

BOARD OF DIRECTORS

Inder Mohan Sood
Managing Director

Davinder Mohan Sood
Director Finance

Anil Tandon
Executive Director

Gaurav Kaura
Director

Vidur Bharadwaj
Director

Avinash Verma
Director

SECRETARY

Manish Kumar

REGISTERED OFFICE

71/1, Shivaji Marg,
New Delhi 110 015

OVERSEAS OFFICES

Valiant Communications
(UK) Ltd.
1 Acton Hill Mews
310-328 Uxbridge Road
London W3 9QN, UK

Valiant Communications FZE

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

BANKERS

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

AUDITORS

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

SHARE REGISTRARS

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

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telecom transmission solutions

DIRECTORS' REPORT

To the Members,
The Directors present their 18th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended March 31st 2011.

Financial Results

	In ₹	
	2010-2011	2009-2010
Sales & Other Income	81,755,588	116,012,968
Gross Profit	9,658,727	24,089,528
Less: Interest	Nil	Nil
Depreciation	7,444,216	7,247,866
Taxes	351,266	5,900,094
Net Profit	1,863,245	10,941,568

Corporate Highlights

During the year under review, the total income is ₹ 818 lakh (previous year: ₹ 1,160 lakh). The profit before depreciation and taxation is ₹ 97 lakh (previous year: ₹ 241 lakh) and the net profit is ₹ 19 lakh (previous year: ₹ 109 lakh).

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

Revenue Mix – Region wise

	₹ in Lakhs	
Particulars	2010-2011	2009-2010
USA	446.95	743.62
Europe	19.78	6.57
Rest of the world	239.08	273.50
Total Revenue (Export)	705.81	1,023.69

The Company continues to design, develop and introduce new products and strengthen its marketing network, worldwide. The Company has introduced many new products during the past one year and is confident that it will be able to improve its performance, in the current year ending March 31st 2012.

New Products

The Company introduced new products during the year 2010-2011 in the multiplexer and digital access cross-connect switch product range. The new products find application in wireless, wireline, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced technologies are being introduced in the current financial year. We believe that these new products will help to create growth opportunities for the company.

Marketing

The Company is focused on expanding its global marketing network and building a larger base of associates / distributors and re-sellers, through which it can sell its products, on a

worldwide basis. The Company has its equipment installed in over 90 + countries.

Future Prospects

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

Subsidiaries

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

Consolidated Financial Statements

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

The Central Government, vide its order no. 47/103/2011-CL-III dated February 9th 2011, has granted exemption to the Company from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of each subsidiary companies, as required under Section 212(1) of Companies Act, 1956, for the financial year ended March 31st 2011.

Dividend

The profits of the Company in the reporting year are not sufficient to pay dividend for the year under reporting. But, in view of expected future outlook and the consistent policy of the Company to pay dividend in past years, the Board of Directors, has proposed to pay to the equity shareholders a final dividend of ₹ 0.60/- (i.e. 6%) per equity share [previous year: ₹ 1.20/- (i.e. 12%) per equity share] from the available credit balance in profit and loss account.

The proposed dividend shall absorb total ₹ 5,244,378/- (previous year: ₹ 10,558,471/-) inclusive of dividend distribution tax.

The amount lying in unclaimed dividend accounts are as follows: for the financial year 2004-05: ₹ 311,420/-; financial year 2005-06: ₹ 143,886/-; financial year 2006-07: ₹ 181,382/-; financial year 2007-08: ₹ 135,888/-; financial year 2008-09: ₹ 157,781/-; financial year 2009-10: ₹ 186,571/-.

Dematerialization of Equity Shares

As on March 31st 2011, 64.11% (previous year: 64.57%) of the outstanding equity shares of the Company have been dematerialized.

Employee Stock Option Plan (ESOP)

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

Public Deposits

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

Directors

In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Vidur Bharadwaj and Mr. Avinash Verma, Directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment.

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

Directors' Responsibility Statement

The Directors hereby confirm:

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

Report on Corporate Governance

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

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

Code of Conduct

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

Auditors

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

Personnel

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

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

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

Acknowledgment

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

On behalf of the Board of Directors
For Valiant Communications Limited

Inder Mohan Sood
Chairman and Managing Director

June 2nd 2011, New Delhi

ANNEXURE-I

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE PERIOD ENDED MARCH 31st 2011.

NIL

ANNEXURE-II

INFORMATION AS PER SECTION 217 (1) (e) READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE PERIOD ENDED MARCH 31st 2011.

Conservation of Energy

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

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

Technology Absorption, Adaption & Innovation

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

Research and Development

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

Expenditure on R&D

Particulars	₹ in Lakhs	
	2010-2011	2009-2010
Capital	33.02	18.50
Recurring	-	-
Total	33.02	18.50
Total R&D expenditure as % of total turnover	4.68	1.63

Future Plan of Action

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

Foreign Exchange Earnings and Outgo

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

Particulars	₹ in Lakhs	
	2010-2011	2009-2010
The foreign exchange earnings	813.83	1,337.67
The foreign exchange advances received	-	31.38
The foreign exchange outgo	443.32	457.72

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Industry Structure and Development

Communication technology is positively changing the way we work, live and play. Network infrastructure provides the fundamentals for people to communicate. 24/7 Internet connectivity is becoming an essential part of modern life. The accelerated demand was fueled by smart-phones and notebooks, coupled with sharply rising usage of video services. Mobile data traffic more than doubled in 2010 and is expected to double annually over the coming three years. Telecommunication hardware business is becoming more and more software intensive.

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

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

Opportunities

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

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

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

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

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

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

Threats

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

Future Prospects

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

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

The Company is introducing many new products during the year 2011-2012 for wireless, wire-line, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced technologies are further being introduced. We believe that these new products will help to create growth opportunities for the Company.

Outlook

The Company continues to design, develop and introduce new products and strengthen its marketing network, worldwide. The introduction of new products and technologies are expected to help to increase export sales growth in the current year. The Company has introduced many new products during the past one year and is confident that the new products will help to increase its sales and performance in the current year ending March 31st 2012.

The Company introduced new products during the year 2010-2011 in the multiplexer and digital access cross-connect switch product range. The new products find application in wireless, wire-line, defense, cellular / mobile, corporate and enterprises networks applications. These products are already being deployed in various networks, worldwide. A series of new products based on advanced technologies are being introduced in the current financial year. We believe that these new products will help to create growth opportunities for the Company.

Internal Control System

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

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

Risk and Concerns

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

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

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

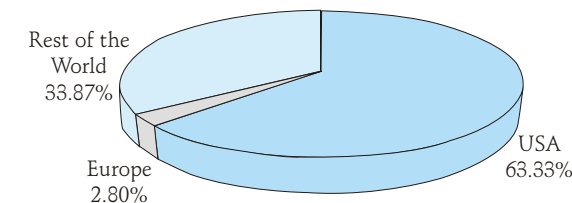
Exchange Rate Fluctuation

The functional currency of your Company is the Indian rupee, whereas all the business receipts are in foreign currencies. The exchange rate between the rupee and foreign currencies have been changing substantially, and your Company faces the risks associated with exchange rate

fluctuation and translation effect, wherein the appreciation of rupee against foreign currencies adversely impacts its profitability and operating results

Segment-wise Performance

During the year 2010-11, the 63.33% of operating revenue comes from the US, while 2.80% is from the European market and the balance 33.87% of the sales is contributed from rest of the world.



Shareholders Fund

A statement of Shareholders Fund as on March 31st 2011 with comparison with previous three years is given below:

Particulars	Year ended on	Year ended on	Year ended on	Year ended on
	March 31 st 2011	March 31 st 2010	March 31 st 2009	March 31 st 2008
	(Audited)	(Audited)	(Audited)	(Audited)
Equity Paid-up Capital	75,206,000	75,206,000	76,939,690	86,456,000
Reserve and Surplus				
- P&L A/c (Cr.)	112,308,808	115,689,941	120,591,690	115,616,900
- General Reserve	-	-	609,349	1,274,092
- Security Premium	95,524,944	95,524,944	98,004,648	110,850,000
- Capital Redemption Reserve	11,250,000	11,250,000	9,516,310	-
Less: Misc. Expenses (not written off)	-	-	914,307	1,828,959
Shareholders Fund / Equity	294,289,752	297,670,885	304,747,380	312,368,033
Book Value (per equity share)	₹ 39.14	₹ 39.58	₹ 39.61	₹ 36.13

In ₹

Human Resources

Human resources are most precious asset of your Company and the Company seeks to attract and retain the best talent available. The Company provides an environment, which encourages initiatives, innovative thinking and recognizes and rewards performance. Since the Company operates in state-of-the-art technologies, necessary training and development of its personnel are conducted on a continuous basis. Industrial relations with all employees are cordial. The staff strength of the Company as on March 31st 2011 is 39.

