

**10th
Annual Report
2003-2004**

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PARAMOUNT COMMUNICATIONS LIMITED

(An ISO 9001 and 14001 Company)

यद्यदाचरति श्रेष्ठस्तत्तरेवेतरो जनः।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते॥



Late Shri Shyam Sunder Ji Aggarwal

Founder - Paramount Communications Limited

**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 & CEO Managing Director
Registered office	: M - 4, " Bahubali " , 59 / 17, New Rohtak Road, New Delhi - 110 005.	
Works	: Unit 1: (Manufacturing Control, Instrumentation, power, Jelly Filled Telephone Cables and Optical Fibre Cables) SP 30A Khushkhara Industrial Area, Distt. Alwar, Rajasthan Unit 2: (Manufacturing Jelly Filled Telephone Cables) Plot No. 37, Industrial Estate, Dharuhera, Haryana.	
Auditors	: M/s. Jagdish Chend & Co., Chartered Accountants	
Bankers	: DENA BANK STATE BANK OF INDIA	
Share Transfer Agents	: M/s. Intime Spectrum Registry Limited A-31, 3rd Floor Naraina, Phase-I, Near PVR Cinema, New Delhi - 110 028, Phone No.:51410592-594 (3 Lines), Fax No.: 51410591	
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 (Khushkhara Unit)	: Shri. G.D. Singh	
Vice President (Marketing)	: Shri N.K.Sabharwal	

Paramount Communications Limited**NOTICE**

Notice is hereby given that the **10th 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 20, 2004 at 11:30 A.M.** to transact the following business:

ORDINARY BUSINESS:

- 1 To consider and adopt the Balance Sheet as on March 31, 2004 and Profit and Loss Account of the company for the year ended March 31, 2004 and the reports of the Board of Directors and Auditors thereon.
- 2 To appoint a Director in place of Shri Sandeep Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
- 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 Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting and fix their remuneration and in this regard 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:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an "Ordinary Resolution"

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provision if any, of the Companies Act, 1956 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force, the Company hereby approves the reappointment of Shri Sanjay Aggarwal as Chairman & CEO of the Company for a period of five years with effect from 1st November, 2004, on such remuneration and terms and conditions, as set out in the Explanatory Statement annexed to the notice convening this Annual General Meeting".

"RESOLVED FURTHER THAT the remuneration as set out in the explanatory statement be paid to Shri Sanjay Aggarwal, Chairman & CEO as minimum remuneration in the event of absence or inadequacy of profits in any year."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to these resolutions."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provision if any, of the Companies Act, 1956 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force, the Company hereby approves the reappointment of Shri Sandeep Aggarwal as Managing Director of the Company for a period of five years with effect from 1st November, 2004, on such remuneration and terms and conditions, as set out in the Explanatory Statement annexed to the notice convening this Annual General Meeting".

"RESOLVED FURTHER THAT the remuneration as set out in the explanatory statement be paid to Shri Sandeep Aggarwal, Managing Director as minimum remuneration in the event of absence or inadequacy of profits in any year."

Paramount Communications Limited

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to these resolutions."

By Order of the Board

Place : New Delhi.
Dated : 30.07.2004

(Ratan Aggarwal)
Company Secretary

NOTES:

- 1 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, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. Proxy Form is attached herewith.
- 2 The Register of Members and Transfer Book of the company shall remain close from Friday 17th September, 2004 to Monday 20th September, 2004 (both days inclusive).
- 3 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 4 Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the meeting.
- 5 Members are requested to note that all correspondence relating to share transfer should be addressed to its Registrars and Share Transfer Agents, M/s Intime Spectrum Registry Ltd., A-31, 3rd Floor, Naraina, Phase-1, Near PVR Cinema, New Delhi-110 028.
- 6 Shareholders are requested to bring their copy of Annual Report at the meeting.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

Shri Sanjay Aggarwal was appointed as Managing Director of the Company for a term of five years which shall expire on 31.10.2004. During tenure of five years, his designation was changed from Managing Director to Chairman & Whole-time Director w.e.f.15.02.2002 and again from Chairman and Whole-Time Director to Chairman & CEO w.e.f. 01.12.2002, the same were also approved by the members of the Company in the 8th and 9th Annual General Meetings of the Company respectively. Company has grown in multiples under his expert direction and guidance. He has been the Director of the company since its inception and is looking after the affairs of the Company since then. He offers himself for re-appointment.

