

Message from the Chairman and CEO

Sanjay Aggarwal provides insights into the Company's turnaround, its performance and how it is moving further ahead to unleash potential and drive mega opportunities.



Dear Stakeholders,
It is my pleasure to report another successful year of operations which saw your Company unleashing its true growth potential.

It is said, "Get the basics right and the results will follow." This has always been the policy at Paramount Cables, and it has always kept us going even in the toughest times. I am pleased to tell you that once again, this strategy has helped us overcome huge challenges and emerge stronger and wiser.

To fully realise the significance of this year's positive results, we need to look back for a moment at the sudden and catastrophic global financial and commodities meltdown of 2008. That event put us in a very vulnerable position, coming soon after we had made a major acquisition investment in the United Kingdom, and led to years of losses, net worth erosion, ballooning of debt, and liquidity issues. What helped us navigate those stormy seas were the basics – we maintained the strong operational performance that our Company has been renowned for over six decades; we launched new products with better features and quality; improved our supply reliability; and improved cost efficiencies. Thanks to our sustained efforts, we managed to retain all our customers and markets, and our brand equity for product excellence remained intact.

The result showed in our financial performance achieving record levels just one year after the successful corporate debt structuring in FY2017-18 which helped us bring down debt by 65%. We also benefited from strong demand for our products. This, backed by our initiatives

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to reinforce competitiveness, contributed to better sweating of assets. Total revenues grew by 41% to reach ₹ 6,178 Million, led by higher execution of institutional orders. A healthier balance sheet position with lower debt costs meant a stronger bottom-line growth. Operating profit increased from ₹ 10 Million in FY 2017-18 to ₹ 455 Million in FY 2018-19 and profit after tax grew by 99% to ₹ 292 Million. We were able to further bolster our net worth position, which now stands at ₹ 1,414 Million as on 31st March, 2019, higher by 64% over the previous year.

Our performance in FY 2018-19 reiterates the strength of our business model. Having said that, we continue to explore ways to make it still more robust, taking valuable lessons from the experiences gathered on our journey. First, we are focused on growing the retail business, in which we provide fire retardant and lead-free home wiring solutions. The performance and safety factors of these wires make them stand out in the market and help fuel demand. Progressing well with this strategy, we have worked on increasing our market reach. These products are now sold across Indian markets through a large network of dealers and distributors.

Second, we are trying to grow the export business. Our value proposition of quality and competitive pricing along with global certifications are contributing to greater acceptance of our products in several international markets. We are expanding the distribution network to ensure deeper penetration in existing markets as well as to enter newer markets.

Alongside these initiatives, we are nurturing our domestic institutional business, where we are seeing increasing opportunities led by several Government initiatives such as Internet connectivity, power for all, and modernization of the railway infrastructure. This has spurred demand for telecom, power, and railway cables. We won several prestigious orders and closed the year with an order book of ₹ 2,549 Million as on 31st March, 2019.

We remain strongly enthused by the developments in these segments. In the telecom segment, customs duty hike on imported optical fibers is a welcome move and augurs well for the domestic players as India targets a massive countrywide connectivity programme. In the power sector, the demand for electricity is expected to increase to 1.8 Trillion units as the country accelerates its growth trajectory, aiming to become a US\$ 5 Trillion economy by FY 2024-25. This will necessitate an investment of ₹ 5 Trillion in power transmission. In railways, plans to build and modernize metro rail networks in several cities are opening massive opportunities.

Preparing for the opportunity

Paramount has always been a proactive organization. Despite passing through financial challenges, we have succeeded in getting several things right, foreseeing the growth that would follow the slowdown. Our well-thought-out actions enabled us to retain and grow our market position and ensure the sustainability of our business. We have identified future growth areas, where, led by our in-house research and development capabilities, we have built

a robust product portfolio of superior products. We have created a presence in newer, promising markets in the country and overseas. We have extended our business offerings to multiple sectors and customer segments. These initiatives are not just boosting our growth, but are also adding strength to our business model through diversification.

As we move forward, innovation will continue to be the cornerstone of our success. Our firm endeavor has always been to be a step ahead of the industry with our product range. We will continue to enhance and expand our portfolio to meet the ever-changing requirements in terms of quality, new applications, new features and better performance. We are also working on more creative ways to improve operational efficiency and reduce costs.

Closing note

I thank all our stakeholders for their steady support. The future is bright. We have successfully weathered the crisis and emerged stronger. We are competitively placed as a preferred partner to B2B clients and a go-to brand for the B2C customers. With our strong operational set-up and reinforced business model, we are progressing in the right direction. We have in place all the right building blocks to grow and maximize value for all stakeholders. The focus will now be on executing our strategies with more vigour and deeper insight.

Warm regards,

Sanjay Aggarwal

Chairman & CEO