

**Defined Contribution Plan**

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

Figures in `

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
Contributory Provident Fund & Employees Pension Scheme, 1995	6,484,150	6,543,464
Contribution to Group Pension Scheme in AEI Cables Limited, United Kingdom	14,808,682	14,151,575

**Defined Benefit Plan**

The company is having following Defined Benefit Plans:

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

Figures in `

Particulars	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12
<b>a) Actuarial Assumptions</b>				
Discount rate	8.00	8.10	8.00	8.00
Expected rate of return on assets	8.00	—	8.00	—
Expected rate of future salary increase	8.00	6.00	8.00	6.00
<b>b) Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Present value of obligations as at beginning of year	14,370,166	11,002,903	12,551,049	10,096,011
Interest cost	1,119,483	946,250	978,792	807,681
Current Service Cost	1,649,414	1,762,087	1,531,083	1,302,721

Figures in `

Particulars	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12
Benefits paid	(753,263)	(383,807)	(632,295)	(707,630)
Actuarial (gain)/loss on Obligations	1,649,590	(93,687)	(58,463)	(495,880)
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	—	—	—	—
Present value of obligations as at end of year	18,035,390	13,233,746	14,370,166	1,102,903
<b>c) Reconciliation of opening and closing balances of fair value of plan assets</b>				
Fair value of plan assets as on beginning of year	16,094,458	—	14,021,738	—
Expected return on plan assets	1,257,426	—	1,124,812	—
Contributions	—	—	1,531,083	—
Benefits paid	(753,263)	—	(632,295)	—
Actuarial Gain/(Loss) on Plan assets	(38,128)	—	49,120	—
Fair value of plan assets at the end of year	16,560,493	—	16,094,458	—
<b>d) Fair value of plan assets</b>				
Fair value of plan assets at beginning of year	16,094,458	—	14,021,738	—
Actual return on plan assets	1,219,298	—	1,173,932	—
Contributions	—	—	1,531,083	—
Benefits paid	(753,263)	—	(632,295)	—
Fair value of plan assets at the end of year	16,560,493	—	16,094,458	—
Funded status	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
Excess of Actual over estimated return on plan	(38,128)	—	49,120	—
<b>e) Actuarial Gain/Loss recognized</b>				
Actuarial gain/(Loss) for the year – Obligation	(1,649,590)	93,687	58,463	495,880
Actuarial (gain)/Loss for the year – plan assets	38,128	—	(49,120)	—
Total (gain)/Loss for the year	1,687,718	(93,687)	(107,583)	(495,880)
Actuarial (gain)/Loss recognized in the year	1,687,718	(93,687)	(107,583)	(495,880)
<b>f) The amounts recognized in the balance sheet</b>				
Present value of obligations as at the end of year	18,035,390	13,233,746	14,370,166	11,002,903
Fair value of plan assets as at the end of the year	16,560,493	—	16,094,458	—
Funded status	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
Net (Asset)/liability recognized in balance sheet	(1,474,897)	(13,233,746)	1,724,292	(11,002,903)
<b>g) Expenses Recognized in statement of Profit &amp; Loss</b>				
Current Service Cost	1,649,414	1,762,087	1,531,083	1,302,721
Interest cost	1,119,483	946,250	978,792	807,681
Expected return on plan assets	(1,257,426)	—	(1,124,812)	—
Net Actuarial (gain)/Loss recognized in the year	1,687,718	(93,687)	(107,583)	(495,880)
Value of Obligation for employees transferred from Paramount Wire & Cables Ltd during the year	—	—	—	—
Expenses recognized in statement of Profit & Loss	3,199,189	2,614,650	1,277,480	1,614,522

