



31st

Annual Report 2011-2012

Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12
Annual Report 2011-12 Annual Report 2011-12

PUNJAB COMMUNICATIONS LIMITED

www.puncom.com

FOR YOUR INFORMATION

- 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 2012, (Friday) at 11.00 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**.

Annual General Meeting

Date & Time : 28th December, 2012, Friday, at 11.00 a.m.

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

PUNJAB COMMUNICATIONS LIMITED

Corporate Information

Board of Directors

Sh. A.R. Talwar, IAS	Chairman
Sh. Anurag Verma, IAS	Sr. Vice Chairman & MD
CA R.K. Nangia	Director
Sh. V.P. Chandan, IRSSE (Retd.)	Director
CA Rajiv Dewan	Director
Er. A.K. Pathak	Director

Company Secretary

CS Madhur Bain Singh

Head (Finance)

CWA. 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

Contents	Page No.
• Financial Highlights	2
• Directors' Report	3
• Corporate Governance Report	11
• Management Discussion & Analysis Report	24
• Auditors' Report	30
• CAG Comments	33
• Balance Sheet	34
• Profit & Loss Account	35
• Cash Flow Statement	51
• Status of Winding up Subsidiaries	
– PCL Telecom Ltd. (In Liquidation)	52
– Punjab Digital Indl. Sys. Ltd. (In Liquidation)	52
• AGM Notice	53
• Proxy Form	56

Financial Highlights 2006-2007 to 2011-2012

	(₹ in Lacs)					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	3911.52	846.38	12970.58	11086.43	1817.06	2312.99
Other Income	669.86	1019.9	1100.53	1081.85	965.88	1167.72
Total Income	4581.38	1866.28	14071.11	12168.28	2782.94	3480.71
Earning/Loss before Dep.	-532.65	-148.11	313.63	266.89	100.67	178.97
Interest and Tax(EBDIT)	138.9	121.76	104.23	86.65	76.81	69.94
Depreciation	-704.55	-281.25	239.53	152.27	(0.46)	73.58
Profit/Loss after Tax	NIL	NIL	NIL	NIL	NIL	NIL
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	9513.52	9235.04	9524.96	9651.26	9650.59	9723.99
Tangible Net Worth	10690.86	10424.88	10727.29	10784.00	10797.00	10874.13
Gross Fixed Assets	5158.89	5200.98	5205.04	5215.59	5399.62	5414.83
Net Fixed Assets	903.2	823.53	725.66	650.35	598.63	544.11
Total Fixed Assets	903.2	823.53	725.66	650.35	598.63	544.11

* Gross fixed assets and other figures are regrouped & restated for the year 2010-11 and 2011-12 to include intangible assets in accordance with revised schedule VI of the Companies Act, 1956.

Key Ratios 2006-07 to 2011-12

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Earning loss Per Share (in ₹)	-5.85	-2.34	1.99	1.27	—	0.61
Cash Earning/Loss Per Share (in ₹)	-1.45	-0.45	4.78	2.31	0.84	1.49
Book Value Per Share (in ₹)	86.86	86.7	89.22	90.28	89.80	90.44
Debt/Equity Ratio	—	—	—	—	—	—
Current Ratio	1.83	1.34	1.06	0.99	1.79	1.81

Annual Report 2011-2012

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty First Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2012.

Financial Results**(₹ in Lacs)**

Particulars	2011-12	2010-11
Gross Income	3480.72	2782.93
Total expenditure	3221.11	2640.21
Profit before tax	101.54	19.73
Profit/Loss after tax	73.58	(0.46)
Dividend	Nil	Nil
Paid up equity	1202.36	1202.36
Profit/Loss appropriated to General Reserve	73.58	(0.46)
Reserves (Including Capital Reserves)	9723.99	9650.59
Net fixed assets	544.11	598.63
Capital employed	10928.79	10855.39
Earning/Loss per share (in ₹)	0.61	—
Cash earning/loss per share (in ₹)	1.49	0.84
Book value per share (in ₹)	90.44	89.80

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. ₹2312.99 Lacs in financial year 2011-12 besides income of ₹1167.72 Lacs from other activities.

The book value of share held by you is around ₹90.44/- per share and the Reserves stood at approx. ₹97.24 Crores. The Company has invested an amount of ₹15.49 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 2011-12.

Change in Directorship

Following changes, in the constitution of Board of Directors, happened during the period under review upto 25th September, 2012.

As per the provision of the Companies Act, 1956, Punjab Information and Communication Technology Corporation Ltd vide their letter No. PICTC/SEC/2012/1981 dated 16th March, 2012 re-appointed Sh Anurag Verma, IAS after completion of the term of 5 years as Managing Director of the Company. Accordingly the BOD of Puncom has re-appointed Sh Anurag Verma, IAS as Managing Director of the Company w.e.f. 20th March, 2012 vide Resolution by Circulation dated 16th March, 2012.

S.No.	Name of the Outgoing Director	Name of the Incoming Director	Reason
2.	Sh. S. S. Channy, IAS	Sh. A.R. Talwar, IAS	As per the Order of Govt of Punjab vide order No. 6/1/2012-IAS(3)/1023 dated 16 th March, 2012 and further nomination by Punjab Information and Communication Technology Corporation Ltd (Punjab Infotech Ltd) vide their letter No. PICTC/SEC/2012/2463 dated 29.3.2012 appointing Sh A R Talwar, IAS as Director & Chairman in place of Sh S S Channy, IAS, the BOD has appointed Sh A R Talwar, IAS as Director & Chairman in place of Sh S S Channy, IAS vide Resolution by Circulation dated 2 nd April, 2012.

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 31st March, 2012, 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 31st March 2012 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 20th 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 20th 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 ₹ 49.20/- (1st April, 2011) to the high of ₹ 213/- (23rd March, 2012).

