

EARNINGS RELEASE & SHAREHOLDER'S LETTER

Q4 FY23 | MAY 19, 2023

In This Report, We Cover

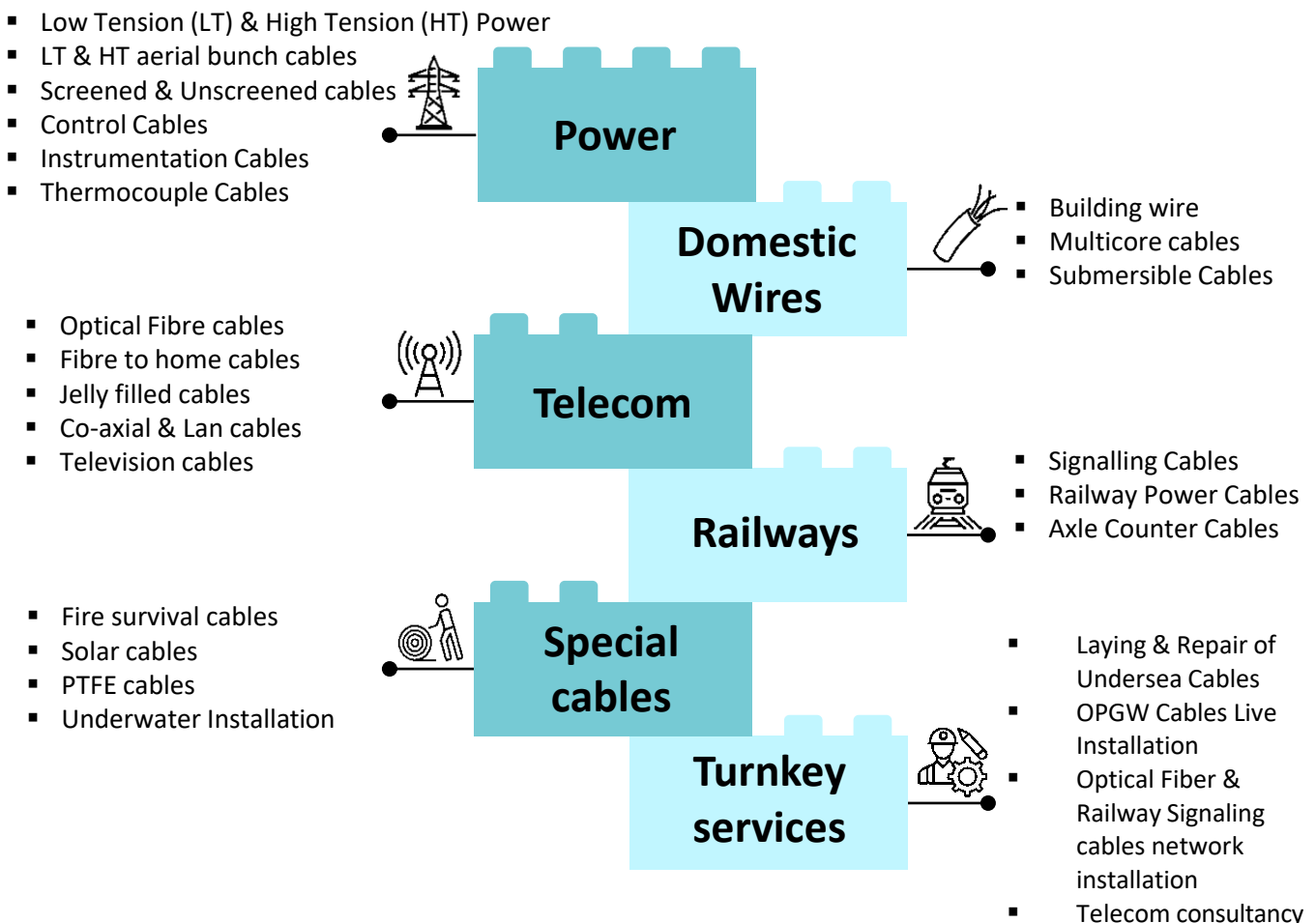
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About us:

- Incorporated in the year 1955, Paramount Communications Limited (Paramount) is India's one of the leading cables and wires manufacturer and markets its products under the brand "paramount cables", known for its quality and reliability.
- Paramount's product portfolio comprises of high-quality power cables, railway cables, telecom cables, domestic wires, specialized cables, and offers turnkey services to telecom, power, railway sectors. Paramount also offers specialized services like undersea cables installation & repair, live installation of OPGW on overhead High-Tension Power lines, and installation of optical fiber & Railway signaling cables network.
- Paramount was the first mover in the India to provide the following:
 1. Laying and repairing undersea cables.
 2. Introducing non-toxic, lead-free house wires in India.
 3. Development of many path breaking products in the cables industry.
- Paramount has two production facilities which are certified by various Indian and global agencies for their quality standards: one in Dharuhera, Haryana and the other in Khushkhera, Rajasthan.

