



# 30<sup>th</sup> ANNUAL REPORT



**2010-2011**

***PUNCOM***

**PUNJAB COMMUNICATIONS LIMITED**

[www.puncom.com](http://www.puncom.com)

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## FOR YOUR INFORMATION

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- All correspondence relating to shares of the company may please be sent to the following addresses :

Registered Share Transfer Agents : **Alankit Assignments Limited**  
(Both for Physical & Demat Category) DP & RTA  
Alankit House,  
2E/21, Jhandewalan Extension,  
New Delhi - 110055  
Ph.: (011) 42541234, 42541955, 23541234  
Fax : 91-11-23552001

Company's Registered Office : B-91, Phase-VIII, Industrial Area,  
S.A.S. Nagar, Mohali-160071 (Punjab)  
Phone : +91 172 2237101 (4 Lines),  
5022901 (4 Lines)  
Fax : +91 172 2237125 & 5022920

- Annual General Meeting of the company is scheduled to be held on 28th day of December 2011, (Wednesday) at 11.30 A.M. at B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali-160071 (Punjab) (Notice Enclosed).
- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
- The Trading of Puncom's scrip has come under compulsory demat for all investors w.e.f. August 28, 2000 (ISIN INE609A01010).
- The Annual Report also covers reports on "Management Discussion & Analysis 'and' Corporate Governance".
- The shares of your company are listed with The Bombay Stock Exchange Ltd., Mumbai (BSE) only.
- As per Amendments to clause 32 of Equity Listing Agreement and Modification of SEBI Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26.4.2011 towards Green Initiatives in the Corporate Governance, Listed Companies are required to sent Balance Sheet etc. by electronic mail to its members. Thus shareholders having holding in Electronic Form are requested to **register their e-mail address with concerned Depository Participant (DP)** and Shareholders having shares in physical form are requested to register their e-mail address through letter duly signed with our Share Transfer Agents i.e. **Alankit Assignments Ltd., New Delhi.**

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### Annual General Meeting

Date & Time : 28th December, 2011, Wednesday, at 11.30 a.m.

Venue : B-93, Phase VIII, Industrial Area, SAS Nagar, Mohali

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## PUNJAB COMMUNICATIONS LIMITED

### Corporate Information

#### Board of Directors

Sh. S.S. Channy, IAS	Chairman
Sh. R.K. Verma, IAS	Director & Sr. Vice Chairman
Sh. Anurag Verma, IAS	Managing Director
CA R.K. Nangia	Director
Sh. V.P. Chandan, IRSSE (Retd.)	Director
CA Rajiv Dewan	Director

#### Company Secretary

CS Madhur Bain Singh

#### Head (Finance)

Sh. J.S. Bhatia

#### Statutory Auditors

M/s Raj Gupta & Company  
Chartered Accountants

#### Bankers

State Bank of India  
IndusInd Bank Limited  
Allahabad Bank

#### Registered Office

B-91, Phase VIII, Industrial Area,  
S.A.S. Nagar (Mohali)  
Punjab - 160071

#### Committee of Directors

##### Audit Committee

Sh. V.P. Chandan, IRSSE (Retd.)	Chairman
CA R.K. Nangia	Member
CA Rajiv Dewan	Member

##### Investors Grievance Redressal Committee

Sh. V.P. Chandan, IRSSE (Retd.)	Chairman
CA R.K. Nangia	Member
CA Rajiv Dewan	Member

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**Financial Highlights 2005-2006 to 2010-2011**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Sales	6132.89	3911.52	846.38	12970.58	11086.43	1814.40
Other Income	631.26	669.86	1019.90	1100.53	1081.85	968.53
Total Income	6764.15	4581.38	1866.28	14071.11	12168.28	2782.93
Earning/Loss before Dep. Interest and Tax(EBDIT)	-422.19	-532.65	-148.11	313.63	266.91	100.67
Depreciation	158.42	138.90	121.76	104.23	86.65	75.99
Profit/Loss after Tax	-617.35	-704.55	-281.25	239.53	152.27	3.42
Equity Dividend (%)	NIL	NIL	NIL	NIL	NIL	NIL
Dividend Payout	NIL	NIL	NIL	NIL	NIL	NIL
Equity Share Capital	1202.35	1202.35	1202.35	1202.35	1202.35	1202.35
Reserves & Surplus	10239.57	9513.52	9235.04	9524.96	9651.27	9650.59
Tangible Net Worth	11175.22	10690.86	10424.88	10727.29	10784.00	10797.00
Gross Fixed Assets	5213.93	5158.89	5200.98	5205.04	5215.60	5237.37
Net Fixed Assets	1024.24	903.20	823.53	725.66	650.35	597.81
Total Fixed Assets	1029.18	903.20	823.53	725.66	650.35	597.81

**Key Ratios 2005-06 to 2010-11**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Earning/Loss Per Share (in ₹)	-5.12	-5.85	-2.34	1.99	1.27	0.03
Cash Earning/Loss Per Share (in ₹)	-0.80	-1.45	-0.45	4.78	2.23	1.07
Book Value Per Share (in ₹)	92.94	86.86	86.70	89.22	89.69	89.80
Debt/Equity Ratio	0.02	-	-	-	-	-
Current Ratio	2.12	1.83	1.34	1.06	0.98	1.01

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirtieth Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March 2011.

### Financial Results

( ₹ in lacs)

Particulars	2010-11	2009-10
Gross Income	2798.00	12057.00
Total expenditure	2651.32	11810.45
Profit/Loss before tax	23.99	177.29
Profit/Loss after tax	3.42	152.27
Dividend	Nil	Nil
Paid up equity	1202.00	1202.00
Profit/Loss appropriated to General Reserve	-0.46	99.00
Reserves (Including Capital Reserve)	9650.59	9651.26
Net fixed assets	597.81	650.33
Capital employed	10855.00	10856.00
Earning/Loss per share (in ₹ )	0.03	1.27
Cash earning/loss per share (in ₹ )	1.07	2.23
Book value per share (in ₹ )	89.80	89.69

### Review of Operations

During the year due to aggressive efforts, the company could improve sales of its own products i.e. Primary Drop/Insert Multiplexer as well as PLCC (Power Line Carrier Communication equipment). The company is also looking for tie ups with national and international companies to enhance its product line. Further due to aggressive marketing tie-ups, the company achieved a healthy turnover of approx. ₹1814.40 Lacs in financial year 2010-11 besides income of ₹968.53 Lacs from other activities.

The book value of share held by you is around ₹89.80/- per share and the Reserves stood at approx. ₹96.51 Crores. The Company has invested an amount of ₹23.49 lacs during the year in acquiring fixed assets. We are thankful for continuous support of our esteemed customers all through & also continuous support of shareholders, bankers and stakeholders, including the business associates as they reposed undoubting faith in the Company. Puncom offered value-added products and services to the customers on the basis of strategic and effective use of technology aided by aggressive market and product initiatives.

### Dividend

Due to inappropriate profits in the current year, the Board of Directors of your Company has not recommended any dividend for the year 2010-11.

### Change in Directorship

During the financial year 2010-11, there has been no change in the Board of your company.

### Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularity;

- iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a going concern basis.

### **Puncom's Subsidiaries**

Your company has two subsidiaries namely M/s PCL Telecom Limited and M/s Punjab Digital Industrial Systems Limited. The former one is not in operations since 1997-98 and an application for winding-up was filed before the Hon'ble Punjab & Haryana High Court at Chandigarh. The Court on 20<sup>th</sup> October, 2005 has passed the order of its winding-up. Subsequently the Statement of Affairs has been filed with the Official Liquidator attached with the said Court. The Hon'ble Court is yet to issue the dissolution order.

M/s Punjab Digital Industrial Systems Limited, the other subsidiary is also not in operation since long. Accordingly, a winding-up petition was filed with the Hon'ble Punjab & Haryana High Court at Chandigarh for winding-up of the company. The Court on 20<sup>th</sup> February, 2009 has passed the order of its winding-up. Subsequent to that, the Statement of Affairs has been filed with the Official Liquidator attached with the said Court. The records are being compiled for onward submission to the Official Liquidator office.

### **Puncom's shares on the Bourses**

The Shares of your Company are listed with The Stock Exchange, Mumbai (BSE) only. Presently about 95% of the company's shares have been dematerialized. During the year under report, the share price of the company ranged between the low of ₹44.50/- to the high of ₹122.10/-.

### **Corporate Plan/ Operations**

Puncom is making best efforts to increase its market share of its existing product range. While there is no appreciable change in the manufacturing trend of telecom equipment in India, yet Puncom has been able to hold its ground. The manufacturing activities have been supplemented by other value-added services like turnkey projects, annual maintenance contracts, trainings etc. The company has been able to perform well in the current competitive scenario and squeezing margins.

Puncom is making good inroads in getting contracts for turn-key projects of V-Mux equipment from Railways. The company is not only focusing on indoor installation activities but has also collected orders for outdoor work linked to the indoor installations of V-Mux equipment. This would help in improving Puncom share in Railways with a wider scope of work. The company is offering this equipment to private parties/contractors who have collected orders from Railways for turn-key projects of V-Mux and associated items. This is also helping to increase the share of this equipment in Railways.

Puncom has increased the market share of PLCC equipment by capturing new markets in more state electricity boards. Puncom is also picking up orders for the turn-key projects of this product. The company has also explored the market of this product in private sector which is getting turn-key projects for sub-stations.

Puncom has established a reasonably good market in Railways for its Power Plant despite very stiff competition from other vendors. The power plants are being offered as a part of turn-key solution to Railways alongwith V-Mux and also as stand alone against various tenders of Railways. This equipment is also being offered to private parties/contractors of Railways.

The telecom markets in India have seen rapid changes in the recent years where the focus has been more on 2G and 3G networks and associated value added services than on landline and manufacturing.

Puncom is making all possible efforts to make its presence felt in the areas of its strength i.e. manufacturing and is catering to some niche markets. The existing products viz, V-Mux, PLCC, Power Plant and spares of old products though are in the advanced stages of their product life cycles but yet are giving reasonably good turnovers. Efforts are being made to consolidate the position for these products in the existing markets and add new products for niche segments.

Besides this, Puncom is active in value added services like turnkey projects, repair and maintenance. With the recent developments in the telecom sector regarding the security concerns of Indian Government, most of the telecom companies are making efforts to set up manufacturing bases in India to Indianise their operations. The Company is also making continuous efforts to add more new products to its kitty by way of techno-commercial tie-ups with a view to increasing the revenues.

Puncom has recently introduced some new training programs and is formulating strategies to increase the strengths of students in this area of activity by pursuing aggressive marketing techniques.

**The Future**

- For several years now India has seen an exponential growth of telecom network in India leading to an increase in subscriber density to an impressive 52% and a sizeable broadband penetration. Liberal government policies and fierce competition between operators have ensured that India got latest and best equipments and technologies from largest equipment MNCs at lowest prices. Unfortunately, what is also now widely believed is that this technology upgrade, largely by-passed Indian telecom manufacturers, as majority of the equipment was simply imported fully finished into India and did not lead to policy mandated technology import which normally happens when imports of this magnitude are involved. Unable to compete against MNCs, most of the Indian telecom companies either resorted to trading of MNC equipment or shifted to project work and related new segments. Lately, Government of India has become aware of the policy level mismatch and resultant security concerns of having a telecom network of mostly foreign origin and there is a talk of a new telecom policy with increased emphasis on local manufacturer.
- Fortunately large scale upgrade of main telecom network and IT in general is also changing the work environment and catalysing other segments like power, railways, defence, government, security, education etc to upgrade their networks and work processes and are generating new business opportunities. New areas of network and information security, renewable energy, green and clean technologies, information access and automation etc are becoming increasingly important and emerging as new growth segments. Apart from this, defence with its unique domestic focus remains a major potential growth segment.
- It is also expected that with the maturing of Indian telecom segment, and with suitable Government policy push, larger proportion of telecom equipment manufacture shall shift to India and will lead to increased share of indigenous equipments and higher contract manufacturing opportunities.
- Historically, Puncom has been deriving its largest revenue from BSNL segment though Railway and Power have also been significant contributors. Unfolding telecom and industrial scenario however foresees increased role of new revenue streams from emerging growth segments. Puncom is monitoring these emerging trends and is on look out for appropriate opportunities for itself for sustenance and growth and preparing itself to meet the merging challenges in the changing environment.

**Managements Reply to Auditors Remarks**

M/s Raj Gupta & Co. Chartered Accountants, was appointed as Statutory Auditors of the Company for the year 2010-2011. Notes on Accounts forming part of Annual accounts are self-explanatory and exhaustive to the remarks of Auditors in their report dated.

- As regards non-recognition of the accrued interest amounting to ₹968.43 lacs (upto 12.07.2005 i.e date of deposit of ₹735.63 lacs by UP Government) from UPSCSMFL as per decree awarded by the court, we are of the opinion that there being contingency in realisation of interest in near future and as the execution of the same is pending before the lower court the same has not been recognized. Matter being sub-judice will be decided as per the legal procedure. The same has been in accordance with AS-9 on Revenue Recognition. [Refer Audit Report Para 4(vii)(a)]
- As regards observation made by the Auditors regarding recognition of revenue on sales amounting to ₹104.69 lacs which has not been in accordance with Accounting Standard (AS-9) issued by Institute of Chartered Accountants of India (ICAI), the same have been accounted for as per past practice. [Refer Audit Report Para 4(vii)(b)]
- Regarding accounting of certain income and expenditure on cash basis, the same has been accounted for as per disclosures of Accounting Policy given in Schedule 22 of the accounts. [(Refer Audit Report Para 4(vii)(c)]
- As regards excise duty demand including penalty and interest aggregating to ₹251.67 lacs (net of pre-deposit) which is disputed, we are to inform that company has filed an appeal and the same is pending before the Central Excise Tribunal. [Refer Annexure to Audit Report Para 9(b)(i)]
- The excise and custom duty demand of ₹30.20 lacs is disputed with the excise and custom department. In this, Puncom had submitted the reply/necessary documents but no further communications have been received till date [(Refer Annexure to Audit Report Para 9(b)(ii)]
- As regards Sale Tax demand including interest aggregating to ₹14.85 Lacs (net of pre deposit), which is disputed, we are to inform that company has filed an appeal and the same is pending in the office of Commissioner Appeal, Commercial Taxes, Uttar Pradesh. [(Refer Annexure to Audit Report Para 9(b)(iii)]

**Explanation for variation in Published results vis-a-vis Audited results for the year ended 31<sup>st</sup> March, 2011**

The Board of Directors adopted the Un-audited Financial Results for the financial year 2010-11 on quarterly basis and later on (un-audited annual results) in its Board Meeting held on 2<sup>nd</sup> November, 2011, which were subsequently published as well as sent to stock exchanges vide our letter dated 2<sup>nd</sup> November, 2011, pursuant to clause 41 of the listing agreement. The sum total of the published Quarterly Un-audited results for the first, second, third and fourth quarter for the year ended 31<sup>st</sup> March, 2011 and the audited results as on that date along with variation is given hereunder:

S.No	Particulars	Sum Total of Published Quarterly (Un audited) results for the year ended on 31 <sup>st</sup> March, 2011	Audited Results for the year ended on 31 <sup>st</sup> March, 2011	Variation
1	Sales/Income from Operations	1802.96	1814.40	0.63%
	Other Operating Income	0.00	0	0.00%
	Total Income	1802.96	1814.40	0.63%
2	<b>Total Expenditure</b>			
	a) Increase(-)/ Decrease (+) in stock	23.85	-15.37	<b>-164.44%</b>
	b) Consumption of raw material	565.59	581.50	2.81%
	c) Purchase of traded Goods	202.30	208.52	3.07%
	d) Employees cost	1335.28	1338.48	0.24%
	e) Depreciation	75.63	75.99	0.48%
	f) Other Expenditure (including Excise Duty)	539.34	564.19	4.61%
	Total Expenditure	2741.99	2753.31	0.41%
3	Profit from Operations before other income, interest & exceptional items	-939.03	-938.91	0.51%
4	Other Income	964.00	968.53	0.47%
	Profit before Interest & Exp. Items	24.97	29.62	-1.12%
5	Interest*	5.29	5.62	6.24%
	Profit after interest but before Exceptional Items	19.68	24.00	<b>21.95%</b>
6	Exceptional Items	0.00	0.00	0.00%
7	Profit (+)/loss (-) Before Tax	19.68	24.00	<b>21.95%</b>
8	Tax Expense	6.00	20.57	<b>242.83%</b>
	Profit from ordinary activities after tax	13.68	3.43	<b>-74.93%</b>
	Extraordinary Items	0.00	0.00	0.00%
9	<b>Net Profit (+)/ Loss(-)</b>	<b>13.68</b>	<b>3.43</b>	<b>-74.93%</b>

\*Interest include other financial charges

Variation in Increase/Decrease in stock is due to the final valuation of stock at the time of finalization of Accounts. However, variation in Profit is due to increase in value of Closing Stock.