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 along with 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 80% 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 has led to formulation of new telecom policy which encourages domestic manufacturing of telecom equipment.
- 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 2011-2012. Notes to Accounts forming part of Annual accounts are self-explanatory and exhaustive to the remarks of Auditors in their report dated.

- i) As regards non-recognition of the accrued interest amounting to ₹968.43 lacs (up to 12.07.2005 i.e date of deposit of ₹735.63 lacs by UP Government) from UPCSMFL 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(vi)(a)]

- ii) As regards observation made by the Auditors regarding recognition of revenue on sales amounting to ₹ 73.71 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(vi)(b)]
- iii) Regarding accounting of certain income and expenditure on cash basis, the same has been accounted for as per disclosures made in Significant Accounting Policy. [(Refer Audit Report Para 4(vi)(c)]
- iv) 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)(i)]
- v) 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 at the office of Sales Tax Appellate Tribunal, Andhra Pradesh. [(Refer Annexure to Audit Report Para 9(b)(ii)]

Explanation for variation in Published results vis-a-vis Audited results for the year ended 31st March, 2012

The Board of Directors adopted the Un-audited Annual Financial Results for the financial year 2011-12 in its Board Meeting held on 13th August, 2012, which were subsequently published as well as sent to stock exchanges vide our letter dated 14th August, 2012, 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 31st March, 2012 and the audited results as on that date along with variation is given hereunder:

S. No	Particulars	Published (Unaudited) Result for the year ended on 31 st March, 2012	Audited Results for the year ended on 31 st March, 2012	Percentage of Variation
1	Sales/Income from Operations	2312.99	2312.99	0.00
	Other Operating Income	—	—	—
	Total Income	2312.99	2312.99	0.00
2	Total Expenditure			
	a) Cost of materials consumed*	954.45	862.27	(10.69)
	b) Purchases of Stock-in-Trade*	331.88	327.96	(1.19)
	c) Changes in inventories of Finished Goods/Work-in-process and Stock-in-trade*	-44.38	-6.49	(583.62)
	d) Employee benefits expenses	1422.00	1422.02	0.00
	e) Depreciation and amortization expenses	69.08	69.94	1.22
	f) Other expenses(including Excise Duty)**	471.04	685.79	31.31
	Total Expenditure	3204.07	3361.48	4.68
3	Profit before Operations before other income, interest & exceptional items	(1049.20)	(1048.49)	(0.07)
4	Other Income	1171.32	1167.72	(0.31)
	Profit before Interest & Exceptional Items	122.12	119.24	(2.42)
5	Interest	16.32	17.70	7.79
	Profit after interest but before Exceptional Items	105.80	101.54	(4.20)
6	Exceptional Items	—	—	—
7	Profit (+)/loss (-) Before Tax	105.80	101.54	(4.20)
8	Tax Expense***	22.18	27.95	20.65
	Profit from ordinary activities after tax****	83.62	73.58	(13.64)
	Extraordinary Items	—	—	—
9	Net Profit (+)/ Loss(-)	83.62	73.58	(13.64)

* Variation in Increase/Decrease in stock is due to the final valuation of stock at the time of finalization of Accounts. However, overall variation in Consumption of RM, Stock in Trade and Changes in inventories is (4.92%).

** Variation in Other Expenses is due to year end provisions provided for at the time of Finalisation of accounts.

*** Variation in tax expense is due to increase in provision of MAT and adjustments for Deferred tax made at the time of finalization of accounts. The same are duly verified by the Auditors.

**** Variation in profit after tax is due to variations in expenses and provision in MAT as explained above.

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.

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
Date: November 09, 2012

(A R TALWAR)
CHAIRMAN

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

		Current Year (2011-12)	Previous year (2010-11)
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a)	PURCHASED Unit (KWH)	903290	966485
	Total Amount (₹)	6003330	4773632
	Rate/Unit (₹)	6.646	4.94
b)	OWN GENERATION		
i)	Through Diesel generator	23046	13224
	Units per Ltr. of diesel oil (KW)	0.20	0.20
	Cost/Unit (₹)	8.9646	7.52
	Total amount (₹)	206600	99534
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.
2.	COAL (Specify quantity and where used)		
	Quantity (Tonnes)	N.A.	N.A.
	Total amount	N.A.	N.A.
	Average rate	N.A.	N.A.
3.	FURNACE OIL		
	Quantity (Tonnes)	N.A.	N.A.
	Total amount	N.A.	N.A.
	Average Rate	N.A.	N.A.
4.	OTHERS/INTERNAL GENERATION (Please give details)		
	Quantity (Tonnes)	N.A.	N.A.
	Total cost	N.A.	N.A.
	Rate/Unit	N.A.	N.A.
B. CONSUMPTION PER UNIT OF PRODUCTION			
	PRODUCT	UNIT	STANDARDS (IF ANY)
i)	Electricity		
	DTL	CHANNEL	N.A.
	PCM	CHANNEL	N.A.
	TMUX	TERMINALS	N.A.
	EPABX/RAX/SBM	LINES	N.A.
	RADIO	SYSTEMS	N.A.
ii)	Furnace Oil		N.A.
iii)	Cost (Specify qty.)		N.A.
iv)	Others (specify)		N.A.

**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 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**

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

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Amount (₹ in Lacs)	
	Current Year	Previous Year
i) EARNINGS		
F.O.B. value of export :	NIL	NIL
ii) OUTGO		
CIF value of import of raw material :	198.46	117.84
Components & spares :	0.13	0.96
Capital goods :	8.99	2.74
Foreign travel & others :	NIL	NIL

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 31st March, 2012, 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 except for provisions of Clause 49(1)(A), which the Company has assured that they are in process and will comply with its provisions shortly.