Financial Performance

During the year under review, the total income is ₹ 818 lakh (previous year: ₹ 1,160 lakh). The profit before depreciation and taxation is ₹ 97 lakh (previous year: ₹ 241 lakh) and the net profit is ₹ 19 lakh (previous year: ₹ 109 lakh).

Cautionary Statement

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

CORPORATE GOVERNANCE

The Company's Philosophy on Code of Governance

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

Board of Directors

The primary functions of Board of Directors include:

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

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

The Board of Directors met four times on 15.05.2010, 30.07.2010, 30.10.2010 and 07.02.2011 during the financial year 2010-2011.

Details of the composition of the Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorships / other committee memberships held during the financial year 2010-2011, are as follows:

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

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

Audit Committee

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

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

The members of the Audit Committee met four times on 15.05.2010, 30.07.2010, 30.10.2010 and 07.02.2011 during the financial year 2010-2011.

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

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

Investors Grievance Committee

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

During the year, the Company received total nine queries regarding change of addresses of shareholders, non-receipt of Annual Report / Dividend Warrant / Transfer of Shares / Dematerialization etc. All complaints were attended to the satisfaction of the investors. There were no pending share transfers at the close of the financial year ended on March 31st 2011.

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

Remuneration Committee

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

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

Remuneration Policy

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

Details of Remuneration Paid to Directors

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

Name & Category	Annual Salary	Directors' Fees	Service Contract
Sh. I.M. Sood <i>Chairman & Managing Director</i>	1,885,000	Nil	Up to 16/08/2014
Sh. D.M. Sood <i>Executive Director</i>	1,768,000	Nil	Up to 30/11/2014
Sh. Anil Tandon <i>Executive Director</i>	1,170,500	Nil	Up to 29/05/2013
Sh. Gaurav Kaura <i>Independent Non Executive Director</i>	Nil	20,000	Not Applicable
Sh. Vidur Bharadwaj <i>Independent Non Executive Director</i>	Nil	20,000	Not Applicable
Sh. Avinash Verma <i>Independent Non Executive Director</i>	Nil	10,000	Not Applicable

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

No stock options have been allotted to any Director(s) during the financial year 2010-2011.

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

As on March 31st 2011, shareholdings of Non-Executive Independent Directors are as follows:

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

Directors Inter-se Relations

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

Disclosures

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

General Body Meeting

Location and time for last three Annual General Meetings:

	Date and Time	Venue
17 th Annual General Meeting	August 16 th 2010 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041
16 th Annual General Meeting	August 17 th 2009 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041
15 th Annual General Meeting	August 27 th 2008 at 9.30 a.m.	Surbhi Farms, 96/4 Post & Village, Tikri Kalan, New Delhi 110 041

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

Means of Communications

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

In addition to above, the Company's quarterly, half-yearly and annual financial results and other statutory filings are also available on www.corpfiling.co.in and web portal of the Company.

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

Shareholders' Information

a. Annual General Meeting:

The information regarding the 18th Annual General Meeting during the year 2011 is as follows:

Date: September 26th 2011
 Time: at 9.30 a.m.
 Place: Surbhi Farms, 96/4
 Post & Village, Tikri Kalan,
 New Delhi 110041

b. **Financial Calendar:** 1st April to 31st March

c. **Date of Book Closure:** Sept. 17th 2011 to Sept. 26th 2011 (both days inclusive)

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

e. Dividend:

The Board of Directors have recommended for the approval of the shareholders, a dividend of ₹ 0.60/- (i.e. 6%) per equity share, on face value of ₹ 10/- per share on the paid-up equity share capital in respect of financial year 2010-2011, which will be paid after Sept. 26th 2011 to those members of the Company whose name appear in the Company's Register of Members as at the end of business hours on Sept. 16th 2011.

f. Listing of Shares:

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

Bombay Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 01

Listing Fee: The Company has paid, till date, the listing fees of Bombay Stock Exchange, Mumbai, for the year 2010-2011 and 2011-2012.

g. Share Transfer System:

The transfer is processed by the Registrar and Share Transfer Agent, Link Intime India Private Limited and

approved by Share Transfers Committee, if the document is complete in all respects. The Company's share in electronic form are transferable through the depository system.

h. Registrar and Share Transfer Agent:

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

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

i. Dematerialisation of Shares and Liquidity:

The Company's equity shares are in demat trading segment and the Company has established connectivity with both NSDL and CDSL by signing the necessary agreements. As on March 31st 2011, 64.11% of the Company's equity share capital has been dematerialised.

j. Address for Factory / Correspondence:

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

k. Compliance Officer:

Sh. Manish Kumar, Company Secretary
 Valiant Communications Ltd.

l. Market Price Data:

Month	Valiant' market price in BSE		BSE Sensex	
	High	Low	High	Low
April	36.70	26.40	18,047	17,277
May	32.45	26.45	17,537	15,960
June	40.20	24.55	17,920	16,318
July	36.80	26.10	18,238	17,396
August	32.70	26.70	18,475	17,820
September	31.50	27.00	20,268	18,027
October	31.60	27.10	20,855	19,769
November	33.00	22.50	21,109	18,955
December	26.50	21.25	20,552	19,075
January	23.20	17.85	20,665	18,038
February	20.50	17.80	18,691	17,296
March	20.70	17.20	19,575	17,792

m. Distribution of Shareholding (as on 31st March 2011)

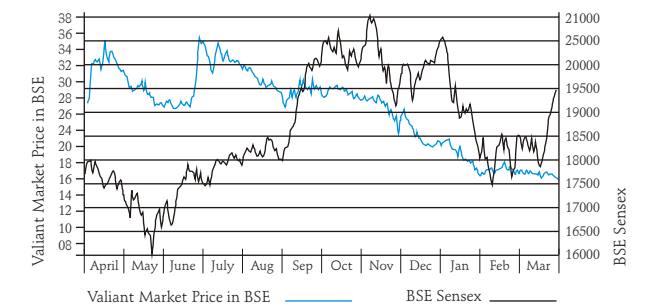
No. of equity shares held	No. of Shareholders	% of Shareholders
Up to 250	3,528	68.23
251-500	778	15.05
501-1000	398	7.70
1001-2000	187	3.62
2001-3000	91	1.76
3001-4000	38	0.72
4001-5000	34	0.66
5001-10000	42	0.81
10001 & above	75	1.45

No. of equity shares held	No. of Shares held	% of Shares held
Up to 250	371,862	4.94
251-500	317,608	4.22
501-1000	335,384	4.47
1001-2000	291,148	3.87
2001-3000	236,311	3.14
3001-4000	141,669	1.88
4001-5000	162,225	2.16
5001-10000	309,276	4.11
10001 & above	5,355,117	71.21

n. Shareholding Pattern (as on 31st March 2011)

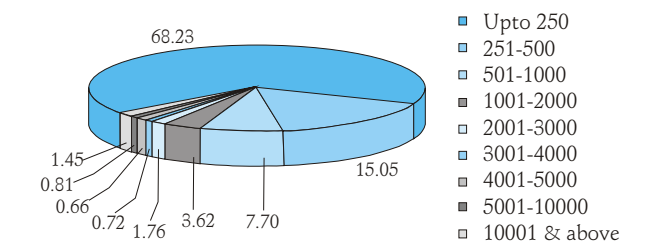
Categories	No. of Shares	Shareholding in %
Promoters, directors, relatives and associates	2,799,822	37.23
Mutual funds	3,900	0.05
Private corporate bodies	890,201	11.84
Indian public	3,027,050	40.25
NRI/OCBs/FIIs	799,627	10.63
Total	7,520,600	100.00

Valiant Market Price Vs. BSE Sensex*

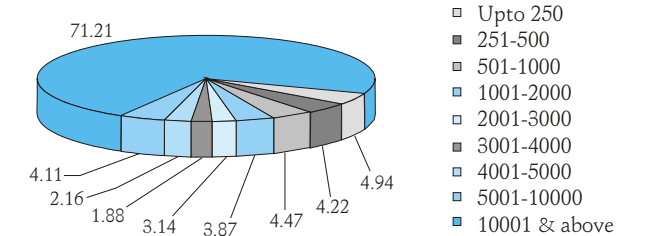


*Data Source – official website of Bombay Stock Exchange www.bseindia.com

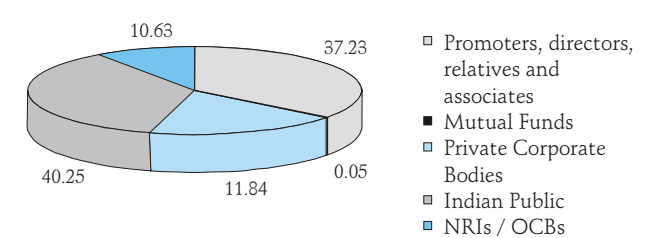
Distribution of Shareholders



Distribution of Total Shareholding



Shareholding Distribution



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Valiant Communications Limited,