There is a variation in Tax Expenses due to increase in provision of MAT which is due to increase in Profits and writing off of Deferred Tax Asset which was calculated/ provided by the Statutory Auditors at the time of finalization of Accounts.

**Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988**

As required by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, the particulars in respect to Conservation of Energy, Research & Development & Foreign Exchange Earning and Outgo are as follows:



**A. CONSERVATION OF ENERGY**

- a) Energy conservation measures taken:

We have continued with the practice of switching off the supply to the areas where the lights are not required or where the production work is not taking place.

- b) Additional Investments and Proposals if any being implemented for reduction of consumption of energy:

No Investment and no proposals at present.

- c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The consumption has reduced due to the above measures taken.

- d) Total energy consumption and energy consumption per unit of production is annexed at Form A and forms part of this report.

**B. TECHNOLOGY ABSORPTION**

- a) Efforts made in technology absorption are annexed herewith as Form B and forms part of this report.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans: Nil

- b) Total Foreign Exchange Used and Earned is given as a part of Form B, which forms part of this report. Further the company is planning to enter defence market under tie-up with a MNC/Foreign Company.

**Companies (Particulars of Employees) Rules, 1975**

As per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the Company is required to give the list of employees who have been paid annual remuneration of ₹24,00,000/- or above and a monthly remuneration of ₹2,00,000/- and above in case the employee worked for less than a year. Since there is no employee drawing salary exceeding the limit, hence the same is not applicable.

**Industrial Relations**

The employee-employer relationship remained cordial and harmonious through out the year. The Board of Directors of your Company place on record their satisfaction for the dedicated services rendered by the employees of the company.

**Acknowledgement**

The Board places on record its gratitude to the BSNL, and Department of Railways, Ministry of Defence, VSNL, MTNL, PGCIL, PSEB and other esteemed customers in India and abroad, State Bank of India, Union Bank of India, IndusInd Bank & Allahabad Bank for their keen interest in the affairs of the company, continuous help and co-operation for successful working of the Company. The Board also places on record its gratitude to the Punjab Information Communications and Technology Corporation Limited (PICTCL), the Holding Company, for its guidance and support.

The Board also places on record its appreciation for the dedication, commitment and hard work of staff at all levels. The Board in particular acknowledges the co-operation of esteemed shareholders for their constant support and for the confidence reposed in the Management of the Company.

Place: S.A.S. Nagar (Mohali)  
Date : November 02, 2011

(SARWAN SINGH CHANNY)  
CHAIRMAN

**FORM A**  
**(FORMING PART OF DIRECTORS' REPORT)**  
**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

		Current Year (2010-11)	Previous year (2009-10)
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
a) PURCHASED Unit (KWH)		966485	815845
Total Amount ( ₹ )		4773632	3985636
Rate/Unit ( ₹ )		4.94	4.88
b) OWN GENERATION			
i) Through Diesel generator		13224	18804
Units per Ltr. of diesel oil (KW)		0.20	0.20
Cost/Unit ( ₹ )		7.52	6.47
Total amount ( ₹ )		99534	121760
ii) Through steam turbine/ Generator		N.A.	N.A.
Units (Ltr.)		N.A.	N.A.
Units per Ltr. of Fuel Oil/Gas		N.A.	N.A.
Cost/Unit ( ₹ )		N.A.	N.A.
<b>2. COAL</b> (Specify quantity and where used)			
Quantity (Tonnes)		N.A.	N.A.
Total amount		N.A.	N.A.
Average rate		N.A.	N.A.
<b>3. FURNACE OIL</b>			
Quantity (Tonnes)		N.A.	N.A.
Total amount		N.A.	N.A.
Average Rate		N.A.	N.A.
<b>4. OTHERS/INTERNAL GENERATION</b> (Please give details)			
Quantity (Tonnes)		N.A.	N.A.
Total cost		N.A.	N.A.
Rate/Unit		N.A.	N.A.
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
	<b>PRODUCT</b>	<b>UNIT</b>	<b>STANDARDS (IF ANY)</b>
i)	Electricity		
	DTL	CHANNEL	NA
	PCM	CHANNEL	NA
	TMUX	TERMINALS	NA
	EPABX/RAX/SBM	LINES	NA
	RADIO	SYSTEMS	NA
ii)	Furnace Oil		
iii)	Cost (Specify qty.)		
iv)	Others (specify)		

**FORM B  
(FORMING PART OF DIRECTORS' REPORT)**

**PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT**

**A) RESEARCH & DEVELOPMENT (R&D)**

**1. SPECIFIC AREAS**

Development of 48V/12.5A Power Plant for railways and new features in VMUX for different markets.

**2. BENEFITS DERIVED AS A RESULT OF ABOVE R&D**

Company shall be able to achieve significant cost reduction and improvement in the product and generate new markets; and as a result shall be able to strengthen its position in its market segments.

**3. FUTURE PLANS OF ACTION.**

The Company has plans to develop low cost equipments based on new technologies.

**4. EXPENDITURE ON R&D**

	<b>Amount (₹ in lacs)</b>	
	<b>Current Year</b>	<b>Previous Year</b>
Capital	NIL	NIL
Recurring	NIL	NIL
Total R&D expenditure as a %age of total turnover.	NIL	NIL

- Product engineering is done by production staff and there is no separate R & D Department.

**B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Efforts in brief made towards technology absorption, adoption and innovation.

- The Company has derived benefits as a result of above efforts e.g. product improvement, cost reduction, substitution etc.
- Technology imported during last 5 years: NIL

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

	<b>Amount (₹ in lacs)</b>	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
i) EARNINGS		
F.O.B. value of export :	NIL	(NIL)
ii) OUTGO :		
CIF value of import of raw material : & components	117.85	62.65
Capital goods :	0.96	0.02
Foreign travel & others :	2.74	1.85

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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The Members,  
Punjab Communications Limited,  
S.A.S. Nagar,  
Mohali (Chandigarh).

We have examined the compliance of conditions of Corporate Governance by Punjab Communications Limited, for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors/Shareholders Grievance Redressal Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Raj Gupta & Co.**  
**Chartered Accountants**  
**FRN: 000203N**

**Place: Ludhiana**  
**Date: November 01, 2011**

**CA Raj Gupta**  
**Partner**  
**Membership No: 500685**

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Code of Governance

Puncom recognizes the ideals and importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including Government, employees, customers, suppliers, regulatory authorities and the shareholders. Puncom's Philosophy on Corporate Governance is to bestow high standards of transparency, fairness and accountability for performance at all levels and to ensure the best performance through professionalism, social responsiveness, business practices and maximization of operational efficiency. The Company endeavours to maximize the shareholders' value and to protect the interest of stakeholders. Moreover, being a Public Sector undertaking the company's performance is subject to various Audits, viz, Statutory Audit, Internal Audit, CAG Audit, ISO Audit, Corporate Governance Audit, etc.

### 2. Board of Directors

The present strength of the Board is Six directors; One executive director being Managing Director and five non-executive directors, of which two are independent directors, who are professional and/or have expertise in their respective functional areas. The Chairman of the company is non-executive. More than half of the Board is ex-officio nominated by the holding company PICTCL. The company is in the process of complying with the SEBI notification No SEBI/CFD/DIL/CG/1/2008/08/04. The names and categories of present directors are given here below:

	NAME	CATEGORY	POSITION ON BOARD
1.	Sh. S. S. Channy, IAS	Non-Executive	Chairman
2.	Sh. R. K. Verma, IAS	Non-Executive	Sr. Vice Chairman
3.	Sh. Anurag Verma, IAS	Executive	Managing Director
4.	CA R. K. Nangia	Non-Executive	Director
5.	Sh. V. P. Chandan, IRSSE(Retd)	Non-Executive, Independent	Director
6.	CA Rajiv Dewan	Non-Executive, Independent	Director

### 3. Board Procedure

Five Board Meetings were held during the financial year as detailed below and the gap between two meetings did not exceed four months i.e., the schedule of Board Meetings held during the year was in consonance with the requirements of Clause 49 of the Listing Agreement.

Board Meeting No.	DATE
159 <sup>th</sup>	May 10, 2010
160 <sup>th</sup>	June 04, 2010
161 <sup>st</sup>	August 11, 2010
162 <sup>nd</sup>	November 10, 2010
163 <sup>rd</sup>	February 14, 2011

The attendance of Directors at Board Meeting during 2010-11 and General Meetings along with the number of Directorship held by them in other companies and number of Board Committees in which they are Chairman/Member as per Clause 49 of the Listing Agreement at the end of financial year is given here below:

Name	Attendance at Board Meetings	Attendance at AGM	Number of Directorships In other Companies	Number of Committee Chairmanship/ Membership	
				Committee Chairmanship	Committee Membership
Sh. S. S. Channy, IAS, Chairman	5	No	5	-	-
Sh. R. K. Verma, IAS, Sr. Vice Chairman	0	No	9	-	-
Sh. Anurag Verma, IAS Managing Director	5	Yes	-	-	-
Sh. V. P. Chandan, Director	5	Yes	-	2	2
CA Rajiv Dewan Director	3	No	10	1	5
CA R. K. Nangia Director	4	Yes	5	-	2

**4. Audit Committee**

The Audit Committee of the company comprises of Sh. V. P. Chandan as Chairman, CAR. K. Nangia & CA Rajiv Dewan as Members. The constitution of Audit Committee meets the requirements as laid down under section 292A of the Companies Act, 1956. The duly constituted committee met four times during the year 2010-11 on 10<sup>th</sup> May, 2010, 11<sup>th</sup> August, 2010, 10<sup>th</sup> November, 2010 and 14<sup>th</sup> February, 2011.

The names of the members, chairman, particulars of the meetings and attendance of the members during the year are as follows:

	<b>Name</b>	<b>Category</b>	<b>Number of Meetings attended</b>
1.	Sh. V. P. Chandan, Chairman	Independent/Non Executive	4
2.	CA Rajiv Dewan, Member	Independent/Non Executive	2
3.	CAR. K. Nangia, Member	Non-Independent/Non Exe.	3
4.	CS Madhur Bain Singh, Convener	Compliance Officer	4

The terms of reference stipulated by the Board to Audit Committee are as contained in Clause 49 of the Listing Agreement & Section 292A of the Companies Act, 1956. The terms of reference stipulated are as follows:

- Internal Control Systems
- Corporate Plans & Project-wise Analysis
- Delegation of Powers to VC & MD
- Status of Income Tax & Sales Tax Assessments
- Discussion on Internal Audit Report
- Income Tax Matters such as TDS, Returns, Disputed liability etc.
- Discussion on Personnel Policy
- Pending Audit Paras
- Appointment of Tax Auditor/Internal Auditors
- Review of Financial Results
- Financial Powers of MD
- Reports/Returns submitted to various bodies like Banks, Stock Exchanges, RBI etc.
- Discussion on Audit paras of AG Auditors in respect of Proprietary Audit
- Limited Review Report
- Post VRS manpower details

**5. Remuneration Committee**

Company has not formed any Remuneration Committee as all the Directors except the MD are Non-Executive Directors, who are not drawing any remuneration from the company except sitting fees for attending Board /Committee Meetings. However, the company is open to the idea of having Remuneration Committee, once it has some Executive Director(s) on its Board, drawing remuneration, other than the sitting fees from the company.

**6. Shareholders/Investors Grievances Redressal Committee**

The Shareholders/Investors Grievances Redressal Committee presently comprises of Sh. V.P. Chandan as Chairman, CAR.K. Nangia & CARajiv Dewan, as Members. During the Financial Year 2010-11 the Committee met on 10<sup>th</sup> November, 2010.

The terms of reference mandated by your Board to this committee, which are also in line with the statutory and regulatory requirements are:

- Redressing Shareholders and Investors complaints/grievances.
- Approving issue of duplicate share certificates and transfer of securities.
- Oversee the performance of Registrar & Transfer Agent/s.
- Recommending measures for overall improvement in the quality of services being provided to the shareholders/investors.

The names of the members, chairperson, particulars of the meeting and attendance of the members during the year are as follows:

	Name	Category	Number of Meetings attended
1.	Sh. V. P. Chandan, Chairman	Independent/Non Executive	1
2.	CA Rajiv Dewan, Member	Independent/Non Executive	0
3.	CA R. K. Nangia, Member	Non-Independent/Non Exe.	1
4.	CS Madhur Bain Singh, Convener	Compliance Officer	1

The status of redressal of complaints received from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 is as under:

Number of complaints received	1
Number of complaints redressed	1
Number of complaints pending	NIL

#### 7. Procedure at Committee Meetings

Company's Guidelines relating to board meetings are applicable to committee meetings as far as may be practicable. Each committee has the authority to engage outside experts, advisers to assist the committee in its work. Minutes of the proceedings of each committee meeting are placed before the Board for its perusal and noting.

#### 8. General Meetings

The details of the last three Annual General Meetings of the company are as follows:

Date	Particulars	Time	Location	Special Resolution Passed
14.12.10	29 <sup>th</sup> AGM in respect of the year 2009-2010	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No
30.09.09	28 <sup>th</sup> AGM in respect of the year 2008-2009	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No
30.12.08	27 <sup>th</sup> AGM in respect of the year 2007-2008	11.00 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No

#### 9. Transfer of Unclaimed amounts to Investors Education & Protection Fund

During the year under review, there was no amount of unclaimed dividend to be credited to the Investor Education & Protection Fund, pursuant to section 205C of the Companies Act, 1956 & the Investor Education & Protection Fund (Awareness & Protection of Investors) Rules, 2001.

#### 10. Disclosures

There is no material transaction entered into by the company with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large. Also, all compliances have been made by the company and no penalties/strictures have been imposed on the company by the Stock Exchange or SEBI or any other statutory authority, on any matter pertaining to capital markets, during the last 3 years.

*Under Clause IV (A) - Related Party Disclosure* : There were no related party transactions entered into during the financial year under report.

*Under Clause IV (B) - Accounting Treatment* : The disclosure w.r.t. qualification of Auditors on accounts is detailed in the Directors' Report and the same has been done as per past practice.

*Under Clause IV (C) - Risk Management Policy & Procedures* : The company have in place a Risk Management Policy and the same is reviewed periodically.

*Under Clause IV (D) - Proceeds from public issues, rights issues, preferential issues etc.* : The company has not raised any public money since its public issue in 1994.

*Under Clause IV (E) - Directors' Remuneration* : None of the directors are getting remuneration from the company except for the sitting fee and that too to the Independent Directors which is within the prescribed limits.