Product Portfolio:



Our Strengths:

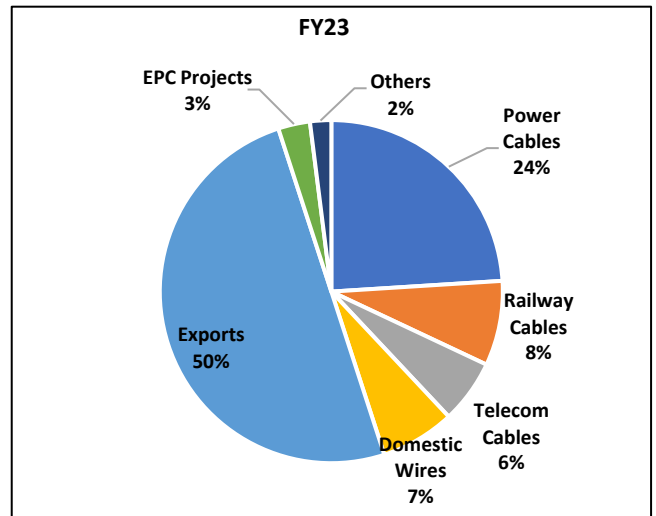
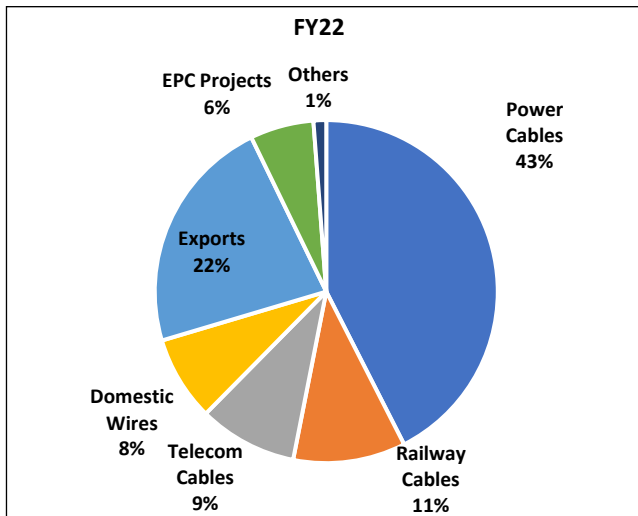
- Paramount has a presence in 15+ countries spread across 6 continents. Exports account for more than 50% contribution to revenue in FY23 with USA being the dominant export market.
- Paramount received all the major Indian and International accreditations like BSI, IEC, ASTM etc. which provides assurance about quality and reliability of its products.
- The company is an approved and preferred vendor for supplying cables to various PSUs and private sector companies offering the diversity and constant demand.
- Paramount's clientele consists of the reputed names such as:

PSUs: IOCL, DMRC, MMRCL, EIL, NTPC, BPCL, PGCIL, UHBVN, NPCIL, PDIL, BHEL, BSNL, ISRO, DAE, SAIL, Indian Railways, RDSO, IRCON, RITES.