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: September 07, 2012**

**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, the second Sh. A. K. Pathak being employee of the Company and four 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 with respect to Independent Director. The names and categories of present directors are given here below:

S. No.	NAME	CATEGORY	POSITION ON BOARD
1.	Sh. A.R. Talwar, IAS	Non-Executive	Chairman
2.	Sh. Anurag Verma, IAS	Executive	Sr. Vice Chairman & M.D
3.	CAR. K. Nangia	Non-Executive	Director
4.	Sh. V. P. Chandan, IRSSE(Retd)	Non-Executive, Independent	Director
5.	CA Rajiv Dewan	Non-Executive, Independent	Director
6.	Er.A.K. Pathak	Non-Executive	Director

3. Board Procedure

Four 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
164 th	11 th May, 2011
165 th	8 th August, 2011
166 th	2 nd November, 2011
167 th	1 st February, 2012

The attendance of Directors at Board Meeting during financial year 2011-12 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	4	No	5	—	—
Sh. R.K. Verma, IAS, Sr. Vice Chairman	0	No	9	—	—
Sh. Anurag Verma, IAS, Managing Director	4	No	—	—	—
Sh. V.P. Chandan, Director	3	Yes	—	2	2
CARajiv Dewan Director	3	No	13	2	5
CAR. K. Nangia Director	4	Yes	4	-	2

4. Audit Committee

The Audit Committee of the company comprises of Sh. V. P. Chandan as Chairman, CA R. 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 2011-12 on 11th May, 2011, 8th August, 2011, 2nd November, 2011 and 01st February, 2012.

The names of the members, chairman, particulars of the meetings 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	4
2.	CA Rajiv Dewan, Member	Independent/Non Executive	4
3.	CA R. K. Nangia, Member	Non-Independent/Non Exe.	4
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, CA R.K. Nangia & CA Rajiv Dewan, as Members. During the Financial Year 2011-12 the Committee met on 8th August, 2011.

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	0
2.	CARajiv Dewan, Member	Independent/Non Executive	1
3.	CAR. 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 1st April, 2011 to 31st March, 2012 is as under:

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

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
28.12.11	30 th AGM in respect of the year 2010-2011	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No
14.12.10	29 th 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 th AGM in respect of the year 2008-2009	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No

9. Transfer of Unclaimed amounts to Investor Education & Protection Fund

During the year under review, there was no amount of unclaimed dividend required 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. A.R. Talwar, IAS	Chairman	Director nominated and appointed by Holding Company is related to other directors appointed by Holding Company.
2	Sh. Anurag Verma, IAS	Sr. Vice Chairman & Managing Director	Director nominated and appointed by Holding Company is related to other directors appointed by Holding Company. Also as Managing Director of Holding Company.
3	CAR.K. Nangia	Director	Director nominated and appointed by Holding Company is related to other directors appointed by Holding Company.
4	Sh. V.P. Chandan, IRSSE	Director	Independent Director
5	CA Rajiv Dewan	Director	Independent Director
6	Er. A.K. Pathak	Director	As an employee of the Company at a designation of Dy. Vice President and heading Production Division.

(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
11.05.11	26.04.11 26.04.11	Desh Sewak (Vernacular) Financial Express (English)
08.08.11	03.08.11 03.08.11	
02.11.11	28.10.11 28.10.11	
01.02.12	25.01.12 25.01.12	

Notice of Book Closure & AGM

Book Closure	Date of Publication	Newspaper
21.12.11	29.11.11 29.11.11	Desh Sewak (Vernacular) Financial Express (English)
AGM	Date of Publication	Paper
28.12.11	29.11.11 29.11.11	Desh Sewak (Vernacular) Financial Express (English)

Publishing of Quarterly Results

Quarter No.	Date of Publishing	Newspaper
1 st	12.05.11	Desh Sewak (Vernacular) Financial Express (English)
	12.05.11	
2 nd	09.08.11	
	09.08.11	
3 rd	03.11.11	
	03.11.11	
4 th	02.02.12	
	02.02.12	

The quarterly financial results are also made available on the company's web-site (www.puncom.com) and simultaneously submitted to BSE within the time limit specified. These are also uploaded on the corporate filing website (www.corporatefiling.com) under Corporate Filing & Dissemination System (CFDS).

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.

Following information have been given with respect to Listing Agreement under Clause 5A.I. Though the information asked for is for shares issued pursuant to the Public Issues or any other issue which remain unclaimed & are lying in the escrow account.

However, the Company came up with a Buy-back Offer in 2003 and as on date there are 419 shares lying in the escrow account with M/s Karvy Computershare Pvt. Ltd., Hyderabad as required in the Buy-back guidelines & the company is providing the information on the same pattern.

S.No.	Particulars	No. of Shareholders	Outstanding Shares
1.	Aggregate no. of shareholders & the outstanding shares in the escrow account lying at the beginning of the year	10	419
2.	No. of shareholders who approached issuer for transfer of shares from escrow account during the year	Nil	Nil
3.	Aggregate no. of shareholders to whom shares were transferred from escrow account during the year	Nil	Nil
4.	Aggregate no. of shareholders & the outstanding shares in the escrow account lying at the end of the year	10	419

General Shareholders Information

- A. Annual General Meeting (Date, time and venue)** : Date : 28th of December, 2012
Time: 11.00 A.M.
Venue: B-93, Phase VIII, Indl. Area SAS Nagar, (Chandigarh) - 160 071
- B. Financial Calendar** : 1st April 2011 to 31st March 2012
- C. Date of Book Closure/ Record Date** : 21st December, 2012 to 28th December, 2012 (Both days inclusive)
- D. Listing on Stock Exchange** : The Stock Exchange, Mumbai (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