*Under Clause IV (F)- Management :* Management and Discussion Analysis is a part of this Annual Report. Senior Management Disclosure has also been obtained and the disclosure is a part of the annual report.

*Under Clause IV (G)- Shareholders :*

(i) Disclosure under this clause is part of the AGM Notice.

(a) The relationship of the Directors *inter se* is as follows:

S. No.	Name of the Director	Designation	Relationship inter-se
1	Sh S. S. Channy, IAS	Chairman	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
2	Sh R. K. Verma, IAS	Sr. Vice Chairman	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
3	Sh Anurag Verma, IAS	Managing Director	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
4	CAR. K. Nangia	Director	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
5	Sh V. P. Chandan, IRSSE	Director	Independent Director
6	CARajiv Dewan	Director	Independent Director

(ii) No quarterly results and presentations were made by the company to any analyst during the financial year under report.

(iii) The company have a separate Shareholders' Grievances Committee to look after the provisions of this Clause.

(iv) To expedite the Share Transfer Procedure, there is a Committee in the name of "Share Transfer Committee" in place which is meeting fortnightly.

## 11. Means of Communication

### Notice of Board Meeting

Meeting Date	Date of Publication/Information to Stock Exchange	Newspaper
10.05.10	06.05.10 06.05.10	Desh Sewak (Vernacular) Financial Express (English)
11.08.10	31.07.10 31.07.10	
10.11.10	26.10.10 26.10.10	
14.02.11	21.01.11 07.02.11	

### Notice of Book Closure & AGM

Book Closure	Date of Publication	Newspaper
10.12.10	16.11.10 16.11.10	Desh Sewak (Vernacular) Financial Express (English)
AGM	Date of Publication	Paper
14.12.10	16.11.10 16.11.10	Desh Sewak (Vernacular) Financial Express (English)



**Publishing of Quarterly Results**

Quarter No.	Date of Publishing	Newspaper
1 <sup>st</sup>	12.08.10 12.08.10	Desh Sewak (Vernacular) Financial Express (English)
2 <sup>nd</sup>	11.11.10 11.11.10	
3 <sup>rd</sup>	15.02.11 15.02.11	
4 <sup>th</sup>	12.05.11 12.05.11	

The quarterly financial results are also made available on the company's web-site ([www.puncom.com](http://www.puncom.com)) and on SEBI's EDIFAR (Electronic Data Information Filing and Retrieval) web-site ([www.sebidifar.nic.in](http://www.sebidifar.nic.in)) till the time the same was working.

**12. Certifications/Declarations**
**Declaration on compliance with Code of Conduct:**

The necessary declaration from MD/CEO under the said clause has been obtained.

**CEO/CFO Certification under Clause 49(V):**

The necessary certificate for CEO/CFO under the said clause has been obtained.

**13. Mandatory/Non-mandatory provisions of Clause 49**

Your company is complying with the mandatory requirements as per Annexure IA and has not adopted any of the non-mandatory requirements as given in Annexure ID to Clause 49 of the Listing Agreement.

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**General Shareholders Information**


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- |   |   |
|---|---|
| <b>A. Annual General Meeting<br/>(Date, time and venue)</b> | : Date : 28 <sup>th</sup> of December, 2011<br>Time: 11.30 A.M.<br>Venue: B-93, Phase VIII, Indl. Area<br>SAS Nagar, (Chandigarh) - 160 071 |
| <b>B. Financial Calendar</b>                                | : 1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011   |
| <b>C. Date of Book Closure/<br/>Record Date</b>             | : 21 <sup>st</sup> December, 2011 to 28 <sup>th</sup> December, 2011<br>(Both days inclusive)   |
| <b>D. Listing on Stock Exchange</b>                         | : The Stock Exchange, Mumbai (BSE)<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai-400 001   |

**Note:** Annual Listing Fee for the year 2010-11, has been paid to the Stock Exchange, Mumbai;

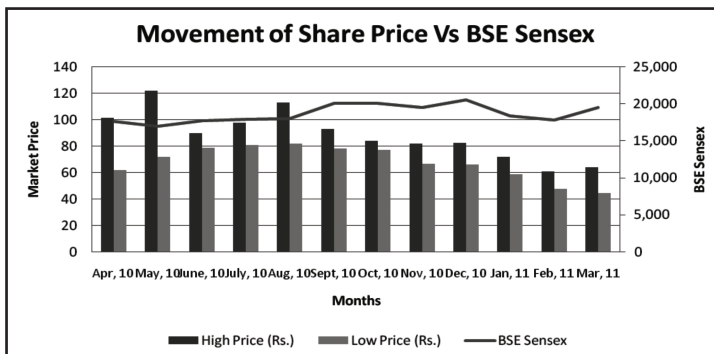
- |                      |  |
|----------------------|--|
| <b>E. Stock Code</b> | : Bombay Stock Exchange<br>Scrip Code 500346 |
|----------------------|--|

**F. Market Price Data (BSE)**

Month	High Price (₹)	Low Price (₹)
April, 2010	101.20	62.00
May, 2010	<b>122.10</b>	72.05
June, 2010	89.85	78.90
July, 2010	97.50	81.00
August, 2010	113.00	81.90
September, 2010	92.95	78.10

October, 2010	83.95	77.00
November, 2010	81.90	66.60
December, 2010	82.55	66.00
January, 2011	71.95	58.50
February, 2011	61.00	47.30
March, 2011	64.00	<b>44.50</b>

Graph showing Stock Performance of Puncom on BSE vis a vis BSE Sensex during the year 2010-11

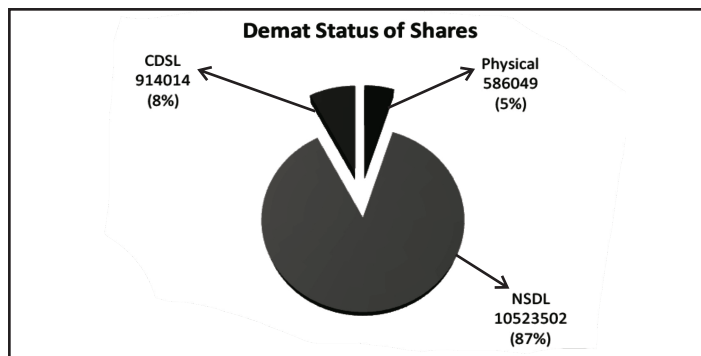


**G. Dematerialization of Shares and Liquidity**

Details of paid up capital of the Company as on September 30, 2011 is as under:

Depository	No. of Shares	Percentage
NSDL	10523502	87
CDSL	914014*	8
Physical	586049	5
<b>Total</b>	<b>12023565</b>	<b>100</b>

\*As we have not received the data from CDSL, this is the balancing figure



**H. Registrar and Share Transfer Agents (Both for Physical & Dematerialised categories)**

Alankit Assignments Limited  
DP & RTA,  
Alankit House  
2E/21, Jhandewalan Extension,  
New Delhi - 110055.

**I. Share Transfer System**

For expeditious processing of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Share Transfer Committee. The shares for transfers received in physical mode by the company are considered/approved by the committee at regular intervals (fortnightly) and transferred promptly.

**J. Details of Investors complaints received during 2010-11 are as follows:**

Sr. No.	Nature of complaint	Received	Disposed	Pending
1.	Non receipt of Dividend Warrant	0	0	Nil
2.	Non receipt of Share Certificates after transfer	1	1	Nil
3.	Others	0	0	Nil

It is Company's endeavour to redress all complaints timely and properly. All complaints/correspondence are usually dealt within 10 days and are completely resolved except in cases where litigation is involved.

Details of share transfers in physical form lodged for transfer during 2010-11 are as follows:

Lodged for transfer	Transferred and returned	Pending
46 (4596 Shares)	46 (4596 Shares)	Nil (Nil)

Shares lodged for transfer are processed within 30 days and returned except in cases where litigation is involved.

**K. Distribution of Shareholding as on Quarter Ending 30<sup>th</sup> June, 2011**

**(I) (a) Statement showing Shareholding Pattern**

Category Code	Category of Shareholder	No of Shareholders	Total Number of Shares	Number of shares held in Dematerialised form	Total shareholding as a percentage of total Number of shares		Shares pledged or Otherwise encumbered	
					As a %age of (A+B) <sup>1</sup> (VI)	As a %age of (A+B+C) (VII)	Number of Shares (VIII)	As a %age (IX)=(VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group <sup>2</sup>	—	—	—	—	—	—	—
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	—	—	—	—	—	—	—
(b)	Central Government/State Government(s)	2	8561601	8551501	71.207	71.207	—	—
(c)	Bodies Corporate	—	—	—	—	—	—	—

(d)	Financial Institutions/Banks	–	–	–	–	–	–	–
(e)	Any Other (specify)	–	–	–	–	–	–	–
	<b>Sub–Total(A)(1)</b>	<b>2</b>	<b>8561601</b>	<b>8551501</b>	<b>71.207</b>	<b>71.207</b>	<b>–</b>	<b>–</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals(Non–Resident Individuals/Foreign Individuals)	–	–	–	–	–	–	–
(b)	Bodies Corporate	–	–	–	–	–	–	–
(c)	Institutions	–	–	–	–	–	–	–
(d)	Any Other (specify)	–	–	–	–	–	–	–
	<b>Sub–Total (A)(2)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2</b>	<b>8561601</b>	<b>8551501</b>	<b>71.207</b>	<b>71.207</b>	<b>–</b>	<b>–</b>
<b>(B)</b>	<b>Public shareholding<sup>3</sup></b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	7	3600	–	0.030	0.030	–	–
(b)	Financial Institutions/ Banks	8	28634	27834	0.238	0.238	–	–
(c)	Central Government/State Government(s)	1	9475	9475	0.079	0.079	–	–
(d)	Venture Capital Funds	–	–	–	–	–	–	–
(e)	Insurance Companies	1	5800	5800	0.048	0.048	–	–
(f)	Foreign Institutional Investors	–	–	–	–	–	–	–
(g)	Foreign Venture Capital Investors	–	–	–	–	–	–	–
(h)	Any Other (specify)	–	–	–	–	–	–	–
	<b>Sub–Total (B) (1)</b>	<b>17</b>	<b>47509</b>	<b>43109</b>	<b>0.395</b>	<b>0.395</b>	<b>0.00</b>	<b>0.00</b>

<sup>1</sup> For determining public shareholding for the purpose of Clause 40A.

<sup>2</sup> For definitions of “Promoter” and “Promoter Group”, refer to Clause 40A.

<sup>3</sup> For definitions of “Public Shareholding”, refer to Clause 40A.

<b>B(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	397	1032894	1002861	8.591	8.591	5330	0.52
(b)	Individuals –							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	12540	2038691	1495616	16.956	16.956	200	0.01
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	17	336287	336287	2.797	2.797	–	–
(c)	Any Other (specify)	28	6164	5964	0.051	0.051	–	–
	i) NRIs/OCBs							
	ii) Lying in Escrow A/c – Buy Back with Karvy Consultant Ltd	1	419	419	0.003	0.003	–	–
	<b>Sub-Total (B)(2)</b>	<b>12983</b>	<b>3414455</b>	<b>2841147</b>	<b>28.398</b>	<b>28.398</b>	<b>5530</b>	<b>0.16</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>13000</b>	<b>3461964</b>	<b>2884256</b>	<b>28.793</b>	<b>28.793</b>	<b>5530</b>	<b>0.16</b>
	<b>TOTAL (A)+(B)</b>	<b>13002</b>	<b>12023565</b>	<b>11435757</b>	<b>100.00</b>	<b>100.00</b>	<b>5530</b>	<b>0.05</b>
(C)	Shares held by Custodians and Against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1.	Promoter and Promoter Group	–	–	–	–	–	–	–
2.	Public	–	–	–	–	–	–	–
	<b>Sub-Total (C)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>13002</b>	<b>12023565</b>	<b>11435757</b>	<b>100.00</b>	<b>100.00</b>	<b>5530</b>	<b>0.05</b>

**(I) (b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

<b>Sr. No.</b>	<b>Name of the shareholder(s)</b>	<b>Total shares held</b>		<b>Shares pledged or otherwise encumbered</b>		
		<b>Number</b>	<b>As a % of grand total (A)+(B)+(C)</b>	<b>Number</b>	<b>As a % (VI)=(V)/(III)* 100</b>	<b>As a % of grand total (A)+(B)+(C) of sub-clause (I)(a) (VII)</b>
<b>(I)</b>	<b>(II)</b>	<b>(III)</b>	<b>(IV)</b>	<b>(V)</b>	<b>(VI)</b>	<b>(VII)</b>
	Punjab Information & Comm. Tech. Corp. Ltd.	8551501	71.123	—	—	—
	Punjab State Electronics Dev. & Pro. Corp. Ltd.	10100	0.084	—	—	—
	<b>TOTAL</b>	<b>8561601</b>	<b>71.207</b>	<b>—</b>	<b>—</b>	<b>—</b>

- (I) (c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares.

Sr. No.	Name of the shareholder(s)	Number of shares	Shares as a percentage of total number of Shares (i.e Grand Total (A)+(B)+(C) indicated in Statement at para (I) (a) above)
1.	NIL	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

- (I) (d) Statement showing details of locked-in shares

Sr. No.	Name of the shareholder(s)	Number of locked-in shares	Locked-in shares as a %age of total number of shares (i.e Grand Total (A)+(B)+(C) indicated in Statement at para (I) (a) above)
1.	NIL	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>

- (II) (a) Statement showing details of Depository Receipts (DRs)

Sr. No.	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of Outstanding DRs	Number of shares Underlying Outstanding DRs	Shares underlying outstanding DRs as a percentage of total Number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1.	NIL	NIL	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

- (II) (b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

Sr. No.	Name of the DR Holder	Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of Shares Underlying Outstanding DRs	Shares underlying outstanding DR's as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1.	NIL	NIL	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

(III) (a) **Statement showing the voting pattern of shareholders, if more than one class of shares/ securities is issued by the issuer.**

Description of voting rights for each class of securities

Class X : Equity Shares

Class Y : N.A.

Class Z : N.A.

Category (I)	Category of Shareholder (II)	Number of Voting Rights held in each class of securities			Total Voting Rights (III+IV+V) (VI)	Total Voting rights i.e. (VI)	
		Class X (III)	Class Y (IV)	Class Z (V)		As a %age of (A+B) (VII)	As a %age of (A+B+C) (VIII)
<b>(A)</b>	<b>Promoter and Promoter Group</b>	—	—	—	—	—	—
<b>(1)</b>	<b>Indian</b>						
(a)	Individuals/Hindu Undivided Family	—	—	—	—	—	—
(b)	Central Government/ State Government(s)	8561601	0	0	8561601	71.207	71.207
(c)	Bodies Corporate	—	—	—	—	—	—
(d)	Financial Institutions/Banks	—	—	—	—	—	—
(e)	Any Other (specify)	—	—	—	—	—	—
	<b>Sub Total (A)(1)</b>	<b>8561601</b>	<b>0</b>	<b>0</b>	<b>8561601</b>	<b>71.207</b>	<b>71.207</b>
<b>(2)</b>	<b>Foreign</b>						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—	—	—	—
(b)	Bodies Corporate	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—	—
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>8561601</b>	<b>0</b>	<b>0</b>	<b>8561601</b>	<b>71.207</b>	<b>71.207</b>
<b>(B)</b>	<b>Public shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds/UTI	3600	0	0	3600	0.030	0.030
(b)	Financial Institutions/Banks	28634	0	0	28634	0.238	0.238
(c)	Central Government/ State Government(s)	9475	0	0	9475	0.079	0.079
(d)	Venture Capital Funds	—	—	—	—	—	—
(e)	Insurance Companies	5800	0	0	5800	0.048	0.048
(f)	Foreign Institutional Investors	—	—	—	—	—	—
(g)	Foreign Venture Capital Investors	—	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—	—
	<b>Sub-Total (B) (1)</b>	<b>47509</b>	<b>0</b>	<b>0</b>	<b>47509</b>	<b>0.395</b>	<b>0.395</b>

<b>2)</b>	<b>Non-institutions</b>						
(a)	Bodies Corporate	1032894	0	0	1032894	8.591	8.591
(b)	Individuals –						
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	2038691	0	0	2038691	16.956	16.956
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	336287	0	0	336287	2.797	2.797
(c)	Any Other (specify)						
	i) NRIs/OCBs	6164	0	0	6164	0.051	0.051
	ii) Lying in Escrow A/c – Buy Back with Karvy Consultant Ltd	419	0	0	419	0.003	0.003
	iii) Trust	0	0	0	0	0.000	0.000
	<b>Sub-Total (B)(2)</b>	<b>3414455</b>	<b>0</b>	<b>0</b>	<b>3414455</b>	<b>28.398</b>	<b>28.398</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>3461964</b>	<b>0</b>	<b>0</b>	<b>3461964</b>	<b>28.793</b>	<b>28.793</b>
	<b>TOTAL (A)+(B)</b>	<b>12023565</b>	<b>0</b>	<b>0</b>	<b>12023565</b>	<b>100.00</b>	<b>100.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL
	<b>GRAND TOTAL (A+B+C)</b>	<b>12023565</b>	<b>0</b>	<b>0</b>	<b>12023565</b>	<b>100.00</b>	<b>100.00</b>

Due to non-receipt of Beneficiary Position from CDSL for the quarter ending on 30<sup>th</sup> September, 2011, we are providing the Share Holding Pattern for the preceding quarter ended on 30<sup>th</sup> June, 2011.

