



8th
ANNUAL REPORT
2001-2002

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Paramount Communications Limited
(An ISO 9001 Company)

यद्यदाचरति श्रेष्ठस्तत्तरेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥



Shri Shyam Sunder Ji Aggarwal

(Chairman & Founder)

6th October, 1936 to 6th December, 1999

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

— Bhagwad Gita, 3.21

Paramount Communications Limited

Board of Directors	: Shri. Sanjay Aggarwal Shri. Sandeep Aggarwal Shri. Satya Pal Shri. S. P. S. Dangi Shri. Vijay Bhushan	Chairman Managing Director
Registered office	: M - 4 , " Bahubali ", 59/17, New Rohtak Road, New Delhi - 110 005.	
Works	: Unit 1, (Manufacturing Power, Instrumentation, Signal, Jelly Filled & Optical Fibre Cables) SP 30A Khushkhera Industrial Area, Distt. Alwar, Rajasthan	
	: Unit 2, (Manufacturing Jelly Filled Telephone Cables) Plot No. 37, Industrial Estate, Dharuhera, Haryana.	
Auditors	: M/s. Jagdish Chand & Co., Chartered Accountants, H-20, Green Park (Main), New Delhi-110 016.	
Bankers	: DENA BANK Karol Bagh Branch, New Delhi-110 005	
	: STATE BANK OF INDIA Industrial Finance Branch, Vijaya Building, 17, Barakhamba Road, New Delhi-110 001	
Share Transfer Agents	: M/s. In - House Shares Registry (A unit of A.O.K. In house Securities Pvt. Ltd.) 3, Community Centre, Naraina, Phase-I, New Delhi - 110 028. Phone No.: 579-2012(4 Lines) Fax No.: 579-2011.	
Chief Compliance Officer	: Shri Ratan Aggarwal	
Vice President (Finance) & Company Secretary	: Shri Ratan Aggarwal	
Sr. Vice - President (Dharuhera Unit)	: Shri D. S. Muchhal	
Vice President (Khushkhera Unit)	: Shri N. K. Sabharwal	
Vice President (Marketing)	: Shri Sanjeev Kumar	



Paramount Communications Limited**NOTICE**

Notice is hereby given that the 8th Annual General Meeting of the Members of the Company will be held at **SHAH AUDITORIUM, SHRI DELHI GUJRATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054** on Monday, the September 23rd, 2002 at 11:30 A.M. to transact the following business:

ORDINARY BUSINESS:

- 1 To consider and adopt the Balance Sheet as at 31st March, 2002 and Profit and Loss account for the year ended 31st March, 2002 and the reports of the Board of Directors and Auditors thereon.
- 2 To declare dividend on equity shares.
- 3 To appoint a Director in place of Shri Satya Pal, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Shri Vijay Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
- 5 To appoint Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to fix their remuneration, to consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/S JAGDISH CHAND & CO., Chartered Accountants, New Delhi be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:**6 Change in designation of Managing Director:**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:-

"Resolved that in accordance with the provisions of articles of association of the Company and Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and rules made thereunder and the resolution passed by the Board of Directors of the Company in its meeting held on 28th January, 2002 regarding the change in designation of Shri Sanjay Aggarwal from Managing Director to Chairman and Whole-time Director of the Company w.e.f 15-02-2002 for the unexpired period for which he is to hold office as per the agreement made with the Company, the consent of members of the Company be and is hereby accorded for change in designation of Shri Sanjay Aggarwal as approved by the Board of Directors of the Company provided all other terms and conditions of his appointment and remuneration will remain same."

7 Change in designation of Joint Managing Director:

To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:-

"Resolved that in accordance with the provisions of articles of association of the Company and Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and rules made thereunder and the resolution passed by the Board of Directors of the Company in its meeting held on 28th January, 2002 regarding the change in designation of Shri Sandeep Aggarwal from Joint Managing Director to Managing Director of the Company w.e.f 15-02-2002 for the unexpired period for which he is to hold office as per the agreement made with the Company, the consent of members of the Company be and is hereby accorded for change in designation of Shri Sandeep Aggarwal as approved by the Board of Directors of the Company provided all other terms and conditions of his appointment and remuneration will remain same."