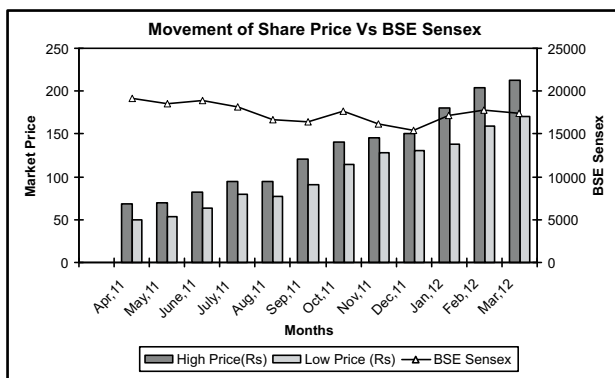
Note: Annual Listing Fee for the year 2012-13 has been paid to the Stock Exchange, Mumbai.

E. Stock Code : Bombay Stock Exchange
Scrip Code 500346

F. Market Price Data (BSE)

Month	High Price (₹)	Low Price (₹)
April, 2011	67.85	49.20
May, 2011	70.00	54.05
June, 2011	81.50	63.00
July, 2011	94.90	79.10
August, 2011	94.00	77.25
September, 2011	120.40	90.90
October, 2011	140.45	114.85
November, 2011	145.10	127.50
December, 2011	150.80	131.00
January, 2012	180.75	138.05
February, 2012	204.00	159.00
March, 2012	213.00	170.05

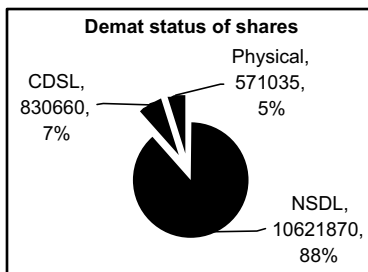
Graph showing Stock Performance of Puncom on BSE vis a vis BSE Sensex during the year 2011-12



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	10621870	88
CDSL	830660	7
Physical	571035	5
Total	12023565	100



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 2011-12 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	0	0	Nil
3.	Others	1	0	1

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 2011-12 are as follows:

Lodged for transfer	Transferred and returned	Pending
46 (4726 Shares)	46 (4726 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 ended on 30th September, 2012

(I)(a) Statement showing Shareholding Pattern			
Name of the Company : PUNJAB COMMUNICATIONS LIMITED			
Scrip Code, Name of the scrip, class of security : 500346, PUNCOM, Equity Shares			
Quarter ended : 30th September, 2012			
Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	N.A	N.A	N.A
Held by public	N.A	N.A	N.A
Total	0	0	0
Outstanding convertible Securities	No. of outstanding Securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by promoter/promoter group	N.A	N.A	N.A
Held by public	N.A	N.A	N.A
Total	0	0	0

Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company, assuming full conversion of warrants
Held by promoter/promoter group	N.A	N.A	N.A
Held by public	N.A	N.A	N.A
Total	0	0	0
Total paid-up capital of the company assuming full conversion of warrants and convertible securities	12023565		100

Category Code	Category of Shareholder	No of Shareholders	Total Number of Shares	Number of shares held in Dematerialized form	Total shareholding as a percentage of total Number of shares		Shares pledged or otherwise encumbered	
					As a %age of (A+B) ¹ (VI)	As a %age of (A+B+C) (VII)	Number of Shares (VIII)	As a %age (IX)=(VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Shareholding of Promoter and Promoter Group²	—	—	—	—	—	—	—
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	—	—	—	—	—	—	—
(b)	Central Government/ State Government(s)	2	8561501	8551501	71.206	71.206	0	0
(c)	Bodies Corporate	—	—	—	—	—	—	—
(d)	Financial Institutions/ Banks	—	—	—	—	—	—	—
(e)	Any Other (specify)	—	—	—	—	—	—	—
(e-i)		—	—	—	—	—	—	—
	Sub-Total(A)(1)	2	8561501	8551501	71.206	71.206	0.00	0.00
(2)	Foreign							
(a)	Individuals(Non-Resident Individuals/ Foreign Individuals)	—	—	—	—	—	—	—
(b)	Bodies Corporate	—	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—	—	—
(d-i)		—	—	—	—	—	—	—
	Sub-Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2	8561501	8551501	71.206	71.206	0.00	0.00

(B)	Public shareholding³							
(1)	Institutions							
(a)	Mutual Funds/UTI	7	3500	—	0.029	0.029	—	—
(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	2	215000	215000	1.788	1.788	—	—
(g)	Foreign Venture Capital Investors	—	—	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—	—	—
(h-i)		—	—	—	—	—	—	—
	Sub-Total (B) (1)	19	262409	258109	2.182	2.182	0.00	0.00
B 2	Non-institutions							
(a)	Bodies Corporate	339	1351788	1321855	11.243	11.243	59199	4.38
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh	11144	1542284	1015682	12.827	12.827	110200	5.98
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	11	299126	299126	2.488	2.488	—	—
(c)	Any Other (specify)							
i)	NRIs/OCBs	27	6038	5838	0.050	0.050	—	—
ii)	Lying in Escrow A/c - Buy Back with Karvy Consultants Ltd.	1	419	419	0.003	0.003	—	—
	Sub-Total (B)(2)	11522	3199655	2642920	26.612	26.612	169399	5.29
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	11541	3462064	2901029	28.794	28.794	169399	4.89
	TOTAL (A)+(B)	11543	12023565	11452530	100	100	169399	1.41
(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	—	—	—	—	—	—	—
	Sub-Total (C)	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	11543	12023565	11452530	100	100	169399	1.41