**L. Outstanding GDRs/ADRs or any Convertible instruments**

The company has not issued any GDRs/ADRs or any Convertible instruments.

**M. Puncom's Building Locations**

B-91, B-93 & A-39  
C-134 & C-135 (Given on Lease)  
Phase-VIII, Industrial Area,  
SAS NAGAR (Chandigarh)  
160 071 – PUNJAB.

**N. Name, Designation and Address of the Compliance Officer/ Address for Correspondence**

CS. Madhur Bain Singh  
Company Secretary  
B-91, Phase VIII,  
Industrial Area, S.A.S. Nagar,  
Chandigarh 160 071  
Phone : +91-0172-2237142.  
Fax : +91-0172-2237125/5022920  
Email : cosecy@puncom.com  
Exclusive Email id - shareholders@puncom.com (as per the provisions of the Listing Agreement)



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**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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Punjab Communications Limited (Puncom), a premier Telecom and IT company was incorporated in the year 1981 by the Punjab Govt. for giving fillip to the Electronics and Telecommunication industry in the region. The company passed through a very good phase from 1981 to 1993, and came up with a public issue in October, 1994. Besides high premium, the issue was highly oversubscribed. The company achieved a record Turnover of ₹157.32 Cr during the year 2001-2002, when its net worth was ₹181.77 Cr. Thereafter the turnover of the company was adversely affected due to industry wide shift from landline based narrowband communication to wireless and broadband technologies promoted by major MNCs. Realising this, the company made attempts to broaden its customer and product base through tie-ups with foreign companies including Huawei Technologies of China for supply of DWDM equipment to BSNL/MTNL and achieved a healthy turnover of ₹129.70 Cr. and ₹110.86 Cr. for the years 2008-2009 and 2009-10 respectively. For improving the bottom line, the company went about developing its core markets of railways and power sector with own products. Simultaneously the company is on look out for additional partners for new products and services for new markets.

**INDUSTRIAL OUTLOOK**

The Indian Telecom industry has been on its growth trajectory with Telecom network growth rate exceeding 25-30% for past several years now. The subscriber population has already reached 700 million and is still growing at a healthy rate. With urban tele-densities already reaching 100%, rural and semi-urban along with broadband are new growth segments.

Progressive reforms such as the removal of restrictions on foreign investments allowing 74% FDI in Telecom sectors and industrial de-licensing are the driving force behind the growth registered by the industry. Liberalising the EXIM policy to promote exports and aligning the import duties to meet WTO commitments is further expected to contribute to the overall development. The opening up of Indian Economy has also enabled the MNC's to shift their manufacturing and operational bases to India.

The Indian telecommunication is today the second largest in the world and is among the fastest growing markets. Presently, the Indian Telecom Industry is slated to an estimated contribution of more than 5% to India's GDP. India today is the fastest growing market in the world and represents unique opportunity for companies' worldwide in an otherwise stagnant global scenario.

BSNL, MTNL, Railways, PGCIL, Defence, SEBs are the major customers of Puncom. The shift in demand from voice to data and from wireline to wireless, has revolutionized the very nature of telecom networks and have prompted most telecom companies to evolve into fully integrated multiservice-operators.

The future of the industry lies in the broadband and cellular segments and constant technological innovations such as 3G, Wimax, IPTV & NGN based services are changing the market place. Broadband base has reached Eight Million and is also expected to grow exponentially. Cut throat competition in telecom market is however requiring indigenous manufacturers of telecom equipment to have a re-look at the niche segments of power sector, defence, railways etc for growth. Service sectors including IT is another growth segment relevant to the company.

Major national projects under development and whose demand is expected to grow include:

- ☐ Nationwide Transmission and tactical communication networks for defence.
- ☐ 3G and Video Capable Mobile Networks.
- ☐ Renewable and clean energy technologies.
- ☐ Triple play Broad Band services and IPTV.
- ☐ Wireless Broadband- Wi Fi, Wimax.
- ☐ E-Commerce and e-governance.
- ☐ Network and Information Security.

**BUSINESS OUTLOOK**

Puncom has a diversified customer base. Though historically BSNL accounted for a major portion of our Sales, however Railways and power sector contribute significantly towards revenues and bottom line. Considering the severe competition and dominance of MNCs in telecom, the Company is continuously looking for diversification of its customers

base as well as products. The same is being done by exploring emerging business segments or by introducing new products or by acquiring new technologies. Simultaneously, company is strengthening its project execution strengths and generating significant revenue from the same.

The company is exploring thrust areas like defence, green energies etc and making efforts to generate higher revenue from these segments. Your company has been able to curtail cash loss due to change in product mix and taking further necessary steps in administrative and financial policies. Your company has discontinued non- profitable products and has slowed down on low/negligible value addition products thereby concentrating on high value addition products.

## **QUALITATIVE REVIEW**

### **Technology**

Puncom being a telecom equipment manufacturing company has to stay updated on technology front as the rate of obsolescence in this field is quite high. To keep pace with this requirement, Puncom has adopted two-pronged approach i.e., firstly through tie-ups and secondly through stepped up product engineering efforts. This helps in infusion of newer versions of products/ new technology in the existing range of company's products. Puncom provides very large spectrum of telecom solutions covering Transmission, Radio, Switching, Multiplexing, Software etc. under one roof. The product base is wide which provides the company with the requisite strengths to handle composite projects effectively.

### **ISO-9001:2008 Certification**

Making quality equipment & services available to its customers is the motto of Puncom. In pursuit of providing quality equipment & services, Puncom's processes and procedures conform to the requirements of the ISO 9001:2008 standard. Further, the quality standards in Puncom are tuned to TEC/QA/CACT wings of BSNL and RDSO of Railways. Puncom has invested heavily in creating various testing facilities, which include Environmental Chambers, Vibration Test Facilities, Thermal Shock Chambers, Bump Test machines etc.

### **Transparency**

To bring about transparency in the working of the company at all levels, to attain smooth operations and effective co-ordination amongst various departments, your company has successfully established Enterprise Resource Planning (ERP) System. The ERP system, which is in place in the company, facilitates proper co-ordination of all activities in the divisions to give improved results. Due to this, the company is able to maintain absolute control over all the activities resulting in the optimum utilisation of its financial resources. Puncom being a Govt. company is subject to various audits, which reinforce 100% transparency in the working of the company including the Accounting Systems.

The Company has implemented code on Insider Trading under SEBI Regulations. Through this code, Company is able to keep check on the transactions pertaining to sales and purchases of Puncom's shares by the Designated employees/connected person. This Code ensures that no insider either on his behalf or on behalf of other person, deal in securities of a company listed on any Stock exchange on the basis of unpublished price sensitive information, which is not generally known or published by Company for general information. The Company has formulated a Memorandum of Right to Information under the Right to Information Act and anybody can access the non-confidential information under the Act. This further adds to the transparency of company affairs.

The company has also adopted a Code of Conduct for Board and Senior Management of Company as desired under Clause 49 of the Listing Agreement which ensures the high ethical standards of the company and transparency of important decision at higher level.

### **Adequacy of Internal Controls**

Puncom has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly.

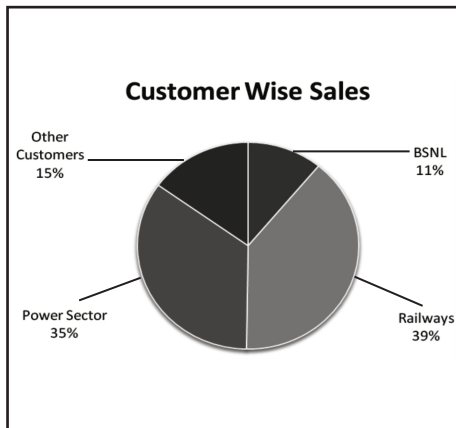
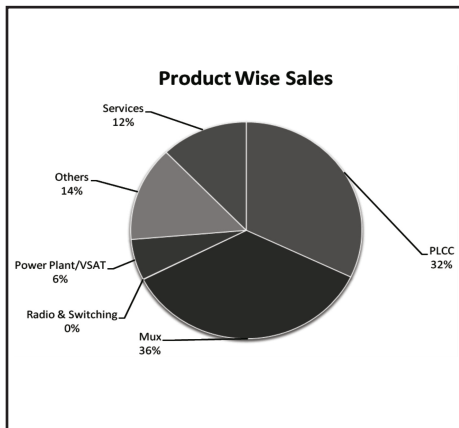
The company has an extensive system of internal controls which ensures optimal utilisation and protection of resources, IT security, accurate reporting of financial transaction and compliance with applicable laws and regulations as also internal policies and procedures.

The internal control system is supplemented by extensive internal audits, regular reviews by management, and well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data.

**FINANCIAL REVIEW**  
**OPERATING RESULTS**

**A) Sales**

During the financial year 2010-11, due to global recession in the market, the Sales have decreased from ₹ 110.86 Cr to ₹18.14 Cr. The Break up of the Sales on the basis of Product & Customer is as follows:



**B) Expenditure Analysis**

**a) Materials consumed**

Raw Material cost during the year under review was ₹7.90 Cr as against ₹102.72 Cr in the previous year.

**b) Manufacturing, Administrative & Selling Expenses**

Manufacturing expenses comprising of stores and spares, power and fuel, freight and installation expenses etc., increased from ₹0.78 Cr to ₹1.82 Cr in the current year. As a percentage of sales, these were increased from 0.71% in the previous year to 10.76% in the current year.

Administrative expenses mainly comprising of travelling and conveyance, repair and maintenance, office electricity & water, rent and auditors expenses increased from ₹1.40 Cr to ₹1.67 Cr. As a percentage of sales, these increased from 1.27% in the previous year to 9.89% in the current year.

Selling & distribution expenses comprising of advertisement and publicity, sales promotion expenses, royalty and customers claims and recoveries have increased from ₹0.26 Cr to ₹0.43 Cr in the current year. As a percentage of Sales these increased from 0.24% in the previous year to 2.52% in the current year.

**c) Amount written off/Provisioning**

During the current financial year following amounts have been provided for/written off to present the accounts at a fair value.

(₹ in lacs)

Provision for Excise Demand	7.08
Know-how fees and others	0.82
Provision for Obsolete & Slow Moving Stores	35.30
Provision for Doubtful Debts and Advances	NIL

Thus, the overall amount written off/provided for in the accounts during the financial year 2010-11 is to the tune of ₹43.20 lacs.

**d) Personnel cost**

The personnel cost increased from ₹11.70 Cr to ₹13.38 Cr.

**e) Interest & Depreciation**

The Financial Charges decreased from ₹6.95 Lacs in the previous year to ₹5.62 Lacs in the current year.

Depreciation decreased from ₹0.86 Cr to ₹0.76 Cr during 2010-11. The reduction in depreciation is on account of WDV method followed by the company. Further, no major addition in the capital expenditure was booked during the current year.

**f) Net Profit**

During the current financial year, the Company has earned a Net profit of ₹0.24 Cr as against Net Profit of ₹1.77 Cr during the last year.

**g) Dividend**

Owing to inadequate profit, during the Previous year, the Directors of your Company do not recommend any dividend for the financial year 2010-11

**Segment reporting**

Puncom is engaged in the business of manufacturing of telecom products and these activities are covered by same sets of risks and returns. Sales have been grouped as single segment in the accounts as per AS-17 issued by ICAI. However, interest income has been considered as a separate segment. Out of total revenue of ₹ 2660 lacs, ₹1812 lacs pertains to Sales Service and other Income Segment, ₹713 lacs pertains to interest segment ₹135 lacs pertains to Rental Segment.

**FINANCIAL POSITION****a) Reserves & Surplus**

The Reserves of the Company stands at ₹9651 Lacs as on March 31, 2011.

**b) Secured/Unsecured Loans**

Company enjoys the status of being a Zero-debt company. However, the working capital limits for meeting the working capital requirements of the Company are availed intermittently from its Bankers.

**c) Fixed Assets**

The gross block of the company increased marginally from ₹52.15 Cr to ₹52.37 Cr in the current year.

**d) Investments**

The fixed deposits of the company have remained more or less same with ₹100.06 Cr. against ₹100.89 Cr. for the previous year.

**e) Inventories**

Total inventory has increased marginally from ₹ 3.31 Cr as at 31.3.2010 to ₹ 3.76 Cr as at 31.3.2011 due to increase in turnover of own products.

**f) Receivables**

Receivables were ₹ 21.00 Cr as at 31.3.2011, as compared to ₹ 25.62 Cr as at 31.3.2010. These debtors are considered to be good and there being no doubtful debts no provision has been made this year.

**g) Loans and Advances**

These have decreased from ₹ 6.37 Cr as at 31.3.2010 to ₹ 4.91 Cr as at 31.3.2011.

**h) Current Liabilities & Provisions**

Total current liabilities have been increased from ₹ 42.30 Cr as on 31.03.2010 to ₹ 123.65 Cr as on 31.03.2011 which is mainly due to transfer back of approx. ₹ 93.70 Cr. in Escrow account, which is VMC's portion and does not pertain to Puncom.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

		Amount (₹ in lacs)
<b>a) EARNINGS:</b>		
F.O.B. value of export	:	NIL
<b>b) OUTGO</b>		
CIF value of import of raw material	:	117.84
Components & Spares, Capital good	:	3.70
Foreign travel & others	:	NIL

**BUSINESS REVIEW**
**Opportunities**

- ❑ Continuing exponential growth rate in mobile and broadband networks and its deeper penetration into rural and other tertiary areas continues to provide business opportunities in telecom segment.
- ❑ Even though, most of telecom growth in India has been based on imported MNC equipment, the policy makers and industry itself is maturing and a greater proportion of locally manufactured equipment is expected.
- ❑ Growth of telecom and IT is prompting related growth in niche markets of power, railways, defence, government etc for telecom and IT equipments.
- ❑ Newer areas of security, renewable energy, green and clean technologies provide new business opportunities to penetrate/invest into new segments.
- ❑ India, with its vast and vibrant economy and deeper integration with global markets, is moving up the value chain and is in the process throwing up large requirements of cost optimised high tech products in telecom and IT domains. This is providing new opportunities and markets for domestic industry.
- ❑ M&A continues to be the norm in the growing Indian economy providing necessary impetus to the change management.