The remuneration and terms and conditions of the appointment of Shri Sanjay Aggarwal, Chairman & CEO of the company as recommended by the Remuneration Committee of Board of Directors are given below:

- | | | |
|-----------------------|---|--|
| a) Salary | : | Rs.1,00,000/- per month |
| b) Perquisites | : | Restricted to Rs. 5,00,000/- per annum. |
| c) Commission | : | 5% of the net profit less remuneration payable under point No. a) & b) above |

The perquisites are classified as under on individual basis:

Category A

- (i) **Housing:** The expenditure by the Company on hiring furnished accommodation for him will be subject to the following ceiling:
 - (a) Sixty percent of the salary.
In case the accommodation provided to him is owned by the Company, ten percent of his salary shall be deducted by the Company.
 - (b) If the Company does not provide him owned accommodation he will be paid house rent allowance or rent for the accommodation not exceeding 60% of his salary.



The expenditure incurred by the Company on gas, electricity, water and furnishings evaluated as per the Income Tax Rules, 1962 subject to a ceiling of ten percent of his salary.

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

Category B

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

Category C

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

In the event of loss or inadequacy of profits of company in any year during his tenure, he shall be paid minimum remuneration by way of salary and perquisites not exceeding the limits specified above. He shall be entitled to leave in accordance with rules of the company from time to time in force as applicable to the senior executives of the Company.

The reappointment and remuneration of Shri Sanjay Aggarwal as the Chairman & CEO of company requires the approval of the members of company in the General Meeting in terms of Part III and schedule XIII of the Companies Act, 1956 and the remuneration payable also requires the approval of company in General Meeting under Section 309 of the Companies Act, 1956.

The remuneration of Shri Sanjay Aggarwal on the terms proposed satisfies the conditions as laid down in schedule XIII of the Companies Act, 1956 and a return in the prescribed form along with a certificate under clause (3) of part III of the schedule XIII of the Companies Act, 1956 and under section 269(2) be filed with the Registrar of Companies, NCT of Delhi & Haryana. The Board of Directors of company considers that the remuneration payable to Shri Sanjay Aggarwal is commensurate with his duties and responsibilities as the Chairman & CEO of the company.

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

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

Item No.6

Shri Sandeep Aggarwal was appointed as Jt. Managing Director of company for a term of five years which shall expire on 31.10.2004. During tenure of five years, his designation was changed from Jt. Managing Director to Managing Director w.e.f. 15.02.2002 the same was also approved by the members of company in the 8th Annual General Meeting of the Company. Company has grown in multiples under his expert direction and guidance. He has been the Director of the Company since its inception and is looking after the affairs of company since then. He offers himself for re-appointment.

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

- | | | |
|-----------------------|---|--|
| a) Salary | : | Rs.1,00,000/- per month |
| d) Perquisites | : | Restricted to Rs. 5,00,000/- per annum. |
| e) Commission | : | 5% of the net profit less remuneration payable under point No. a) & b) above |

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The perquisites are classified as under on individual basis:

Category A

- (i) **Housing:** The expenditure by the Company on hiring furnished accommodation for him will be subject to the following ceiling:
- Sixty percent of the salary.
In case the accommodation provided to him is owned by the Company, ten percent of his salary shall be deducted by the Company.
 - If the Company does not provide him owned accommodation he will be paid house rent allowance or rent for the accommodation not exceeding 60% of his salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings evaluated as per the Income Tax Rules, 1962 subject to a ceiling of ten percent of his salary.

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

Category B

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

Category C

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

In the event of loss or inadequacy of profits of company in any year during his tenure, he shall be paid minimum remuneration by way of salary and perquisites not exceeding the limits specified above. He shall be entitled to leave in accordance with rules of the company from time to time in force as applicable to the senior executives of the company.

