

Annual Report
2011-12



Paramount Communications Limited

यद्यदाचरति श्रेष्ठस्तत्तरेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥

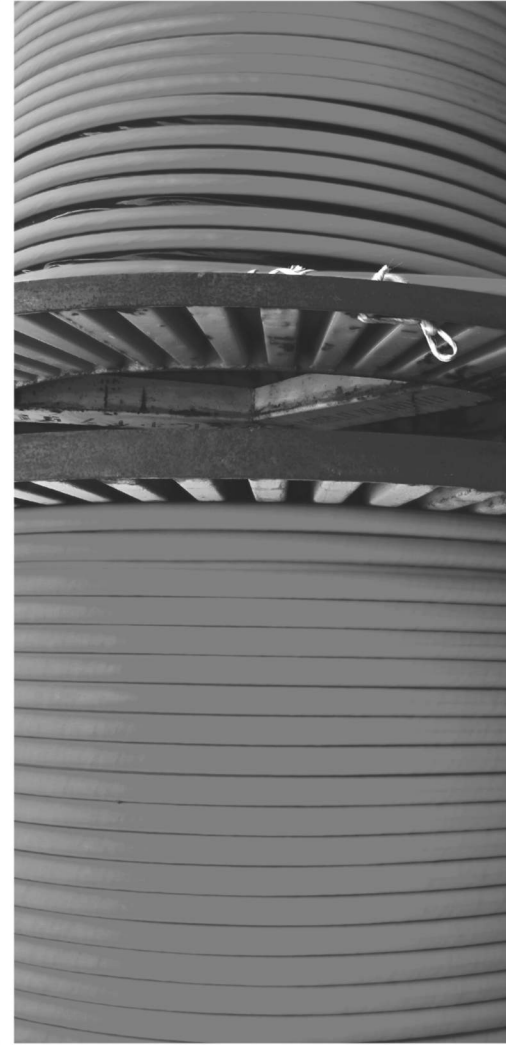


LATE SHRI SHYAM SUNDER AGGARWAL

Founder - Paramount Communications Limited
(6.10.1936 - 6.12.1999)

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

- Bhagwad Gita, 3.21



IMPORTANT COMMUNICATION TO MEMBERS

As part of your Company's endeavour to participate in the "Green Initiative in Corporate Governance" taken by Ministry of Corporate Affairs (MCA) vide its Circular No. 17/2011 dated 21.04.2011, allowing paperless compliances by service of documents like notices, Company's Annual Reports etc. through electronic mode (e-mail), the members are once again requested to register/update their email addresses if holding shares in Electronic form with your Depository Participant (DP) or you can email us at investors@paramountcables.com, if holding in physical form or you can write to us directly.

In the good cause of protection of environment and in the interest of public at large, we are sure that you would welcome and support this "Green Initiative".

Save Paper, Save Trees, Go Green!

Corporate Information

BOARD OF DIRECTORS

Mr. Sanjay Aggarwal, Chairman and CEO
Mr. Sandeep Aggarwal, Managing Director
Mr. Satya Pal, Director
Mr. S.P.S. Dangi, Director
Mr. Vijay Bhushan, Director

REGISTERED OFFICE

C-125, Naraina Industrial Area, Phase-1,
Naraina, New Delhi-110028, India
Phone(s): +91-11-45618800, 900, +91-11-25897421-30
Fax: +91-11-25893719, 20
E-Mail: pcl@paramountcables.com
Website: www.paramountcables.com

WORKS

Unit 1: SP-30A, SP-30B, E-31, SP-76 (Part),
SP-77 and SP-77A,
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

COST AUDITORS

Aseem Jain & Associates,
Cost Accountants,
New Delhi, India

BANKERS

State Bank of India | State Bank of Patiala | Dena Bank
Standard Chartered Bank | ICICI Bank Limited
Yes Bank Limited | Barclays Bank PLC | IDBI Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited
A-40, IInd Floor, Naraina Industrial Area, Phase-II, New Delhi - 110028, India
Phone No: +91-11-41410592, 93, 94 (3Lines) Fax No: +91-11-41410591