**Threats**

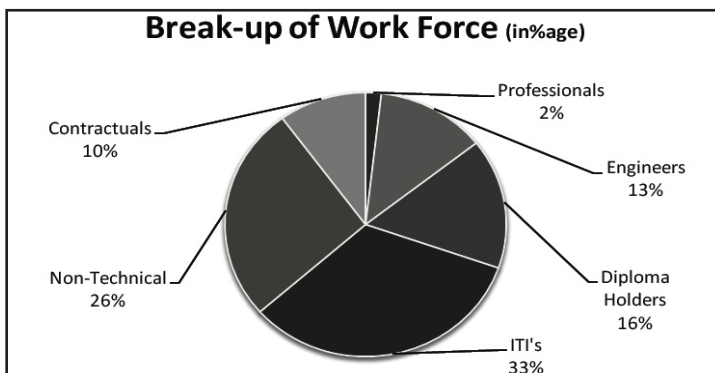
- ❑ Continuously evolving market place increases product churn and reduces timelines. This increases business risks and puts pressure on companies to continuously innovate and explore investments into new markets and products.
- ❑ Policy framework and a perceived purchaser bias in India results in skewed playing field in favour of MNCs which Indian telecom manufacturers find difficult to match.
- ❑ Puncom operates in a highly competitive high-tech segment. However, being a PSU, it is not able to employ the level of flexibility in business operations as enjoyed by its competitors from private sector.

**HUMAN RESOURCE DEVELOPMENT**

The employees of Puncom are the backbone and this resource is very efficiently utilised. The company nurtures its employees through greater knowledge, opportunity, responsibility, accountability, innovation and discipline. Puncom is dextrous in motivating its employees to stretch out the hand of effort and hard work towards attainment of its objectives. All the policies concerning the employees are made keeping in view the fact that manpower is the most precious resource for the company. Puncom is relatively renowned company with young employees having an average age of 41 years.

**Break- up of work force**
**As on 31<sup>st</sup> March, 2011**

a) Professionals (MBA, CA, ICWA, CS, LLB)	:	05
b) Engineers (B.E/ B.Tech. /M.Tech /AMIE/MSC/MCA)	:	35
c) Diploma Holders	:	44
d) ITIs	:	92
e) Non-Technical	:	73
f) Contractual	:	28
<b>Total</b>	:	<b>277</b>



Puncom is equipped with qualified and professional staff. The employees are groomed through effective system of assessment, performance appraisal, training, including sharing of lectures/ knowledge base through the local area network, training files and on line testing structured manner.

In addition to above, Puncom offers numerous facilities to its human resources in the form of in-house Library, Air-conditioned environment, Canteen facilities, Leased accommodation, Bill paying facility, ATM, Leave/Home travel concessions, Internet facility etc. Further, other benefits like medical allowance, conveyance loan etc. are also available to employees.

Puncom frames its HR policies keeping in mind that human resource is core strength of the company. Good HR policies not only lead to contentment of employees by providing them with equal opportunities to grow but also help in achieving the laid down objectives effectively. Puncom encourages its employees to go beyond the scope of their work, undertake voluntary projects that enable them to learn and contribute innovative ideas in meeting goals of company.

#### **Industrial Relations**

Puncom firmly believes in the power of esprit de corpe and thus, provides its employees with congenial atmosphere to work as a cohesive team. The efforts of all the employees are synchronized and coordinated towards achieving common objectives. Further all employees are encouraged to participate in the decision making process. During the year 2010-11 the employee management relations remained cordial and positive.

#### **Safety**

Safety and security of the personnel, assets, and the environmental protection are on top of the agenda at Puncom. The safety procedure of Puncom includes electrical safety, inherent process safety, control of substances hazardous to health, vehicle integrity check and loading and unloading operations. Puncom is consistently reviewing its safety measures and taking steps to improve them.

#### **Environment**

Puncom is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment. Strict adherence to all regulatory requirements and guidelines is maintained at all times. The company has adopted approach to create pollution free environment by adopting required measures. The company has taken tasks of planting trees and maintaining lawns to make the factory dust free. Being an electronic industry, though it does not emits any air, water or noise pollutants yet the company is committed to make the environment healthy and pollution free.

**AUDITORS' REPORT**

To  
The Shareholders,  
Punjab Communications Limited.

1. We have audited the attached Balance Sheet of Punjab Communications Limited ("the Company") as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) Subject to our observations in para (vii) below, we are of the opinion that the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) In terms of Government of India, Department of Corporate Affairs Notification No. GSR 829(E) dated 21st October, 2003, Government companies are exempt from the applicability of provisions of Section 274(1)(g) of the Companies Act, 1956;
  - (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.
  - (vii)
    - a) **Attention is invited to Note No. 14 of schedule 23 regarding realization of investment of ₹ 700 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd and interest of ₹ 968.43 lacs accruing up to 12.07.2005 consequent to the ex-parte decree awarded by Court against the UP State Government, which is pending for execution before the lower court. In view of the uncertainty involved in the realization of interest, the interest accrued amounting to ₹ 968.43 lacs up to 12.07.2005 i.e. date of deposit of the decreed amount by the UP Government, and for the period subsequent thereto, has not been recognized as income.**
    - b) **Reference is invited to Note No. 12 of schedule 23 regarding revenue recognition of ₹ 104.69 lacs in respect of sales for which risks and rewards of ownership have remained with the Company which is in contravention of Accounting Standard on AS-9 "Revenue Recognition" issued by the Institute of Chartered Accountants of India.**
    - c) **As detailed at Accounting Policy 1(b) of Schedule 22, certain items of income and expenditure have been accounted for on cash basis. Impact of such treatment on profits of the year has not been ascertained.**

Subject to the above, we are of the opinion that to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Raj Gupta & Co.**  
**Chartered Accountants**  
**FRN: 000203N**

**Place: Chandigarh**  
**Dated: November 02, 2011**

**Raj Kumar Gupta**  
**Partner**  
**Membership No: 017039**

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**ANNEXURE TO AUDITORS' REPORT**

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**(As referred to in paragraph 3 of our report of even date)**

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management at the end of the year. Considering the size of the Company and nature of its fixed assets, no material discrepancies were noticed on such verification.
  - c) The fixed assets disposed off during the year did not constitute a substantial part of the total fixed assets and therefore do not affect the going concern assumption.
2.
  - a) As explained to us, the inventories were physically verified by the management at the end of the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3. The Company has neither granted any secured/unsecured loans to, nor taken secured/unsecured loans from, any Company, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. The Company has adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of stores, raw material including components, plant and machinery, equipment and other assets and for sale of goods. We have not come across any major weakness in internal control.
5. There are no transactions, which need to be entered in register maintained under section 301 of the Act.
6. The Company has not accepted any deposits from public during the year.
7. In our opinion, the internal audit system prevalent in the Company is commensurate with the size of the Company and the nature of its business.
8. We have been informed that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of any of the Company's products.
9.
  - a) According to the records of the Company, it is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, which have remained outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there were no disputed amounts in respect of income tax, sales tax, custom duty, excise duty, etc which were outstanding in the books of accounts as at 31st March 2011 except for the following:
    - (i) The excise duty demand including penalty and interest aggregating to ₹ 251.67 lacs (net of pre-deposit) is disputed and the appeal is pending before the Central Excise Tribunal:  
The following demands have been raised in respect of disputed dues pending before various statutory authorities:
    - (ii) The excise and custom duty demand of ₹ 30.20 lacs is disputed with excise and custom department.
    - (iii) The Sales Tax demand including interest aggregating to ₹ 14.85 lacs (net of pre-deposit) is disputed and the appeal is pending at the office of Deputy Commissioner, Commercial Taxes, Andhra Pradesh.
10. The Company does not have any accumulated losses. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.



11. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to Chit fund, Nidhi or mutual benefit fund, society are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments. Hence, requirements of paragraph 4(XIV) are not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee in respect of loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans during the year.
17. According to the cash flow statement and other records examined by us and on the basis of information and explanations given to us, funds raised on short-term basis have not been used for long-term investment.
18. The company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through public issue of shares during the year.
21. Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For Raj Gupta & Co.**  
**Chartered Accountants**  
**FRN: 000203N**

**Place: Chandigarh**  
**Dated: November 02, 2011**

**Raj Kumar Gupta**  
**Partner**  
**Membership Number: 017039**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PUNJAB COMMUNICATIONS LIMITED, MOHALI FOR THE YEAR ENDED 31ST MARCH, 2011.**

The preparation of financial statements of Punjab Communications Limited, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 2nd November, 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Punjab Communications Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquires of the statutory auditor and Company personnel and selective examination of some of the accounting records. On the basis on my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under Section 619 (4) of the Companies Act, 1956.

**For and on behalf of the  
Comptroller & Auditor General of India**

**Place : Chandigarh  
Dated : 01-12-2011**

**Principal Accountant General (Audit)  
Punjab & U.T., Chandigarh**

**BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	AS AT 31st MARCH, 2011 AMOUNT (₹)	AS AT 31st MARCH, 2010 AMOUNT (₹)
<b>I. SOURCES OF FUNDS</b>			
a) <b>Shareholder's Funds</b>			
Share Capital	1	120479788.00	120479788.00
Reserves and Surplus	2	965059382.77	965126868.75
<b>TOTAL</b>		<b>1085539170.77</b>	<b>1085606656.75</b>
<b>II APPLICATION OF FUNDS</b>		<b>1085539170.77</b>	<b>1085606656.75</b>
a) <b>Fixed Assets</b>	3		
i) Gross Block		523737329.68	521559659.52
ii) Less: Depreciation		463956007.25	456524113.49
iii) Net Block		59781322.43	65035546.03
		<b>59781322.43</b>	<b>65035546.03</b>
b) <b>Investments</b>	4	<b>11562850.00</b>	<b>11562850.00</b>
c) <b>Deferred Tax Assets</b>		<b>5756744.35</b>	<b>7042569.35</b>
d) <b>Current Assets, Loans &amp; Advances</b>			
Inventories	5	37619799.27	33198116.08
Sundry Debtors	6	210039627.43	256248021.92
Cash & Bank balances	7	1010444482.80	1015535772.04
Other Current Assets	8	937631251.62	56119563.84
Loans and Advances	9	49082755.41	63750602.18
		<b>2244817916.53</b>	<b>1424852076.06</b>
<b>Less: Current Liabilities&amp;Provisions</b>			
Current Liabilities	10	1236461953.75	423050970.91
Net Current Assets		<b>1008355962.78</b>	<b>1001801105.16</b>
e) <b>Miscellaneous Expenditure</b>	11	<b>82291.21</b>	<b>164586.21</b>
(to the extent not written off or adjusted)			
<b>TOTAL</b>		<b>1085539170.77</b>	<b>1085606656.75</b>
Significant Accounting Policies	21		
Notes on Accounts	22		

Schedule 1 to 22 referred to above form an integral part of the Balance Sheet.

In terms of our separate report of even date attached

For RAJ GUPTA & Co.  
CHARTERED ACCOUNTANTS  
FRN: 000203N

S.S. CHANNY  
CHAIRMAN

ANURAG VERMA  
MANAGING DIRECTOR

R.K. NANGIA  
DIRECTOR

RAJ KUMAR GUPTA  
PARTNER  
M. No.: 017039

J. S. BHATIA  
HEAD - FINANCE

MADHUR BAIN SINGH  
COMPANY SECRETARY

R. K. VASHISHTHA  
DM FINANCE

Place: S.A.S. Nagar (Mohali)  
Date: November 02, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	SCHEDULE	YEAR ENDED 31st MARCH, 2011 AMOUNT(₹)	YEAR ENDED 31st MARCH, 2010 AMOUNT (₹)
<b>I. EARNED FROM</b>			
Turnover/Service Income (Gross)		181439937.21	1108643242.53
Less:-Excise duty		<u>12299153.51</u>	<u>6956358.95</u>
Turnover (Net)		169140783.70	1101686883.58
Increase/(Decrease)			
in Stocks	12	1536787.14	(11096259.00)
Other Income	13	<u>96853346.82</u>	<u>108185025.12</u>
		<u>267530917.66</u>	<u>1198775649.70</u>
<b>II. PAID AND PROVIDED FOR</b>			
Consumption of Raw Materials	14	79001168.22	1027226857.53
Manufacturing & Installation Expenses	15	18199297.96	7855612.51
Administration & Other Expenses	16	16733076.31	14048891.30
Personnel Costs	17	133848535.19	117035759.26
Selling and Distribution Costs	18	4268666.99	2605794.65
Financial Charges	19	562016.03	694724.96
Amount Written off & Amortisation	20	82521.00	85752.20
Provision for Obsolete & Slow Moving Stocks		3530536.00	1575180.00
Provision for Doubtful Debts and Advances		0.00	47107.30
Excise Duty on closing stock of FSA		598626.00	114446.00
Provision for Excise Demand		708480.00	1089970.00
Depreciation	3	<u>7598931.72</u>	<u>8665690.44</u>
		<u>265131855.42</u>	<u>1181045786.15</u>
Profit/Loss from operations		<u>2399062.24</u>	<u>17729863.55</u>
<b>III. PROFIT/LOSS BEFORE TAX</b>		<u>2399062.24</u>	<u>17729863.55</u>
(Less)/Add Provision for Income Tax		(770806.00)	(3474138.00)
(Less)/Add Deferred Tax Adjustment (DTA)		<u>(1285825.00)</u>	<u>971806.00</u>
		<u>342431.24</u>	<u>15227531.55</u>
<b>IV. PROFIT AVAILABLE FOR APPROPRIATIONS</b>			
Earned during the year		342431.24	15227531.55
(Less)/Add Prior Period adjustment (Net)		(426265.22)	(5274253.97)
(Less)/Add Prior Period Tax adjustment		37233.00	0.00
		<u>(46600.98)</u>	<u>9953277.58</u>
<b>V. APPROPRIATIONS</b>			
Transferred to General Reserve		(46600.98)	9953277.58
		<u>(46600.98)</u>	<u>9953277.58</u>
<b>VI. Basic /Diluted Earning per share</b>		0.03	1.27
( numerator and nominal value of shares as per Schedule 1 to the Balance Sheet )			
Significant Accounting Policies	21		
Notes on Accounts	22		
Schedule 1 to 22 referred to above form an integral part of the Balance Sheet			

