



Annual Report
2007-08

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 **Paramount
CABLES**

Paramount Communications Limited

यद्यदाचरति श्रेष्ठस्तत्तरेदेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥



Shri Shyam Sunder Ji Aggarwal

(Founder of Paramount Communications Ltd.)

(06-10-1936 to 06-12-1999)

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

-Bhagwad Gita, 3.21

Corporate Information

Board of Directors	:	Sanjay Aggarwal	:	Chairman & CEO
	:	Sandeep Aggarwal	:	Managing Director
	:	Satya Pal	:	Director
	:	S.P.S. Dangi	:	Director
	:	Vijay Bhushan	:	Director
Registered office	:	C-125 Naraina Industrial Area, Phase-1, Naraina, New Delhi - 110 028, India		
Works	:	Unit 1: SP 30A Khushkhara Industrial Area, Distt. Alwar, Rajasthan, India		
	:	Unit 2: Plot No. 37, Industrial Estate, Dharuhera, Haryana, India		
Auditors	:	Jagdish Chand & Co. Chartered Accountants, New Delhi, India		
Bankers	:	State Bank of India Dena Bank ICICI Bank Limited Yes Bank Limited Standard Chartered Bank The Hongkong and Shanghai Banking Corporation Limited HDFC Bank Limited		
Share Transfer Agents	:	M/s. Intime Spectrum Registry Limited A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110028, India Phone No(s) +91-11-41410592,93,94 Fax : +91-11-41410591		
Chief Compliance Officer	:	Ratan Aggarwal		
Vice President (Finance) & Company Secretary	:	Ratan Aggarwal		
Sr. Vice - President (Dharuhera Unit)	:	D.S. Muchhal		
Vice President (Khushkhara Unit)	:	G.D. Singh		
Vice President (Marketing)	:	P.K. Agarwal		
Vice President (Business Development)	:	Mrinmoy Chaudhury		

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Notice

Notice is hereby given that the **14th 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, India** on **Wednesday, the September 17, 2008 At 11:30 A.M.** to transact the following business:

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as on March 31, 2008 and Profit and Loss Account of the company for the year ended March 31, 2008 and the reports of the Board of Directors and Auditors thereon.
- 2 To declare dividend on equity shares for the year ended March 31, 2008.
- 3 To appoint a Director in place of Mr. S.P.S.Dangi, who retires by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Satya Pal, 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, 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, be and are hereby reappointed as the Statutory 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, based on the recommendations of the Audit Committee."

By Order of the Board

Dated : 30.07.2008
Place : New Delhi.

(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 Beneficial Owners, Register of Members and Transfer Book of the company shall remain closed from Saturday, 13th September, 2008 to Wednesday, 17th September, 2008 (both days inclusive).
- 3 The dividend, if any declared, shall be payable to those shareholders whose name(s) stand registered:
 - (a) As a beneficial owner as at the end of business on 12th September, 2008 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Ltd. in respect of the shares held in electronic form, and
 - (b) As member in the Register of Members of the Company/Registrar and Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the company as at the end of business on 12th September, 2008.
- 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 DP ID 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 our Registrars and Transfer Agents, M/s Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110 028 India.

- 7 Shareholders are requested to bring their copy of Annual Report at the meeting.
- 8 Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed/ unpaid dividend up to the financial year ended 31st March, 2000 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 agents, if their dividend warrant is pending to be paid so that fresh warrants/demand drafts could be issued by the company.
- 9 At the ensuing Annual General Meeting, Mr. S. P. S. Dangi and Mr. Satya Pal, 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 Notice

Detail of Directors seeking re-appointment at the ensuing Annual General Meeting to be held on 17th September, 2008 pursuant to the requirement of Clause 49 of the Listing Agreement.