By Order of the Board

Place : New Delhi.
Dated : 31-05-2002

(Ratan Aggarwal)
Company Secretary

NOTES:

- 1 The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of business under item No. 6, & 7 is annexed hereto.
- 2 The member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, complete and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. Proxy Form is attached herewith.

Paramount Communications Limited

- 3 The Register of Members and shall Transfer Books of the company shall remain close from Thursday, 19th September, 2002 to Monday 23rd September, 2002 (both days inclusive) for the purpose of entitlement of dividend. The dividend in respect of equity shares held in electronic form will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
- 4 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 5 Members who hold shares in dematerialised form are requested to bring their Client ID and DPID numbers for easy identification for attendance at the meeting.
- 6 Members are requested to note that all correspondence relating to share transfer should be addressed to the Registrars and Transfer Agents of the Company, M/s In-house Share Registry (A unit of A.O.K. In house Securities Pvt Ltd), 3, Community Centre, Naraina, Phase-I, New Delhi-110028.
- 7 Shareholders are requested to bring their copy of Annual Report at the meeting.
8. INFORMATION UNDER CLAUSE 49 VIA OF THE LISTING AGREEMENT REGARDING REAPPOINTMENT OF THE FOLLOWING PERSONS AS DIRECTORS OF THE COMPANY:

SH. SATYA PAL

Shri Satya Pal, aged around 70 years, is a director of the Company since its incorporation. Shri Satya Pal has a vast experience in the telecommunication and cable industry, he held highly distinguishable positions during his long career with the Indian Telecommunications Services. He held the post of Chairman, MTNL, Secretary, Deptt. of Telecom and Chairman, Telecom Board. He retired in 1989 while holding charge of Member (Services), Telecom Commission and Director General, Telecommunications.

Shri Satya Pal is also a director of M/s Polaris Software Lab. Ltd and M/s paramnet.com Ltd.

SH. VIJAY BHUSHAN

Shri Vijay Bhushan S/o Late Shri Bharat Bhushan, is the President of Delhi Stock Exchange Association Ltd. Mr. Bhushan is an eminent businessman and holds a vast experience in the stock market.

Shri Vijay Bhushan is on the Board of the following Companies:

1. Bharat Bhushan Equity Traders Limited.
2. Bharat Nidhi Limited.
3. Bharat Bhushan Share & Stock Brokers Limited.
4. Bharat Bhushan Technologies Pvt. Ltd.
5. KEI Industries Ltd.
6. Delhi Stock Exchange Association Ltd.
7. DSE Financial Services Limited.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT IN TERMS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 6 & 7**

After the demise of Shri Shyam Sunder Aggarwal, the founder and Chairman of the Company, the position of chairman of the Company was vacant. The Board of Directors of your Company has already approved the change in designations of Shri Sanjay Aggarwal from Managing Director to Chairman and Whole-time Director of the Company and Shri Sandeep Aggarwal from Joint Managing Director to Managing Director of the Company w.e.f. 15-02-2002 for the unexpired period for which they are to hold office as per the agreements made with the Company.

Pursuant to the provisions of the Companies Act, 1956 and the rules made thereunder, the change in designation, as approved by the Board of Directors of the Company, of Shri Sanjay Aggarwal and Shri Sandeep Aggarwal requires the approval of the members of the Company in General Meeting.

The resolution set out in the convening Notice has to be considered accordingly and the Board recommends its acceptance.

Shri Sanjay Aggarwal, and Shri Sandeep Aggarwal are concerned or interested in the said items in their personal capacity and also being related to each other. No other Director of the Company is concerned or interested in the said changes in their designations. Memorandum of interest under section 302 of the Act has already been sent to the shareholders at time of approval of change in designations by the Board of Directors of the Company.