We have examined the compliance of the conditions of Corporate Governance by Valiant Communications Limited (the Company) for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

AUDITORS' REPORT

To the Members of
VALIANT COMMUNICATIONS LIMITED,

We have audited the attached Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') as at March 31st 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on March 31st 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 read with the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st 2011;
 - (ii) In the case of the Profit & Loss Account, of profit for the year ended on that date; and
 - (iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) thereof)

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

14. The Company has not taken any term loans.
15. a. The Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, there are no statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, cess which are outstanding as at March 31st 2011, for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-tax, Sales-tax, Wealth-tax, Custom duty, Excise duty, Service tax, and cess as at March 31st 2011, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Assessment Year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	8,277,961/-	2005-2006	High Court
		6,637,572/-	2008-2009	Commissioner of Income Tax (Appeals)

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

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

BALANCE SHEET AS AT
(In ₹)

Particulars	Sch. No.	31-03-2011	31-03-2010
I. SOURCES OF FUNDS			
1) Shareholders Funds			
a) Share capital	I	75,206,000	75,206,000
b) Reserves & surplus	II	219,083,752	222,464,885
2) Loan Funds			
a) Secured loans		-	-
b) Unsecured loans		-	-
3) Deferred Tax Liability		3,744,125	4,395,520
TOTAL		298,033,877	302,066,405
II. APPLICATION OF FUNDS			
1) Fixed Assets	III		
a) Gross block		121,410,171	115,578,985
b) Less: Accumulated depreciation		70,201,137	62,756,921
c) Net block		51,209,034	52,822,064
d) Capital work-in-progress including capital advances		8,444,456	4,053,373
		59,653,490	56,875,437
2) Investments	IV	21,586,800	21,586,800
3) Current Assets, Loans and Advances			
a) Inventories	V	97,485,781	81,503,800
b) Sundry debtors	VI	1,958,082	12,818,947
c) Cash and bank balances	VII	114,621,230	141,479,253
d) Other current assets		-	-
e) Loans and advances	VIII	13,761,427	10,120,054
TOTAL (A)		227,826,520	245,922,054
Less:			
Current Liabilities and Provisions	IX		
a) Current liabilities		4,636,931	6,429,750
b) Provisions		6,396,002	15,888,136
TOTAL (B)		11,032,933	22,317,886
Net Current Assets (A-B)		216,793,587	223,604,168
4) Miscellaneous Expenditure		-	-
(To the extent not written off or adjusted)			
TOTAL		298,033,877	302,066,405
Significant Accounting Policies	XIII		
Notes to Accounts	XIV		

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

For and on behalf of
B. AGGARWAL & CO.
Chartered Accountants
Firm Registration No. 004706N
Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

For and on behalf of the Board
Inder Mohan Sood Davinder Mohan Sood
Managing Director Director
Manish Kumar
Company Secretary
New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
(In ₹)

Particulars	Sch. No.	31-03-2011	31-03-2010
INCOME			
Sales & other income	X	81,755,588	116,012,968
TOTAL INCOME		81,755,588	116,012,968
EXPENDITURE			
Manufacturing & other expenditure	XII	72,096,861	91,009,133
Expenditure amortized		-	914,307
TOTAL EXPENDITURE		72,096,861	91,923,440
Profit before depreciation		9,658,727	24,089,528
Less: Depreciation		7,444,216	7,247,866
Profit before tax		2,214,511	16,841,662
Less: Income tax for previous years		52,661	551,915
Less: Income tax for the current year		950,000	5,113,164
Less: Deferred tax for the current year		(651,395)	235,015
Profit after tax		1,863,245	10,941,568
Add: Profit brought forward		115,689,941	120,591,690
Profit Available for Appropriation		117,553,186	131,533,258
APPROPRIATION			
Proposed dividend		4,512,360	9,024,720
Dividend distribution tax		732,018	1,533,751
Transferred to general reserve		-	1,124,341
Balance Carried to Balance Sheet		112,308,808	119,850,446
Significant Accounting Policies	XIII		
Notes to Accounts	XIV		

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

For and on behalf of
B. AGGARWAL & CO.
Chartered Accountants
Firm Registration No. 004706N
Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

For and on behalf of the Board
Inder Mohan Sood Davinder Mohan Sood
Managing Director Director
Manish Kumar
Company Secretary
New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT

(In ₹)

Particulars	31-03-2011	31-03-2010
I. SHARE CAPITAL		
AUTHORISED		
15,000,000 (previous year: 15,000,000) equity shares of ₹ 10/- each	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP		
7,520,600 (previous year: 7,520,600) equity shares of ₹ 10/- each fully paid up	75,206,000	75,206,000
TOTAL	75,206,000	75,206,000
II. RESERVES AND SURPLUS		
Securities Premium Account		
Balance brought forward	95,524,944	98,004,648
Less: Utilized for buy-back of equity shares	-	2,479,704
	95,524,944	95,524,944
Capital Redemption Reserve		
Balance brought forward	11,250,000	9,516,310
Add: Transferred from general reserve	-	1,733,690
	11,250,000	11,250,000
General Reserve		
Balance brought forward	-	609,349
Add: Transferred from profit and (loss) account	-	1,124,341
Less: Transferred to capital redemption reserve	-	1,733,690
	-	-
Profit and (Loss) Account (undistributed profits)		
Balance carried from profit and (loss) account	112,308,808	119,850,446
Less: Deferred tax for prior period	-	4,160,505
	112,308,808	115,689,941
TOTAL	219,083,752	222,464,885

III. FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION		NET BLOCK		
	As at 01-04-2010	Additions during the year	Deductions during the year	Total up to 31-03-2011	Depreciation for the year ended 31-03-2011	Accumulated Depreciation Up to 31-03-2011	Total as at 31-03-2010	Total as at 31-03-2011
Tangible Assets								
Building	18,106,657	-	-	18,106,657	295,139	2,096,623	16,305,173	16,010,034
Plant & Machinery	18,770,720	-	-	18,770,720	891,609	12,578,967	7,083,362	6,191,753
Electric Fitting	821,998	36,325	-	858,323	39,673	376,163	485,508	482,160
Office Equipment	3,078,904	30,240	-	3,109,144	147,338	1,592,892	1,633,350	1,516,252
Air Conditioner	993,308	124,325	-	1,117,633	50,720	409,685	634,343	707,948
Generator Set	732,487	-	-	732,487	34,793	295,541	471,739	436,946
Vehicles	4,734,147	-	-	4,734,147	418,911	2,593,844	2,559,214	2,140,303
Tools & Dies	1,838,451	-	-	1,838,451	201,136	1,149,782	889,805	688,669
Testing Equipment	14,123,709	2,045,002	-	16,168,711	734,989	5,821,945	9,036,753	10,346,766
Furniture & Fittings	3,548,774	44,659	-	3,593,433	224,970	2,107,950	1,665,794	1,485,483
Computer	2,478,889	464,150	-	2,943,039	257,570	2,107,990	628,469	835,049
Intangible Assets								
Software	8,521,819	408,500	624,000	8,306,319	1,380,425	5,481,391	4,420,853	2,824,928
Technical Know-How	37,829,122	3,301,985	-	41,131,107	2,766,943	33,588,364	7,007,701	7,542,743
Total	115,578,985	6,455,186	624,000	121,410,171	7,444,216	70,201,137	52,822,064	51,209,034
Capital work-in-progress including capital advances							4,053,373	8,444,456
							56,875,437	59,653,490
Previous Year	112,224,362	3,354,623	-	115,578,985	7,247,866	62,756,921		

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT

(In ₹)

Particulars	31-03-2011	31-03-2010
IV. INVESTMENTS		
(in shares, debentures or bonds)		
Long-Term (at cost)	Face value of each	
Trade investments in subsidiaries (unquoted, fully paid up):		
i) Valiant Communications (UK) Limited, United Kingdom; 225,000 (previous year: 225,000) ordinary shares	£ 1.00	17,758,130
ii) Valiant Communications FZE, United Arab Emirates; 1 (Previous year: 1) equity share	AED 150,000	1,915,800
iii) Valiant Infrastructure Ltd., India; 191,287 (previous year: 191,287) equity shares	₹ 10.00	1,912,870
TOTAL	21,586,800	21,586,800
V. INVENTORIES		
Raw material	55,212,256	45,117,834
Semi finished	42,273,525	36,385,966
TOTAL	97,485,781	81,503,800
VI. SUNDRY DEBTORS		
(Unsecured, but considered good)		
Debts (outstanding for less than 6 months)	1,958,082	12,818,947
TOTAL	1,958,082	12,818,947
VII. CASH & BANK BALANCES		
Cash balance on hand	106,116	128,826
Balances with scheduled banks		
Current accounts*	4,863,611	20,415,046
Deposit accounts	109,651,503	120,935,381
TOTAL	114,621,230	141,479,253
* It includes balance in unclaimed dividend accounts of ₹ 1,116,928/- (previous year: ₹ 934,002/-).		
VIII. LOANS & ADVANCES		
(Unsecured, but considered good)		
Sundry advances to suppliers and others	8,682,786	1,924,622
Tax deducted at source	867,709	1,443,304
Advance income and other taxes	3,686,575	6,356,396
Prepaid expenses	524,357	395,732
TOTAL	13,761,427	10,120,054

