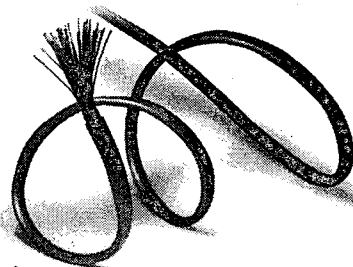


Annual Report 2006-07

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 **Paramount
CABLES**



Corporate Information

Board of Directors	: Mr. Sanjay Aggarwal : Mr. Sandeep Aggarwal : Mr. Satya Pal : Mr. S.P.S. Dangi : Mr. Vijay Bhushan	: Chairman & CEO : Managing Director : Director : Director : Director
Registered office	: C-125 Naraina Industrial Area, Phase-I, Naraina, New Delhi - 110 028, India	
Works	: Unit 1: SP 30A Khushkhera Industrial Area, Distt. Alwar, Rajasthan, India : Unit 2: Plot No. 37, Industrial Estate, Dharuhera, Haryana, India	
Auditors	: Jagdish Chand & Co. Chartered Accountants, New Delhi - 110 016, India	
Bankers	: State Bank of India : Dena Bank : ICICI Bank Limited : Yes Bank Limited : Standard Chartered Bank : The Hongkong and Shanghai Banking Corporation Limited	
Share Transfer Agents	: M/s. Intime Spectrum Registry Limited A-40, IInd Floor Naraina Industrial Area, Phase-II, New Delhi - 110 028, India Phone No.: + 91-11-41410592-594 Fax No.: + 91-11- 41410591	
Chief Compliance Officer	: Mr. Ratan Aggarwal	
Vice President (Finance) & Company Secretary	: Mr. Ratan Aggarwal	
Sr. Vice - President (Dharuhera Unit)	: Mr. D. S. Muchhal	
Vice President (Khushkhera Unit)	: Mr. G. D. Singh	
Vice President (Marketing)	: Mr. P. K. Agarwal	
Vice President (Business Development)	: Mr. Mrinmoy Chaudhury	

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NOTICE

Notice is hereby given that the **13th Annual General Meeting** of the members of the company will be held at **SHAH AUDITORIUM, SHREE DELHI GUJRATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054** on **Monday, the September 17, 2007 at 11:30 A.M.** to transact the following business:

ORDINARY BUSINESS:

- 1 To consider and adopt the Balance Sheet as on March 31, 2007 and Profit and Loss Account of the company for the year ended March 31, 2007 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 Mr. Vijay Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Sanjay Aggarwal, 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 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:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as **"SPECIAL RESOLUTION"**

"RESOLVED THAT pursuant to applicable provisions of the FEMA 1999, the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws including any statutory modifications or re-enactment thereof for the time being in force and subject to all applicable approvals, permissions and sanctions and such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, which may be granted to the Board of Directors of the company, the consent of the company, be and is hereby accorded for investments by Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) in the shares of the company, by purchase or acquisition from the market under FEMA, subject to the condition that the total holding of all Foreign Investors excluding NRIs put together shall not exceed 49 percent of the paid up share capital of the company.

"RESOLVED FURTHER THAT the Directors or the Company Secretary of the company be and are hereby severally authorized to do such acts, deeds, matters and things and execute such documents and sign such papers as may be necessary, proper and expedient for the purpose of giving effect to the above resolution and the matter connected therewith and incidental thereto.

**By Order of the Board
For Paramount Communications Ltd.**

**Place : New Delhi.
Date : 27th July, 2007**

**(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 closed from Thursday 13th September, 2007 to Monday 17th September, 2007 (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 Registrar and Transfer Agent, M/s Intime Spectrum Registry Ltd., A-40, IIInd Floor, Naraina Industrial Area, Phase-II, New Delhi-110 028, India.
- 6 Shareholders are requested to bring their copy of Annual Report at the meeting.
- 7 Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed/ unpaid dividend up to the financial year ended 31st March, 1999 has been transferred to the Investor Education and Protection Fund set up by the Central Government and no claim can be admitted in respect of this fund. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the company and/or share transfer agent, if any dividend warrant is pending to be paid so that a fresh warrant could be issued by the company.
- 8 At the ensuing Annual General Meeting, Mr. Vijay Bhushan and Mr. Sanjay Aggarwal, retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to these directors to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are annexed herewith.