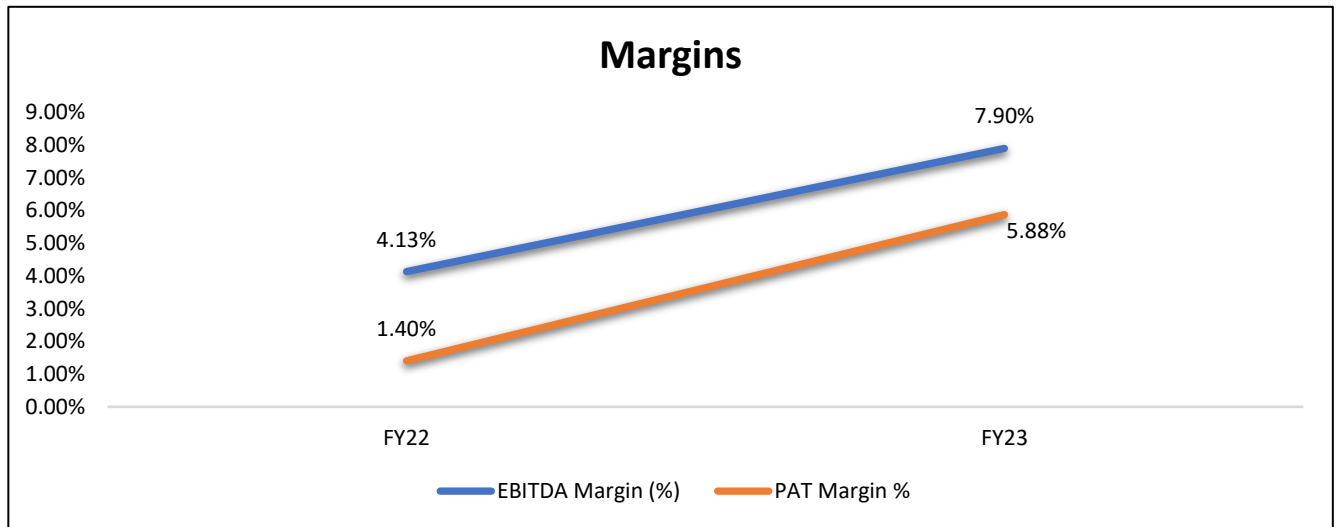
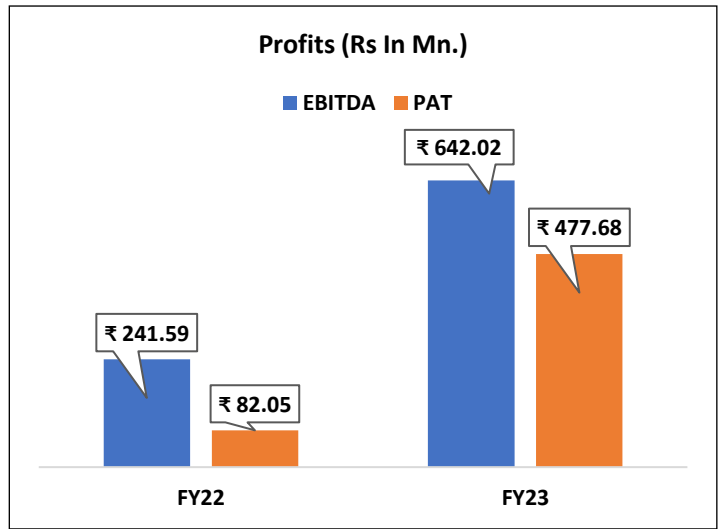
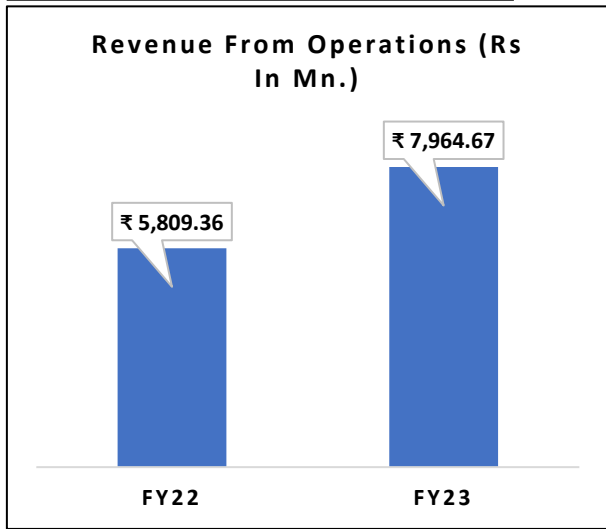
Private: L&T, Adani, Tata Power, Tata Projects, Sterling & Wilson, Kalpatru Power, Toshiba, ABB, Vikram Solar, Renew Power, GE T&D, JK Cement, Tata Steel, Hitachi Energy, BSES Power, KEC International, Texmaco.