26 Finance Costs		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Interest Expense			
- Interest on Loan	434,911,576	394,788,062	
- Interest On Income Tax	75,031	76,503	394,864,565
Other Borrowing Costs			46,814,504
<b>Total</b>	<b>493,732,097</b>	<b>441,679,069</b>	
27 Depreciation and Amortisation Expenses		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Fixed Assets			
- Tangible Assets	116,374,705	122,534,241	
- Intangible Assets	4,078,534	5,466,542	128,000,783
Less: Transfer from Revaluation Reserve		121,110	132,514
	<b>120,332,129</b>	<b>127,868,269</b>	
28 Other Expenses		Figures in `	
Particulars	Year ended 31st March,2013	Year ended 31st March,2012	
Stores, Spares & Consumables	30,892,207		25,859,621
Excise Duty (Refer Note 28.1)	(2,847,883)		19,199,276
Packing Expenses	157,782,929		168,677,654
Power, Fuel and Lighting	182,157,714		159,211,473
Rent	56,888,492		54,711,935
Repair & Maintenance			
- Plant & Machinery	36,001,931	25,302,288	
- Building	2,783,919	4,176,266	
- Others	1,922,420	4,234,909	33,713,463
Insurance (Refer Note 28.2)	19,018,751		19,966,960
Rates and Taxes [Includes Wealth Tax ` 83,200/- (Previous Year ` 105,000/-)]	20,813,446		19,349,279
Auditor's Remuneration (Refer Note 28.3)	5,937,446		6,523,692
Conversion Charges	25,738,628		19,354,504
Labour Charges	82,986,066		78,370,476
Rebates,Discount,Commission on Sales	32,873,354		32,136,076
Freight, Octroi & cartage [Net of recovery ` 91,999,468/- (Previous Year ` 67,195,533/-)]	37,777,173		66,047,444
Bad Debts written off/provided	27,122,091		21,018,030
Travelling and Conveyance [Net of recovery ` 22,48,786/- (Previous Year ` 1,442,302/- )]	39,207,996		33,498,856
Amortisation of FCMITDA (Net)	30,884,575		28,222,184
Exchange Fluctuation (Net)	11,546,841		21,532,135
Advertisement & Publicity	3,014,966		7,976,704
Communication Expenses	6,617,917		7,954,349
Loss on sale/disposal of Fixed Assets (Net)	1,068,446		873,868
Donations	1,332,499		365,350
Directors Meeting Fee	314,500		263,500
Share Transfer Expenses	—		29,067
Miscellaneous Expenses	87,511,071		72,866,932
<b>Total</b>	<b>899,347,495</b>	<b>897,722,828</b>	

28.1 Amount of Excise Duty deducted from the turnover is for sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock and opening stock.

28.2 Insurance Premium of ₹ 3,793,545/- (Previous Year ₹ 3,793,545/-) on Key man Insurance Policy has been charged to Profit & Loss. Maturity value of such policies will be accounted for on receipt basis.

28.3 Auditor's Remuneration\*:

Figures in ₹

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
Audit Fees	4,009,883	4,423,187
Tax Audit fees	150,000	150,000
Taxation Matters	369,040	563,015
Certification & Consultancy	60,000	211,000
Out of Pocket Expenses	61,028	90,508
All other services – to previous auditors	1,287,495	1,085,982
	<b>5,937,446</b>	<b>6,523,692</b>

\*Excludes Service Tax ₹ 185,400/- (Previous Year ₹ 1,70,053/-)

29 Exceptional Items

Figures in ₹

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
-Write back of Secured Loan Liability (Refer Note 29.1)	208,201,325	—
-Profit on Sale of Factory land, Building & some Assets (Net) (Refer Note 29.2)	211,883,864	—
Write back of creditors under CVA (Refer Note 29.3)	—	174,217,960
	<b>420,085,189</b>	<b>174,217,960</b>

29.1 Exceptional item of ₹ 208,201,325/- for the year ended 31st March, 2013 is on account of write back of secured loan from some banks upon one time settlement.

29.2 Exceptional item of ₹ 211,883,864/- for the year ended 31st March, 2013 is on account of profit on sale of assets (net of WDV and expenses) consisting of factory land, building and some plant & machineries situated at SP - 76, 77 & 77 A, Khushkhera Industrial Area, Alwar (Rajasthan). These assets were sold as per the terms of approved CDR Rework Package dated 11th July, 2012.

29.3 AEI entered into a CVA which was agreed with creditors on 14 June 2011. The exceptional income in 2012 represents the difference between creditors at 14 June 2011 and the amounts expected to be repaid. However, AEI still has a legal obligation for the full amount due to the creditors until June 2016, which would become payable if the CVA terms are not adhered to (Note 9.2 & 36 (vi)).