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT

(In ₹)

Particulars	31-03-2011	31-03-2010
IX. CURRENT LIABILITIES AND PROVISIONS		
<i>Current liabilities</i>		
Sundry creditors	3,520,003	2,357,388
Advances from customers	-	3,138,360
Investor Education and Protection Fund shall be credited by unclaimed dividend	1,116,928	934,002
<i>Provisions</i>		
Provision for income tax	950,000	5,113,164
Provision for short-term employees benefits	201,624	216,501
Proposed dividend	4,512,360	9,024,720
Dividend distribution tax on proposed dividend	732,018	1,533,751
TOTAL	11,032,933	22,317,886

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

(In ₹)

Particulars	31-03-2011	31-03-2010
X. SALES AND OTHER INCOME		
<i>Sales</i>		
Exports	70,580,836	102,368,622
<i>Other income</i>		
Unrealized foreign exchange rate fluctuation gain / (loss)	326,962	(678,528)
Bank interest*	8,518,648	9,591,267
Dividend income**	89,615	112,400
Profits on sale of fully paid-up investments:		
Current (other quoted non-trade investments in non-subsidiaries)	2,239,527	-
Long-term (unquoted trade investments in subsidiary)	-	593,071
Long-term (other quoted non-trade investments in non-subsidiaries)	-	4,026,136
TOTAL	81,755,588	116,012,968
*The amount of bank interest is gross of tax deduction at source of ₹ 867,709/- (previous year: ₹ 1,443,304/-).		
** The amount of dividend received is gross of withholding tax of ₹ 15,976/- (previous year: nil) on quoted, non-trade, long-term investments in non-subsidiaries.		
XI. COST OF MATERIAL		
<i>Raw material</i>		
Opening stock	45,117,834	51,931,310
Add: Purchases	51,585,841	49,694,608
	96,703,675	101,625,918
Less: Closing stock	55,212,256	45,117,834
Raw material consumed	41,491,419	56,508,084
<i>Semi finished</i>		
Opening stock	36,385,966	32,482,393
Less: Closing stock	42,273,525	36,385,966
(Increase) / decrease in inventories	(5,887,559)	(3,903,573)
Cost of material	35,603,860	52,604,511
XII. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses		
Cost of material	35,603,860	52,604,511
Stores and spares	366,632	364,692
Power & fuel	764,424	730,128
Repairs to plant & machinery	70,592	105,249
Other manufacturing expenses	1,213,370	1,229,361
	38,018,878	55,033,941
Personnel Cost		
Salary, wages and benefits	17,292,837	15,640,149
Contribution to provident and other funds	512,535	486,657
Workmen and staff welfare	739,914	728,199
	18,545,286	16,855,005

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

(In ₹)

Particulars	31-03-2011	31-03-2010
XII. MANUFACTURING & OTHER EXPENSES (Continued..)		
Administrative and other expenses		
Rent	720,000	720,000
Rates & taxes	18,911	17,604
Postage, phones & grams	705,609	673,711
Printing & stationery	754,211	861,235
Traveling	1,805,324	3,644,647
Insurance	226,951	214,197
Advertisement	394,640	436,125
Office general expenses	566,570	439,938
Vehicle repair & maintenance	562,571	473,159
Freight & cartage	4,812,103	5,863,237
Books & periodicals	13,996	8,822
Charity & donation	36,000	34,000
Equity buy-back	-	179,541
Security	525,666	440,388
Miscellaneous	120,503	185,514
Auditors remuneration	225,000	225,000
Unrealized debts	125,574	-
Bank charges	218,533	526,047
Legal & professional	2,930,406	3,017,983
	14,762,568	17,961,148
Selling and distribution expenses		
Packing & forwarding	470,914	729,348
Business promotion	299,215	429,691
	770,129	1,159,039
TOTAL	72,096,861	91,009,133

XIII. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting assumption

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

2. Employees benefits

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

i) Provident fund is a defined contribution scheme and the contributions are charged to the profit & loss account

of the year when the contributions to the government funds are due.

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

3. Fixed assets

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

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

4. Depreciation and amortization

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

Technical know-how : 4 years
Software : 6 years

5. Inventories valuation

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

6. Transactions of foreign currencies

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

7. Investments

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

8. Revenue recognition

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

9. Income tax

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

10. Lease

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

11. Contingent liabilities and provisions

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

12. Use of estimates

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

13. Earning per share

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

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

14. Segment reporting

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

XIV. NOTES TO ACCOUNTS

1. Directors' remuneration:

Particulars	(In ₹) For the year ended March 31 st	
	2011	2010
Managing Director and Whole-time Directors		
Salary	4,823,500	4,361,400
Contribution to provident and other funds	28,080	28,080
Commission	-	-
Other allowances and perquisites	-	-
Other Directors		
Directors' fee	50,000	50,000
TOTAL	4,901,580	4,439,480

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

2. Auditor's remuneration:

Particulars	(In ₹) For the year ended March 31 st	
	2011	2010
Statutory audit fee	125,000	125,000
Certification & other charges	35,000	35,000
Tax audit	65,000	65,000
Service tax	-	-
TOTAL	225,000	225,000

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

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

A. Particulars	(In ₹) For the year ended March 31 st	
	2011	2010
a) Licenced capacity	N.A.	N.A.
b) Installed capacity (lines)		
Telecom transmission equipment / cards (Nos.)	30,000	30,000
c) Production		
Telecom transmission equipment / cards (Nos.)	6,376	7,608

B. Particulars	(In ₹) For the year ended March 31 st	
	2011	2010
a) Earning in foreign currency		
Value of exports (FOB)		
Telecom transmission equipment / cards	67,844,375	100,579,437
Others	-	-
Profit on sale of investments	2,239,527	593,071
Dividend received	89,615	-
b) Expenditure in foreign currency		
Raw material	41,496,420	40,230,345
Capital goods	1,989,677	-
Total import (CIF)	43,486,097	40,230,345
Traveling expenses	603,960	1,420,789

(In ₹)

B. Particulars	For the year ended March 31 st	
	2011	2010
c) Dividend paid to non-resident shareholders in foreign currency		
No. of shareholders	3	3
No. of shares held	56,026	56,026
Dividend remitted (in ₹)	67,231	67,231
Year to which it relates	2009-10	2008-09
d) Value of imported and indigenous raw material and stores and spares consumed with percentage		
i) Raw material		
Imported [74.18% (previous year: 73.27%)]	30,778,334	41,403,473
Indigenous [25.82% (previous year: 26.73%)]	10,713,085	15,104,611
TOTAL	41,491,419	56,508,084
ii) Stores and spares		
Imported [0.00% (previous year: 0.00%)]	-	-
Indigenous [100.00% (previous year: 100.00%)]	366,632	364,692
TOTAL	366,632	364,692

4. Segment-wise revenue and results:

Particulars	(In ₹) For the year ended March 31 st	
	2011	2010
a) Revenue by Geographical Segment		
USA	44,694,896	74,362,263
Europe	1,977,995	656,700
Rest of the world	23,907,945	27,349,659
TOTAL	70,580,836	102,368,622
Less: Inter segment revenue	-	-
Net Sales / Revenue from operation	70,580,836	102,368,622
b) Segment Results: Profit / (Loss) before tax and interest		
USA	22,148,962	36,149,475
Europe	980,214	319,239
Rest of the world	11,847,800	13,295,397
TOTAL	34,976,976	49,764,111
Less: Interest	-	-
Less: Other unallocable expenditure	43,937,217	46,566,795
Add: Other unallocable income	11,174,752	13,644,346
Profit before tax	2,214,511	16,841,662

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

5. Dividend payment:

The profits of the Company for the year under reporting are not sufficient to pay dividend for the year under reporting. But, in view of expected future outlook and the consistent policy of the Company to pay dividend in past years, the Board of Directors, has proposed to pay to the equity shareholders a final dividend of ₹ 0.60/- (i.e. 6%) per equity share from the available credit balance in profit and loss account.

The proposed dividend shall not be subject to tax deduction, total amounting to ₹ 4,512,360/-, excluding dividend distribution tax.