Key Financial Performance:

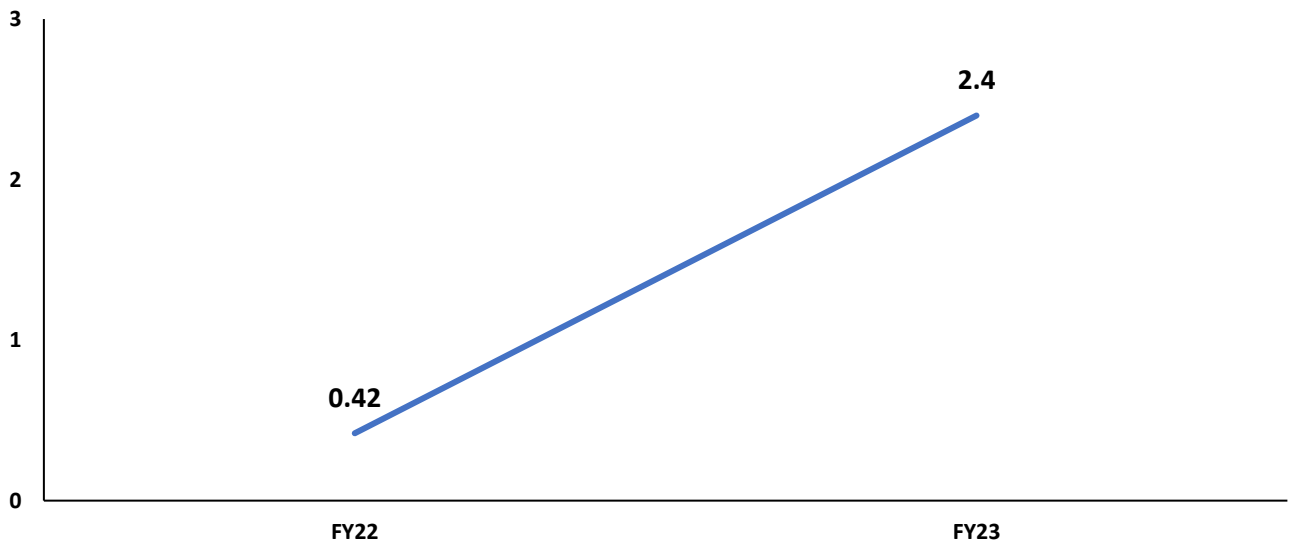
Segment-wise Revenue Distribution:



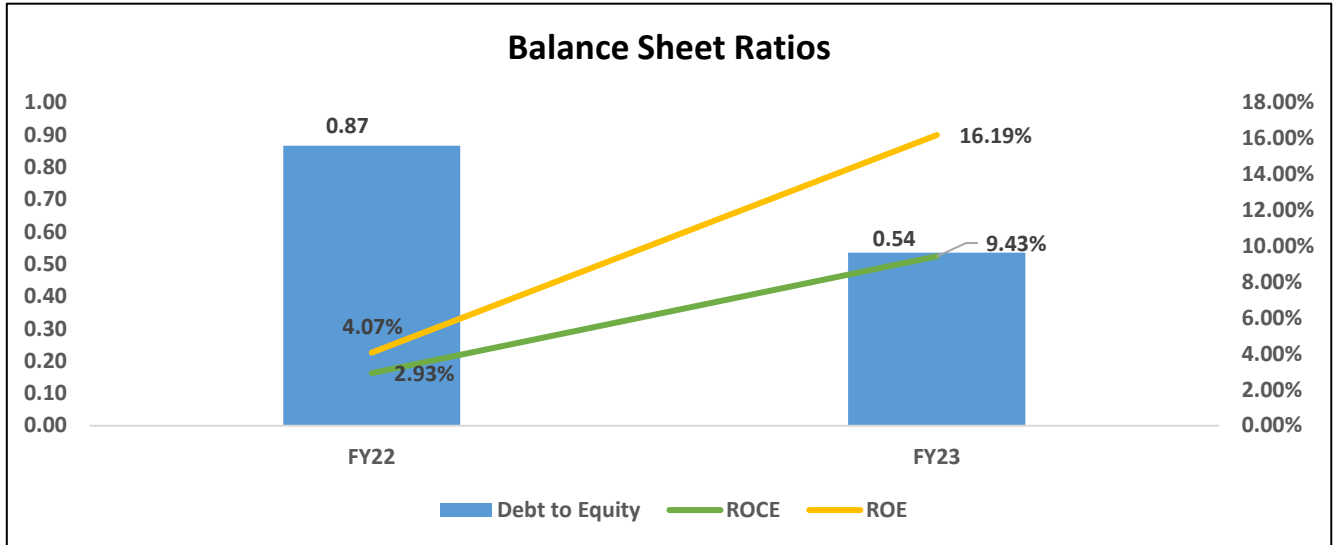
Comparison of FY22 vs FY23:



