

Annual Report 2016-17



Paramount Communications Limited

यद्यदाचरति श्रेष्ठस्तत्तरेदेवेतरो जनः।
सं 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 & CEO
Mr. Sandeep Aggarwal, Managing Director
Mr. Satya Pal, Director
Mr. S.P.S. Dangi, Director
Mr. Vijay Bhushan, Director
Mrs. Malini Gupta, Director

CHIEF FINANCIAL OFFICER

Mr. Shambhu Kumar Agarwal

CHIEF COMPLIANCE OFFICER & COMPANY SECRETARY

Ms. Tannu Sharma

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited
44, IInd Floor, Community Centre,
Naraina Industrial Area, Phase-1,
New Delhi-110028, India
Phone No: +91-11-41410592, 93,94
Fax No: +91-1141410591

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NOTICE

Notice is hereby given that the **23rd Annual General Meeting** of the Members of **PARAMOUNT COMMUNICATIONS LIMITED** will be held at **Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003 on Thursday, the 17th day of August, 2017 at 11.00 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, 2017 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 (**DIN: 00001788**), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s P. Bholusaria & Co., Chartered Accountants (**Firm Registration No. 000468N**) as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the 28th Annual General Meeting of the Company, to be held in the year 2022, subject to ratification of their appointment at every Annual General Meeting, on such remuneration as may be decided by the Board, based on the recommendations of Audit Committee.

SPECIAL BUSINESSES:

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

“RESOLVED THAT in accordance with the provisions of Section 42, 52, 55, 62 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force) (the **“Act”**), and the rules and regulations made thereunder (including any amendment thereto or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2009 (the **“SEBI ICDR Regulations”**) and any other law for the time being in force, and the provisions in the Memorandum and Articles of the Association of the Company, and subject to the approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (**“SEBI”**), Stock Exchanges and any other concerned authorities, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **“Board”** which term shall be deemed to include any committee of directors duly constituted or to be constituted thereof to exercise its powers conferred by this resolution), the approval of the members of the Company be and is hereby accorded to the Board:

- (i) to redeem 765,000 (Seven Lakh Sixty Five Thousand) - 0.00% Non-convertible Redeemable Preference Shares of face value ₹ 100/- (Rupees One Hundred) each (**“NCRPS”**) at a price of ₹ 121.25 per NCRPS (including a premium of ₹ 21.25 per NCRPS) out of the fresh issue of equity shares by the Company;
- (ii) utilisation of securities premium account of the Company to the extent of ₹ 16,256,250 (Rupees One Crore Sixty Two Lakhs Fifty Six Thousand Two Hundred Fifty only) for payment of premium on redemption of NCRPS by the Company;
- (iii) to create, offer, issue and allot, in one or more tranches, at such time or times as the Board may in its absolute discretion thinks fit, 17,669,000 (one crore seventy six lakhs sixty nine thousand) equity shares of the Company of face value ₹ 2/- (Rupees Two) each (**“Equity Shares”**) at a price of ₹ 5.25/- (including premium of ₹ 3.25/-) per equity share, ranking pari passu in all respects with the existing fully paid up equity shares of the Company by way of preferential allotment to the holders of NCRPS (hereinafter referred to as the **“Proposed Allottees”**) as under:

Sr. No.	Name of NCRPS holder	No. of Equity shares to be allotted
1.	Paramount Telecables Limited	3,465,000
2.	Mrs. Shashi Aggarwal	6,178,000
3.	Mrs. Archana Aggarwal	6,178,000
4.	Mr. Mahesh Chand Goyal	1,848,000
	Total	17,669,000

Resolved further that in accordance with the provisions of the SEBI ICDR Regulations, the “**Relevant Date**” for the purpose of calculating the price of Equity Shares to be issued in terms hereof shall be July 18, 2017, being the date 30 days prior to the date of this Annual General Meeting scheduled to be held on August 17, 2017.

Resolved further that the amount payable by the Company on redemption of NCRPS will be adjusted against the application money payable by the Proposed Allottees for subscription of the equity shares proposed to be allotted to them and the balance, if any, receivable by the Proposed Allottees, shall be received in cash.

Resolved further that the Equity Shares, issued to the Proposed Allottees, be listed on BSE Limited and National Stock Exchange of India Limited, and that the Board be and is hereby authorised to make the necessary application and to take all other steps as may be necessary for the listing of the said Equity Shares and the admission of the Equity Shares with the depositories and for the credit of such Equity Shares to the Proposed Allottees.