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

6. Employees benefits:

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

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

Gratuity Scheme	2010-2011	2009-2010
(In ₹)		
Changes in present value of defined benefit obligation		
Opening defined benefit obligation	1,990,301	1,549,771
Interest cost	259,386	160,185
Current service cost	178,081	139,572
Benefits paid	(266,942)	-
Net actuarial (gain) / loss on obligation	1,017,525	140,773
Closing defined benefit obligation	3,178,351	1,990,301
Changes in fair value of plan assets		
Opening fair value of plan assets	2,128,369	1,660,599
Expected return	191,553	149,454
Contribution by employer	1,295,875	316,521
Benefits paid	(266,942)	-
Net actuarial gain / (loss)	(13,284)	1,795
Closing fair value of plan assets	3,335,571	2,128,369
Plan assets / (liability) recognized in the balance sheet	157,220	138,068
Net employee benefit expenses (recognized in profit and loss account)		
Current service cost	178,081	139,572
Interest cost on benefit obligation	259,386	160,185
Expected return on plan assets	(191,553)	(149,454)
Net actuarial (gain) / loss recognized in the year	1,030,809	138,978
Net benefit expense	1,276,723	289,281
Actual return on plan assets	178,269	151,249
Constitution of the fair value of total plan assets		
Investments with insurer	100%	100%
Principal actuarial assumptions		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Contribution to defined contribution plan		
Provident fund	396,059	401,852

During the year under reporting, the Company has provided necessary additional contribution, required due to amendment in Payment of Gratuity Act, 1972.

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

The Company expects to contribute ₹ 415,000/- (previous year: ₹ 356,086/-) to gratuity in financial year 2011-2012. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

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

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

Particulars	As at March 31 st	
	2011	2010
a) Appeal against Company by Income Tax Department in Delhi High Court	8,277,961	-
b) Appeal by Company against Income Tax Department in the office of Commissioner of Income Tax (Appeals)	6,637,572	41,245,827

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

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

Further, on an appeal filed by the Income Tax Department, the Income Tax Appellate Tribunal (ITAT), Delhi, has also decided the aforesaid matter in favor of the Company for the assessment year 2005-06, against which, the Income Tax Department has further filed an appeal in Delhi High Court.

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

8. Deferred tax:

Particulars	As at March 31 st	
	2011	2010
(In ₹)		
Expenditure under Section 43B of Income Tax Act	62,302	73,590
Gross deferred tax asset	62,302	73,590
Depreciation	3,806,427	4,469,110
Gross deferred tax liability	3,806,427	4,469,110
Net deferred tax asset (liability)	(3,744,125)	(4,395,520)

9. Exposures in foreign currencies:

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

Details of foreign currency unhedged exposures and its equivalent value in ₹, as at balance sheet date:

Particulars	As at March 31 st	
	2011	2010
Creditors	US\$ 14,348 ₹ 640,641	US\$ 2,531 ₹ 114,245
Debtors	US\$ 43,854 ₹ 1,958,081	US\$ 283,982 ₹ 12,818,947
Advances paid	US\$ 178,506 -	US\$ 30,720 & ₹ 674,500
Advances received	₹ 7,970,293 -	₹ 1,713,466 US\$ 69,525 ₹ 3,138,360

10. Net profit in accordance with the provisions of Section 349 of the Companies Act, 1956:

Particulars	For the year ended March 31 st	
	2011	2010
Profit before tax	2,214,511	16,841,662
Add:		
Directors' remuneration	4,901,580	4,439,480
Less:		
Profit on sale of investments	2,239,527	4,619,207
Net profit as per Section 349 of Companies Act, 1956	4,876,564	16,661,935
Commission paid to directors	Nil	Nil

11. Related parties disclosure:

Name	Relationship	Transaction Details
Valiant Communications (UK) Ltd., UK	Subsidiary	Nil
Valiant Communications FZE, UAE	Subsidiary	Nil
Valiant Infrastructure Limited, India	Subsidiary	Nil
Valcomm Technologies Inc., USA	Associate	Nil
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of ₹ 4,851,580/-
Mr. Davinder Mohan Sood	Key Managerial Personnel	(previous year: ₹ 4,389,480/-)
Mr. Anil Tandon	Key Managerial Personnel	

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

12. Lease:

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

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

13. Investments:

The Company had invested in equity shares of the following Companies (quoted fully paid up current investments, other than trade investments), which were also disposed off during the year (previous year: nil):

S. No.	Name of Company	No. of Equity Shares	Net Purchase Consideration	Net Sales Consideration	Profit/(Loss)
1.	United States Steel Corporation	1,000	1,845,863	2,505,133	659,270
2.	Alcoa Inc.	2,850	1,401,240	2,180,038	778,798
3.	Freeport McMoran Copper	1,000	1,442,011	2,283,960	841,949
4.	BHP Billiton Ltd.	625	2,515,570	2,475,080	(40,490)

14. Other disclosures:

- The export earnings have been shown after deducting realized foreign currency exchange fluctuation loss of ₹ 80,038/- (previous year: ₹ 1,484,753/-).
- The basic and diluted Earning Per Share (EPS) is ₹ 0.25/- (previous year: ₹ 1.45/-) calculated by dividing the net profit (after tax) of the year by weighted average number of equity shares i.e. 7,520,600 (previous year: 7,539,368) having nominal value of ₹ 10/- each.
- The Company has complied with the Notification no. S.O. 301 (E) dated February 8th 2011, issued by Ministry of Corporate Affairs, regarding exemption from disclosures required under paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part-II of Schedule -VI of the Companies Act, 1956.
- The Company had no outstanding dues to any small scale industrial undertaking as at the balance sheet date.
- During the financial year under reporting, no interest was paid by the Company in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Further, all the payments were made to the suppliers on or before appointed day.
- During the financial year, there is no reportable amount of interest due and payable, accrued and remaining unpaid, payable during the reporting year and preceding years in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
- According to the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, there is no micro and small enterprises supplier, to whom the Company owes dues, which are outstanding beyond prescribed period as at the balance sheet date.
- As at the balance sheet date in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has the following unpaid amount, categorized as current liability in balance sheet, to:

Particulars	As at March 31 st	
	2011	2010
Total outstanding dues including interest, of creditors other than micro and small enterprises	2,087,771	1,085,591
Total outstanding dues including interest, of micro and small enterprises	-	-

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

16. Schedules I to XIV form an integral part of balance sheet and profit and loss account.

For and on behalf of	For and on behalf of the Board	
B. AGGARWAL & CO. Chartered Accountants Firm Registration No. 004706N	Inder Mohan Sood Managing Director	Davinder Mohan Sood Director
Alok Jain Partner Membership No. 510960	Manish Kumar Company Secretary	
New Delhi, June 2 nd 2011	New Delhi, June 2 nd 2011	

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

CASH FLOW STATEMENT FOR THE YEAR ENDED
(In ₹)

Particulars	31-03-2011	31-03-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,214,511	16,841,662
Adjustment for		
Depreciation	7,444,216	7,247,866
Profit on sale of investments	(2,239,527)	(4,619,207)
Bank interest	(8,518,648)	(9,591,267)
Dividend income	(89,615)	(112,400)
Preliminary expenses written off	-	914,307
Equity buy-back expenses	-	179,541
Unrealized foreign exchange (gain) / loss	(326,962)	(3,730,536)
678,528		(5,302,632)
Operating profit before working capital changes	(1,516,025)	11,539,030
Adjustment for		
Trade & other receivables	7,219,492	(77,966)
Inventories	(15,981,981)	2,909,902
Trade & other payables	(5,970,860)	973,740
Cash generated from operations	(16,249,374)	15,344,706
Interest paid	-	-
Direct taxes	(1,002,661)	(5,665,079)
Net cash generated from operating activities	(17,252,035)	9,679,627
B. CASH FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	(5,831,186)	(3,354,623)
Capital work in progress including capital advances	(4,391,083)	(4,053,373)
Dividend income	89,615	112,400
Sale proceeds of investments in subsidiary	-	30,984,571
Investments in subsidiaries	-	(1,940,800)
Profits on sale of investments	2,239,527	9,553,844
Bank interest	8,518,648	9,591,267
Net cash generated from investing activities	625,521	40,893,286
C. CASH FLOW FROM FINANCING ACTIVITIES		
Funds utilized for buy-back of equity shares	-	(4,392,935)
Dividend paid	(9,024,720)	(9,024,720)
Dividend distribution tax	(1,533,751)	(1,533,751)
Net cash generated from financing activities	(10,558,471)	(14,951,406)
Unrealized foreign exchange gain / (loss)	326,962	(678,528)
Net increase in cash and cash equivalents	(26,858,023)	34,942,979
Cash and cash equivalents – (opening balance)	141,479,253	106,536,274
Cash and cash equivalents – (closing balance)	114,621,230	141,479,253