CHIEF COMPLIANCE OFFICER

Mr. Ratan Aggarwal

KEY MANAGEMENT PERSONNEL

- | | |
|----------------------------|--|
| 1. Mr. Manmeet Singh Anand | - Head-Business Development |
| 2. Mr. Ratan Aggarwal | - CFO & Company Secretary |
| 3. Mr. D. S. Muchhal | - President-Operations (Dharuhera unit) |
| 4. Mr. G. D. Singh | - President-Operations (Khushkhara unit) |
| 5. Mr. Ravi Prakash Gupta | - Vice president-Marketing (Flex Division) |
| 6. Mr. R. K. Marwah | - Vice president-Technical |
| 7. Mr. Dhruv Aggarwal | - Vice President (Business Development) |
| 8. Mr. Tushar Aggarwal | - Vice President (Business Development) |
| 9. Mr. S. K. Suri | - General Manager-Marketing |
| 10. Mr. N. K. Gupta | - General Manager-Accounts & Finance |
| 11. Mr. Rajeev Gupta | - General Manager-Marketing |
| 12. Mr. R. S. Vohra | - General Manager-Q. A. (Khushkhara unit) |

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NOTICE

Notice is hereby given that the **18th Annual General Meeting** of the Members of Paramount Communications Limited will be held at **SHAH AUDITORIUM, SHREE DELHI GUJARATI SAMAJ MARG, NEAR INTERSTATE BUS TERMINAL, DELHI-110054 on Friday, the 21st Day of September, 2012 at 10:00 A.M.** to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2012 and the Balance Sheet as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. P. S. Dangi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satya Pal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Jagdish Chand & Co., Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting on such remuneration as the Board may decide, based on the recommendations of the Audit Committee.

SPECIAL BUSINESSES:

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

"RESOLVED THAT subject to approval of Central Government under Section 269 read with schedule XIII and other applicable provisions of Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to such other approvals as may be necessary, the consent of members be and is hereby accorded to the appointment of Mr. Sanjay Aggarwal as Chairman & CEO of the Company for a period of five years with effect from 1st November, 2012, on such remuneration and terms & conditions, as set out in the Explanatory statement annexed to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and are hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration without increasing the remuneration mentioned therein, in such form and manner as may be directed by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make application to the Central Government seeking their approval to the above appointment and to execute, file & submit all the required applications, forms, returns, documents, agreements, deeds or supportive papers or any other document with the respective authorities as may be required in this regard and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to above resolution."

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

"RESOLVED THAT subject to approval of Central Government under Section 269 read with schedule XIII and other applicable provisions of Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to such other approvals as may be necessary, the consent of members be and is hereby accorded to the appointment of Mr. Sandeep Aggarwal as Managing Director of the Company for a period of five years with effect from 1st November, 2012, on such remuneration and terms & conditions, as set out in the Explanatory statement annexed to the notice convening this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and are hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration without increasing the remuneration mentioned therein, in such form and manner as may be directed by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make application to the Central Government seeking their approval to the above appointment and to execute, file & submit all the required applications, forms, returns, documents, agreements, deeds or supportive papers or any other document with the respective authorities as may be required in this regard and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to above resolution."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as a *Special Resolution*:

"RESOLVED THAT pursuant to Section 94 and other applicable provisions of Companies Act, 1956, the authorised share capital of the Company be and is hereby increased by ₹15,00,00,000 (Fifteen Crores) i.e. from existing ₹35,00,00,000 (Rupees Thirty five Crores) divided into 17,50,00,000 equity shares of ₹2/- each to ₹50,00,00,000 (Rupees Fifty Crores) divided into 25,00,00,000 Equity Shares of ₹2/- each by creation of additional 7,50,00,000 Equity Shares of ₹2/- each ranking pari passu with the existing Equity Shares and consequently the Memorandum of Association of the Company be and is hereby altered by substituting the following clause for the existing clause VI thereof:-

"The Authorised Share Capital of the Company is ₹50,00,00,000 (Rupees Fifty Crores) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of ₹2/- (Rupees Two) each with such rights and privileges and conditions attached thereto or as may be determined by the Board of Directors at the time of issue. The Company shall always have the power to divide the Authorised Share Capital from time to time into different classes and to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in such manner as may be decided by the Board of Directors of the Company."

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts, things and deeds as may be necessary in this regard and to file/ submit all the required forms/ returns/documents with the respective authorities to give effect to above resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as a *Special Resolution*:

"RESOLVED THAT pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the applicable provisions of the Companies Act, 1956 and such other laws, rules, regulations, guidelines or notifications as may be applicable, if any, and subject to approval of audited annual accounts for the financial year 2011-12 by the members of the Company in this Annual General Meeting, the report of the board of directors explaining the reasons of erosion of more than 50% of the peak net worth of the Company as per the audited financial results of the Company for the year ended 31st March, 2012 be and is hereby considered and approved.