In terms of our separate report of even date attached

For RAJ GUPTA & Co.  
CHARTERED ACCOUNTANTS  
FRN: 000203N

S.S. CHANNY  
CHAIRMAN

ANURAG VERMA  
MANAGING DIRECTOR

R.K. NANGIA  
DIRECTOR

RAJ KUMAR GUPTA  
PARTNER  
M. No.: 017039

J. S. BHATIA  
HEAD - FINANCE

MADHUR BAIN SINGH  
COMPANY SECRETARY

R. K. VASHISHTHA  
DM FINANCE

Place: S.A.S. Nagar (Mohali)  
Date: November 02, 2011

**SCHEDULES TO AND FORMING PART OF BALANCE SHEET AS AT AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	AS AT 31st MARCH, 2011 AMOUNT (₹)	AS AT 31st MARCH, 2010 AMOUNT (₹)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,98,00,000(1,98,00,000)		
EQUITY SHARES OF ₹ 10/- EACH	198000000.00	198000000.00
20,000 (20,000) REDEEMABLE PREF. SHARES OF ₹ 100/- EACH	<u>2000000.00</u>	<u>2000000.00</u>
	<u>200000000.00</u>	<u>200000000.00</u>
<b>ISSUED AND SUBSCRIBED</b>		
1,20,23,565(1,20,23,565)		
EQUITY SHARES OF ₹ 10/- EACH *\$	120235650.00	120235650.00
Share forfeiture account (Share Capital)	<u>244138.00</u>	<u>244138.00</u>
	<u>120479788.00</u>	<u>120479788.00</u>
* Includes 1,11,01,050 (1,11,01,050) Equity Shares of ₹10/- each allotted as fully paid up Bonus Shares by utilisation of ₹11,10,10,500 from General Reserve \$Includes 85,51,501 (85,51,501) Equity Shares of ₹10/-each fully paid up held by Holding Company (PCTCL) and its nominees.		
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Capital Redemption Reserve	40078550.00	40078550.00
Share premium	685043600.00	685043600.00
Add:-Share Forfeiture account (Share Premium)	<u>5859312.00</u>	<u>5859312.00</u>
	690902912.00	690902912.00
General Reserve:		
Opening Balance	233938635.75	223985358.17
Add:(+) /Less(-)Transferred from Profit & Loss Account	<u>(46600.98)</u>	<u>9953277.58</u>
	233892034.77	233938635.75
Deferred Govt. Grants (Subsidy)		
As per last Balance Sheet	206771.00	230788.00
Less:Transfer to Profit & Loss Account	<u>20885.00</u>	<u>24017.00</u>
	185886.00	206771.00
	<u>965059382.77</u>	<u>965126868.75</u>

**SCHEDULE 3 : FIXED ASSETS**

DESCRIPTION OF FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2010	ADDITIONS	SALE/TRF.	AS AT 31.3.2011	UPTO 1.4.2010	FOR THE YEAR	ADJUST- MENTS / WRITTEN BACK	UPTO 31.3.2011	AS AT 31.3.2011	AS AT 31.3.2010
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
CAPTIVE ASSETS										
LAND (Freehold)	15240077.00	0.00	0.00	15240077.00	1030172.45	0.00	0.00	1030172.45	14209904.55	14209904.55
BUILDING	68640128.66	0.00	0.00	68640128.66	54056303.20	1313967.13	0.00	55370270.33	13269858.33	14583825.46
PLANT & MACHINERY	376003294.97	311960.13	75671.97	376239583.13	344293584.01	5039289.58	75670.98	349257202.61	26982380.52	31709710.96
TEMPORARY STRUCTURE	4068531.00	0.00	0.00	4068531.00	4068531.00	0.00	0.00	4068531.00	0.00	0.00
ELECTRICAL INSTALLATION	25304414.67	0.00	9431.20	25294983.47	23663312.72	297039.44	9431.20	23950920.96	1344062.51	1641101.95
OFFICE EQUIPMENT	15161205.25	526885.70	85871.50	15602219.45	13983732.78	438221.84	81935.78	14340018.84	1262200.61	1177472.47
FURNITURE & FIXTURE	10134598.14	0.00	0.00	10134598.14	9926724.63	37625.14	0.00	9964349.77	170248.37	207873.51
VEHICLES	6676288.21	1509799.00	0.00	8186067.21	5183311.84	470489.76	0.00	5653801.60	2532265.61	1492956.37
OTHER ASSETS	331141.62	0.00	0.00	331141.62	318440.86	2298.83	0.00	320739.69	10401.93	12700.76
TOTAL	521559659.52	2348644.83	170974.67	523737329.68	456524113.49	7598931.72	167037.96	463956007.25	59781322.43	65035546.03
PREVIOUS YEAR FIGURES	520504332.14	1143485.06	88157.88	521559659.52	447937811.92	8665690.44	79388.87	456524113.49	65035546.03	72566520.22

\* Date of conversion into freehold land 05/02/2003

PARTICULARS	AS AT		AS AT
	31st MARCH, 2011		31st MARCH, 2010
	AMOUNT (₹)		AMOUNT (₹)

**SCHEDULE 4 : LONG TERM INVESTMENTS**

(At cost adjusted for diminution in value)

**UNQUOTED AND NON TRADE:-**

Partial amount against

U.P. CO-OPERATIVE SPINNING MILLS FEDERATION LTD.,	11562848.00	11562848.00
14000 (14000) 14.90% (Taxable) Secured Redeemable		
UPCSMF Bonds fully guaranteed by the Govt of U.P. of		
Rs. 5000/- each fully paid up. (Refer Note No. 14 of Schedule 23 )		

**WHOLLY OWNED SUBSIDIARY COMPANIES:-**

A) PUNJAB DIGITAL INDUSTRIAL SYSTEMS LTD.			
2,46,640 (2,46,640) Equity Shares of Rs. 10/- each,			
fully paid up	2478744.00	2478744.00	
Less:- Provision for diminution in value	2478743.00	1.00	1.00
B) PCL TELECOM LTD.		1.00	1.00
i) 196300(196300) Equity shares of ₹ 10/- each fully paid up			
	<u>11562850.00</u>		<u>11562850.00</u>

**SCHEDULE 5 : INVENTORIES**
**INVENTORIES** (As taken, valued, and certified by the management)

Stores & Spares	1235243.74		395874.00
Raw material	121589607.00	114488145.00	
Less: Provision for obsolete & slow moving	94677941.96	93877941.96	
	26911665.04		20610203.04
Finished sub-assemblies	47593103.00	44446568.00	
Less: Provision for obsolete & slow moving	40524868.00	37794332.00	
	7068235.00		6652236.00
Work -in -process	1975699.14		3585447.00
Goods -in -transit	428956.35		1954356.04
	<u>37619799.27</u>		<u>33198116.08</u>

**SCHEDULE 6 : SUNDRY DEBTORS**
**SUNDRY DEBTORS** (Unsecured)

Exceeding six months	181305677.77	226108033.19
Considered good	11219311.85	11264897.85
Considered doubtful *	192524989.62	237372931.04
Less: Provision for doubtful debts	11219311.85	11264897.85
	181305677.77	226108033.19
Other debts-considered good	28733949.66	30139988.73
	<u>210039627.43</u>	<u>256248021.92</u>

\*Includes due from Subsidiary(PDISL) ₹455150.97, (₹455150.97)

PARTICULARS	AS AT	AS AT
	31st MARCH, 2011 AMOUNT (₹)	31st MARCH, 2010 AMOUNT (₹)

**SCHEDULE 7 : CASH & BANK BALANCES**

Cash in hand	140059.30	40189.40
Cheques in hand	117348.00	266002.00
Balance with Scheduled Banks :		
In Fixed Deposits*	1000590217.07	1008940287.60
In Cash Credit account	7258290.85	2370063.47
In Current Accounts**	2338567.58	3919229.57
	<u>1010444482.80</u>	<u>1015535772.04</u>

\*FDRs worth to ₹ 3656.24 Lacs are pledged with banks

\*\*Including ₹ 27722/- (₹27722-) towards Buyback amount.

**SCHEDULE 8 : OTHER CURRENT ASSETS**

Intt. accrued but not due on FDR	584284.99	6454598.51
In Escrow account (Money held on behalf of VMC & its Associated Companies)	<u>937046966.63</u>	<u>49664965.33</u>
	<u>937631251.62</u>	<u>56119563.84</u>

**SCHEDULE 9 : LOANS & ADVANCES**
**(UNSECURED & CONSIDERED GOOD UNLESS OTHERWISE STATED)**

Advances recoverable in cash or in kind or for value to be received:-

Advances to Employees	5294289.00	5207065.00
Due from Holding Company (PICTCL)	1380.00	1380.00
Due from Subsidiary company (PDISL)	4035472.61	4035472.61
Less:- Provision for doubtful advances	<u>4035472.61</u>	<u>4035472.61</u>
	0.00	0.00
Security deposits	5847332.00	4328822.00
Claims Recoverable	122029.01	111252.98
Balance with Excise Department	63750.52	297846.03
Income Tax Recoverable for Previous years	30803105.67	48059184.67
Income Tax Recoverable current year	<u>2895792.28</u>	<u>2929239.00</u>
	33698897.95	50988423.67
Less:Provision for Income Tax/MAT	<u>770806.00</u>	<u>3474138.00</u>
	32928091.95	47514285.67
Other Advances:-		
Considered good	4825882.93	6289950.50
Doubtful Advances	<u>234055.14</u>	<u>234055.14</u>
	5059938.07	6524005.64
Less: Provision for Doubtful Advances	<u>234055.14</u>	<u>234055.14</u>
	<u>4825882.93</u>	<u>6289950.50</u>
	<u>49082755.41</u>	<u>63750602.18</u>

**SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS**
**SUNDRY CREDITORS FOR GOODS & SERVICES**

i. Dues of Small scale Industries	82289.33	53597.88
ii. Dues of other Creditors*	1157072271.76	342544740.39
Unclaimed Buy back amount	27722.00	27722.00
Advance from customers	550000.00	295459.00
Other liabilities	<u>78729670.66</u>	<u>80129451.64</u>
	<u>1236461953.75</u>	<u>423050970.91</u>
	<u>1236461953.75</u>	<u>423050970.91</u>

\* Includes ₹ 10513.73 Lacs due to VMC against which ₹ 9370.47 lacs lying in Escrow Account



PARTICULARS	AS AT		AS AT
	31st MARCH, 2011		31st MARCH, 2010
	AMOUNT (₹)		AMOUNT (₹)
<b>SCHEDULE 11 : MISCELLANEOUS EXPENDITURE</b>			
Technical know how fees:-			
Opening Balance	164586.21	246881.21	
Less:- Written off / Amortized	82295.00	82295.00	
	82291.21		164586.21
	82291.21		164586.21
<b>SCHEDULE 12 : INCREASE/DECREASE IN STOCKS</b>			
a) <b>OPENING STOCKS</b>			
i) Work in process	3585447.00	2828654.00	
ii) Finished sub-assemblies	44446568.00	56299620.00	
	48032015.00		59128274.00
b) <b>CLOSING STOCKS</b>			
i) Work in process	1975699.14	3585447.00	
ii) Finished sub-assemblies	47593103.00	44446568.00	
	49568802.14		48032015.00
Decrease(-) / Increase (+) in stock (b-a)	1536787.14		-11096259.00
<b>SCHEDULE 13 : OTHER INCOME*\$</b>			
Interest on Fixed Deposits	71253480.90	92833058.49	
Interest on Staff loans	323947.00	290985.00	
Training Fees	5578100.00	4559875.00	
Miscellaneous Receipts	782502.63	1436415.40	
Interest on Income Tax refund	2847443.00	0.00	
Profit on sale of Fixed Assets	55563.29	1624.23	
Rent Received	13510876.00	9039050.00	
Capital Subsidy written back	20885.00	24017.00	
Provision for Doubtful Debts and advances written back	45586.00	0.00	
Prov. For Excise Demand written back	2434963.00	0.00	
	96853346.82	108185025.12	
*Gross unless otherwise stated			
\$Income tax deducted at source on FDR's ₹708152/- (₹ 2188527/-)			
<b>SCHEDULE 14 : CONSUMPTION OF RAW MATERIALS</b>			
Opening Stock	114488145.00	118368846.00	
Add Purchases*	91833059.22	206321204.22	1144185938.53
Less: CENVAT credit	5175064.45	5175064.45	2310862.00
Less: Input Tax credit (VAT)	555364.55	555364.55	160074.00
	200590775.22		1141715002.53
Less:Closing Stock	121589607.00		114488145.00
Net consumption	79001168.22		1027226857.53
*Including boughtout purchase of ₹ 20852043/- (₹ 989283030/-)			
<b>SCHEDULE 15 : MANUFACTURING EXPENSES &amp; INSTALLATION EXPENSES</b>			
Stores & Spares	1395431.89	669780.14	
Power & Fuel	5450701.00	4971721.00	
Freight	129105.00	51987.22	
Installation charges	9029084.67	1837023.40	
Miscellaneous Production expenses	2194975.40	325100.75	
	18199297.96	7855612.51	
<b>SCHEDULE 16 : ADMINISTRATION AND OTHER EXPENSES</b>			
Travelling & conveyance(including for directors	3065818.50	2577918.25	
₹98326.55 (₹86524/-)			
Printing & Stationery	666953.21	604116.48	
Rent	125000.00	132000.00	

<b>PARTICULARS</b>	<b>AS AT 31st MARCH, 2011 AMOUNT (₹)</b>	<b>AS AT 31st MARCH, 2010 AMOUNT (₹)</b>
Office electricity & Water	168578.13	153764.54
Postage, Telephone & Telex	1001552.14	839907.66
Insurance (net)	548801.32	467109.96
Rates & Taxes	263294.00	388709.40
Directors sitting fee	95000.00	79500.00
Meeting expenses	79711.00	41376.00
Staff recruitment/training expenses	28413.70	4590.00
<b>REPAIR &amp; MAINTENANCE :-</b>		
Building	35483.50	44891.00
Plant & Machinery	233945.29	298691.62
General maintenance	426066.14	392988.91
Vehicle running & maintenance	2007293.67	1280227.85
Membership fee and subscription	47428.00	38076.00
Internal audit fees & expenses	105000.00	104999.50
Auditors payments:-		
Audit fee	150000.00	140000.00
Tax audit fees	40000.00	50000.00
Out of pocket	36750.00	32270.00
Certification & other services	75000.00	86030.00
Legal & professional fees	709328.00	424152.00
Miscellaneous expenses*	6823659.71	5867572.13
	<u>16733076.31</u>	<u>14048891.30</u>

\*Including shareholders related expenses ₹304580/-(₹298974.95)

#### **SCHEDULE 17 : PERSONNEL COSTS**

Salary, Wages, Other Allowances & Benefits	106660234.20	97767692.80
Contribution towards provident and other funds	16826773.10	13457960.35
Bonus/ex-gratia	92179.20	94160.80
Contribution to Gratuity Fund	10140318.00	5607988.00
Staff Welfare expenses	129030.69	107957.31
	<u>133848535.19</u>	<u>117035759.26</u>

#### **SCHEDULE 18 : SELLING AND DISTRIBUTION COSTS**

Advertisement and publicity	65557.00	136269.25
Sales promotion expenses	1149964.16	809518.70
Freight outwards (net)/States Taxes	657950.00	144545.98
Royalty	7376.00	26819.00
Packing & Forwarding expenses	2387819.83	1488641.72
	<u>4268666.99</u>	<u>2605794.65</u>

#### **SCHEDULE 19 : FINANCIAL CHARGES**

<b>INTEREST :-</b>		
on loan against FDR's	68327.00	235337.00
on cash credit	1147.57	43769.02
Bank charges & commission	464237.01	415618.94
Loss on exchange fluctuations & Forward premia	28304.45	0.00
	<u>562016.03</u>	<u>694724.96</u>

#### **SCHEDULE 20:AMOUNT WRITTEN OFF/AMORTIZATION**

Shortage/short and excess recoveries(net)	226.00	3457.20
Technical Know how fees/amortized	82295.00	82295.00
	<u>82521.00</u>	<u>85752.20</u>

**SCHEDULE 21 : SIGNIFICANT ACCOUNTING POLICIES****I. Accounting conventions:**

- a) The accounts are prepared on historical cost basis treating the entity as a going concern. Accounting policies unless referred to otherwise are consistent with generally accepted accounting principles.
- b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis, except:-
  - i) Additional demand for taxes arising on completion of assessments are accounted for as and when paid.
  - ii) Refunds on account of octroi, excise duty, custom duty, income tax and insurance claims are accounted for on settlement.
  - iii) Customer claims, recoveries, liquidated damages and penal interest for delay in execution of the contracts are provided for as and when settled.
  - iv) Ex-gratia payments to employees are accounted for as and when incurred.
  - v) The claims for price escalation on sales are accounted for on settlement.
  - vi) Expenditure on warranty and guarantee of satisfactory performance of equipments is accounted for when incurred.