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

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

For and on behalf of the Board

Inder Mohan Sood
Managing Director

Davinder Mohan Sood
Director

Manish Kumar
Company Secretary

Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

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

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

For and on behalf of the Board

Inder Mohan Sood
Managing Director

Davinder Mohan Sood
Director

Manish Kumar
Company Secretary

Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

New Delhi, June 2nd 2011

Particulars	Valiant Communication (UK) Ltd. U.K.		Valiant Communications FZE U.A.E.		Valiant Infrastructure Ltd., India	
	March 31 st 2011	March 31 st 2011	March 31 st 2011	March 31 st 2011	March 31 st 2011	March 31 st 2011
As at						
Holding Company's interest	100% (225,000 ordinary shares of £ 1.00 each fully paid up)	100% (225,000 ordinary shares of £ 1.00 each fully paid up)	100% (1 equity share of AED 150,000 each fully paid up)	59.43% (191,287 equity shares of ₹ 10.00 each fully paid up)		
The net aggregate of profits or losses for the current period of the subsidiary so far as it concerns the members of the holding company						
a) dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with or provided for in the accounts of the holding company	82,157	(387,834)	(387,834)	(481)	(481)	(481)
The net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the holding company						
a) dealt with or provided for in the accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil
b) not dealt with or provided for in the accounts of the holding company	3,397,624	(311,661)	(311,661)	(3,490)	(3,490)	(3,490)
Other information pertaining to subsidiary companies						
Share capital	225,000 ordinary shares amounting to ₹ 16,184,003	225,000 ordinary shares amounting to ₹ 16,184,003	1 equity share amounting to ₹ 1,819,485	324,882 equity shares amounting to ₹ 3,218,820		
Reserves	3,479,781	(699,495)	(699,495)	(82,542)		
Total assets	19,663,806	1,119,990	1,119,990	3,136,278		
Total liabilities	19,663,806	1,119,990	1,119,990	3,136,278		
Investments (long-term, trade)	8,675,285	Nil	Nil	Nil		
Turnover (total income)	386,427	Nil	Nil	16,323		
Profit / (loss) before taxation	103,304	(387,834)	(387,834)	(810)		
Provision for taxation	21,147	Nil	Nil	Nil		
Profit / (loss) after taxation	82,157	(387,834)	(387,834)	(810)		
Proposed dividend	Nil	Nil	Nil	Nil		
Currency	£	£	AED	₹		
Exchange rate as of March 31 st 2011		₹ 71.929	₹ 12.1299	₹ 1.000		

Note: Information pertaining to subsidiary companies is provided in compliance with Central Govt. Approval vide 47/103/2011-CL-III dated February 9th 2011. The annual accounts and other related information of these subsidiary companies are available to the investors of the Company and subsidiary companies seeking such information during the business hours at the Company registered office at any point of time. Further, the annual accounts of these subsidiaries are also kept for inspection by any investor of the Company and subsidiary companies during the business hours at the registered and head office of Company and the concerned subsidiary company.

For and on behalf of the Board

Inder Mohan Sood
Managing Director

New Delhi, June 2nd 2011

Davinder Mohan Sood
Director

Manish Kumar
Company Secretary

VALIANT COMMUNICATIONS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31-03-2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors,
VALIANT COMMUNICATIONS LIMITED

1. We have audited the attached Consolidated Balance Sheet of M/s. VALIANT COMMUNICATIONS LIMITED (hereinafter referred to as the 'Company') and its subsidiaries collectively referred to as "the Valiant Group" as at March 31st 2011 and also the Consolidated Profit & Loss Account and also Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
3. We have not audited the financial statements of certain subsidiaries and associate, whose financial statements reflect total assets of ₹ 207.84 Lakhs as at March 31st 2011, total revenues of ₹ 3.36 Lakhs and net cash outflow of ₹ 6.26 Lakhs for the year ended as on that date. These financial statements and other financial information have been presented to us prepared by management, and we do not express an opinion thereto.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India and on the basis of audited financial statements of the Company and financial statements of its subsidiaries and associate.
5. Based on our audit, and on the other financial information of subsidiaries, and to the best of our information and according to the explanations given to us but subject to our remark in Paragraph 3, the said consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India :
 - (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Valiant Group as at March 31st 2011;
 - (ii) In the case of the Consolidated Profit & Loss Account, of the profit for the period ended on that date; and
 - (iii) In the case of the Consolidated Cash Flows, of the cash flows for the period ended on that date.

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

CONSOLIDATED BALANCE SHEET AS AT
(In ₹)

Particulars	Sch. No.	31-03-2011	31-03-2010
I. SOURCES OF FUNDS			
1) Shareholders Funds			
a) Share capital	I	75,206,000	75,206,000
b) Reserves & surplus	II	220,895,319	223,262,323
2) Loan Funds			
a) Secured loans		-	-
b) Unsecured loans		-	-
3) Minority Interest		1,271,827	1,272,156
4) Deferred Tax Liability		3,744,125	4,395,520
TOTAL		301,117,271	304,135,999
II. APPLICATION OF FUNDS			
1) Fixed Assets	III		
a) Gross block		123,915,240	118,084,054
b) Less: Accumulated depreciation		70,201,137	62,756,921
c) Net block		53,714,103	55,327,133
d) Capital work-in-progress including capital advances		8,444,456	4,053,373
		62,158,559	59,380,506
2) Investments	IV	9,425,435	8,692,376
3) Current Assets, Loans and Advances			
a) Inventories	V	97,485,781	81,503,800
b) Sundry debtors	VI	1,958,082	12,818,947
c) Cash and bank balances	VII	117,271,281	144,381,228
d) Other current assets		-	-
e) Loans and advances	VIII	24,001,578	19,837,443
TOTAL (A)		240,716,722	258,541,418
Less:			
Current Liabilities and Provisions	IX		
a) Current liabilities		4,766,296	6,532,511
b) Provisions		6,417,149	15,945,790
TOTAL (B)		11,183,445	22,478,301
Net Current Assets (A-B)		229,533,277	236,063,117
4) Miscellaneous Expenditure (To the extent not written off or adjusted)		-	-
TOTAL		301,117,271	304,135,999
Significant Accounting Policies	XIII		
Notes to Accounts	XIV		

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

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

Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

For and on behalf of the Board

Inder Mohan Sood Davinder Mohan Sood
Managing Director Director

Manish Kumar
Company Secretary

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

Particulars	Sch. No.	31-03-2011	31-03-2010
INCOME			
Sales & other income	X	82,080,070	116,511,800
TOTAL INCOME		82,080,070	116,511,800
EXPENDITURE			
Manufacturing & other expenditure	XII	72,706,683	91,548,214
Expenditure amortized		-	914,307
TOTAL EXPENDITURE		72,706,683	92,462,521
Profit before depreciation		9,373,387	24,049,279
Less: Depreciation		7,444,216	7,247,866
Profit before tax		1,929,171	16,801,413
Less: Income tax for previous years		52,661	551,915
Less: Income tax for the current year		971,147	5,170,818
Less: Deferred tax for the current year		(651,395)	235,015
Profit after tax before minority interest		1,556,758	10,843,665
Less: Minority interest		(329)	(117)
Add: Share in profit / (loss) of associate		750,165	487,011
Net profit		2,307,252	11,330,793
Add: Profit brought forward		119,547,881	124,060,405
Profit Available for Appropriation		121,855,133	135,391,198
APPROPRIATION			
Proposed dividend		4,512,360	9,024,720
Dividend distribution tax		732,018	1,533,751
Transferred to general reserve		-	1,124,341
Balance carried to balance sheet		116,610,755	123,708,386
Significant Accounting Policies	XIII		
Notes to Accounts	XIV		

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

For and on behalf of

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

For and on behalf of the Board

Inder Mohan Sood Davinder Mohan Sood
Managing Director Director

Manish Kumar
Company Secretary

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

Particulars	31-03-2011	31-03-2010
I. SHARE CAPITAL AUTHORISED		
15,000,000 (previous year: 15,000,000) equity shares of ₹ 10/- each	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP		
7,520,600 (previous year: 7,520,600) equity shares of ₹ 10/- each fully paid up	75,206,000	75,206,000
TOTAL	75,206,000	75,206,000
II. RESERVES AND SURPLUS		
Securities Premium Account		
Balance brought forward	95,524,944	98,004,648
Less: Utilized for buy-back of equity shares	-	2,479,704
	95,524,944	95,524,944
Capital Redemption Reserve		
Balance brought forward	11,250,000	9,516,310
Add: Transferred from general reserve	-	1,733,690
	11,250,000	11,250,000
General Reserve		
Balance brought forward	-	609,349
Add: Transferred from profit and (loss) account	-	1,124,341
Less: Transferred to capital redemption reserve	-	1,733,690
	-	-
Profit and (Loss) Account (undistributed profits)	116,610,755	123,708,386
Less: Deferred tax for prior period	-	4,160,505
	116,610,755	119,547,881
Foreign currency translation reserve	(2,490,380)	(3,060,502)
TOTAL	220,895,319	223,262,323

III. FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION & AMORTIZATION		NET BLOCK		
	As at 01-04-2010	Additions during the year	Deductions during the year	Total up to 31-03-2011	Depreciation for the year ended 31-03-2011	Accumulated Depreciation Up to 31-03-2011	Total as at 31-03-2010	Total as at 31-03-2011
Tangible Assets								
Building	18,106,657	-	-	18,106,657	295,139	2,096,623	16,305,173	16,010,034
Plant & Machinery	18,770,720	-	-	18,770,720	891,609	12,578,967	7,083,362	6,191,753
Electric Fitting	821,998	36,325	-	858,323	39,673	376,163	485,508	482,160
Office Equipment	3,078,904	30,240	-	3,109,144	147,338	1,592,892	1,633,350	1,516,252
Air Conditioner	993,308	124,325	-	1,117,633	50,720	409,685	634,343	707,948
Generator Set	732,487	-	-	732,487	34,793	295,541	471,739	436,946
Vehicles	4,734,147	-	-	4,734,147	418,911	2,593,844	2,559,214	2,140,303
Tools & Dies	1,838,451	-	-	1,838,451	201,136	1,149,782	889,805	688,669
Testing Equipment	14,123,709	2,045,002	-	16,168,711	734,989	5,821,945	9,036,753	10,346,766
Furniture & Fittings	3,548,774	44,659	-	3,593,433	224,970	2,107,950	1,665,794	1,485,483
Computer	2,478,889	464,150	-	2,943,039	257,570	2,107,990	628,469	835,049
Intangible Assets								
Software	8,521,819	408,500	624,000	8,306,319	1,380,425	5,481,391	4,420,853	2,824,928
Technical Know-How	40,334,191	3,301,985	-	43,636,176	2,766,943	33,588,364	9,512,770	10,047,812
Total	118,084,054	6,455,186	624,000	123,915,240	7,444,216	70,201,137	55,327,133	53,714,103
Capital work-in-progress including capital advances							4,053,373	8,444,456
							59,380,506	62,158,559
Previous Year	114,729,431	3,354,623	-	118,084,054	7,247,866	62,756,921		

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

SCHEDULES FORMING PART OF
THE CONSOLIDATED BALANCE SHEET AS AT

(In ₹)

Particulars	31-03-2011	31-03-2010
IV. INVESTMENTS (in shares, debentures or bonds)		
Long-term fully paid-up (at cost)		
Share in associates (unquoted trade investments)	9,425,435	8,692,376
TOTAL	9,425,435	8,692,376
V. INVENTORIES		
Raw material	55,212,256	45,117,834
Semi finished	42,273,525	36,385,966
TOTAL	97,485,781	81,503,800
VI. SUNDRY DEBTORS		
<i>(Unsecured, but considered good)</i>		
Debts (outstanding for less than 6 months)	1,958,082	12,818,947
TOTAL	1,958,082	12,818,947
VII. CASH & BANK BALANCES		
Cash balance on hand	198,396	232,503
<i>Balances with scheduled banks</i>		
Current accounts*	4,865,508	20,415,919
Deposits Accounts	109,886,983	121,157,291
<i>Balances with non-scheduled banks</i>		
Current accounts	2,320,394	2,575,515
TOTAL	117,271,281	144,381,228
*It includes balance in unclaimed dividend accounts of ₹ 1,116,928/- (previous year: ₹ 934,002/-).		
VIII. LOANS & ADVANCES		
<i>(Unsecured, but considered good)</i>		
Sundry advances to suppliers and others	9,032,786	2,274,622
Tax deducted at source	867,709	1,453,661
Advance income and other taxes	3,698,440	6,356,396
Prepaid expenses	524,357	395,732
Short-term loan to associate	9,878,286	9,357,032
TOTAL	24,001,578	19,837,443
IX. CURRENT LIABILITIES AND PROVISIONS		
<i>Current liabilities</i>		
Sundry creditors	3,649,368	2,460,149
Advances from customers	-	3,138,360
Investor Education and Protection Fund shall be credited by unclaimed dividend	1,116,928	934,002
<i>Provisions</i>		
Provision for income tax	971,147	5,170,818
Provision for short-term employees benefits	201,624	216,501
Proposed dividend	4,512,360	9,024,720
Dividend distribution tax on proposed dividend	732,018	1,533,751
TOTAL	11,183,445	22,478,301

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

(In ₹)

Particulars	31-03-2011	31-03-2010
X. SALES AND OTHER INCOME		
<i>Sales</i>		
Exports	70,580,836	102,368,622
<i>Other income</i>		
Foreign exchange rate fluctuation	298,694	(623,342)
Bank interest*	8,533,726	9,610,505
Other interest (short-term loan)	336,427	424,408
Dividend income**	90,860	112,400
Profits on sale of fully paid-up investments:		
Current (other quoted non-trade investments in non-subsiaries)	2,239,527	-
Long-term (unquoted trade investments in subsidiary)	-	593,071
Long-term (other quoted non-trade investments in non-subsiaries)	-	4,026,136
TOTAL	82,080,070	116,511,800
*The amount of bank interest is gross of tax deduction at source of ₹ 867,709/- (previous year: ₹ 1,453,661/-).		
** The amount of dividend received is gross of withholding tax of ₹ 15,976/- (previous year: nil) on quoted, non-trade, long-term investments in non-subsiaries.		
XI. COST OF MATERIAL		
<i>Raw material</i>		
Opening stock	45,117,834	51,931,310
Add: Purchases	51,585,841	49,694,608
	96,703,675	101,625,918
Less: Closing stock	55,212,256	45,117,834
Raw material consumed	41,491,419	56,508,084
<i>Semi finished</i>		
Opening stock	36,385,966	32,482,393
Less: Closing stock	42,273,525	36,385,966
(Increase) / decrease in inventories	(5,887,559)	(3,903,573)
Cost of material	35,603,860	52,604,511
XII. MANUFACTURING & OTHER EXPENSES		
Manufacturing Expenses		
Cost of material	35,603,860	52,604,511
Stores and spares	366,632	364,692
Power & fuel	764,424	730,128
Repairs to plant & machinery	70,592	105,249
Other manufacturing expenses	1,213,370	1,229,361
	38,018,878	55,033,941
Personnel Cost		
Salary, wages and benefits	17,292,837	15,640,149
Contribution to provident and other funds	512,535	486,657
Workmen and staff welfare	739,914	728,199
	18,545,286	16,855,005

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

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

(In ₹)

Particulars	31-03-2011	31-03-2010
XII. MANUFACTURING & OTHER EXPENSES (Continued...)		
Administrative and other expenses		
Rent	721,800	721,800
Rates & taxes	18,911	17,604
Postage, phones & grams	714,951	675,924
Printing & stationery	756,943	864,399
Traveling	1,940,625	3,745,026
Insurance	226,951	214,197
Advertisement	394,640	436,125
Office general expenses	621,655	439,938
Vehicle repair & maintenance	562,571	473,159
Freight & cartage	4,812,103	5,863,237
Books & periodicals	15,251	10,322
Charity & donation	36,000	34,000
Equity buy-back	-	179,541
Security	525,666	440,388
Miscellaneous	121,673	187,564
Auditors remuneration	230,515	230,515
Unrealized debt	125,574	-
Bank charges	228,542	533,433
Legal & professional	3,318,019	3,433,057
	15,372,390	18,500,229
Selling and distribution expenses		
Packing & forwarding	470,914	729,348
Business promotion	299,215	429,691
	770,129	1,159,039
TOTAL	72,706,683	91,548,214

XIII. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of consolidation

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

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

income and expenses is disclosed as foreign currency translation reserve. The excess value of consideration given over the net value of the identifiable assets acquired in the subsidiary companies is recognized as goodwill (capital reserve). Goodwill is amortized during the financial year of acquisition.

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

c) Minority interest's share of net profit is adjusted against the income, to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

2. Employees benefits

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

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

3. Fixed assets

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

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

4. Depreciation and amortization

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

the useful lives for intangible assets as follows:

Technical know-how	: 4 years
Software	: 6 years

5. Inventories valuation

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

6. Transactions of foreign currencies

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

7. Investments

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

8. Revenue recognition

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

9. Income tax

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

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

10. Lease

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

11. Contingent liabilities and provisions

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

12. Use of estimates

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

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

13. Earning per share

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

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

XIV. NOTES TO THE ACCOUNTS

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

2. In consolidated financial statements:

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

Name of Subsidiary Companies	Country of Incorporation	Proportion of Ownership/Voting Power as at March 31 st 2011	Proportion of Ownership/Voting Power as at March 31 st 2010
Valiant Communications (UK) Limited	United Kingdom	100.00%	100.00%
Valiant Communications FZE.	United Arab Emirates	100.00%	100.00%
Valiant Infrastructure Limited	India	59.43%	59.43%

b) For the purpose of consolidated financial statements of Group, the consolidated financial statements of Valiant Communications (UK) Ltd. and its associate, Valcomm Technologies Inc., USA, with its 30% (previous year: 30%) ownership interest, have been prepared and considered. The carrying amount of investment in associate includes ₹ 154,872/- (previous year: ₹ 156,572/-) towards capital reserve.