(I)(b) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the Shareholder	Details of shares held		Encumbered Shares(*)			Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of shares held	As a % of grand total (A)+(B)+(C)	No.	As a %	As a % of grand total (A)+(B)+(C) of sub clause (1)(a)	No. of warrants held	As a % - total number of warrants of the same class	No. of convertible securities held	No. of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)= (V)/(III) *100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1	Punjab Information & Comm. Tech. Corp. Ltd.	8551501	71.123	0	0	0	0	0	0	0	8551501
2	Punjab State Electronics Dev. & Pro. Corp. Ltd.**	10000	0.083	0	0	0	0	0	0	0	10000
TOTAL		8561501	71.206	0	0	0	0	0	0	0	8561501

(*)The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

**10000 Shares have been sold by PSEDPL long back somewhere in the year 2000 but has not been registered for transfer by the buyers in his/her name. Further this is to certify that 100% holding of the Promoter is in demat form.

(I)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Sr. No.	Name of the Shareholder	Number of Shares held	Shares as % of total number of Shares {i.e., Grand Total (A)+(B)+(C) indicated in statement at para (I) (a) above }	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as % of diluted shares capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1	Orange Mauritius Investments Ltd.	150000	1.248	0	0	0	0	
2	Nirmal Bang Securities Pvt. Ltd.	214500	1.784	0	0	0	0	
3	Religare Finvest Ltd.	158946	1.322	0	0	0	0	
4	Shriram Credit Company Ltd.	139500	1.160	0	0	0	0	
TOTAL		662946	5.514	0	0	0	0	

(I)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the company

Sr. No.	Name of the Shareholder	Number of Shares held	Shares as % of total number of Shares (i.e., Grand Total (A)+(B)+(C) indicated in statement at para (I) (a) above)	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as % of diluted shares capital
				Number of warrants held	As a % Total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in 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
	TOTAL	NIL	NIL

(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
	TOTAL	NIL	NIL	NIL

(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
	TOTAL	NIL	NIL	NIL

(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)
(A)	Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals/Hindu Undivided Family	—	—	—	—	—	—
(b)	Central Government/ State Government(s)	8551501	0	0	8551501	71.123	71.123
(c)	Bodies Corporate	—	—	—	—	—	—
(d)	Financial Institutions/ Banks	—	—	—	—	—	—
(e)	Any Other-PSEDPCPL* (specify)	10000	0	0	10000	0.083	0.083
	Sub-Total(A)(1)	8561501	0	0	8561501	71.206	71.206
(2)	Foreign						
(a)	Individuals(Non-Resident Individuals/ Foreign Individuals)	—	—	—	—	—	—
(b)	Bodies Corporate	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—	—
	Sub-Total (A)(2)	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8561501	0	0	8561501	71.206	71.206

*10000 Shares have been sold by PSEDPCPL long back somewhere in the year 2000 but has not been registered for transfer by the buyers in his/her name. Further this is to certify that 100% holding of the Promoter is in demat form.

(B)	Public shareholding						
(1)	Institutions						
(a)	Mutual Funds/UTI	3500	0	0	3500	0.029	0.029
(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	215000	0	0	215000	1.788	1.788
(g)	Foreign Venture Capital Investors	—	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—	—
	Sub-Total (B) (1)	262409	0	0	262409	2.182	2.182
(2)	Non-institutions						
(a)	Bodies Corporate	1351788	0	0	1351788	11.243	11.243
(b)	Individuals -						
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1542284	0	0	1542284	12.827	12.827
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	299126	0	0	299126	2.488	2.488
(c)	Any Other (specify)						
i)	NRIs/OCBs	6038	0	0	6038	0.050	0.050
ii)	Lying in Escrow A/c - Buy Back with Karvy Consultants Ltd.	419	0	0	419	0.003	0.003
	Sub-Total (B)(2)	3199655	0	0	3199655	26.612	26.612
	Total Public Shareholding (B)= (B)(1)+(B)(2)	3462064	0	0	3462064	28.794	28.794
	TOTAL (A)+(B)	12023565	0	0	12023565	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A)+(B)+(C)	12023565	0	0	12023565	100.00	100.00

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 : +91-0172-2237125/3046919

Exclusive Email id : shareholders@puncom.com (as per the provisions of the Listing Agreement)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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 900 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 Fourteen 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

a) 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.

b) 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.

c) 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.

d) 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.

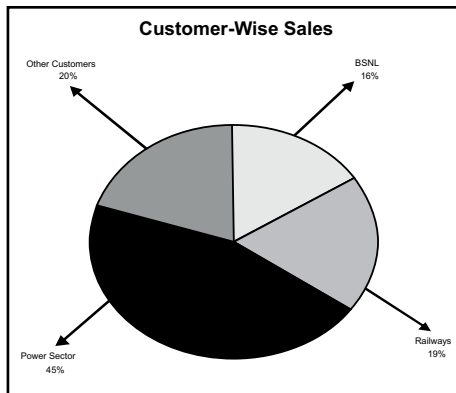
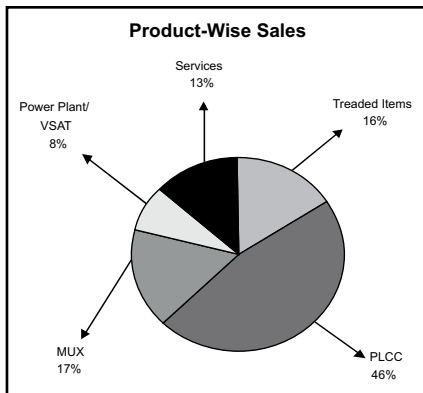
The company has an extensive system of internal controls which ensures optimal utilisation and protection of resources, IT security, accurate reporting of financial transaction and compliance with applicable laws and regulations as also internal policies and procedures.