Annexure To The Notice

EXPLANATORY STATEMENT IN TERMS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

As per Schedule 2, Regulation 5(2) of the Foreign Exchange Management (Transfer or Issue of Security) Regulations 2000, the total holding of each FII / SEBI approved sub-account of FII shall not exceed 10 percent of the total paid up capital or 10 percent of the paid up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/ sub-accounts of FIIs put together shall not exceed 24 percent of the paid up share capital or paid up value of each series of convertible debentures.

Further, this limit of 24 percent can be increased up to secotral cap / statutory ceiling, which is 100 percent in case of your company, by passing a resolution by the Board of Directors followed by passing a special resolution to that effect by the members of the company.

The company in 12th Annual General Meeting increased this limit from 24 percent to 49 percent **including** sub holdings of NRIs. Since the foreign holding in the company is increasing, it is felt that the limit be revised to 49 percent **excluding** NRIs sub-holding.

The members are therefore requested to accord their approval to the proposed resolution set out in Item No. 6 by way of special resolution.

None of the directors is interested in the said resolution.

**By Order of the Board
For Paramount Communications Ltd.**

**Place : New Delhi.
Date : 27th July, 2007**

**(Ratan Aggarwal)
Company Secretary**

Annexure To The Notice

Details of Directors seeking re-appointment in ensuing Annual General Meeting to be held on September 17, 2007 pursuant to the requirement of Clause 49 of the Listing Agreement.

Name of Director	Mr. Sanjay Aggarwal	Mr. Vijay Bhushan
Date of Birth	21.10.1962	22.12.1958
Date of Appointment	01.11.1994	22.07.2000
Expertise in Specific Functional Area	Eminent Businessman with vast knowledge in cable and telecom industry	Eminent Businessman with vast knowledge in stock market
List of Outside Directorship	<ol style="list-style-type: none"> 1. Paramount Wires & Cables Ltd. 2. Paramount Gulf FZE 3. Foresight Exim Ltd. 4. Paramount Realty Private Ltd.* 5. Paramount Infratech Private Ltd.* 	<ol style="list-style-type: none"> 1. Bharat Bhushan Equity Traders Ltd. 2. Bharat Bhushan Share & Commodity Brokers Ltd. 3. Bharat Bhushan Insurance Brokers Pvt Ltd. 4. Bharat Nidhi Ltd. 5. KEI Industries Ltd. 6. Bharat Bhushan Technologies Pvt. Ltd.
Chairmanship/Membership of the Committee of Board of Directors of the company	<ol style="list-style-type: none"> 1. Member-Shareholders/Investors Grievance Committee 2. Chairman-Share Transfer Committee 	<ol style="list-style-type: none"> 1. Chairman-Shareholders/Investors Grievance Committee 2. Member-Audit Committee 3. Member-Remuneration Committee
Chairmanship/Membership of the Committee of Board of Directors of other company	<ol style="list-style-type: none"> 1. Member-Audit Committee, Paramount Wires & Cables Ltd. 	<ol style="list-style-type: none"> 1. Member-Audit Committee, Bharat Bhushan Share & Commodity Brokers Ltd. 2. Chairman-Shareholders/Investors Grievance Committee, KEI Industries Ltd. 3. Member-Remuneration Committee, KEI Industries Ltd.

* Directorship acquired after 31.03.2007

Report On Corporate Governance

In compliance with the revised clause 49 of the Listing Agreement with the Stock Exchanges, the company hereby submits the report on the matters mentioned in the said clause 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 the best & prudent business practices, adherence to utmost transparency, disclosures, fairness in the business operations and to ensure fair play. The best business practices convey that the 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 benefits the investors, customers, vendors and the society at large on the other hand.