The reappointment and remuneration of Shri Sandeep Aggarwal as the Managing Director of company requires the approval of the members of company in the General Meeting in terms of Part III and schedule XIII of the Companies Act, 1956 and the remuneration payable also requires the approval of company in General Meeting under Section 309 of the Companies Act, 1956.

The remuneration of Shri Sandeep Aggarwal on the terms proposed satisfies the conditions as laid down in schedule XIII of the Companies Act, 1956 and a return in the prescribed form along with a certificate under clause (3) of part III of the schedule XIII of the Companies Act, 1956 and under section 269(2) be filed with the Registrar of Companies, NCT of Delhi & Haryana. The Board of Directors of company considers that the remuneration payable to Shri Sandeep Aggarwal is commensurate with his duties and responsibilities as the Managing Director of company.

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

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

By Order of the Board

Place : New Delhi.
Dated : 30.07.2004

(Ratan Aggarwal)
Company Secretary

Paramount Communications Limited**ANNEXURE TO NOTICE**

Details of Directors seeking re-appointment in ensuing Annual General Meeting to be held on 20th September, 2004 pursuant to the requirement of clause 49 of the Listing Agreement.

Name of the Director	Shri Satya Pal	Shri Sandeep Aggarwal
Date of Birth	22.08.1931	08.05.1964
Date of Appointment	08.11.1994	01.11.1994
Expertise in Specific Functional Area	Vast knowledge in telecom and cable industry. Retired from Ministry of Communications from the post of Secretary, Deptt. of Telecommunications, Chairman Telecom-Board, Director General Telecommunications and chairman MTNL.	Vast Experience in cable and telecom industry
List of Outside Directorship	1. Polaris Software Lab. Ltd. 2. paramnet.com Ltd.	1. Paramount Wires & Cables Ltd. 2. Paramount Telecables Ltd. 3. paramnet .com Ltd.
Chairman/Member of the Committee of Board of Directors of the Company.	1. Member - Audit Committee 2. Chairman - Remuneration Committee	1. Member - Shareholder/Investors Grievance Committee. 2.Member - Share Transfer Committee
Chairman/Member of the Committee of the Board of directors of other Companies.	1. Member - Remuneration Committee Polaris Software Lab. Ltd. 2. Chairman - Shareholders/Investors Grievance Committee	

Name of the Director	Shri Sanjay Aggarwal
Date of Birth	21.10.1962
Date of Appointment	01.11.1994
Expertise in Specific Functional Area	Vast Experience in cable and telecom industry
List of Outside Directorship	1. Paramount Wires & Cables Ltd. 2. Paramount Telecables Ltd. 3. paramnet .com Ltd. 4. Foresight Exim Ltd.
Chairman/Member of the Committee of Board of Directors of the Company.	1. Member- Shareholder/Investors Grievance Committee. 2.Chairman- Share Transfer Committee
Chairman/Member of the Committee of the Board of directors of other Companies.	1. Member - National Committee on Communication, CII 2. Member - Economic & Taxation Committee, Northern Region, CII 3. Member - Budget & Exim Policy Committee, TEMA 4. Member - Audit Committee, PWCL 5. Member - Ficci Communication Committee



REPORT ON CORPORATE GOVERNANCE

In compliance with the clause 49 of the Listing Agreement with the Stock Exchanges the company hereby submits the report on the matters mentioned in the said clauses and practice followed by the company:

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance as understood by the company and its management means following up best & prudent business practices, adherence to utmost transparency, disclosures and fairness in the business operations and to ensure fair play. The best business practices convey that company should not only operate within the regulatory framework but it should operate with ethics also.

Corporate Governance entails and ensures accountability of the persons in charge of the company on the one hand and develop benefits to the investors, customers, vendors and the society at large on the other hand.