Name of Director	Mr. S. P. S. Dangi	Mr. Satya Pal
Date of Birth	26.10.1933	22.08.1931
Date of Appointment	08.11.1994	08.11.1994
Expertise in Specific Functional Area	Vast experience in cable & telecom industry	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- Mahanagar Telephone Nigam Limited
List of Outside Directorship	NIL	1. Polaris Software Lab Ltd.
Chairman/Member of the Committee of Board of Directors of the Company	1. Chairman- Audit Committee 2. Member- Remuneration Committee	1. Chairman- Remuneration Committee 2. Member- Audit Committee
Chairman / Member of the Committee of the Board of Directors of other Companies	NIL	1. Chairman- Shareholders/Investor's Grievance Committee, Polaris Software Lab Ltd. 2. Member- Remuneration & Compensation Committee, Polaris Software Lab Ltd.

Directors' Report

Your directors have pleasure in presenting the 14th Annual Report and audited accounts of the company for the year ended 31st March, 2008.

1. FINANCIAL RESULTS

	For the year ended 31.03.2008 (Rs. in Mn.)	For the year ended 31.03.2007 (Rs. in Mn.)
Turnover including Other Income	5,085.74	3,614.88
Profit before Interest, Depreciation and Tax	730.37	713.11
Interest (Net)	165.94	92.01
Depreciation	61.20	35.85
Profit before Tax	503.23	585.25
Provision for Taxation	175.26	205.43
Profit after Tax	327.97	379.82
Add: Taxation for earlier years written back	(0.27)	(3.95)
Add: Balance brought forward from last year	596.02	299.70
Profit available for Appropriation	923.72	675.57
Appropriation:		
- Proposed Dividend	33.80	33.80
- Provision for Dividend Distribution Tax	5.75	5.75
- Transfer to General Reserve	40.00	40.00
Surplus carried to Balance Sheet	844.17	596.02

2. PERFORMANCE REVIEW OF OPERATIONS

The company has achieved a turnover including other income of Rs. 5085.74 Mn and profit after tax of Rs. 327.97 Mn for the year 2007-2008 as compared to Rs. 3614.88 Mn and Rs. 379.82 Mn respectively for the previous year 2006-2007.

The company has completed its 2nd phase of expansion project which commenced commercial production in February, 2008. After completion of 2nd phase expansion the installed capacity for power cables has increased to 58500 KMs per annum which includes all types of electric cables viz, LT/HT Power Cables, Control Cables, Instrumentation Cables, Thermocouple Cables, Railway Signalling Cables etc.

The company has been able to achieve expansion in all its major market segments showing growth of more than 40% in turnover including other income. The profitability of the company is also above the industry average in spite of competitive pricing in its products and high volatility in the raw material prices during the year under review. During the year there was a revival in the demand for Jelly Filled Telephone Cables, which was easily met by utilizing the swing capability of the company.

The company's export business has increased from Rs. 82.68 Mn to Rs. 431.71 Mn during the year showing excellent growth. Company can now target further growth in export business catering to a wide export market through its wholly owned subsidiary AEI Cables Limited, United Kingdom. AEI Cable arguably one of the oldest Cable manufacturer in the world, has an excellent world-wide track record. Your company has kept a target of 100% growth in export business in the next financial year.

Your company has already acquired 25 acres of land opposite to the existing plant of the company located in the Khushkhera Industrial Area, Rajasthan. This industrial land has been acquired for setting up of 3rd phase of expansion project for additional capacities of 35000 KMs per annum of LT Power cables and 2500 KMs per annum of HT Power cables. The said project is expected to be operational by the mid of the next financial year.

3. ACQUISITION OF AEI CABLES LIMITED, UNITED KINGDOM

One of the important milestones in the history of the company during the year under review is the acquisition of world renowned AEI Cables Limited (AEI), United Kingdom, which counts amongst the world's oldest cable manufacturers with a lineage dating back to circa 1837. AEI is having its manufacturing facility at Birtley, Near New Castle-upon-Tyne in the North East of England. The company acquired the business of AEI under SPV route through its wholly owned subsidiary, Paramount Holdings Ltd., Cyprus.