To ensure high standards of corporate governance, the company has appropriate system which includes:

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

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

2. Board of directors

The Board of Directors of the company has an optimum combination of executive and non-executive directors where more than 50 percent of Board comprises of non- executive independent directors. The board of directors of the company consists of 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 constitution of the Board confirms compliance of corporate governance norms as provided in clause 49 of the Listing Agreement. 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.

A brief resume and the profile of Directors retiring by rotation and eligible for re-appointment at the ensuing Annual General Meeting of the company are annexed with the notice for the Annual General Meeting.

Composition of board of directors and category of members of the board

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

Attendance of each director at the board meetings, last annual general meeting held on 28th July, 2006 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 membership/chairmanship in all companies		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanship
Mr. Sanjay Aggarwal	9	Yes	3	3	1
Mr. Sandeep Aggarwal	10	Yes	3	2	0
Mr. S. P. S. Dangi	9	Yes	0	2	1
Mr. Satya Pal	9	No	1	5	3
Mr. Vijay Bhushan	8	No	6	6	2

Other provisions as to Board and Committees

10 (ten) board meetings were held during the financial year ended on March 31, 2007. The date(s) on which the meetings were held are as follows:

- | | |
|----------------------|--------------------------|
| (1) 5th April, 2006 | (6) 26th September, 2006 |
| (2) 18th April, 2006 | (7) 20th October, 2006 |
| (3) 2nd May, 2006 | (8) 22nd November, 2006 |
| (4) 14th June, 2006 | (9) 24th January, 2007 |
| (5) 28th July, 2006 | (10) 14th March, 2007. |

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

Code of Conduct

The board of directors of the company has laid down a code of conduct for all board members and senior management of the company. The code of conduct has been posted on the website of the company at www.paramountcables.com.

All the directors & senior management have affirmed compliance with this code for the year ended 31st March, 2007. A declaration of compliance of this code signed by the Chairman & CEO is annexed as Annexure to this report.

3. Audit committee

Qualified and Independent Audit Committee

The Board of Directors has constituted an Audit Committee, comprising of three independent non executive directors namely Mr. S.P.S Dangi, Chairman of the committee, Mr. Satya Pal, and Mr. Vijay Bhushan. All the members of the audit committee are financially literate. Mr. S. P. S. Dangi - Chairman of the committee is a well known Finance & Management Consultant. He is a fellow member of the Institute of Cost & Works Accountants of India and holds an expertise in accounting & finance matters. Mr. Ratan Aggarwal, Vice President (Finance) & Company Secretary of the company acts as the secretary of the committee. The constitution of Audit Committee meet the requirement under the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. Mr. S. P. S. Dangi-Chairman of the Audit Committee was present at the last annual general meeting of the company held on 28th July, 2006.

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

Name of the Director	Category of Directorship	No. of Meetings attended
Mr. S. P. S. Dangi	Non-executive Independent Director	04
Mr. Satya Pal	Non-executive Independent Director	06
Mr. Vijay Bhushan	Non-executive Independent Director	05

Meetings of Audit Committee held during the financial year 2006-07.

During the year, committee has met 6 (six) times. Quorum for the meeting is 1/3 of the total strength of the Board or 2 whichever is higher. The dates on which the Audit Committee meetings were held are given herein below:

- | | |
|----------------------|------------------------|
| (1) 15th April, 2006 | (4) 20th October, 2006 |
| (2) 14th June, 2006 | (5) 24th January, 2007 |
| (3) 28th July, 2006 | (6) 14th March, 2007 |

The proper quorum was present in all the Audit Committee meetings held during the year.

Powers of Audit Committee

The Audit Committee of the company is vested with the following powers:

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

Role of Audit Committee

The terms of reference/role stipulated by the Board for the Audit Committee, as contained under Clause 49 of the Listing Agreement are as follows:

1. Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fee
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in Boards Report in terms of Sub Section (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statement arising out of audit findings.
 - e. Compliance with the listing and other legal requirements relating to the financial statements.
 - f. Disclosure of any related party transaction.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.