RESOLVED FURTHER THAT the board be and is hereby authorised to inform and report as potentially sick industrial Company to the Board for Industrial and Financial Reconstruction (BIFR) and such other state and central government authorities as may be required under the laws, rules, regulations, guidelines and directives for the time being in force in India in the prescribed form and to intimate such other authorities, entities, financial institutions, stock exchanges, body corporates, associations and persons as may be necessary in terms of the agreements, security documents, undertakings, declarations and memorandum of understanding entered into by the Company.

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts, things and deeds as may be necessary in this regard and to file/ submit all the required forms/ returns/documents with the respective authorities to give effect to above resolution."

By Order of the Board

Place : New Delhi
Dated : 9th August, 2012

(Ratan Aggarwal)
CFO & 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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM 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 Share Transfer Book of the company shall remain closed from Tuesday, the 18th September, 2012 to Friday, the 21st September, 2012 (both days inclusive).
- 3 Members/proxies should bring the attendance slip duly filled in for attending the meeting.
- 4 Members who hold shares in dematerialized 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 related to share transfer should be addressed to the Company's Registrars and Share Transfer Agents, M/s Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-110 028 (India).
- 6 The members of the company who holds shares in physical form are intimated that SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfer of shares held in physical form.
- 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, 2002 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 dividend upto the said financial year. 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 any dividend warrant is pending to be paid so that fresh warrants 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. Further Mr. Sanjay Aggarwal and Mr. Sandeep Aggarwal have also been proposed to be re-appointed as stated in the resolution no.5 & 6 respectively. 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.
- 10 Explanatory statement as required under section 173(2) of the Companies Act 1956 is annexed hereto and forms part of the notice.
- 11 Report of the Board of Directors on erosion net worth of the Company and causes thereof is annexed with the Explanatory Statement and is forming part of this notice.

Annexure A

Information of Directors seeking re-appointment under Item No. 2, 3, 5 & 6 of the Notice convening Annual General Meeting of the Company in terms of Clause 49 of the Listing Agreement.

1. **Name** : Mr. S.P.S.Dangi
Date of Appointment : 08.11.1994
Educational Qualifications : B.Com, M.A, FCMA
Expertise in specific functional area :

Mr. Dangi is a fellow member of the Institute of Cost Accountants of India (Formerly Institute of Cost and Works Accountants of India) and holds an expertise in accounts and finance matters and is a well known Management Consultant. He holds vast experience in cable & telecom industry. He had held various positions in New Asiatic Insurance Co. Ltd., Kanoria Group of Industries, Universal Cables Ltd., Vindhya Telelinks Ltd. (VTL). As a Managing Director of VTL, Mr. Dangi was instrumental in setting up the first JFTC plant in joint sector.

List of Outside Directorships : Nil

List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. S.P.S. Dangi is a Director.

| Name of the Company | Name of the Committee | Chairmanship/ Membership |
|-------------------------------|------------------------|--------------------------|
| Paramount Communications Ltd. | Audit Committee | Chairman |
| | Remuneration Committee | Member |

2. **Name** : Mr. Satya Pal
Date of Appointment : 08.11.1994
Educational Qualification : B.Sc (Hons), DIISc (ECE), DIISc (ET), F.I.E.T.E.
Expertise in specific functional area :

Mr. Satya Pal has held highly distinguished positions during his long career with the Indian Telecommunications Service. He was Chairman of Mahanagar Telephone Nigam Limited [MTNL], Member (Services) Telecom Commission, Director-General Telecommunications and Senior Training Expert, International Telecommunication Union, Geneva. He retired in 1989 while holding the post of Secretary-Telecommunications, Ministry of Communications, Government of India.

List of Outside Directorships

1. Polaris Financial Technology Limited

List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. Satya Pal is a Director.

| Name of the Company | Name of the Committee | Chairmanship/ Membership |
|--------------------------------------|---|--------------------------|
| Paramount Communications Ltd. | Remuneration Committee | Chairman |
| | Audit Committee | Member |
| Polaris Financial Technology Limited | Shareholders/Investor's Grievance Committee | Chairman |
| | Remuneration & Compensation Committee | Member |

3. **Name** : Mr. Sanjay Aggarwal
Date of Appointment : 01.11.1994
Educational Qualification : B.Com (H) from Shri Ram College of Commerce, University of Delhi.
Expertise in specific functional area :

Mr. Sanjay Aggarwal is a creative thinker and future oriented industrialist having vast experience of more than 28 years in Cable Industry. He has actively involved himself in all major activities of the Company including Marketing, Production, Exports, Finance and commercial, he understands the problems and generates new ideas for effective management and new innovations. He has always promoted talent among employees and takes keen interest in building their managerial skill for effective performance. He had foreseen the future trends in the cable industry and implemented the projects for diversification of product mix of the Company at the right time to reap the benefits of upcoming infrastructure development in India and abroad.