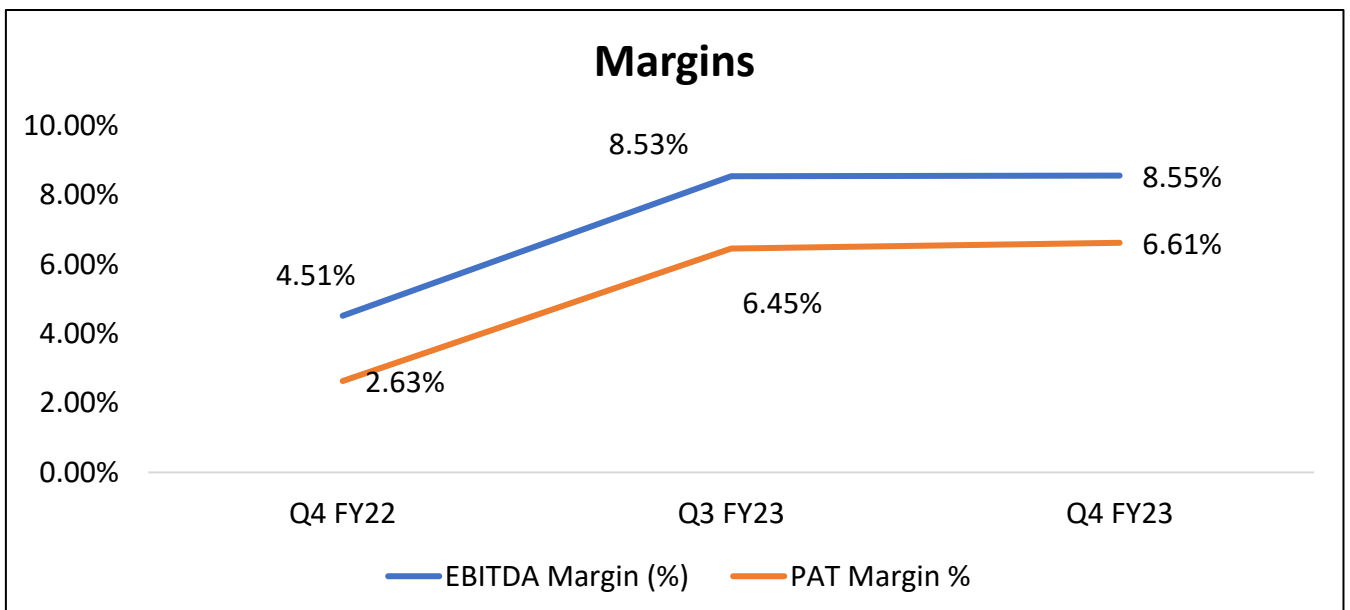
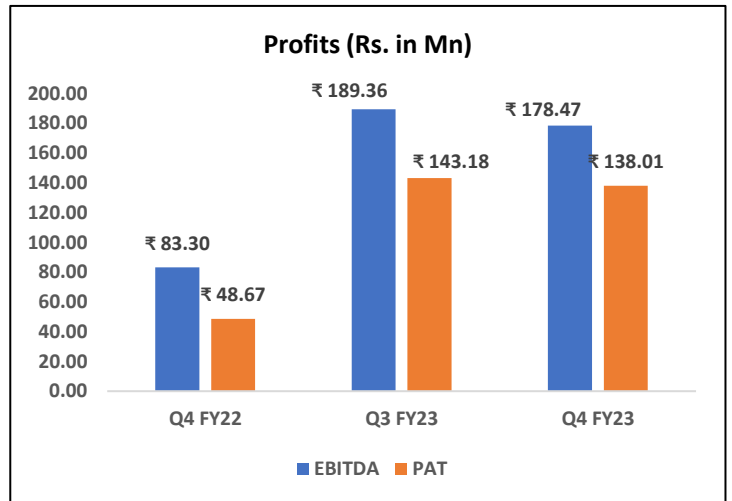
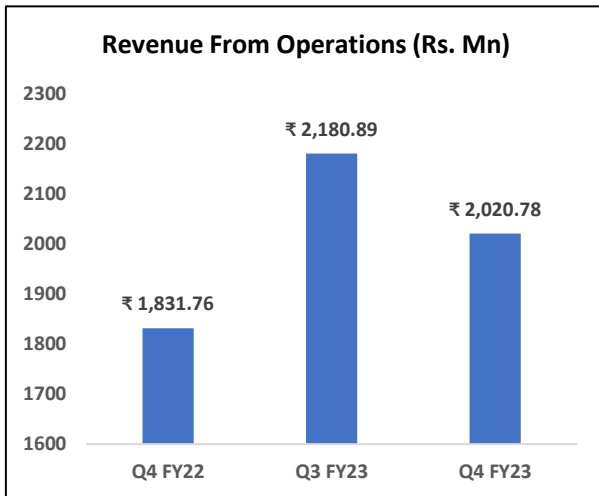
Diluted EPS