**II. Fixed Assets and Depreciation:****i. Fixed Assets:**

Fixed assets are stated at cost of acquisition net of CENVAT credit, but inclusive of duties, taxes, freight, incidental expenses and erection / commissioning expenses.

**ii. Depreciation :**

- a) Depreciation on fixed assets is provided for on Written Down Value (WDV) method at the rates specified in Schedule XIV to the Companies Act, 1956. Changes in historical cost of fixed assets on account of fluctuations in exchange rate of liabilities for acquisition of fixed assets are accounted for by the amounts being amortised over the residual useful life of respective assets.
- b) Depreciation also includes amount written off in respect of leasehold properties and assets over the respective lease period.
- c) Calculation of depreciation on the additions during the year is done on pro-rata basis from the date of its receipt plus 10 days for installations.

**iii. Impairment:**

As mandated by Accounting Standard 28 "Impairment of Assets", the carrying values of assets are reviewed at each reporting date to determine if there is an indication of any impairment of an asset. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is reversed, if there has been any change in the estimates used to determine the recoverable amount.

**III. Technical know-how fee:**

Technical know-how fees are amortized in accordance with the provisions of the Accounting Standard-AS 26 (Intangible Assets) issued by the Institute of Chartered Accountants of India.

**IV. Inventories:**

- a) Inventories are valued at the lower of cost or estimated net realisable value. Inventories are valued according to FIFO method of valuation.
- b) Cost of Work in process includes cost of material plus direct labour.
- c) Cost of Finished sub assemblies includes cost of material plus overheads apportioned on the basis of actual stage of completion as at year end.

- d) Finished goods are valued at lower of cost or net realisable value.
- e) Goods received after the cut off date (for physical verification as at the year end) and goods for which the documents are retired are treated as goods in transit.
- f) Any Shortage/excess in Raw Material detected at the time of physical verification is included in consumption of goods.
- g) CENVAT on inputs is reduced from purchases; inventories are valued at net of CENVAT credit.

**V. Sales:**

Sales are accounted for at the time of despatch and are inclusive of excise duty but exclusive of sales tax.

**VI. Investments:**

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

**VII. Transactions in Foreign currency**

Current assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the time of transaction and converted at exchange rate prevailing at the year end. Resultant loss/gain is charged to P&L account.

**VIII. Retirement benefits**

Gratuity, Superannuation and Leave encashment benefits payable to employees are covered under the Policies of Life Insurance Corporation of India.

**IX. Borrowing Costs**

Borrowing Costs are treated in accordance with Accounting Standard 16 issued by the Institute of Chartered Accountants of India.

**SCHEDULE 22 : NOTES FORMING PART OF THE ACCOUNTS**

(figures in brackets denote previous year figures)

**A.** (₹ in Lacs)

1. Contingent liabilities not provided for in the accounts :-		
a) Bank guarantees and Letter of credits *	2982.00	(3070.79)
b) Claims against company, not acknowledged as debts,		
-by Sales Tax authorities**	14.85	(5.04)
-by Excise & Custom authorities	30.20	(31.90)
-by other parties	38.84	(38.82)
c) Court cases	200.58	(83.07)
d) PSEB Demand ***	27.96	(27.96)
e) Interest on Employees Security deposits payable after completion of 5 years of service	0.65	(0.93)

\*Includes expired guarantees for ₹ 61.03 Lacs (21.86 lacs) against which neither any claims have been lodged nor reversed by issuing banks pending returning of original guarantee by beneficiary.

\*\* The Company has filed appeal which has been admitted by the competent authority.

\*\*\* Company received a Demand Notice from PSEB Mohali which is being contested through the Lessee as per Lease Agreement.

- Estimated amount of contracts remaining to be executed on capital account Nil (Nil).
- The company has transferred unpaid dividend amounting to ₹ Nil Lacs (5.72 Lacs) to Investor Education & Protection Fund during the year as per section 205C of Company Act. 1956.
- In the opinion of the Board of directors, the current assets and loans and advances have a value on realisation at least equal to the value stated in the foregoing balance sheet. Adequate provision has been made for all known liabilities and is not in excess of the amount considered reasonably necessary.
- Loans and Advances includes amount due from Directors at the year end ₹ Nil (Nil) and maximum amount outstanding at any time during the year from Directors was ₹ Nil lacs (₹ Nil lacs) .
- Disclosure on employee benefits with regard to gratuity and leave encashment, a funded defined benefit plan, as per the Accounting Standard 15 issued by the Institute of Chartered Accountants of India:

**Defined benefit plan for payment of gratuity :-**

**Defined benefit plan for payment of Leave Encashment :-**

	2010-11	2009-10		2010-11	2009-10
	(₹ in Lacs)			(₹ in Lacs)	
Opening balance	169.71	(112.69)	Opening balance	239.29	(183.04)
Add Credit towards funds during the year	99.89	(54.52)	Add credit towards fund during the year	38.27	(45.81)
Less Claim paid during the year	13.17	(10.93)	Less claims paid during the year	5.02	(7.34)
Add Interest credited for the year	18.26	(13.43)	Add Interest credited for the year	22.07	(17.78)
Closing Balance	274.69	(169.71)	Closing balance	294.61	(239.29)
Present value of accrued gratuity liability	534.56	(279.82)	Present value of accrued service liability	273.62	(259.93)

**Assumptions:**

Salary Escalations - 7%  
Discounting Factor- 8%

- Punjab Digital Industrial Systems Ltd (PDISL), the fully-owned subsidiary, has been ordered to be wound up by the Hon'ble Punjab & Haryana High Court vide their order dated 20/02/2009. The Company has filed its statement

of affairs with the Official Liquidator appointed by the said court. The loss on account of permanent diminution in investment in equity shares of ₹24.79 lacs in PDISL has been provided for. Full provision amounting to ₹ 40.35 lacs against amount recoverable of ₹ 40.35 lacs (₹40.35 lacs) and ₹ 4.55 Lacs against balance appearing in Sundry Debtors at ₹ 4.55 lacs (₹ 4.55 lacs) has also been made.

8. The Board of Directors of the company at their 81st meeting held on 29.01.1997 decided to bear all statutory expenditure in respect of its subsidiary company namely PCL Telecom Ltd, which presently is under winding up process.
9. The company had sent balance confirmation letters to all parties requesting them to confirm the balance within 15 days, failing which the balance will be presumed to be correct. The company has no other means of confirming the balances for which no response has been received except presuming them to be correct as per the terms of the letter.
10. Details of prior period Adjustments:-

PARTICULARS	AMOUNT (₹ Lacs)
<b>Prior Period Income</b>	
Raw Material	0.11
	<u>0.11</u>
<b>Less-Prior Period Expenses</b>	
Service Income	4.25
Administrative Expenses	0.12
	<u>4.37</u>
Net [Income(-)/Expenses(+)]	<u>4.26</u>

11. Previous year's figures have been regrouped, rearranged and recasted, wherever thought necessary, in order to make them look comparable with the current year's figures.
12. Sales includes goods despatched amounting to ₹ 104.69 lacs (₹27.79 lacs) in respect of which the customer has taken delivery in the next accounting year and acknowledged accordingly.
13. The details of dues of small scale industries to whom the company owes any sum for more than 30 days are ₹ 1035/- to M/s Alfa Electronics, Pune; ₹ 15317/- to M/s Fastners and industrial Corporation, Bangalore; ₹ 2447/- to M/s Oswin Industries, Panchkula; ₹ 44657/- to M/s Techno Crafts Mohali; ₹ 5267/- to M/s Goyal Enterprises, Chandigarh; ₹ 4558/- to M/s New Age Metal, Mohali; ₹ 5586/- to M/s Hindustan Enterprises, Allahabad; ₹ 2442/- to M/s Paramount Electronics, Bangalore; ₹100/- to M/s Elite Industries Mohali; and ₹ 880/- to M/s Progressive Engg. Works Mohali.

The disclosure as required by section 22 of the " The Micro, Small and medium Enterprises Development Act, 2006 are given below:

S. No.	Particulars	2010-11	2009-10
i	The Principal amount and the interest due thereon unpaid to any supplier - Principal Amount - Interest thereon	82289/-	53598/-
ii.	The amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day	Nil	Nil
iii.	The amount of interest due and payable for the year of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
iv.	The amount of interest accrued and remaining unpaid.	Nil	Nil
v.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	Nil	Nil

14. The company had invested ₹ 700 lacs in the Bonds of UP Co-operative Spinning Mills Ltd (UPCSMFL) duly guaranteed by the UP State Govt. for a tenure of 18 months. The company invoked the government guarantee consequent to the bonds not being redeemed on the due date of redemption viz 20.12.1999. The suit was filed for recovery of ₹ 993.44 lacs (Principal of ₹ 700 lacs and Interest of ₹ 293.44 lacs.) The company had recognised income to the extent of ₹ 156.45 lacs (@ 14.90% on Principal for a period of 18 months. The suit has been decided ex-parte in favour of the company on 31.01.2004. The U.P State Government (Guarantor) has deposited ₹ 735.63 lacs and a Govt. guarantee of equivalent amount in the Civil Court, Lucknow in compliance of the orders of the Hon'ble Punjab and Haryana High Court, Chandigarh. The matter is subjudice and the Company has not recognized the accrued interest amounting to ₹968.43 lacs up to 12.07.2005 viz. the date of deposit of ₹ 735.63 lacs by the U.P. Govt., and for the period subsequent thereto, keeping in view the uncertainty involved in the matter of realization of interest. This is in conformity with the Accounting Standard 9-Revenue Recognition issued by the Institute of Chartered Accountant of India.

Further an amount of ₹ 735.63 lacs deposited with the Executing Court has been released to the Company (decree holder) on 24.04.2006 against furnishing bank guarantee of the equivalent amount.

15. The Company is primarily engaged in the business of telecom products and its spares. As the basic nature of these activities is governed by same set of risks and returns, the sales have been grouped as single segment in the accounts as per Accounting Standard 17 "Segment Reporting" issued by ICAI. Interest and Rental Incomes have been considered as separate segments.

PARTICULARS		AMOUNT (₹ LACS)	
SEGMENT	SEGMENT REVENUE	SEGMENT RESULTS	
a. Sales, Services & Other Income	1812	-823	
b. Interest Income	713	713	
c. Rental Income	135	134	
<b>TOTAL REVENUE</b>	<b>2660</b>	<b>24</b>	
	SEGMENT ASSETS	SEGMENT LIABILITIES	
a. Sales, Services & Others	13197	23220	
b. Interest Income	10006	Nil	
c. Rental Income	17	Nil	
<b>TOTAL</b>	<b>23220</b>	<b>23220</b>	

(Depreciation on segment a- ₹ 75.11 lacs (₹ 85.14 lacs), segment b - ₹ Nil (₹ Nil), segment c ₹ 0.88 lacs (₹ 1.52 lacs), total ₹ 75.99 lacs (₹ 86.66 lacs). Segment assets acquired for expected use during more than one period- ₹ 23.49 lacs (₹ 11.43 lacs) in respect of segment a, others segments - ₹ Nil. Total amount of non-cash expense, other than depreciation, included in segment expense pertains to amounts written off and the same has been shown separately in profit and loss account of the year and belongs entirely to segment (a).

16. Outstandings from subsidiary have been separately disclosed in the respective schedules to the Balance Sheet.

17. Deferred Tax Asset:

Relating to brought forward loss & other allowances under income tax Act.	6559647	8587726
Relating to Depreciation on Fixed assets	802903	1545157
Net Deferred Tax	5756744	7042569

The Deferred Tax Assets has been recognised on brought forward losses only to the extent the company is absolutely certain that it will have sufficient taxable income in future to set these losses off.

18. The provision against excise demand ₹ 251.67 lacs (₹ 268.94 lacs) consisting of excise duty ₹ 64.50 lacs (₹ 64.50 lacs), penalty of ₹ 64.50 lacs (₹ 64.50 lacs) and interest upto the year ₹ 132.67 lacs (₹ 149.94 lacs) has been made consequent to the decision of Commissioner of Central Excise on withdrawal of the modvat credit relating to earlier years. The company is contesting the demand with the Central Excise Tribunal. ₹ 10 Lacs has already been paid as duty under protest. Excess interest provided in previous years has been adjusted in current year.
19. The company has provided for ₹ 8.00 lacs (₹ Nil lacs) and ₹ 27.31 lacs (₹ 15.75 lacs) after review of non-moving items in respect of obsolete and slow moving inventories of Raw material and Finished Sub Assemblies respectively after studying the future requirement. An amount of ₹ 0.46 lacs (₹ 0.47 lacs provided for) in respect of doubtful debts and advances has been written back during the year. The provision remaining as on 31 march 2011 is considered adequate.

20. The estimated useful life of products in respect of Technical Know-how fee was estimated at six years and accordingly amortized /written off on straight line basis over that period. In respect of items transferred from fixed assets, the balance estimated life was taken as four years. The useful life has been reviewed at the year- end and considered appropriate. Technical know-how fee amortization details are as below:-

**Technical know how fees:-**

	<b>Amount in ₹</b>	
Opening Balance	16224442	(16224442)
Additions during the year	Nil	(Nil)
Gross amount	16224442	(16224442)
Less:- Written off / Amortized		
Upto Previous year	16059856	(15977561)
During the year	82295	(82295)
Retirement / Disposal	Nil	(Nil)

21. The company has been giving performance guarantees against equipments supplied to various customers and has not incurred any material expenditure on replacement of any part or equipment except for expenditure on traveling of service engineers which is accounted for as and when incurred. Keeping in view the past pattern and the concept of materiality, no provision has been created or disclosure has been made, except contingent liabilities already disclosed at Note 1. This is in keeping with the requirements of AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.
22. There are some current liabilities that have been outstanding for more than three years and for which the concerned parties have not filed claims with the company for payment.
23. In the absence of convincing evidence regarding there being sufficient taxable income under the normal provisions of the Income Tax Act, 1961 within the period specified under section 115JAA of the said Act, the Minimum Alternate Tax paid in the year under audit and earlier years has not been recognized as an asset. This is in keeping with the Guidance Note issued by the Institute of Chartered Accountants of India on the matter.

Additional information/quantitative details pursuant to paragraphs 3 and 4 of part II Schedule VI of the Companies Act 1956.

**B. REMUNERATION PAID TO DIRECTORS: (₹)**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
	Nil	Nil

**C. QUANTITATIVE DATA**

Particulars of Installed and Utilised Capacity :-

	<b>CURRENT YEAR</b>		<b>PREVIOUS YEAR</b>	
	Installed* Capacity	Actual Production	Installed* Capacity	Actual Production
1* (a) PLCC (Systems)		324		174
(b) VMUX (Systems)		607		416
2* UHF,MW, RADIO & VSAT/ AVD/POWER PLANT		130		37

(\*Installed capacity is not measurable as the resources, test instruments & machinery are common)

(Licensed capacity is not applicable)



		CURRENT YEAR		PREVIOUS YEAR	
		QTY.	VALUE (₹)	QTY.	VALUE (₹)
<b>OPENING STOCK OF RAW MATERIAL*</b>					
i)	Electronics Raw Material and Components	5611922	91006134	5599870	93167089
ii)	Mech. items	863857	7545845	865774	8981111
iii)	Misc. items		15936166		16220646
			<u>114488145</u>		<u>118368846</u>
<b>RAW MATERIAL PURCHASE*</b>					
i)	Electronics Raw Material and Components	1871842	37627998	1052148	21055175
ii)	Assembly items	39124	85853	30713	56767
iii)	Mech. items	259026	12601491	99400	4977446
iv)	Misc. items \$		41517717		997256769
			<u>91833059</u>		<u>1023346157</u>
<b>RAW MATERIAL CONSUMED*</b>					
i)	Electronics Raw Material and Components	1398950	32698800	1040096	23216130
ii)	Assembly items	39124	85853	30713	56767
iii)	Mech. items	207264	10985332	101317	6412712
iv)	Misc. items \$		35231183		997541249
			<u>79001168</u>		<u>1027226858</u>
<b>CLOSING STOCK OF RAW MATERIAL*</b>					
i)	Electronics Raw Material and Components	6084814	95935332	5611922	91006134
ii)	Mech. items	915619	9162004	863857	7545845
iii)	Misc. items		16492271		15936166
			<u>121589607</u>		<u>114488145</u>
<b>OPENING STOCK OF FINISHED SUB ASSEMBLIES**</b>					
i)	Direct to Line/PLCC	10024	4916686	8254	4319848
ii)	PCM, SWITCHING	30471	14167762	30597	14094698
iii)	VMUX	18711	5957872	10819	7631711
iv)	Others		19404248		30253363
			<u>44446568</u>		<u>56299620</u>
<b>CLOSING STOCK OF FINISHED SUB ASSEMBLIES **</b>					
i)	Direct to Line/PLCC	10231	3817296	10024	4916686
ii)	PCM, SWITCHING	30467	14452662	30471	14167762
iii)	VMUX	7826	4163734	18711	5957872
iv)	Others		25159411		19404248
			<u>47593103</u>		<u>44446568</u>

\*Includes various items of different configuration.