Company feels that the code of corporate governance is an excellent tool to secure the corporate excellence in the country. Detailed compliance status with respect to the provisions of corporate governance is as under: -

2. BOARD OF DIRECTORS

The Board of Directors of the Company have 5 (Five) Directors out of which 3 (three) are independent and Non-Executive Director(s). The Independent & Non-Executive Director(s) do not have any material pecuniary relationship or transactions with the company, promoters, management which may affect their judgments in any manner. The Board meets at least once in a quarter to consider amongst other matters, the quarterly un-audited financial results of the company.

The Board consists of eminent persons with considerable professional expertise and experience in Cable Industry, Finance, Capital Market and the allied fields.

COMPOSITION AND CATEGORY OF DIRECTORS AS AT 31.03.2004.

Category	Name of the Directors
Promoter/Executive Directors	Sh. Sanjay Aggarwal Sh. Sandeep Aggarwal
Promoter Non Executive Director	—
Non Promoter Executive Director	—
Non executive and Independent Directors	Sh. S.P.S Dangi Sh. Satya Pal Sh. Vijay Bhushan

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of other directorship and chairmanship/membership of committee of each director in various companies is given herein below:

Name of the Director	Attendance Particulars		No. of other directorships & Committee member/chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
Sh. Sanjay Aggarwal	6	Yes	4	5	1
Sh. Sandeep Aggarwal	6	Yes	3	2	0
Sh. S.P.S. Dangi	6	Yes	1	4	2
Sh. Satya Pal	5	Yes	2	4	2
Sh. Vijay Bhushan	6	No	8	7	2

Number of Board Meetings held and the dates on which held:

6 (Six) Board Meetings were held during the financial year ended on March 31, 2004. The date(s) on which the meetings were held are as follows:

- (1) 15th April, 2003
- (2) 27th June' 2003
- (3) 24th July, 2003
- (4) 18th September, 2003
- (5) 30th October' 2003
- (6) 29th January' 2004

Paramount Communications Limited



3. AUDIT COMMITTEE

The Board of Directors have constituted an Audit Committee, comprising of three independent non executive directors namely Shri S.P.S Dangi, Chairman of the committee, Shri Satya pal, and Shri Vijay Bhushan. The constitution of Audit Committee also meets the requirements under section 292A of the Companies Act' 1956.

The terms of reference stipulated by the Board for the Audit Committee, as contained under clause 49 of the listing agreement are as follows:

- a. Oversight of the company's financial reporting process and disclosure of its financial information.
- b. Recommending appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management annual financial statements before submission to the Board, focusing primarily on:
 - (i) any changes in the accounting policies and practices,
 - (ii) major accounting entries based on exercise of judgment by management.
 - (iii) qualifications in draft audit report.
 - (iv) Significant adjustments arising out of audit,
 - (v) The going concern assumption,
 - (vi) Compliance with the accounting standards,
 - (vii) Compliance with the stock exchange and legal requirements concerning financial statements and,
 - (viii) Any related party transaction i.e. transaction of the company of any material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, performance of external and internal auditors, adequacy of internal control systems.
- e. Reviewing the adequacy of internal control functions.
- f. Discussion with internal auditors on any significant findings and follow up there on.
- g. Reviewing findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussions with external auditors before the audit commences, nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
- i. Reviewing company's financial and risk management policies.
- j. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year the committee has met 4 (Four) times. Quorum for the meeting is 1/3 of the total strength of the Board or 2 whichever is higher. Requisite quorum was present in all the meetings held during the year.

Dates on which the Audit Committee met are given herein below:

- (1) 27th June' 2003
- (2) 18th September, 2003
- (3) 30th October' 2003
- (4) 29th January' 2004

4. REMUNERATION COMMITTEE

Board of Directors of the company has constituted a Remuneration Committee, comprising of 3 (Three) independent non-executive Directors viz. Shri Satya Pal-Chairman of the Committee, Shri S.P.S. Dangi and Shri Vijay Bhushan. The Meeting of the Remuneration Committee is held as and when required to review/revise or modify the remuneration policy and the remuneration of the whole-time Directors.

The present remuneration policy is in consonance with the existing industry practice. Since there was no proposal for reviewing the remuneration of whole-time directors, the committee did not meet any time during the year under review.