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

a) Operating Results – Sales

During the financial year 2011-12, the sales have increased from ₹ 18.17 Cr to ₹ 23.13 Cr. The Break up of the Sales on the basis of Product & Customer is as follows:



b) Expenditure Analysis

i) Materials consumed

Raw Material cost during the year under review was ₹ 11.91 Cr as against ₹ 7.90 Cr in the previous year. Raw material consumption consists of consumption of traded goods also.

ii) Manufacturing, Administrative & Selling Expenses

Manufacturing expenses comprises of stores and spares, power and fuel, freight and installation expenses etc., increased from ₹ 1.82 Cr to ₹ 2.47 Cr in the current year. As a percentage of sales, these increased from 10.02% in the previous year to 10.68% in the current year.

Administrative expenses mainly comprising of travelling and conveyance, repair and maintenance, office electricity & water, rent and auditors' expenses increased from ₹ 2.16 Cr to ₹ 2.19 Cr. However, as a percentage of sales, these decreased from 11.89% in the previous year to 9.47% in the current year.

Selling & distribution expenses comprising of advertisement and publicity, sales promotion expenses, packing & forwarding expenses and customers claims and recoveries have increased from ₹ 0.43 Cr to ₹ 0.61Cr in the current year. As a percentage of sales these increased from 2.37% in the previous year to 2.64% in the current year.

iii) 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	9.81
Know-how fee amortised	0.82
Amount written off	8.17
Provision for Doubtful Debts and Advances	23.05

Thus, the overall amount written off/provided for in the accounts during the financial year 2011-12 is to the tune of ₹ 41.85 lacs.

iv) Personnel cost

The personnel cost increased from ₹ 13.38 Cr to ₹ 14.22 Cr which is in line with the cost inflation index.

v) Interest & Depreciation

The Financial Charges increased from ₹ 5.62 lacs in the previous year to ₹ 17.70 lacs in the current year. Increase in interest cost is due to restructuring of FDR and loan to take benefit of arbitrage in interest rates.

Depreciation decreased from ₹ 75.98 lacs to ₹ 69.93 lacs during 2011-12. The reduction in depreciation is on account of WDV method followed by the company. Further, addition in the capital expenditure was booked to the extent of ₹15.48 lacs during the current year.

vi) Net Profit

During the current financial year, the Company has earned a Net profit before tax of ₹ 1.02 Cr as against Net Profit before tax of ₹ 0.19 Cr during the last year.

vii) Dividend

Owing to inadequate profit, during the previous year, the Directors of your Company do not recommend any dividend for the financial year 2011-12.

c) 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 ₹ 3322.65 lacs, ₹ 2265.76 lacs pertains to Sales Service Income and ₹ 910.30 lacs pertains to interest segment and ₹ 146.59 lacs pertains to Rental Segment.

FINANCIAL POSITION**a) Reserves & Surplus**

The Reserves of the Company stands at ₹ 9723.99 lacs as on March 31, 2012.

b) Secured/Unsecured Loans

The working capital limits for meeting the working capital requirements of the company are availed intermittently to the extent of ₹ 1.89 lacs from its Bankers. Further loans have been taken for restructuring FDRs for taking benefit of arbitrage.

c) Fixed Assets

The gross block of the company increased marginally from ₹ 54.00 Cr to ₹ 54.15 Cr in the current year. Technical know how has been considered as Intangible asset and reclassified accordingly with retrospective effect.

d) Investments

The fixed deposits of the company have increased to ₹ 102.26 Cr against ₹ 100.06 Cr in the previous year.

e) Inventories

Total inventory has increased from ₹ 3.76 Cr as at 31.3.2011 to ₹ 4.74 Cr as at 31.3.2012 due to increase in turnover of own products.

f) Receivables

Receivables were ₹ 15.69 Cr as at 31.3.2012 as compared to ₹ 21.00 Cr as at 31.3.2011. These debtors are considered to be good but there being some doubtful debts, provision to the tune of ₹ 23.05 lacs have been made this year.

g) Loans and Advances

These consists of both long term and short term loans and advances and have decreased from ₹ 4.91Cr as at 31.3.2011 to ₹ 3.01Cr as at 31.3.2012.

h) Current Liabilities & Provisions

Total current liabilities have been increased from ₹ 123.65 Cr as at 31.3.2011 to ₹ 124.18 Cr as at 31.3.2012.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Amount (₹ in lacs)

a) EARNINGS		
F.O.B. value of export	:	NIL
b) OUTGO		
ClF value of import of raw material	:	198.46
Components & Spares, Capital good	:	9.12
Foreign travel & others	:	NIL

BUSINESS REVIEW

a) 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.

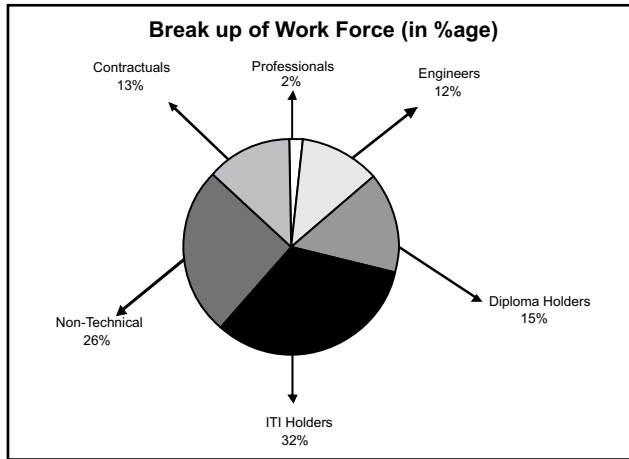
b) Threats

- 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.