\$ Includes SDH/STM bought out items amounting to ₹ Nil (₹ 983250646)

\*\*Includes various No of assemblies of different configuration & value.

		CURRENT YEAR		PREVIOUS YEAR	
		QTY.	VALUE (₹)	QTY.	VALUE (₹)
<b>SUMMARY OF SALES QUANTITATIVE*</b>					
i)	(a) DTL (Chl. in Nos)	0	0	0	32023
	(b) PLCC (Systems)	324	58211529	174	32362518
ii)	(a) VMUX (Systems)	542	64269761	416	44666185
iii)	SDH, T. Mux (Sys) & Other Eqpts.**	0	0	0	1004903644
iv)	Switching				
	a) PABX (Sys)	0	32308	0	1091128
	b) MAX-L / XL(SYS/Kits)	0	59208	0	461439
v)	UHF, MW & V SAT (Sys) AVD/POWER PLANT	118	11063563	37	9420979
vi)	Others		25685159		8718676
vii)	Services Income		22115411		5623242
viii)	Software Services		3000		1363410
			<u>181439937</u>		<u>1108643243</u>

\* Includes various items of different configuration and spares

\*\*Consists boughtout SDH/STM and associated equipments of different configuration.

**CIF VALUE OF IMPORTS DURING THE YEAR ENDED 31ST MARCH 2011**

(₹ in lacs)

a)	Raw Materials	117.84	62.65
b)	Components & Spares	0.96	0.02
c)	Capital Goods	2.74	1.85

**D. CONSUMPTION OF RAW MATERIALS, STORES AND SPARES**

Raw Materials, Stores & Spares\*

(Imported)	15.93%	12805339	0.72%	7426500
(Indigenous)	84.07%	67591261	99.28%	1020470138
	<u>100%</u>	<u>80396600</u>	<u>100%</u>	<u>1027896638</u>

**E. EXPENDITURE IN FOREIGN CURRENCY:**

a)	Travelling & Conveyance & Training Expenses	Nil	Nil
b)	Business Promotion	Nil	Nil

**F. EARNING IN FOREIGN EXCHANGE**

FOB Value of export during the year	Nil	Nil
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In terms of our separate report of even date annexed

For RAJ GUPTA & Co.  
CHARTERED ACCOUNTANTS  
FRN: 000203N

S.S. CHANNY  
CHAIRMAN

ANURAG VERMA  
MANAGING DIRECTOR

R.K. NANGIA  
DIRECTOR

RAJ KUMAR GUPTA  
PARTNER  
M. No.: 017039

J. S. BHATIA  
HEAD - FINANCE

MADHUR BAIN SINGH  
COMPANY SECRETARY

R.K. VASHISHTHA  
DM FINANCE

Place: S.A.S. Nagar (Mohali)  
Date: November 02, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

	<b>I</b> <b>Punjab Digital Industrial System Ltd.</b>	<b>II</b> <b>PCL Telecom Ltd.</b>
a) Name of Subsidiary	Under Winding up process	Under Winding up process
b) Financial year ending	100%	100%
c) Holding Company's Interest in Equity Capital		
d) The net aggregate amount of subsidiary's profits or losses which concerns the members of the holding company and not dealt in with holding Company's accounts:-		
i) Total profit for the period ending 31st March, 2011	Nil	Nil
ii) Total loss for the previous financial years since this Company became subsidiary	Nil	Nil
e) (i) M/s Punjab Digital Industrial Systems Ltd (PDISL), the fully owned subsidiary, has been ordered to be wound up by the order of Hon'ble Punjab & Haryana High Court vide order dated 20/02/2009. The company has filed its statement of affairs with the Official Liquidator appointed by the said court. A provision of ₹ 40.35 lacs towards expenses incurred by the company on their behalf, ₹ 4.55 Lacs in Sundry Debtor's and ₹ 24.79 lacs being investment in PDISL has been kept in the accounts of holding company.		
(ii) Complete investment in PCL Telecom Ltd. (Subsidiary) and accumulated losses amounting to ₹ 40.65 lacs have been completely written-off in the accounts of holding company. Further the company has been ordered to be wound up by the Hon'ble Punjab and Haryana High Court vide its order dated 20th October, 2005, Accordingly as per the direction of the Hon'ble Court all records has been handed over to the official Liquidator attached to the Court.		

S.S. CHANNY  
CHAIRMAN

ANURAG VERMA  
MANAGING DIRECTOR

R.K. NANGIA  
DIRECTOR

J.S. BHATIA  
HEAD-FINANCE

MADHUR BAIN SINGH  
COMPANY SECRETARY

R.K. VASHISHTHA  
DM FINANCE

Place : S.A.S. Nagar (Mohali)

Date : November 02, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

(₹ in Lacs)

	2010-2011	2009-2010
<b>A. CASH FLOW OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>23.99</b>	<b>177.30</b>
Adjustments for :-		
Depreciation	75.99	86.66
Other amount written off/amortisation	43.22	27.98
Investment income	-851.30	-1021.89
Profit on sale of fixed assets	-0.56	-0.02
Interest and other financial expenses	5.62	6.95
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>-703.04</b>	<b>-723.02</b>
Adjustments for :-		
Trade and other receivables	462.89	54.24
Inventories	-79.52	132.28
Trade payables	8126.68	554.20
<b>CASH GENERATED FROM OPERATIONS</b>	<b>7807.01</b>	<b>17.70</b>
Direct Taxes Paid	138.15	17.00
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>7945.16</b>	<b>34.70</b>
Extraordinary items/Previous years	-3.89	-52.74
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>7941.27</b>	<b>-18.04</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:-</b>		
Sale of Investment	0.00	0.00
Purchase of Fixed Assets	-23.49	-11.43
Sale of Fixed Assets	0.60	0.10
Advances to Subsidiary Company	0.00	0.00
Other Current Assets	-8873.82	-496.64
Interest / Rent Income	910.15	1020.24
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-7986.56</b>	<b>512.27</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term Borrowings	0.00	0.00
Short term borrowings (C.C. limits)	0.00	-138.53
Interest and Other financial expenses Paid	-5.62	-6.95
Dividend Paid	0.00	0.00
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-5.62</b>	<b>-145.48</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-50.91</b>	<b>348.75</b>
Opening Balance of Cash and Cash equivalents	10155.36	9806.61
Closing Balance of Cash and Cash equivalents	10104.44	10155.36

Place : S.A.S. Nagar (Mohali)  
Date: November 02, 2011

for and on behalf of the Board  
**ANURAG VERMA**  
MANAGING DIRECTOR

**AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT**

To,  
The Board of Directors,  
Punjab Communications Limited,  
S.A.S. Nagar (Mohali)

We have examined the attached Cash Flow Statement of Punjab Communications Limited for the period ended 31<sup>st</sup> March, 2011. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchanges and is based on and is in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report to the members of the Company.

Place : S.A.S. Nagar  
Date : November 02, 2011

For RAJ GUPTA & Co.  
CHARTERED ACCOUNTANTS  
FRN: 000203N  
RAJ KUMAR GUPTA  
PARTNER  
M. No.: 017039



## **PCL TELECOM LTD. (IN LIQUIDATION)**

### **STATUS OF WINDING UP PROCEEDINGS**

COMPANY PETITION NO: 1202 OF 2005

The Company has been ordered to be wound-up by the Hon'ble Punjab & Haryana High court at Chandigarh vide its order dated October 20, 2005. Subsequent to that the company has filed the Statement of Affairs with the Official Liquidator attached to the Hon'ble Court. Thereafter, all the queries have been replied on summon as well as in writinig.

The matter is pending and Official Liquidator has to submit its reply with the Hon'ble Punjab & Haryana High Court at Chandigarh. After which based on the report of the Official Liquidator, the Hon'ble Punjab & Haryana High Court may proceed to dissolve the Company.

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## **PUNJAB DIGITAL INDUSTRIAL SYSTEMS LTD. (IN LIQUIDATION)**

### **STATUS OF WINDING UP PROCEEDINGS**

COMPANY PETITION NO: 194 OF 2005

The Company has been ordered to be wound-up by the Hon'ble Punjab & Haryana High court at Chandigarh vide its order dated February 20, 2009. Subsequent to that the company has filed the Statement of Affairs with the Official Liquidator attached to the Hon'ble Court. Thereafter, the submission of record with the Official Liquidator is pending which will be done in due course of time.

After which Official Liquidator will submit its report and based on the report of the Official Liquidator, the Hon'ble Punjab & Haryana High Court may proceed to dissolve the Company.

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**ANNUAL GENERAL MEETING NOTICE**

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Notice is hereby given that Thirtieth Annual General Meeting of Punjab Communications Limited will be held on Wednesday, 28<sup>th</sup> day of December, 2011 at the registered office of the company, situated at B91, Phase VIII, Industrial Area, SAS Nagar (Chandigarh) to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date together with Directors' Report, Auditor's Report and CAG comments thereon.
2. To appoint Director in place of Sh. R.K. Verma, IAS who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of CA Rajiv Dewan who retires by rotation and is eligible for reappointment.
4. To appoint the auditors for the year 2011-2012 and to fix their remuneration.

**NOTES:**

1. A member is entitled to attend and vote at the meeting. The member is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the company. A blank proxy form is enclosed.
2. Members/Proxies should fill the Attendance Slip for attending the meeting.
3. Members who hold shares in dematerialized form are requested to bring their Client id and DPID numbers for easy identification of attendance at the meeting.
4. The register of members and transfer books of the company will remain closed from the 21st December, 2011 to 28th December, 2011 (both days inclusive).
5. Pursuant to provisions of Section 205A of the Companies Amendment Act, 1999, the amount of dividend which remains unclaimed for the period of 7 years from the day when amount is transferred to Unpaid Dividend Account would be transferred to "Investor Education and protection Fund" and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund.
6. Information pursuant to Clause 49 (IV) (G) of the Listing Agreement requires disclosure on the reappointment of the Directors annexed as Annexure I to this notice.

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**ANNEXURE TO THE NOTICE**

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**INFORMATION PURSUANT TO CLAUSE 49(IV)(G) OF LISTING AGREEMENT**

A brief resume of the Directors who are being re-appointed alongwith the name of the companies in which they hold directorship of the Board is given below:

**A) Brief Resume of Sh. R.K. Verma, IAS**

Sh. Rakesh Kumar Verma is a 1993 Batch IAS Officer and is at present serving as Managing Director of Punjab Information and Communication Technology Corporation Limited. He is a Bachelor of Technology (Computer Science). He has also served as Director, Local Bodies, Punjab and Director, IT, Punjab.

As on 20.4.2010, he is on the Board of Consumer Electronics (Punjab) Ltd, Punjab Venture Capital Ltd, Punjab Recorders Ltd & SME Business Services Ltd as Chairman and in Punjab Venture Investors Trust Ltd, Orient Craft Fashion Technologies Ltd, Punjab Small Industries & Export Corporation Ltd as Director. He is Joint Managing Director cum CEO in Punjab Municipal Urban Infrastructure Development Company and Sr Vice Chairman in Punjab Communications Ltd.

The shareholding of Sh Rakesh Kumar Verma as per Clause 49 (IV) (E) (v) is NIL.

**B) Brief Resume of CA Rajiv Dewan**

CA Rajiv Dewan, aged 48 years is a Fellow member of the Institute of Chartered Accountants of India and is a practicing Chartered Accountant. CA Dewan possesses a rich and varied experiences in tax planning, management consultancy, business restructuring, capital market operations, SEBI related matters and other corporate laws. Prior to starting his own practice, CA Dewan worked in senior positions in some of the renowned textile companies of North India.

As on 31st March 2011, he is on the Board of Abhishek Industries Limited, Malwa Industries Limited, Malwa Millenium Designs Limited, Trident Agritech Limited, Trinetra Technologies Limited, Abhishek Ventures & Projects Limited, Trident Aerospace Limited, Trident Powercom Limited, Trident Corporate Services Limited, Trident Corporate Solutions Limited and Punjab Communications Limited as a Director and a partner in R Dewan & Co.

He is a member of Audit Committee, Shareholders Grievance Redressal Committee in Puncom, Member of Audit Committee, Investor Grievances and Share Transfer Committee in Abhishek Industries Limited and member of Audit Committee in Malwa Industries Limited.

The shareholding of CA Rajiv Dewan as per Clause 49 (IV) (E) (v) is NIL.



**PUNJAB COMMUNICATIONS LTD.**

Registered Office : B-91, Phase VIII, Indl. Area, S.A.S. Nagar (Mohali) - 160 071

**ATTENDANCES SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Attendance Slip at the Venue of the meeting

DP. Id*	
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Regd. Folio No.	
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Client Id*	
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NAME AND ADDRESS OF THE SHAREHOLDER

No. of share(s) held :

I hereby record my presence at the 30<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Wednesday, the 28<sup>th</sup> December, 2011 at 11.30 A.M. at B-93, Phase - VIII, Industrial Area, S.A.S. Nagar (Mohali) - 160 071 (Punjab)

Signature of the shareholder or proxy

\* Application for investors holding shares in electronic form.

----- TEAR HERE -----

**PUNJAB COMMUNICATIONS LTD.**

Registered Office : B-91, Phase VIII, Indl. Area, S.A.S. Nagar (Mohali) - 160 071

**PROXY SLIP**

DP. Id*	
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Regd. Folio No.	
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Client Id*	
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I/We ..... of

..... of failing him

..... of

as my / our proxy to vote for me / us and on my / our behalf at the 30<sup>th</sup> ANNUAL GENERAL MEETING to be held on Wednesday, the 28<sup>th</sup> December, 2011 at 11.30 A.M. or at any adjournment thereof.

Signed this ..... day of ..... 2011

\*Applicable for investors holding shares in electronic form.

Affix Re. 1/- Revenue Stamp
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Signature

Notes : 1. The proxy 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.

2. The proxy need not be a member of the Company.



***Our Website :***  
***[www.puncom.com](http://www.puncom.com)***

Shareholders are requested to register their e-mail address with concerned Depository Participant (DP) who are holding shares in electronic form and Shareholders having shares in physical form are requested to register their e-mail address through letter duly signed with our Share Transfer Agents i.e. **Alankit Assignments Ltd., New Delhi.**

# BOOK POST

*If undelivered, please return to :*

**PUNJAB COMMUNICATIONS LIMITED**  
B-91, Phase VIII, Industrial Area,  
S.A.S. Nagar, Mohali-160071 (INDIA)