Resolved further that the Common Seal of the Company, if required be affixed on any agreement, undertaking, deed or other documents as per the provisions of the Articles of Association of the Company.

Resolved further that subject to applicable law, the Board be and is hereby authorised to, do all such acts, deeds, matters and things as may be deemed necessary or desirable for the purpose of giving effect to the above resolutions, delegate all or any of the powers conferred by the aforesaid resolutions on it to any committee of directors or any director(s) or officer(s) of the Company and to revoke and substitute such delegation from time to time, as deemed fit by the Board, to give effect to the above resolutions and also to initiate all necessary actions for and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 181 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to contribute and / or donate, from time to time in any financial year, to any bonafide, charitable and other funds, any amount the aggregate of which, may exceed five percent of its average net profits for the three immediately preceding financial years, subject to a limit of ₹ 25 Lac (Rupees Twenty Five Lac only) in one financial year.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded for the payment of remuneration of ₹ 50,000/- (Rupees Fifty Thousand Only) plus Taxes thereon and reimbursement of out of pocket expenses, if any, to M/s. Jain Sharma & Associates (Firm Registration No. 000270), Cost Accountants, being the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company, for the financial year from April 1, 2017 till March 31, 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board
Paramount Communications Limited

(Tannu Sharma)
Company Secretary
M. No. ACS30622

Place : New Delhi
Dated : 18.07.2017

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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2 The Register of Members and Share Transfer Book of the Company shall remain closed from Friday, the 11th August, 2017 to Thursday, the 17th August, 2017 (both days inclusive) in connection with the Annual General Meeting.
- 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 The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote at the general meeting by electronic means and the Company may pass any resolution by electronic voting system in accordance with the provisions of this rule.
- 6 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.
- 7 The members of the Company who hold 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.
- 8 Shareholders are requested to bring their copy of the Annual Report to the meeting.
- 9 At the ensuing Annual General Meeting, Mr. Sanjay Aggarwal, retires by rotation and being eligible, offers himself for reappointment. The information/ details pertaining to Mr. Sanjay Aggarwal in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are annexed herewith.
- 10 The statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of business under Item Nos. 4 to 6 set out above is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No 4

In the past, the Company had been facing downward trend in its result of operations and profitability as a result of adverse financial situation. However, the Company has taken various steps to re-structure its borrowings and has reduced the interest liability substantially. Further, to improve the financial position of the Company, it is now proposed to redeem the existing Non-convertible Redeemable Preference Shares (the "**NCRPS**") by way of fresh issue of Equity Shares by the Company. This will help the Company to improve its net-worth on long terms basis as the obligation of re-payment on redemption of preference shares will no longer exist.

Accordingly, considering 18th July, 2017 as the "Relevant date", the Board, in its meeting held on July 14, 2017 decided the following:

- to early redeem 765,000 outstanding 0.00% Non-Convertible Redeemable Preference Shares of face value ₹ 100 per share ("**NCRPS**") at a price of ₹ 121.25 per NCRPS out of fresh issue of equity shares of the Company;
- to utilise the securities premium account of the Company to the extent of ₹ 16,256,250 (Rupees One Crore Sixty Two Lakhs Fifty Six Thousand Two Hundred Fifty only) for payment of premium on redemption of NCRPS by the Company;
- to issue upto 20,000,000 (two crore) equity shares of the Company of face value ₹ 2 (Indian Rupees Two) each ("**Equity Shares**") at a price of ₹ 5.25 (including premium of ₹ 3.25) per equity share, ranking pari passu in all respects with the existing fully paid up equity shares of the Company by way of preferential allotment to the holders of NCRPS.
- to adjust the amount payable by the Company on redemption of NCRPS against the application money payable by the Proposed Allottees for subscription of the equity shares to be allotted to them and the balance, if any receivable by the Proposed Allottees, shall be received in cash.

Based on the authority granted by the Board in its aforesaid meeting, Mr. Sanjay Aggarwal, Chairman & Chief Executive Officer of the Company has decided to issue and allot 17,669,000 (one crore seventy six lakhs sixty nine thousand)

equity shares of the Company by way of preferential allotment.

The Issue Price for each Equity Share shall be ₹ 5.25 (including premium of ₹ 3.25) per equity share, which is not lower than the minimum price calculated in accordance with the Regulation 76 of the SEBI ICDR Regulations.