Balance Sheet Ratios:



Comparison of Q4 FY22 vs Q3 FY23 vs Q4 FY23:



Consolidated Income Statement:

Particulars (Rs. Mn)	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	FY23	FY22	YoY%
Revenue from Operations	2,020.78	1,831.76	10.32%	2,180.89	7,964.67	5,809.36	37.10%
Other Income	65.95	15.99		39.09	162.53	37.43	
Total Revenue	2,086.74	1,847.75		2,219.98	8,127.20	5,846.79	
Total Expenses excluding Depreciation, Amortization & Finance Cost	1,908.27	1,764.45		2,030.62	7,485.17	5,605.21	
EBITDA	178.47	83.30	114.25%	189.36	642.02	241.59	165.75%
EBITDA Margin (%)	8.55%	4.51%	404 BPS	8.53%	7.90%	4.13%	377 BPS
Depreciation & Amortization	22.81	24.33		23.49	92.58	95.45	
Finance Cost	17.65	10.30		22.70	71.77	64.09	
PBT before Exceptional Item	138.01	48.67		143.18	477.68	82.05	
Exceptional Items	-	-		-	-	-	
PBT	138.01	48.67		143.18	477.68	82.05	
Tax	-	-		-	-	-	
PAT	138.01	48.67	183.58%	143.18	477.68	82.05	482.16%
PAT Margin %	6.61%	2.63%	398 BPS	6.45%	5.88%	1.40%	447 BPS
Other comprehensive profit / loss	-0.84	3.45		1.46	3.55	5.86	
Net PAT	137.17	52.12		144.64	481.22	87.91	
Diluted EPS	0.67	0.25		0.72	2.40	0.42	

Consolidated Balance sheet:

Particulars (Rs. Mn)	As at 31.03.2023	As at 31.03.2022	Particulars (Rs. Mn)	As at 31.03.2023	As at 31.03.2022
Assets			Equity & liabilities		
Non-current assets			Equity		
Property, plant and equipment	976.39	957.71	Equity share capital	388.37	388.37
Right of use assets	289.09	381.74	Other equity	2,562.45	1,629.06
Intangible Assets	10.87	15.10	Total equity	2,950.82	2,017.43
Financial Assets			Non-current liabilities		
-Loans	0.33	0.20	Financial Liabilities		
-Other Financial Assets	97.72	144.61	-Borrowings	1,123.20	1,573.36
Other non-current assets	10.24	4.62	-Lease Liabilities	22.59	102.76
Total non-current assets	1,384.64	1,503.97	Provisions	5.98	10.51
Current Assets			Total non-current liabilities	1,151.76	1,686.63
Inventories	1,130.96	1,146.09	Current liabilities		
Financial Assets			Financial Liabilities		
-Investments	100.20	-	-Borrowings	455.76	174.05
-Trade Receivables	1,687.69	1,736.10	-Lease Liabilities	0.81	16.60
-Cash & Cash equivalents	179.74	13.87	-Trade Payable	398.15	835.04
-Bank balances	122.02	127.19	-Other Financial Liabilities	43.58	43.62
-Loans	4.32	2.19	Provisions	0.84	8.25
-Other Financial Assets	29.29	34.51	Other Current Liabilities	37.38	28.27
Other Current Assets	381.77	205.07	Total current liabilities	936.52	1,105.83
Current Tax Assets	18.47	40.89	TOTAL EQUITY & LIABILITIES	5,039.10	4,809.89
Total current assets	3,654.46	3,305.92			
TOTAL ASSETS	5,039.10	4,809.89			

What Next?