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

Figures in ₹

Particulars	Year ended 31st March,2013	Year ended 31st March,2012
Net Profit/(Loss) after Taxation	(245,139,448)	(504,579,665)
Weighted average number of Equity shares for Basic EPS	93,026,965	92,522,989
<b>Add:</b> Weighted average number of equity shares issued during the year	176,474	—
Weighted average number of Equity shares for Basic EPS	93,203,439	92,522,989
<b>Add:</b> Adjustment for weighted 'Warrants' outstanding having option to subscribe equity shares	—	503,976
Weighted average number of equity shares for Diluted EPS	93,203,439	93,026,965
Basic Earnings per Share (₹)	(2.63)	(5.45)
Diluted Earnings per Share (₹)	(2.63)	(5.42)
Par Value of each Equity Share (₹)	2/-	2/-



31 "Related party disclosures", for the year ended 31st March, 2013, as required by Accounting Standard-18 ("AS-18") are given below:

**Relationships:**

- i) **Associate of the Company:**  
Paramount Wires & Cables Limited
- ii) **Other related parties in the Group where common control exists:**  
Sanjay Aggarwal (HUF)  
Sandeep Aggarwal (HUF)  
S.S. Aggarwal (HUF)  
April Investment & Finance Private Limited  
Worth Finance & Leasing Private Limited  
Paramount Telecables Limited  
S.S. Aggarwal Foundation
- iii) **Key Managerial Personnel:**  
Mr. Sanjay Aggarwal  
Mr. Sandeep Aggarwal  
Mr. Julian wood (w. e. f. 4 March,2013)  
Mr. Mark Heneghan  
Mr. C J sharp  
Mr. Keith Scott  
Mr. M C Goel ( up to 23 August,2012)
- iv) **Relatives of Key Managerial Personnel with whom transaction have taken place:**  
Smt. Kamla Aggarwal  
Sh. Dhruv Aggarwal  
Sh. Tushar Aggarwal  
Smt. Shashi Aggarwal  
Smt. Archana Aggarwal  
Ms Parul Aggarwal

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

Figures in `

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	TOTAL
Maximum outstanding of deposits taken during the year	2012-13 2011-12	— —	122,949,633 —	— 8,600,000	— —	122,949,633 8,600,000
Maximum outstanding of sundry debtors during the year	2012-13 2011-12	67,844,852 78,695,316	— —	— —	— —	67,844,852 78,695,316
Sundry debtors outstanding as at year end	2012-13 2011-12	27,302,531 —	— —	— —	— —	27,302,531 —
Maximum outstanding of security deposits given for premises taken on rent	2012-13 2011-12	— —	18,000,000 18,000,000	— —	— —	18,000,000 18,000,000
Outstanding of security deposit given for premises taken on rent as at year end	2012-13 2011-12	— —	18,000,000 18,000,000	— —	— —	18,000,000 18,000,000
Amount payable as at year end	2012-13 2011-12	— —	— —	1,721,780 979,079	— —	1,721,780 979,079
Amount Recoverable as at year end	2012-13 2011-12	— —	— —	860,400 —	— —	860,400 —
Interest Paid on deposits	2012-13 2011-12	— —	— —	— 134,770	— —	— 134,770

Figures in `

PARTICULARS	Year	(i)	(ii)	(iii)	(iv)	TOTAL
Rent Paid for use of assets	2012-13	—	21,266,664	—	540,000	21,806,664
	2011-12	—	21,386,664	—	720,000	22,106,664
Managerial Remuneration	2012-13	—	—	27,713,684	—	27,713,684
	2011-12	—	—	37,006,706	—	37,006,706
Salaries and other Benefits	2012-13	—	—	—	3,169,440	3,169,440
	2011-12	—	—	—	1,452,000	1,452,000
sales	2012-13	115,929,079	—	—	—	115,929,079
	2011-12	170,887,986	—	—	—	170,887,986
Purchases of Machinery	2012-13	138,119	—	—	—	138,119
	2011-12	—	—	—	—	—
Donations	2012-13	—	1,075,000	—	—	1,075,000
	2011-12	—	350,000	—	—	350,000
Equity Share Allotment	2012-13	—	64,413,000	—	—	64,413,000
	2011-12	—	—	—	—	—
0% Non-Convertible redeemable Preference share allotment	2012-13	—	76,500,000	—	—	76,500,000
	2011-12	—	—	—	—	—
Security Premium on Equity Share Allotment	2012-13	—	9,661,950	—	—	9,661,950
	2011-12	—	—	—	—	—
Equity Share Application Money received	2012-13	—	74,074,950	—	—	74,074,950
	2011-12	—	—	—	—	—
Preference Share Application Money received	2012-13	—	76,500,000	—	—	76,500,000
	2011-12	—	—	—	—	—