By Order of the Board

Place : New Delhi
Dated : 31-05-2002

(Ratan Aggarwal)
Company Secretary



Paramount Communications Limited

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

At Paramount, satisfaction of all stake-holders including our Customers, Suppliers, Lenders, Shareholders and Employees is of paramount importance. This year the Company has achieved a turnover of Rs. 13616.20 lacs, profit before interest, depreciation and tax Rs. 1363.94 lacs and net profit after tax Rs. 651.55 lacs.

OVERVIEW

Jelly Filled Telephone Cables

During the year under review, the Company has achieved a Sales Turnover of Rs. 11992.42 lacs in Jelly Filled Telephone Cables, which constitute and represent 88.07% of the total turnover of the Company.

Optical Fibre Cables

The Company's Optical Fibre Cable Project has started its commercial production during the financial year under reporting. The necessary technical approvals from the QA Wing of BSNL (erstwhile DOT) are already under process and expected shortly. The Company hopes to effectively compete in the OFC market during the current year.

PVC Cables

The Company also manufactures a very wide range of PVC cables which includes Control and Instrumentation Cables, Railway Signalling and Railway Axle Counter Cables, LT Power Cables, Thermocouple Compensating Cables, Fire Retardant Low Smoke (FRLS) Cables and Fire Survival (FS) Cables etc. This range was developed and supplied at our division, Paramount Cable Corporation (Unit-I) which specializes in high quality custom design PVC Cables for prestigious customers such as Indian Railways (RDSO), National Thermal Power Corporation (NTPC), Bharat Heavy Electricals Ltd. (BHEL), Indian Space Research Organisation (ISRO), Power Grid Corporation, MECON, Nuclear Power Corporation (NPC), Engineers India Limited, etc. The Company achieved a turnover of Rs. 1481.5 lacs in PVC Cables during the financial year under reporting as against Rs. 1421.56 lacs in the previous year.

FUTURE OUTLOOK

PIJF Cables

The Company has held an extremely steady growth record in the PIJF Cables industry. The financial year 2002-03, however, is expected to present a down-turn in overall demand due to heavy reduction in the proposed PIJF Cables purchases by BSNL for the year. The Company is however, confident that due to its inherent competitive strength and efficiency, it shall maintain its leadership position in Northern India in PIJF Cables.

Optical Fibre Cable

In today's hi-tech global environment, internet has become an essential medium for communication, transmission or exchange of data and business transactions. The number of internet users have increased at a tremendous pace in the last two years and is expected to grow even faster.

This growth is attributable to increasing number of personal computers at homes and at the work place, easier and cheaper access, increasing rich and intensive media contents etc. The rising demand for broad-band and data communications shall therefore remain the key driver for the demand of Optical Fibre Cables. There has been huge slump in the prices of Optical Fibres which is major raw material for Optical Fibre Cables, due to worldwide excess fibre capacity created during the boom period of 2000-2001. The continuous reduction in Optical Fibre prices shall hopefully give further impetus to the demand for Optical Fibre Cables.

PVC Cables

The Company is laying special stress on the share of PVC Cables in its total turnover, as a measure of reducing its dependence on PIJF Cables. The Company is an approved vendor for almost all the major customers/consultants/project authorities/EPC contractors in the country and is well positioned to increase its sales of PVC Cables dramatically due to the substantially higher capacity available at its spacious new manufacturing facility at Khushkhera (Rajasthan).

FINANCIAL PERFORMANCE

Revenues:

Sales for the year ended 31st March, 2002 was Rs. 13616.20 lacs as compared to Rs. 16301.88 lacs in the corresponding year ended on 31st March, 2001. The turnover of the company has declined mainly due to the reduction in per CKM realization of PIJF Cables.

**Exports**

During the financial year, your Company has achieved an export turnover of Rs. 3070.12 lacs, which constitutes 22.55% of the sales turnover of the Company.