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

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

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

5. Basic and diluted Earning Per Share (EPS) is ₹ 0.31/- (previous year: ₹ 1.50/-) calculated by dividing the net profit (after tax) of the year by weighted average number of equity shares i.e. 7,520,600 (previous year: 7,539,368) having nominal value of ₹ 10/- each.

(In ₹)

For the year ended March 31st

Particulars	2011	2010
6. Maximum balances with non scheduled banks:		
ICICI Bank UK plc., UK	837,395	7,331,508
Barclay Bank plc., UK	363,013	3,401,650
Standard Chartered Bank, UAE	1,334,289	Not applicable
Habib Bank AG Zurich, UAE	1,498,683	1,842,588
7. Auditor's remuneration:		
Statutory audit fee	130,000	130,000
Certification & other charges	35,000	35,000
Tax audit	65,000	65,000
Service tax	515	515
TOTAL	230,515	230,515

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

8. Directors' remuneration:

(In ₹)

For the year ended March 31st

Particulars	2011	2010
Managing Director and Whole-time Directors		
Salary	4,823,500	4,361,400
Contribution to provident and other funds	28,080	28,080
Commission	-	-
Other allowances and perquisites	-	-
Other Directors		
Directors' fee	50,000	50,000
TOTAL	4,901,580	4,439,480

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

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

9. Related parties disclosure:

Name	Relationship	Transaction Details
Valiant Communications (UK) Ltd., UK	Subsidiary	Nil
Valiant Communications FZE, UAE	Subsidiary	Nil
Valiant Infrastructure Limited, India	Subsidiary	Nil
Valcomm Technologies Inc., USA	Associate	Interest payment of ₹ 336,427/- (previous year: ₹ 424,408/-) to subsidiaries
Mr. Inder Mohan Sood	Key Managerial Personnel	Directors' remuneration of ₹ 4,851,580/- (previous year: ₹ 4,389,480/-)
Mr. Davinder Mohan Sood	Key Managerial Personnel	
Mr. Anil Tandon	Key Managerial Personnel	

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

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

For and on behalf of

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

Alok Jain
Partner
Membership No. 510960

New Delhi, June 2nd 2011

For and on behalf of the Board

Inder Mohan Sood Davinder Mohan Sood
Managing Director Director

Manish Kumar
Company Secretary

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED, NEW DELHI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(In ₹)

Particulars	31-03-2011	31-03-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,929,171	16,801,413
Adjustment for		
Depreciation	7,444,216	7,247,866
Profit on sale of investments	(2,239,527)	(4,619,207)
Dividend income	(90,860)	(112,400)
Interest income	(8,870,153)	(10,034,913)
Preliminary expenses written off	-	914,307
Equity buy-back expenses	-	179,541
Foreign currency translation reserve adjustment	587,228	(1,306,648)
Unrealized foreign exchange (gain) / loss	(298,694)	(3,467,790)
Unrealized foreign exchange (gain) / loss		678,528
Operating profit before working capital changes	(1,538,619)	9,748,487
Adjustment for		
Trade & other receivables	6,696,730	(9,436,804)
Inventories	(15,981,981)	2,909,903
Trade & other payables	(5,980,763)	554,234
Cash generated from operations	(16,804,633)	3,775,820
Direct taxes	(1,023,808)	(5,722,733)
Net cash generated from operating activities	(17,828,441)	(1,946,913)
B. CASH FROM INVESTING ACTIVITIES		
Net purchase of fixed assets	(5,831,186)	(3,354,623)
Capital work-in-progress including capital advances	(4,391,083)	(4,053,373)
Dividend income	90,860	112,400
Sale proceeds of investments	-	40,538,415
Investments in subsidiaries	-	(1,940,800)
Profit on sale of investments	2,239,527	-
Investments in other long-term investments	-	(8,205,365)
Interest income	8,870,153	10,034,913
Adjustment for disinvestment in subsidiary	-	7,188,995
Net cash generated from investing activities	978,271	40,320,562
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity by subsidiary	-	1,830,810
Funds utilized for buy-back of equity shares	-	(4,392,935)
Dividend paid	(9,024,720)	(9,024,720)
Dividend distribution tax	(1,533,751)	(1,533,751)
Net cash generated from financing activities	(10,558,471)	(13,120,596)
Unrealized foreign exchange gain / (loss)	298,694	(678,528)
Net increase in cash and cash equivalents	(27,109,947)	24,574,525
Cash and cash equivalents – (opening balance)	144,381,228	119,806,703
Cash and cash equivalents – (closing balance)	117,271,281	144,381,228

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

For and on behalf of

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

Alok Jain
Partner
Membership No. 510960
New Delhi, June 2nd 2011

For and on behalf of the Board

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

New Delhi, June 2nd 2011

VALIANT COMMUNICATIONS LIMITED



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

PROXY FORM

I/We..... of in the district of being a member/ members of the above named Company, hereby appoint of in the district of or failing him/her of in the district of as my/our proxy to attend and vote for me/us and on my/our behalf at the 18TH ANNUAL GENERAL MEETING of the Company to be held on Monday, the 26th day of September, 2011 at 9.30 A.M. at Surbhi Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Signed thisday of2011.

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

Affix
Re. One
Revenue
Stamp

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

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

VALIANT COMMUNICATIONS LIMITED



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

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

I hereby record my presence at the 18TH ANNUAL GENERAL MEETING of the Company to be held on Monday, the 26th day of September, 2011 at 9.30 A.M. at Surbhi Farm, 96/4, Post & Village, Tikri Kalan, New Delhi 110041.

Folio Number
DP ID No. Client ID No.

Full Name of the Shareholder Signature

*Full Name of Proxy Signature

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

VALIANT COMMUNICATIONS LIMITED



NOTICE

Notice is hereby given that 18th Annual General Meeting of the Valiant Communications Ltd. will be held on Monday, September 26th 2011, at 9.30 a.m. at Surbhi Farms, 96/4, Post & Village, Tikri Kalan, New Delhi 110 041 to transact the following business:

Ordinary Business:

- 1. To receive, consider and adopt the balance sheet as at March 31st 2011 and the profit & loss account for the year ended on the date, together with the reports of the Directors' and Auditors' thereon.
2. To declare a dividend for the financial year ended on March 31st 2011.
3. To appoint a Director in place of Mr. Vidur Bharadwaj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Avinash Verma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

Date: June 2nd 2011
Regd. Office: 71/1, Shivaji Marg,
New Delhi - 110015

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

Sd/-
Manish Kumar
Company Secretary

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form duly completed must reach the Company's Registered Office at least 48 hours before the time of the meeting.
3. The members are requested to:
i) Notify change in their address, if any to the Company;
ii) Send their queries, if any, at least 7 days in advance of the meeting so that necessary information can be made available at the meeting.
4. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 17th 2011 to Monday, September 26th 2011 (both days inclusive).
5. The dividend that may be declared by the Company will be paid on or after September 26th 2011 to those members of the Company whose name appear in the Company's Register of Members as at the end of business hours on Friday, September 16th 2011.
6. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the amounts of dividend remaining unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund. Members who have not encashed the dividend warrants are requested to write to the Company for revalidation of dividend warrants.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that services of notice/ document including Annual Report can be sent by email to its members. To support this green initiative of the Government, members are requested to register their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email addresses with the Share Registrar of the Company i.e. Link Intime India Private Limited, A -40, 2nd Floor, Nariana Industrial Area, Phase-II, New Delhi-110 028.
8. Information required to be furnished under the Listing Agreement:
i) Mr. Vidur Bhardwaj is a graduate from the Delhi School of Planning and Architecture. He has a profession architecture consultancy company and has an experience of over 20 years in business. Apart from the Company, he also holds directorship in a public limited company namely, Three C Infrastructure Limited. As on March 31st 2011, he holds 40,000 (0.53%) equity shares of the Company.
ii) Mr. Avinash Verma is a fellow member of the Institute of Chartered Accountants of India and an Honors Commerce Graduate from Delhi University. He is in practice from last 22 years. He has wide expertise and experience of accountancy and taxation matters. He does not hold directorship or membership of any committee, in any other public limited company. As on March 31st 2011, he holds 27,301 (0.36%) equity shares of the Company.

Date: June 2nd 2011
Regd. Office: 71/1, Shivaji Marg,
New Delhi - 110015

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

Sd/-
Manish Kumar
Company Secretary