The relevant details / disclosures of the proposed issue are given below:

1. The Equity Shares issued pursuant to the abovementioned resolution shall be subject to lock-in in accordance with Regulations 78 and 79 of the SEBI ICDR Regulations. However, subject to the aforesaid lock-in, the Equity Shares shall be transferable and transmittable in the same manner and to the same extent as permitted under applicable laws, and shall be subject to the same restrictions and limitations as any other equity shares of the Company.
2. The Equity Shares shall rank pari passu inter se and with the then existing equity shares of the Company in all respects, including in relation to rights to dividend.

The disclosures prescribed under Regulation 73 of the ICDR Regulations in respect of the Resolution proposed at Item No. 4, are as follows:

a) The objects of the preferential issue:

The object(s) of this preferential allotment is redemption of the NCRPS by way of fresh issue of Equity Shares by the Company.

Type of security offered and the number of security offered:

The Company has decided to issue 17,669,000 (one crore seventy six lakhs sixty nine thousand) equity shares of the Company of face value ₹ 2 (Indian Rupees Two) each ("**Equity Shares**") at a price of ₹ 5.25 (including premium of ₹ 3.25) per equity share, ranking pari passu in all respects with the existing fully paid up equity shares of the Company by way of preferential allotment to the existing holders of NCRPS (hereinafter referred to as the "**Proposed Allottees**").

b) Proposal of the promoters, directors or key management personnel of the Company to subscribe to the offer:

Of the said allotment of 17,669,000 Equity Shares, 3,465,000 Equity Shares are proposed to be subscribed by Paramount Telecables Limited, company forming part of the Promoter Group. Further, 6,178,000 Equity Shares are proposed to be allotted to Mrs. Shashi Aggarwal and Mrs. Archana Aggarwal each, who are "relatives" of the promoter directors of the Company. No other promoters, directors or key management personnel of the Company will subscribe to the offer.

c) Equity Shareholding Pattern before and after the Preferential Issue

Sr. No.	Particulars	Pre Issue holding as on June 30, 2017		Post Issue shareholding pattern	
		No. of Equity Shares	% age	No. of Equity Shares	% age
A	Promoter Shareholding				
	Paramount Telecables Limited	24,851,500	19.84	28,316,500	19.82
	Mrs. Shashi Aggarwal	2,309,800	1.84	8,487,800	5.94
	Mrs. Archana Aggarwal	417,855	0.33	6,595,855	4.62
	Remaining Promoter & Promoter Group	37,010,443	29.57	37,010,443	25.90
	Total Promoter Group holding (A)	64,589,598	51.58	80,410,598	56.27
B	Public Shareholding				
	Mr. Mahesh Chand Goyal	1,454,788	1.16	3,302,788	2.31
	FIs / Banks / Insurance Companies	900,000	0.72	900,000	0.63
	FIIIs / FPIs	100,000	0.08	100,000	0.07

Sr. No.	Particulars	Pre Issue holding as on June 30, 2017		Post Issue shareholding pattern	
		No. of Equity Shares	% age	No. of Equity Shares	% age
	NRIs / OBCs	637,170	0.50	637,170	0.45
	Resident Companies	13,833,867	11.03	13,833,867	9.68
	Resident Individuals	40,659,704	32.47	40,659,704	28.45
	Others	3,058,338	2.44	3,058,338	2.14
	Total Public holding (B)	60,643,867	48.42	62,491,867	43.73
	Grand Total (A) + (B)	125,233,465	100.00	142,902,465	100.00

d) Proposed time within which the allotment shall be completed

The Equity Shares shall be allotted within a period of 15 days or such extended time, as may be approved by the Regulatory Authorities, from the date of approval of the members to the preferential issue, provided that where the said allotment is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of receipt of such approval.

e) Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the proposed allottees; the percentage of post preferential issue that may be held by them and change in control, if any, in the Company, consequent to the preferential issue.

The details of the Proposed Allottees are as per the following table. No change in control is contemplated consequent to the proposed preferential issue of Equity Shares. There will not be any change in the management control of the Company on account of the proposed preferential allotment of Equity Shares except a corresponding change in the shareholding pattern as well as the voting rights. Save and accept the preferential issue as proposed in the resolution as set out in the accompanying Notice, the Company made no other issue or allotment of securities on preferential basis during the year.