Borrowing Position

The borrowings, excluding working capital facilities as at 31st March, 2002 were Rs. 838.90 lacs as compared to Rs. 1081.81 lacs as at 31-03-2001. The debt equity ratio of the company as at 31-03-2002 is 0.25:1 as compared to 0.35:1 as at 31-03-2001.

The Company has also been sanctioned a fresh term loan of Rs. 10000.00 lacs by IDBI during the financial year 2001-2002 to finance optical fibre cable project. This term loan is yet to be disbursed.

Fixed Assets

Gross Fixed Assets as at 31st March, 2002 are Rs. 4094.42 lacs as compared to Rs. 2664.64 lacs as at 31st March, 2001. The increase in fixed assets is due to modernization and expansion of the plant at Khuskhera, Rajasthan and setting up of optical fibre cable project during the financial year under review.

Working Capital

Levels of inventories as at 31st March, 2002 are Rs. 436.98 lacs as compared to Rs. 1358.90 lacs as at 31st March, 2001.

Sundry Debtors as at 31st March, 2002 are Rs. 1584.05 lacs as compared to Rs. 3378.74 lacs as at 31st March, 2001.

The reduction in current asset level is mainly due to the reason that the Company completed its PIJF Cable orders before 15th March, 2002 and the levels of inventories and sundry debtors reached the minimum level. The reduction in current asset level is of temporary nature.

Internal Control Systems

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

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

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

RISK MANAGEMENT**Business Risk**

During the period, the increased industry capacity and relatively lower demand for Jelly Filled Telephone Cables resulted in adverse price fluctuations. This is likely to have an impact on the profitability. However it is expected that the demand will get stabilize in the next year or so.

Technology Risk

While there is no significant change in the basic technology for the manufacture of cable, continuous improvements take place to improve bandwidth, lower attenuation and dispersion. The Company keeps track of the latest trends in the cable industry globally. The Company has in built quality assurance system whereby the product is tested at every stage for its quality and technical compliance. The management of the Company is taking Quality Assurance and Research on topmost priority. Continuous improvement in the existing products and enhancement of product offerings will enable the Company to emerge as a reliable, cost competitive and international quality supplier of Jelly Filled and Optical Fibre Cables.

Financial Risk

The Company has adequate system to review foreign exchange exposure and to take appropriate measures to mitigate losses on account of foreign exchange risk. The Company's investments from time to time are made after due analysis and study in various Mutual Funds / Bonds and other liquid securities. The Company has systems to control financial risks.



Paramount Communications Limited

Human Resources

Human resources is the most valuable asset for any Company. The Company has adequate system to recruit and recognize employee contribution towards the growth of the Company. The recruitment of qualified personnel, up-gradation of skills in technical or in other areas, is an ongoing activity in the organization. Moreover, the employee turnover in the Company is low in comparison with its peers in the cable industry.

OPPORTUNITIES & THREATS

The demand for electricity is growing rapidly which has resulted in huge power shortages nation-wide. In order to correct the situation, the Government of India is giving a major thrust on electric generation. The Central Electricity Authority itself predicts the need for additional 1,00,000 MW of capacity by the year 2012. The Government is planning to add investment in power sector to increase its existing capacity. The Government has already started taking active steps in this direction. This is expected to create additional demand for cables, specially control, instrumentation and LT power cables.

However, the main threat to the cable industry is ever-increasing capacity, low capacity utilization and a stiff competition.

CAUTIONARY STATEMENT

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

AUDITORS' CERTIFICATE

The Members,

Paramount Communications Limited

We have examined the compliance of conditions of corporate governance by **Paramount Communication Limited** for the year ended on 31st March, 2002 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders and 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 Jagdish Chand & Co.
Chartered Accountants

Place: New Delhi
Date : 31.05.2002

(J. C. Gupta)
Partner

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The resolution set out in the convening Notice has to be considered accordingly and the Board recommends its acceptance.

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By Order of the Board

Place : New Delhi
Dated : 31-05-2002

(Ratan Aggarwal)
Company Secretary

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