It is Mr. Aggarwal's initiative that the Company decided to go global. The first result on this direction was achieved in the form of the landmark acquisition of a renowned UK Cable Company, AEI Cables Limited, which established Paramount as the First Indian multinational in the Cables Industry.

He has been associated with various apex industrial associations and industry forums in India in different capacities. Presently he is serving industry as:

- ♦ Member, CII National Committee on Exports
- ♦ Member, Building Funds Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Managing Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Power transmission & distribution Committee, PHD Chamber of Commerce and Industry
- ♦ Chairman, Rajasthan Affairs Committee, PHD Chamber of Commerce and Industry
- ♦ Member, Committee on Trade with Western & Northern Africa of Engineering Export Promotion Council (EEPC)

List of Outside Directorships

- | | |
|--|------------------------------------|
| 1. Paramount Wires and Cables Ltd. | 2. AEI Cables Ltd, United Kingdom |
| 3. AEI Power Cables Ltd., United Kingdom | 4. Paramount Holdings Ltd., Cyprus |

List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. Sanjay Aggarwal is a Director.

| Name of the Company | Name of the Committee | Chairmanship/ Membership |
|-------------------------------|------------------------------|--------------------------|
| Paramount Communications Ltd. | Investor Grievance Committee | Member |
| | Share Transfer Committee | Chairman |
| Paramount Wires & Cables Ltd. | Audit Committee | Member |

4. **Name** : **Mr. Sandeep Aggarwal**
Date of Appointment : 01.11.1994
Educational Qualifications : B.A. Hons. (Economics) from Shri Ram College of Commerce, University of Delhi.

Expertise in specific functional area :

Mr. Sandeep Aggarwal's managerial style is one of constant mentoring, attention to detail and encouraging new thinking in the organization. He is a technocrat in the true sense and plays a major role in the successful management of the Company's operational, production and technical affairs. He has taken the company to new heights, being instrumental in formulating the company's expansion and investment strategies.

A true humanitarian, he is very actively associated with the promotion of social causes in and around Delhi and is currently Director, Rotary Foundation, Rotary Club of Delhi South Central. Since over a decade over the years, he has been strongly associated with Rotary Blood Bank and Blood Donation Camps, apart from his work with various educational and vocational centers.

List of Outside Directorships

- | | |
|---|-------------------------------------|
| 1. Paramount Wires and Cables Ltd. | 2. AEI Cables Ltd, United Kingdom. |
| 3. AEI Power Cables Ltd., United Kingdom. | 4. Paramount Holdings Ltd., Cyprus. |

List of Memberships/Chairmanships held in the committee(s) of Board of Directors of all Companies in which Mr. Sandeep Aggarwal is a Director.

| Name of the Company | Name of the Committee | Chairmanship/ Membership |
|-------------------------------|------------------------------|--------------------------|
| Paramount Communications Ltd. | Investor Grievance Committee | Member |
| | Share Transfer Committee | Chairman |

ANNEXURE TO THE NOTICE

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

Item No.5.

Mr. Sanjay Aggarwal was appointed as Chairman & CEO of the Company for a term of three years which shall expire on 31.10.2012. 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 board of Directors hereby recommends reappointment of Sh. Sanjay Aggarwal as Chairman & CEO of the Company, subject to approval of Central Government, on the recommendation of the Remuneration Committee for a period of five year.

The reappointment and remuneration of Mr. Sanjay Aggarwal as the Chairman & CEO of Company requires the approval of the members of Company in terms of Section 269 of the Companies Act, 1956 and is also subject to approval of Central Government.

The remuneration and terms and conditions of the appointment of Mr. Sanjay Aggarwal, Chairman & CEO of the Company as recommended by the Remuneration Committee of Board of Directors are as follows:

- a) **Salary** : ₹325,000/- per month
- b) **Perquisites** : ₹ 75,000/- per month

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) ₹ 50,000/- per month
 - (b) If the Company does not provide him owned accommodation he will be paid house rent allowance at the rate of ₹50,000/- per month.

The expenditure incurred by the Company on gas, electricity, water and furnishings evaluated as per the Income Tax Rules, 1962.
- (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 ₹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.

The re-appointment of Mr. Sanjay Aggarwal is being proposed on the same minimum alternate remuneration and other terms and conditions on which he was appointed in the year 2009 these limits are also in consonance with the limits specified in the Schedule XIII {for payment of remuneration to managerial personnel in the event of loss or inadequacy of profits of Company} of the Companies Act, 1956 as amended from time to time. 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.