a) Break-up of work force		As on 31.03.12
i) Professionals (MBA, CA, ICWA, CS, LLB)	:	05
ii) Engineers (B.E/B.Tech/M.Tech/AMIE/MSC/MCA)	:	33
iii) Diploma Holders	:	42
iv) ITIs	:	91
v) Non-Technical	:	71
vi) Contractual	:	36
Total	:	278



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.

b) Industrial Relations

Puncom firmly believes in the power of esprit de corpse 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 2011-12 the employee management relations remained cordial and positive.

c) 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.

d) 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 2012 and also the Statement of 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) Subject to our observations in para (vi) below, we are of the opinion that the Balance Sheet, Statement of Profit and Loss 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)
 - a) *Attention is invited to Note 7 in financial statements regarding realization of investment of Rs. 700 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd and interest of Rs. 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 Rs. 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 15 in financial statements regarding revenue recognition of Rs. 73.71 lacs in respect of sales for which risks and rewards of ownership have remained with the Company. This is in contravention of Accounting Standard 9 "Revenue Recognition" issued by the Institute of Chartered Accountants of India.*
 - c) *As detailed at Significant Accounting Policy 1(b), 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, 2012; and
- b) in the case of the Statement of Profit and Loss, 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

Raj Kumar Gupta
Partner
Membership No: 017039

Place: Chandigarh
Date: August 13, 2012

ANNEXURE TO AUDITORS' REPORT

(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 broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
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 2012 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 2012. However, the following demands have been raised in respect of disputed dues pending before various statutory authorities:
 - (i) The excise and custom duty demand of ₹ 30.20 lacs is disputed with excise and custom department.
 - (ii) 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 Sales Tax Appellate Tribunal, 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**

**Raj Kumar Gupta
Partner**

Membership Number: 017039

**Place: Chandigarh
Dated: August 13, 2012**

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, FOR THE YEAR ENDED 31ST MARCH, 2012.

The preparation of financial statements of Punjab Communications Limited for the year ended 31 March 2012 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 13 August 2012.

I, on behalf of the Comptroller and Auditor General of India have decided not to renew the report of the Statutory Auditor on the accounts of Punjab Communications Limited for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

**Place : Chandigarh
Dated : 10-09-2012**

**Accountant General (Audit) Punjab
Chandigarh**

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	SCHEDULE	AS AT 31st MARCH, 2012 AMOUNT (₹)	AS AT 31st MARCH, 2011 AMOUNT (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	120479788.00	120479788.00
b) Reserve and Surplus	2	972399480.15	965059382.77
(2) Current Liabilities			
a) Short-Term Borrowings	3	188996.70	—
b) Trade Payables	4	1161281486.60	1157154561.09
c) Other Current Liabilities	5	80469160.30	79307392.66
TOTAL		<u>2334818911.75</u>	<u>2322001124.52</u>
II. ASSETS			
(1) Non-Current Assets			
a) Fixed assets	6		
(i) Tangible assets		54411404.29	59781322.43
(ii) Intangible assets		—	82291.21
b) Non-current investments	7	11562850.00	11562850.00
c) Deferred tax assets (net)	8	5466969.34	5756744.35
d) Long term loans and advances	9	15376365.68	35697495.95
(2) Current Assets			
a) Inventories	10	47379890.24	37619799.27
b) Trade receivables	11	156899487.41	210039627.43
c) Cash and cash equivalents	12	1031399614.42	1010444482.80
d) Short term loans and advances	13	14722581.74	13385259.46
e) Other current assets	14	997599748.63	937631251.62
TOTAL		<u>2334818911.75</u>	<u>2322001124.52</u>

See accompanying notes forming integral part of the financial statements

This is the Balance Sheet referred to in our report of even date.

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

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

Place: S.A.S. Nagar (Mohali)
Date: August 13, 2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	SCHEDULE	YEAR ENDED		YEAR ENDED
		31st MARCH, 2012	AMOUNT(₹)	31st MARCH, 2011
				AMOUNT (₹)
I. Revenue from operations		231299384.56		181705654.21
Less Excise duty	15	15807096.48	215492288.08	12299153.51
II. Other Income	16		116772304.73	96587629.82
III. Total Revenue			332264592.81	265994130.52
IV. Expenses:				
Cost of materials consumed	17		86227224.32	58771701.22
Purchases of Stock-in-Trade			32796210.06	20852043.00
Changes in inventories of	18		-649188.92	-2159363.14
Finished Goods/Work-in-process and Stock-in-trade				
Employee benefits expenses	19		142201687.87	133848535.19
Finance costs	20		1769868.39	562016.03
Depreciation and amortization expenses	21		6993630.79	7681452.72
Other expenses	22		52771504.12	44464948.48
Total expenses			322110936.63	264021333.50
V. Profit before tax (III-IV)			10153656.18	1972797.02
VI. Tax expenses:				
(1) Current tax			-2505594.79	-770806.00
(2) Deferred tax			-289775.01	-1285825.00
(3) Prior Period Tax Adjustments			-	37233.00
VII Profit (Loss) for the year (V-VI)			7358286.38	-46600.98
VIII Earning per equity share:	23			
(1) Basic			0.61	0.03
(2) Diluted			0.61	0.03
Significant accounting policies and Notes on Financial Statements	1 to 38			

In terms of our separate report of even date attached.

