

# **Annual Report 2012-13**



**Paramount Communications Limited**

यद्यदाचरति श्रेष्ठस्तत्तरेदेवेतरो 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](mailto: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 & 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, +91-11-25897421-25  
Fax: +91-11-25893719/20  
E-Mail: [pcl@paramountcables.com](mailto:pcl@paramountcables.com)  
Website: [www.paramountcables.com](http://www.paramountcables.com)

### WORKS

Unit 1: SP-30A, SP-30B, E-31,  
Khushkhera Industrial Area,  
Distt. Alwar, Rajasthan, India  
  
Unit 2 : Plot No. 37, Industrial Estate,  
Dharuhera, District Rewari, Haryana, India

### AUDITORS

Jagdish Chand & Co.  
Chartered Accountants,  
New Delhi, India

### COST AUDITORS

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

### BANKERS

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

### REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited  
A-40, IInd Floor, Naraina Industrial Area, Phase-I, New Delhi - 110028, India  
Phone No: +91-11-41410592, 93, 94 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 (Khushkhera 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                |

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### NOTICE

Notice is hereby given that the **19<sup>th</sup> 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 20<sup>th</sup> Day of September, 2013 at 12:00 P.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 31<sup>st</sup> March, 2013 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. Sanjay Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
- 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 M/s Jagdish Chand & Co., Chartered Accountants (Firm Registration No. 000129N) 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 Audit Committee.

**By Order of the Board  
Paramount Communications Limited**

Place : New Delhi  
Dated : 14.08.2013

(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 Monday, the 16<sup>th</sup> September, 2013 to Friday, the 20<sup>th</sup> September, 2013 (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 of attendee 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., 44, IInd Floor, Community Centre, Naraina Industrial Area, Phase-I, New Delhi-110028.
- 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 31<sup>st</sup> 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. The unclaimed dividend declared in the year 2005-06 is due to be transferred in the Investor Education and Protection Fund in current 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. Sanjay Aggarwal and Mr. Vijay Bhushan, retire by rotation and being eligible, offer themselves for reappointment. The information/details pertaining to these directors in terms of Clause 49 of the listing agreement with the Stock Exchanges are annexed herewith.

## Annexure A

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

1. Name : Mr. Sanjay Aggarwal  
 Date of Appointment : 01.11.1994  
 Educational Qualifications : B.Com (H) from 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 Production, Marketing, Exports, Finance and Commercial. He has always promoted talent among employees and takes keen interest in building their managerial skills for effective performance.

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, Managing Committee, PHD Chamber of Commerce and Industry
- ◆ Member, 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. PHD Chamber of Commerce and Industry
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/<br>Membership |
|-------------------------------|------------------------------|-----------------------------|
| Paramount Communications Ltd. | Investor Grievance Committee | Member                      |
|                               | Share Transfer Committee     | Chairman                    |

2. Name : Mr. Vijay Bhushan  
 Date of Appointment : 20.07.2000  
 Educational Qualifications : M.B.A. from University of Delhi  
 Expertise in specific functional area :

Mr. Vijay Bhushan has been associated with capital markets for the last 30 years. Mr. Bhushan served as the Chairman of Federation of Indian Stock Exchanges representing 20 stock exchanges of the country during 2002 till 2004. He was also nominated as member of SEBI's Secondary Market Advisor Committee in 2002 and SEBI's Apex Committee for Securities Market Awareness Campaign in 2002 and also nominated as member of SEBI's Committee on Participation of Securities Brokers in Commodity Forward Markets.

He was elected as a Director on the Board of Delhi Stock Exchange Association Ltd. (DSE) during 1996-98 and served as President of DSE for the year 2001-02. He also served as a member of the Committee on settlement of Issues and Dispute Resolution Committee of National Stock Exchange of India Ltd. from 1998-2001. He is actively involved in the stock market activities since 1981. He is also serving as Director at Association of National Exchanges Members of India.

**List of Outside Directorships**

1. Bharat Bhushan Equity Traders Ltd.
2. Bharat Bhushan Finance & Commodity Brokers Ltd.
3. Bharat Bhushan Insurance Brokers Pvt. Ltd.
4. Bharat Nidhi Ltd.
5. Bharat Bhushan Technologies Pvt. Ltd.
6. KEI Industries Ltd.
7. Association of National Exchanges Members of India

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

| Name of the Company                             | Name of the Committee                 | Chairmanship/<br>Membership |
|---|---------------------------------------|-----------------------------|
| Paramount Communications Ltd.                   | Audit Committee                       | Member                      |
|   | Remuneration Committee                | Member                      |
|   | Investor Grievance Committee          | Chairman                    |
| KEI Industries Ltd.                             | Shareholders Grievance Committee      | Chairman                    |
|   | Remuneration & Compensation Committee | Member                      |
|   | Share Allotment Committee             | Member                      |
| Bharat Bhushan Finance & Commodity Brokers Ltd. | Audit Committee                       | Member                      |
| Bharat Nidhi Ltd.                               | Audit Committee                       | Chairman                    |