**b. Non-Financial Transactions:**

- i. Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have given personal guarantees to banks/financial institutions for Company's borrowings and also have pledged their share holding in the company with banks.
- ii. Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have given personal guarantees to banks/financial institutions for AEI 's borrowings.
- iii. Guarantee of ` 10,000,000/- (Previous Year ` 10,000,000/-) given to a Bank for credit facilities sanctioned to Paramount Wires & Cables Limited. Credit facilities availed by the said company as on 31.03.2013 ` 7,153,292/- (Previous year ` 9,301,250/-).
- iv. The Company has executed a parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant of ` 40,845,000/- (sterling pounds 500,000) (previous year ` 40,555,000/- (sterling pounds 500,000)) extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.
- v. The Company has executed a parental guarantee of ` 1,347,885,000/- (sterling pounds 16,500,000) (Previous Year ` 1,338,315,000/- (sterling pounds 16,500,000) given to a Bank for credit facilities sanctioned to its wholly owned subsidiary, AEI Cables Limited. Credit facilities availed by the said company as on 31.03.2013 was ` 805,321,504/- (sterling pounds 9,858,263) (Previous year ` 817,106,908 (sterling pounds 10,074,059).
- vi. Paramount Telecables Limited has given its property as collateral by way of 2nd charge to the banks of the company.
- vii. In case of Company, the remuneration does not include Gratuity and Provision for Leave Encashment under Accounting Standard -15 (Revised) and personal accident insurance premium, since same is not available for individual employees.

## 32 Future lease obligation by way of lease rental:

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

Figures in ₹

Due	Total Minimum lease payments outstanding		Future Interest on outstanding		Present value of minimum lease payments	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Within one year	1,041,300	1,041,300	93,443	200,218	947,856	841,082
Later than one year and not later than five years	260,325	1,301,625	5,127	98,571	255,199	1,203,054
<b>Total:</b>	<b>1,301,625</b>	<b>2,342,925</b>	<b>98,570</b>	<b>298,789</b>	<b>1,203,055</b>	<b>2,044,136</b>

## 32.1 Operating Leases:

The Company and its subsidiaries have entered into lease transactions during the current financial year mainly for leasing of storage/office premises and company leased accommodations for its employees for periods up to 10 years. Terms of Lease include terms of renewal, increase in rents in future periods and terms of cancellation. There are no subleases. The Operating lease payments recognized in the Profit & Loss account amount to ₹ 57,688,492/- (Previous year ₹ 55,911,935/-) for the leases, which commenced on or after April 1, 2001. Minimum lease payments under non-cancellable operating leases are:

Figures in ₹

PARTICULARS	As at 31st March, 2013	As at 31st March, 2012
Minimum Lease Payments		
--Not later than one year	21,483,564	21,072,214
--Later than one year but not later than five years	131,027,136	129,304,906
--Later than five years	35,166,662	55,833,326

33 In opinion of the management Company's business activity mainly falls within a single primary business segment 'Cables', the disclosures requirements of Accounting Standard-17 ("AS-17") "Segment Reporting" are not applicable.

34 (i) The Company has following outstanding Currency Swaps for hedging purpose at the year end:

Figures in ₹

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

(ii) For Hedging Commodity Related Risks:

Figures in ₹

Particulars	As At 31st March, 2012	As At 31st March, 2011
Copper Forward Contracts	—	405,550

35 (i) Unhedged amount payable in foreign currency:

Figures in ₹

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Amount in (Rs)	Amount in foreign currency	Foreign currency	Amount in (Rs)	Amount in foreign currency	Foreign currency
Import of Goods	1,932,648	35,390	USD	5,892,139	114,700	USD
	—	—	—	533,260	7,719	EURO
Payable	7,943,165	145,543	USD	1,981,869	38,580	USD
FCCBs	409,575,000	7,500,000	USD	385,275,000	7,500,000	USD
Foreign Currency Term Loans	272,817,664	4,995,746	USD	513,481,346	9,995,744	USD

## (ii) Unhedged amount receivable in foreign currency: Figures in `

Particulars	As at 31st March,2013			As at 31st March,2012		
	Amount in `	Amount in foreign currency	Foreign currency	Amount in `	Amount in foreign currency	Foreign currency
Export of Goods	—	—	—	7,895,407	155,238	USD
Advances	—	—	—	204,908	2,526	GBP

36 Contingent Liabilities & Commitments  
(to the extent not provided for)

Figures in `

Particulars	As At 31st March,2013	As At 31st March,2012
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**Contingent Liabilities**

Claims Against the Company not acknowledged as Debt	6,097,504	5,662,454
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**Guarantees**

i. Financial Bank Guarantees outstanding	54,338,224	79,934,826
--	------------	------------

ii. Guarantee of ` 10,000,000/- (Previous Year ` 10,000,000/-) given to a Bank for credit facilities sanctioned to Paramount Wires & Cables Ltd (Associate)		
---	--	--