- Paramount has satisfied pre-qualifications for supplying to various transmission and distribution companies which will allow it to further tap the growth opportunities present in transmission and distribution sector.
- Paramount is pre-qualified by central and state governments as well as government companies and departments for government investments in key infrastructure sectors like energy, transportation, and building materials that will result in orders for infrastructure development, railway electrification, metro rail roll-out, railway network expansion, and decongestion plans.
- Paramount's diversified portfolio spanning across 2,500+ SKUs places them in a favorable position to capitalize on the increasing demand in the C&W industry across various sectors, projected to grow at a CAGR of 15%.
- To successfully expand into the Australian and European markets, Paramount will adapt the growth strategy followed in USA of prioritizing quality, and ensuring that products and services meet the specific needs and preferences of these markets.

Business Update:

- Paramount allotted 6,23,25,925 convertible equity warrants at issue price of Rs 21.57 with subscription price of Rs. 5.40 for each warrant convertible into 1 equity share at warrant exercise price of Rs. 16.17. Conversion can be exercised at any time within 18 months from the date of allotment: 18th February 2023.
- Paramount has shifted their Registered Office of the Company from C-125, Naraina Industrial Area, Phase-1, New Delhi-110028 to 432, Rangpuri, Maulsari Avenue, Adjacent Westend Greens, New Delhi-110038 with effect from 15th Day of February, 2023.

Management Commentary:

Commenting on Paramount's growth, Mr. Sandeep Aggarwal, Managing Director, said:

*"I am pleased to report a year of substantial improvement in financials for Paramount Communications Ltd. Revenue from Operations witnessed a staggering growth of **37.10%** from **Rs. 5,809.36 Mn** in **FY22** to **Rs.7,964.67 Mn** in **FY23** driven by increase in operational efficiency and higher capacity utilization. EBITDA grew by **165.75%** from **Rs.241.59 Mn** in **FY22** to **Rs.642.02 Mn** in **FY23** with an increase in margins by **377 bps** over FY22 led by higher margin products and increase in B2C exports to USA. PAT Margins registered an increase of **447 bps**.*

As a result of our focused efforts towards enhancing our market reach, we witnessed remarkable growth in the export market which now accounts for more than 50% of our total revenue, compared to just 4.3% in FY20. Since all the exports to the US market are B2C, the total share of B2C sales in our revenue has increased from 19% in FY21 to 61% in FY23.

To continue our growth in international markets, we have a robust plan to establish our brand and supply chain in the lucrative USA, European and Australian markets, with the aim of achieving a minimum of 20% growth in FY24. This presents a tremendous opportunity for us to further capitalize on the global demand for our products and drive substantial revenue growth.

Furthermore, power cables continue to be the crucial contributor accounting for 24% of revenue. Key government initiatives like rural electrification programme, smart cities mission, 100% railway electrification, and increasing total power generation capacity will drive growth of power cables in domestic market.

At Paramount, we continue to reduce our debt and in turn moderate our finance cost. As we ride the wave of robust and encouraging demand from our reputable clients spanning across multiple industries, we are hopeful of showcasing sustainable and high growth in revenue as well as profits for upcoming years.

Our customer-centric approach has been a cornerstone of our success in the cables and wires industry. We have been proactive in understanding our customers' needs, providing innovative solutions, and offering superior customer service. Our strong relationships with our customers have resulted in increased customer satisfaction, repeat business, and positive word-of-mouth, enabling us to expand our market share and strengthen our competitive position.

In conclusion, I would like to extend my thanks to our partners and suppliers, whose collaboration and innovation have enabled us to deliver high-quality products and services to our customers. We value the trust and relationships we have built with each of you, and we look forward to continuing our partnership in the years to come. As we move forward, we remain committed to our values of integrity, innovation, and sustainability, and we will continue to strive for excellence in everything we do.”

Management Guidance:

- Revenue is expected to be at ~Rs.**10,000** Mn for FY24 led by increase in demand for exports and power cables.
 - EBITDA is expected to stay within a corridor of ~**9-10%**.
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Disclaimer:

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Paramount Communications Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstance.

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