## DIRECTORS' REPORT

Your directors hereby present the 19<sup>th</sup> annual report along with audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March, 2013 is summarised below:

(` in Lacs)

|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
|---|--------------------------|--------------------------|
| Gross Turnover including Other Income               | 51,755.11                | 50,939.23                |
| Profit/(Loss) before Interest, Depreciation and Tax | 502.62                   | (1,004.67)               |
| Interest  | 3,998.96                 | 3,582.54                 |
| Depreciation & Amortisation of FCMITDA              | 1,163.28                 | 1,243.40                 |
| Profit/(Loss) before Tax                            | (4,659.62)               | (5,830.61)               |
| Exceptional Items                                   | 4,200.85                 | —                        |
| Provision for Taxation                              | —                        | —                        |
| Profit/(Loss) after Tax and Exceptional Items       | (458.77)                 | (5,830.61)               |
| Taxation for earlier years                          | (5.54)                   | (4.85)                   |
| Net Profit/(Loss) for the year                      | (464.31)                 | (5,835.46)               |

During the year the Company has incurred a net Loss of ` 464.31 Lac as against net loss of ` 5,835.46 Lac during previous year 2011-12, the gross turnover of the Company including other income stood at ` 51,755.11 Lac as against ` 50,939.23 Lac in fiscal 2011-12. Exceptional items includes ` 2,082.01 Lac on account of write back of secured loans from some banks upon One Time Settlement (OTS) and ` 2,118.84 Lac on account of profit on sale of 25 Acres Industrial Property in Khushkhara Industrial Area, District Alwar, Rajasthan in terms of the approved CDR Rework Package.

The Company is facing challenging business environment. The performance during FY13 is however broadly in line with the projections made under approved CDR Rework package. Price realisation and margin on bulk business are still under stress due to tough competition.

### 2. DIVIDEND

In view of losses incurred by the Company during the current financial year, your directors do not recommend declaration of any dividend for the year 2012-13.

### 3. CORPORATE DEBT RESTRUCTURING

The Corporate Debt Restructuring Rework Package as approved for the Company in July, 2012 by Corporate Debt Restructuring - Empowered Group has been implemented. During the year in Compliance with terms of Corporate Debt Restructuring, the Company sold its 25 Acres industrial property situated at Rajasthan to repay term loans of ` 55 Crores. Fresh funds were infused by way of share capital by the promoters group in the Company in tune of ` 15,05,74,950/- up to 31<sup>st</sup> March, 2013.

### 4. SHARE CAPITAL

During the year, the authorised share capital of the Company was increased twice on 21.09.2012 and 28.03.2013 from ` 35 Crore to ` 50 Crore and ` 50 Crore to ` 60 Crore respectively. 10,00,000 Redeemable preference shares of ` 100/- each were also added in capital of the Company.

The Company allotted 3,22,06,500 equity shares of ` 2/- each at a price of ` 2.30/- each inclusive of premium of ` 0.30/- each aggregating to ` 7,40,74,950/- to the specified promoter group Companies on preferential basis in terms of approved CDR Rework Package of the Company resulting in post issue equity holding of promoters aggregating to 51.52% of total equity paid up Capital.



The Company also allotted 7,65,000 0% non-convertible redeemable preference shares of ₹ 100/- each at par aggregating to ₹ 7,65,00,000/- to the specified promoter group Companies to induce fresh funds in the Company.

As at 31<sup>st</sup> March, 2013, the issued, subscribed and paid up capital of the Company stands at ₹ 32,69,66,930/- divided into 12,52,33,465 equity shares of ₹ 2/- each and 7,65,000 0% non-convertible redeemable preference shares of ₹ 100/- each.

**5. 0% NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (NCRPS)**

During the year, the Company has issued 7,65,000 0% non-convertible redeemable preference shares of ₹ 100/- each on 30.03.2013. These shares have been issued for a term of ten (10) years and redemption date is 30<sup>th</sup> March, 2023. The terms of issue provide for payment of redemption premium @50% of par value and redemption value is ₹ 150/- each upon completion of term with an option of earlier redemption available to board after obtaining consent of allottees exercisable only after completion of 6 months from date of issue. In case of an earlier redemption, the premium shall be adjusted proportionately.

A provision for redemption premium has been duly made in the books of accounts as on 31<sup>st</sup> March, 2013.

