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Grounded in 1955 Paramount Cables was founded by **Late Mr. Shyam Sunder Aggarwal** by setting up a small cable manufacturing unit as a family venture. Today the company has established itself as a company with diverse and flexible product mix designed to meet expanding market requirements. They started their journey with fine copper wire business and over a span of 56 years they made foray into key segments like Power, Telecom, Railways, Construction and Defence etc. Giving us the brief synopsis of their background **Mr. Sanjay Aggarwal, Group Chairman & CEO, Paramount Communications Ltd** has enlightened us about the industry in general, growth prospects, idea behind acquiring AEI cables, UK and their vision.



Initial Start

In 1955, my grandfather, father and my uncles started a unit to manufacture the building wires and house wires and those days it used to be (VIR) vinyl insulated wires. Over the years we established our brand identity through our quality product. For the next 10-20 years there was a good demand for the product in the market. But slowly due to the emergence of supply of duplicate products by the unorganized players the sales started shrinking. At that point of time the first major decision was taken to shift to institutional sales where one is not put to a loss by duplicity. Then, we started developing cables for telecom department and gradually shifted out of the building wire business. I personally have joined the business in 1983.

Break through Moments

In 1985, we started making and developing some special cables for railways for signaling purpose as one of the new signaling systems, introduced by the railways was not being implemented because nobody was able to develop the required cable due to its tough specifications. This was a challenge which I took up when I joined the business and in 1986 we designed and developed these cable called the axle counter cables and till today we are the largest suppliers of the cables to the railways.

Another benchmark took place during 1988-89 when ITI set up a factory in technical collaboration with Alcatel of France. Having their own manufacturing unit and their own regular suppliers, somehow they were not able to get the cables of that standard. Moreover they were under huge pressure from authorities to indigenize whatever was possible. They contacted us to develop these cables. In less than 6 months we developed more than 70 types of wires & cables adhering to all the standards plus at a considerable lower cost.

Next I would say when we were trying to get into the power sector for the specialized controlled instrumentation cable which was around 1992 that's where we got our first major breakthrough in Orissa by OPTCL, who were setting up a 10 mega watt thermal power plant. This contract gave us the credentials that were required to be in the business. And, after that we got pretty established in the power sector and over the years we got approved by all the major players in the power sector.

By 1994 we converted into a company reason being we wanted to enter into the Jelly filled cables for telephone industry which required a heavy capex. As the power sector was suffering very badly in the 90's and we had to diversify so we set up our jelly filled telephone cable plant in Haryana which got commissioned in 1996.

By 2000-01 it was the peak period for demand for the copper jelly filled cables. We were among the top 6-7 companies in

the industry and growing very fast. Suddenly in 2002 because of the beginning of mobile onslaught demand for JFTC fell drastically. In 2001 we set up an optical fiber cable facility and that is one line which still has scope although it is not doing too well because of the over capacity. From 2004 onwards we saw some good demand coming into the power sector, so again the focus shifted to the power sector and the turnover graph also showed congratulate growth.

Unfortunately in 2008 the global slump and the recent Japanese tsunami affected the industry badly and we suffered deeply in the form of inventory loss. The industry has heavily invested in the last 2-3 years before that, so there were huge new capacities coming up or lined up and everybody was going for that same cake which was growing smaller by the day. Prices went for the toss. People were there to grab any order at any price, simply to have a turnover on the balance sheet. It became a huge mess. We closed 2010 and 2011 on losses, so this year we hope to break even at somewhere near that and proper recovery we hope should happen next year.

Growth drivers

Now we are looking at some very good demand coming in for OFC in next 2-3 years due to factors like huge networks that needs to be laid out in the dedicated manner for defence. Then government policies to connect each and every district up to the village level and to connect all the grids available with BSNL, power grid, gas authority and public railways into one single network, FTTH is also coming up. This is the backbone network being developed through different branches. Presently the demand scenario is not good but considering these factors the growth is pretty much on the cards.

Besides, I see the best scope in the power sector as huge amount of investment needs to be done and still being done. The other segment that should do very well is the building wire business. Recently we have introduced the lead free PVC cables for the first time in India.

Philosophy

Our USP lies in our technical capability, R&D and the quality of the product that we make. We have always chosen to try and come out with new products with better quality at considerable lower cost rather than simply following the market. We might not be the largest cable company in the world but we certainly have the widest range, we are present across sectors and segments. The other thing that is important to us is the relationship with our suppliers and customers which is based on commitment and ethics. »

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Strategy to Diversify

I would say that it is like putting all your money on the so called winning horse or dividing your best between 4-5 different options, so may be results are not as good in the best year but may be the results are not as bad in the worst year. The model that we were looking at when we acquired AEI cables was the typical industry model i.e. to have a selling point or brand in the west with a cheaper location for manufacturing which is worldwide model for any industry.

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Expanding Market Footprints

In 2007 we acquired the AEI Cables in UK which is actually the oldest cable company in the world and a pioneer of many technologies. **The first telegraph to India was on cables manufactured by AEI cables.** This was the decision based both on business and our sheer belonging to the industry as part of the heritage of the cable industry. Although it was hugely loss making but we still decided to give it our best. AEI Cables presents a big opportunity to grow in a sense that the market view of the brand is always comparable to giants of the industry like Nexans, Prysmian, Draka etc. The respect

the brand carries, the image and the quality that it holds is much-much bigger than the size of the company's operations. We have marked out a very huge territory for ourselves which offers us a huge scope for growth.

When we took over the AEI Cables we promised the local authorities that we do not intend to shift the machinery from UK to India, we intend to maintain the jobs, we have some 320 employees and we decided that from India we will only supply those cables that are not manufactured in UK and that's the model we have struck to, when we try to continue with the UK

manufacturing despite the cost of manufacturing there being extremely huge and despite the fact that 60% of our turnover in AEI business is from building wires.

Vision of Paramount

Our vision is to actually grow into one of the most trusted brands in cables whether in India or in UK and from there on to spread to other markets. By the year 2014 we would be in a good position and fully comfortable to achieve this. ■