AEI supplies cables to the defence, rail, power, construction and mining sectors. These specialized cables are manufactured with the proprietary know how of AEI, developed over the last 170 years of pioneering cable manufacturing experience. AEI has world class research and development facilities which positions AEI to meet the ever changing demands of customers for these specialized cables.

The acquisition of AEI by Paramount has:

- Inducted Paramount amongst the largest listed Indian companies in the cable industry.
- Significantly strengthened its product range for infrastructure segments such as Railways, Mining, Power and Defence in India and the UK.
- Enabled faster expansion in international markets such as Far East, Middle East and Africa, where the AEI brand is well established.
- Given access to cutting edge technical knowhow.

4. DIVIDEND

The Directors are pleased to recommend dividend of 20% (i.e. Rs. 0.40 per equity share) on equity capital for the financial year ended 31st March, 2008. If approved, dividend payout will be Rs. 33.80 Mn and dividend distribution tax will be Rs. 5.75 Mn.

5. FUTURE OUTLOOK

It is expected that the development in the infrastructure and industrial sector will continue to grow in India for next decade. The Indian Railways also have substantial plans to modernize, replace and augment its network and services.

In view of the anticipated investment in infrastructure, power, railways and industrial sectors, the demand for the company's products is expected to grow in the years to come. Moreover, after having access to the marketing network of AEI Cables Ltd and having wider range of products to offer, both AEI and Paramount are expected to perform better.

6. DIRECTORS

In terms of the relevant provisions of the Articles of Association of the company, Mr. S.P.S. Dangi and Mr. Satya Pal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of the directors proposed to be reappointed, the nature of their expertise in specific functional areas, names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se, as stipulated under clause 49 of the Listing Agreement with the stock Exchanges are provided in the report on corporate governance.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed;

ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;

iii) 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 accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

8. AUDITORS

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

M/s Aseem Jain & Associates, Cost Accountants, have been re-appointed as Cost Auditors for conducting Cost Audit subject to the approval of Central Government.

9. SUBSIDIARIES

Paramount Gulf FZE, UAE ceased to be subsidiary of the company w.e.f 31st December, 2007 upon its winding up with the Ajman Free Zone Authority, UAE.

Paramount Holdings Limited, Cyprus and AEI Cables Limited, United Kingdom became subsidiaries of the company during the year.

The 1st financial year of the Paramount Holdings Limited ended on 31st March, 2008 and the audited financials of this company are attached herewith. The 1st financial year of AEI Cables Ltd. will end on 31st August, 2008 and hence the audited financials of the same have not been attached.

The consolidated financial statements for the year ended 31st March, 2008 include audited financial results of Paramount Holdings Limited, Cyprus and unaudited financial results of AEI Cables Limited, United Kingdom for the period ended 31st March, 2008.

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

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

The information as regards conservation of energy, technology absorption and foreign exchange earnings and outgo required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made there under is annexed hereto and forms an integral part of the report.

11. ISO CERTIFICATION

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

12. PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

13. INSURANCE

All the insurable interests of the company including inventories, buildings, plant & machinery and liabilities under legislative enactments are adequately insured.

14. FIXED DEPOSITS

There are no fixed deposits from public, outstanding as on 31st March, 2008.

15. LISTING OF SHARES

The equity shares of the company are listed at The Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The BSE & NSE have nation-wide trading terminals and therefore provide full liquidity to the investors. The Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) issued by the company in the international market are listed at Luxembourg Stock Exchange.

16. CORPORATE GOVERNANCE

Report on corporate governance as prescribed by the Listing Agreement is annexed and forms an integral part of Annual Report. The auditor's certificate on compliance of the provisions of corporate governance as mentioned in the Listing Agreement is also attached.

17. ACKNOWLEDGEMENT

Your directors place on the record their appreciation of the assistance and support extended by all our valued customers, government authorities, financial institutions, banks and shareholders of the company. Your directors also express their appreciation for the services rendered by the employees of the company.

For and on behalf of the Board

Date : 30th July, 2008
Place : New Delhi

(Sanjay Aggarwal)
Chairman & CEO