- Credit Facilities availed by Paramount Wires & Cables Ltd.	7,153,292	9,301,250
--	-----------	-----------

iii. Parental guarantee in favour of One North East, UK, an agency of British Government responsible for promoting investment in U.K., on behalf of its wholly owned subsidiary, AEI Cables Limited for guaranteeing the repayment of Grant extended to it together with the interest at the rate of 1.5 percentage points above the UK base rate of Bank of England calculated from the date of first demand to AEI Cables Limited till the date of actual payment, in case AEI Cables Limited fails to observe the terms and conditions stipulated in the offer letter while giving the Grant.		
--	--	--

Grant Facilities availed by AEI Cables Ltd.	( ` ) 40,845,000	40,555,000
	( £ ) 500,000	500,000

iv. Parental Guarantee of ` 1,347,885,000/- (sterling pounds 16,500,000/-)[Previous Year ` 1,338,315,000/- (sterling pounds 16,500,000/-)] given to a Bank for credit facilities ((sanctioned limit (sterling pounds 11,500,000/-)) sanctioned to AEI Cables Limited(Subsidiary).		
---	--	--

- Credit Facilities availed by AEI Cables Ltd.	( ` ) 805,321,504	817,106,908
	( £ ) 9,858,263	10,074,059

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

Amount unascertainable	Amount unascertainable
------------------------	------------------------

vi. As described in Note 9.2 & 29.3, AEI is currently operating under a Company Voluntary Arrangement. A total of ` 134,380,050/- is included within creditors at 31st March 2013, which represents the directors' current estimate of the amounts that are payable to the joint supervisors of the CVA in the period to June 2016. In total, ` 174,217,960/- of trade creditors and social security and other taxes were written back in the year ended 31st March 2012. This represented amounts that were not expected to be repaid under the CVA.		
---	--	--

However, AEI still has a legal obligation for the full original amount due to the creditors until June 2016, which would become payable if the CVA terms are not adhered to. At 31 March 2013, the director's assessment of valid claims by creditors was ₹ 547,323,000/-. This could increase however if further valid claims are made by creditors up to the point at which a dividend is declared by the joint supervisors of the CVA

Other money for which company is contingently liable

i. Unutilised Letter of Credits		71,267,047		131,663,116
ii. Outstanding Bill discounted		117,991,871		155,435,607
iii. Income Tax				
- Demand under appeal/rectification arising out of disallowances and non-credit of tax deduction at source	1,203,403		1,726,165	
- Matter which have been decided in favour of the Company in first appeal stage, however, Income tax department has filed appeal against orders of first appellate authority.	<u>27,008,740</u>	28,212,143	<u>27,008,740</u>	28,734,905
iv. Excise demands under appeal		76,411,296		76,480,446
v. Service tax demands under appeal		22,330,441		24,760,595
vi. Custom duty demand due to denial of concessional custom duty, under appeal		1,836,570		1,836,570

#### Commitments

- |   |   |            |
|---|---|------------|
| i. Estimated amount of contracts (net of advances) remaining to be executed on Capital Account. | — | —          |
| ii. Forward Currency Contracts  | — | 10,214,507 |
| iii. Copper Forward Contracts   | — | 32,571,586 |
37. Outstanding 1% Foreign Currency Convertible Bonds (FCCBs) amounting to USD 7.5 million were due for redemption on 23rd November, 2011 and are yet to be redeemed. The Company was to redeem these FCCBs at a Premium equal to 145.54% of the outstanding principal amount. The said premium amounts to ₹ 207,976,137/-(Gross of tax) and the same has not been provided. A winding up petition has been filed against the Company on behalf of the FCCB holders, wherein an interim order has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The Company is contesting the case. The matter is presently subjudice. Pending settlement /outcome of Court case no provision for premium on Redemption has been made in the accounts. The premium, if paid, would be adjusted against the Securities Premium Account, hence, will not have any effect on loss for the year.

#### 38. Going Concern :

The company has recorded a net loss of ₹ 46,430,784/- for the year and has accumulated losses of ₹ 1,088,860,938/- as at 31st March, 2013, resulting in substantial erosion of the net worth. The company has also defaulted in payments of interest and redemption amount of Foreign currency Convertible Bonds (FCCBs). A winding up petition has also been filed against the Company on behalf of the FCCB holders, whereas an interim order has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The management is confident that the company will be able to generate profits in future years and dispose off some assets to meet its financial obligations as may arise. The accompanying financial statements have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- The company has not defaulted in payment of statutory dues or its trade creditors etc.
- CDR package was approved during financial year 2010-11 and further "Rework Package" has been approved by CDR-EG vide Letter of Approval (LOA) dated 11th July, 2012. As per the Rework Package, there is no default in payment of Principal and/or interest to banks as on date.