**6. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)**

The Company raised US\$ 27 million by way of allotment of 1% Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2011 in the financial year 2006-07. During the financial year 2009-10, the Company bought back 3,900 bonds of US\$ 5,000 each at a discount. Outstanding FCCBs amounting to USD 7.5 million were due for redemption on 23<sup>rd</sup> November, 2011 at a premium equal to 145.54% of the outstanding principal amount i.e. @ US\$ 7,277. Pending redemption, a winding up petition has been filed against the Company by the trustees on behalf of FCCB holders, whereas an interim order dated 13.02.2013 has been passed by the Hon'ble High Court of Delhi restricting the Company from alienation, disposal or creation of third party interest or charge on any of its immovable assets. The Company is contesting the case. The matter is presently subjudice.

The Bonds are listed at Luxembourg Stock Exchange.

**7. GLOBAL DEPOSITORY RECEIPTS (GDRs)**

The Global Depository Receipts issued by the Company during the financial year 2006-07 are listed at Luxembourg Stock Exchange. There are GDRs outstanding which represents 3,01,750 equity shares of ₹ 2/- each as at 31.03.2013.

**8. FUTURE OUTLOOK**

Your Company is facing a difficult business environment. Market conditions are expected to improve gradually in future. Your Company is one of the major players in the Indian cable industry and caters to the cabling requirements of three major sectors namely Power, Railways and Telecom. Your Company expects growth in all these sectors.

**9. DIRECTORS**

In terms of the relevant provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. Sanjay Aggarwal and Mr. Vijay Bhushan, Directors of the Company 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 forming part of the Notice of Annual General Meeting.

**10. 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. They have given a certificate to the effect that their appointment, if made, will be within the limits specified in Section 224 (1B) of the Companies Act, 1956.

## 11. AUDITORS REPORT-CLARIFICATIONS AND EXPLANATIONS

- (1) With respect to Auditors Report point no. 6 Basis of qualified report, your Directors' hereby clarify that no provision has been made for redemption premium of outstanding 1% US \$ 7.5 Million FCCBs as explained in point no. 6 of this report, the matter is presently subjudice. The Company wishes to settle the matter with Bondholders amicably. Pending settlement/outcome of the case no provision has been provided for redemption premium. The premium, if paid, would be adjusted against the securities premium account, hence will not have any effect on loss of the year.
- (2) The auditors have placed emphasis of matter under point no. 8, point wise clarification to the same is as under:

### Auditors Report point no. 8 (a) preparation of financial statements on going concern basis.

The financial statements have been prepared on going concern basis despite the significant erosion of net worth, non-redemption of FCCBs and winding up petition filed against the Company as your Directors' are confident that the Company will be able to generate profits in future years. In the fiscal 2012-13 the Company has been able to achieve EBITA plus as a confirmation of sign of improvement. The accompanying financial statements thus have been prepared on a going concern basis based on cumulative impact of following mitigating factors:

- a) The Company has not defaulted in payment of statutory dues or its trade creditors etc.
- b) As per the Rework Package including any extension thereof, there is no default in payment of Principal and/or interest to banks as on date.
- c) Fresh funds are being infused in the Company by the promoters and/or promoter group Companies, during the year a sum of ₹ 15,05,74,950/- has been infused in the Company by promoters group which has created adequate Capital base for the Company.
- d) The Company is contesting the winding up petition filed against it.

### Auditors Report point no. 8 (b) non-provisioning for diminution of value of investments.

In opinion of the management, diminution in the value of investment in shares of Paramount Wires & Cables Limited (Associate) and Paramount Holdings Limited (Subsidiary) is temporary in nature considering in case of AEI Cables Limited, United Kingdom CVA scheme has been implemented, business restructuring undertaken, expected cash flows from operations, successful additional finance arranged from the bankers, orders in hand and assets base and improvement in operations. In case of Associate considering future prospects, orders in hand and assets base of the investee Company and improvement in operations, no provision for diminution in value is required.

### Auditors Report point no. 8 (c) payment of managerial remuneration.

The payment made to managerial personnel is subject to approval of Central Government an application to this effect has already been filed with the Ministry and the Company expects to receive approval of authority as it is basis. However, should there be any changes in terms of appointment pursuant to directions of Central Government, adjustment to that effect shall be carried out accordingly.

## 12. COST AUDITORS

M/s. Jain Sharma & Associates, Cost Accountants in nature of partnership firm, under supervision of Mr. Aseem Jain a Fellow member of Institute of Cost Accountants of India bearing membership no. 18592 are appointed as Cost Auditors of the Company for the current financial year by the board upon recommendation of Audit Committee and necessary Government Approval. The partner holds relevant experience of over 14 years and has been associated with the Company as its Cost Auditors. Previously, M/s Aseem Jain & Associates, Cost Accountants, a proprietorship firm, were appointed as Cost Auditors of the Company.

The Cost Audit involves audit of the cost records relating to 'Electric Cables and Conductors' maintained by the Company at its units situated at Khushkhera and Dharuhera.

During the year, the Cost Audit Report for both the units was filed with the Ministry of Corporate Affairs, Government of India in XBRL on 20.12.2012, whereas the due date of filing was 31.12.2012 which was further extended.