Sr. No.	Proposed Allottee	Natural person who are / is the ultimate beneficial owners / who control the proposed allottee	No. of Equity shares to be allotted	Pre-Issue Shareholding		Post-Issue Shareholding	
				No. of Equity Shares	% age	No. of Equity Shares	% age
1.	Paramount Telecabes Limited	Body Corporate Mrs. Shashi Aggarwal and Mrs. Archana Aggarwal are the beneficial owners controlling 99.90% of the shareholding of Paramount Telecabes Limited	3,465,000	24,851,500	19.84	28,316,500	19.82
2.	Mrs. Shashi Aggarwal	Individual (forming part of the Promoter Group)	6,178,000	2,309,800	1.84	8,487,800	5.94
3.	Mrs. Archana Aggarwal	Individual (forming part of the Promoter Group)	6,178,000	417,855	0.33	6,595,855	4.62
4.	Mr. Mahesh Chand Goyal	Individual (Public Shareholder)	1,848,000	1,454,788	1.16	3,302,788	2.31

f) Undertaking by the Company

The Company undertakes that it shall re-compute the price of the Equity Shares in terms of the provisions of the SEBI ICDR Regulations where it is required to do so.

g) Lock-in

The Equity Shares allotted will be subject to applicable lock-in and transfer restrictions stipulated under Regulations 78 and 79 of the ICDR Regulations.

The entire pre-preferential allotment shareholding of the Proposed Allottees, if any, shall be locked-in from the relevant date up to a period of six months from the date of the trading approval. The Company undertakes that if the amount payable on account of the re-computation of price, if any, is not paid within the time stipulated in the ICDR Regulations, the Equity Shares shall continue to be locked-in till the time such amount is paid by the Proposed Allottees.

h) Auditors Certificate

A copy of the certificate of the Company's statutory auditor certifying that the issue is being made in accordance with the requirements of the SEBI ICDR Regulations shall be placed before the Shareholders at the Annual General Meeting of the Company and the same shall be open for inspection at the registered office of the Company between 11:00 a.m. and 1.00 p.m. on all working days till the date of the Annual General Meeting.

The provisions of Section 62 of the Companies Act, 2013 (as amended from time to time) and the SEBI ICDR Regulations provide, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such shares are required to be first offered to the existing members of the Company for subscription unless the members decide otherwise through a Special Resolution.

The Board of Directors of the Company recommends passing of the resolution as set out at Item No. 4 relating to issue of Equity Shares in the notice as Special Resolution.

Accordingly, the Special Resolution proposed at Item No. 4 will, if passed, enable the Company to issue and allot Equity Shares on a preferential basis to the Proposed Allottees in the manner and to the extent as stated in the resolution.

Mr. Sanjay Aggarwal, Chairman & CEO and Mr. Sandeep Aggarwal, Managing Director and their relatives, being part of promoter / promoter group, are concerned or interested in the above referred resolution to the extent of their shareholding in the Company and the proposed allotment.

None of the Directors or Key Managerial Personnel of the Company or their relatives other than specified above, are in any way concerned or interested, financially or otherwise, in the above referred resolution except to the extent of their individual shareholding in the Company.

Item No 5

As per the provisions of Section 181 of the Companies Act, 2013, the Board of Directors of the Company is authorized to make contributions for charitable purposes, provided that prior permission of the Members is obtained for such contribution, in case such contribution exceeds five percent of its average net profits during the three immediately preceding financial years. The approval of the members is being sought, pursuant to Section 181 of the Act, for authorizing the Board of Directors of the Company to make contribution to bona fide charitable and other funds, in a financial year, exceeding five percent of the Company's average net profits during the three immediately preceding financial year, subject to a limit of ₹ 25 Lac (Rupees Twenty Five Lac only) in any Financial year.

Therefore, the Board of Directors recommends the proposed resolution for your approval.

None of the Directors or Key Managerial Personnel and/or their relatives, are in any way, financially or otherwise, interested or concerned in the said resolution.

Item No 6

The Board of Directors at their meeting held on 29th May, 2017, based on the recommendations of the Audit Committee, had appointed M/s. Jain Sharma & Associates, a firm of Cost Accountants as Cost Auditors of the Company for the purpose of auditing the cost records maintained by the company for the financial year 2017-18 and also fixed their remuneration for the said purpose at the rate of ₹ 50,000/- (Rupees Fifty Thousand Only) and out of pocket expenses plus Taxes thereon.

Pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Therefore, the Board of Directors recommends the proposed resolution for your approval.

None of the Directors, Key Managerial Personnel or any of their relatives is concerned or interested, financially or otherwise, in this resolution.