- c) The Company and promoters have undertaken to raise and have raised adequate finances by way of disposal of assets and induction of fresh funds by promoters and/or promoter group companies.
- d) The Company is contesting the Winding up petition filed against it. The matter is presently subjudice.
- 39 (a) Independent Auditors of AEI have made following disclosure in their report: -  
**Emphasis of matter- Going concern**  
"In forming our opinion, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern."
- (b). Independent Auditors of PHL have made following disclosure in their report: -  
**Emphasis of matter**  
"In forming our opinion, which is not modified, the financial statements the investment is stated at cost. Based on the audited financials of Ernst & Young LLP UK, the subsidiary company AEI had net liabilities of GBP 564,000. The management of the company believe that based on their projections and internal valuations the value of he investment AEI as presented in the financials as at 31 March 2013 of EURO 4,462,011 is not impaired . We have not audited these valuations and we rely on management representation on this matter."
40. Previous Year's figures have been regrouped / rearranged wherever necessary.

As per our separate report of even date attached  
For Jagdish Chand & Co.,  
Chartered Accountants  
Firm Registration Number : 000129N

(J.C. Gupta)  
Partner  
Membership No. 6107

(Sandeep Aggarwal)  
Managing Director

(Vijay Bhushan)  
Director

(Ratan Aggarwal)  
CFO & Company Secretary

Place of signing: New Delhi  
Date : 28th June, 2013

Place: New Delhi  
Date : 28th June, 2013



**PARAMOUNT COMMUNICATIONS LIMITED**

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

**ATTENDANCE SLIP**

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

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

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

DP. ID.*	_____
----------	-------

Client ID.*	_____
-------------	-------

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

I/We hereby record my/our presence at the 19<sup>th</sup> Annual General Meeting of the Company being held on Friday, the 20<sup>th</sup> Day of September, 2013 at 12:00 P.M. at Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Near Inter State Bus Terminal, Delhi-54, India.

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

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

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

\* *Applicable for investors holding shares in electronic form*

\*\* *Strike out whichever is not applicable*

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



**PARAMOUNT COMMUNICATIONS LIMITED**

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

**PROXY**

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

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

DP. ID.*	_____
----------	-------

Client ID.*	_____
-------------	-------

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

being a member/members of Paramount Communications Limited hereby appoint \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my behalf at the 19<sup>th</sup> Annual General meeting of the Company being held on Friday, the 20<sup>th</sup> Day of September, 2013 at 12:00 P.M. at Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Near Inter State Bus Terminal, Delhi-54, India and at any adjournment thereof.

Signature of the shareholder(s)

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

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

3. \_\_\_\_\_

\* *Applicable for investors holding shares in electronic form*



Date: / /2013

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

BOOK-POST

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*If undelivered, please return to:*

**Paramount Communications Limited**

C-125, Naraina Industrial Area, Phase-I

Naraina, New Delhi-110 028, India

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

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



## FORM B

### Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Paramount Communications Ltd.
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit qualification	Qualified and Emphasis of Matter
4.	Frequency of qualification	Repeated 2 <sup>nd</sup> time i.e. appeared in Audit Report for financial year 2011-12 & 2012-13
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Point no. 6 & 8 of Auditors Report at page no. 34 & 35 of Annual Report respectively. The response of Management is at page no. 6 point no. 11.
6.	Additional comments from board/audit committee chair:	-----
7.	To be signed by: CEO/Managing Director CFO Auditor of the company Audit Committee Chairman	Mr. Sandeep Aggarwal, Managing Director Mr. Ratan Aggarwal, CFO & Company Secretary Mr. J. C. Gupta (Independent Auditor) Mr. S. P. S. Dangi (Chairman Audit Committee and Director)

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

**Sd/-  
(Sandeep Aggarwal)  
Managing Director**

**Sd/-  
(Ratan Aggarwal)  
CFO & Company  
Secretary**

**Sd/-  
(S. P. S. Dangi)  
Chairman Audit Committee  
& Director**

**Sd/-  
(J. C. GUPTA)  
Partner  
M. No. 006107  
Firm Registration No.000129N**