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

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

Place: S.A.S. Nagar (Mohali)
Date: August 13, 2012

**NOTES TO AND FORMING PART OF BALANCE SHEET AS AT AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

PARTICULARS	AS AT 31st MARCH, 2012 AMOUNT (₹)	AS AT 31st MARCH, 2011 AMOUNT (₹)
NOTE 1 : SHARE CAPITAL		
AUTHORISED		
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	2000000.00	2000000.00
	<u>200000000.00</u>	<u>200000000.00</u>
ISSUED AND SUBSCRIBED		
1,20,23,565 (1,20,23,565) EQUITY SHARES OF RS. 10/- EACH *	120235650.00	120235650.00
Add: Share forfeited (Amount paid-up)	244138.00	244138.00
	<u>120479788.00</u>	<u>120479788.00</u>
* Includes 85,51,501 (85,51,501)Equity Shares of ₹10/- each fully paid up held by Holding Company (PICTCL) and its nominees.		
1 The detail of shareholders holding more than 5% shares:		
Name of the Shareholder	No of shares	% of Holding
Punjab Information & Comm Tech Corp Ltd	8551501.00	71.12
	8551501.00	71.12
2 The reconciliation of number of shares outstanding is set out below:		
Particulars	No of shares	No of shares
Shares outstanding at the beginning of the year	12023565	12023565
Shares Issued during the year	—	—
Shares bought back during the year	—	—
Shares outstanding at the end of the year	12023565	12023565
NOTE 2: RESERVES AND SURPLUS		
Capital Redemption Reserve	40078550.00	40078550.00
Securities premium	685043600.00	685043600.00
Add:-Shares Forfeited (Amount paid-up)	5859312.00	5859312.00
	690902912.00	690902912.00
General Reserve:		
Opening Balance	233892034.77	233938635.75
Add:/(Less)Transferred from Profit & Loss Account	7358286.38	-46600.98
Deferred Govt. Grants (Subsidy)		
As per last Balance Sheet	185886.00	206771.00
Less: Transfer to Profit & Loss Account	18189.00	20885.00
	<u>167697.00</u>	<u>185886.00</u>
	<u>972399480.15</u>	<u>965059382.77</u>
CURRENT LIABILITIES		
NOTE 3: SHORT TERM BORROWINGS (Secured)		
Loans Repayable on demand from Banks		
Loans against FDRs	732835042.97	—
Less: Reinvestment of FDRs towards restructuring	732646046.27	—
	<u>188996.70</u>	<u>0.00</u>

PARTICULARS	AS AT 31st MARCH, 2012 AMOUNT (₹)	AS AT 31st MARCH, 2011 AMOUNT (₹)
-------------	---	---

NOTE 4: TRADE PAYABLES

i. Dues of Micro, Small & Medium Enterprises	152395.00	82289.33
ii. Dues of other Creditors *	1161129091.60	1157072271.76
	<u>1161281486.60</u>	<u>1157154561.09</u>

* Includes ₹ 10514.54 lacs (₹ 10513.73 Lacs) due to Vuppalamritha Magnetic Components Pvt Ltd against which ₹ 9976.00 lacs (₹ 9370.47 lacs) lies in the Escrow Account.

The company had sent balance confirmation letters to all parties requesting them to confirm the balance within 15 days of the receipt of the letter, 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.

The details of dues of small scale industries to whom the company owes any sum for more than 30 days are: ₹ 1036/- to M/s Alfa Electronics, Pune; ₹ 14987/- to M/s Fasteners and Industrial Corporation, Bangalore; ₹ 2447/- to M/s Oswin Industries, Panchkula; ₹ 115088/- to M/s Techno Crafts Mohali; ₹ 5269/- to M/s Goyal Enterprises, Chandigarh; ₹ 4559/- to M/s New Age Metal, Mohali; ₹ 5586/- to M/s Hindustan Enterprises, Allahabad; ₹ 2442/- to M/s Paramount Electronics, Bangalore; ₹ 101/- to M/s Elite Industries Mohali; and ₹ 880/- to M/s Progressive Engg. Works Mohali.

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

i	"The Principal amount and the interest due thereon unpaid to any supplier - Principal Amount - Interest thereon"	152395/-	82289/-
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

NOTE 5: OTHER CURRENT LIABILITIES

Unclaimed Buy back amount	27722.00	27722.00
Advance from customers	294749.76	550000.00
Other liabilities		
Income received in advance	2175250.00	1513000.00
Other Payables		
Statutory remittances (Contributions to PF, ESIC, Withholding taxes, Excise Duty, VAT, Service Tax etc)	10991464.84	10572311.90
Trade / Security Deposits received	5289361.70	4704441.00
Others	61690612.00	61939917.76
	<u>80469160.30</u>	<u>79307392.66</u>

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.

1. NON-CURRENT ASSETS

(a) NOTE 6 : FIXED ASSETS

DESCRIPTION OF FIXED ASSETS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	AS AT 31.3.2011	ADDITIONS SALE/TRF.	AS AT 31.3.2012	UPTO 31.3.2011	FOR THE YEAR	ADJUST- MENTS / WRITTEN BACK	UPTO 31.3.2012	AS AT 31.3.2012	AS AT 31.3.2011
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
I. TANGIBLE ASSETS									
LAND (Freehold)*	15240077.00	—	15240077.00	1030172.45	—	—	1030172.45	14209904.55	14209904.55
BUILDING	68640128.66	—	68640128.66	55370270.33	1189791.20	—	56560061.53	12080067.13	13269858.33
PLANT & MACHINERY	376239583.13	997546.00	377237129.13	349257202.61	4337412.49	—	353594615.10	23642514.03	26982380.52
TEMPORARY STRUCTURE	4068531.00	—	4068531.00	4068531.00	—	—	4068531.00	—	—
ELECTRICAL INSTALLATION	25294983.47	—	25294983.47	23950920.96	243275.32	—	24194196.28	1100787.19	1344062.51
OFFICE EQUIPMENT	15602219.45	525955.00	16100224.45	14340018.84	445946.13	20534.44	14765430.53	1334793.92	1262200.61
FURNITURE & FIXTURE	10134598.14	—	10134598.14	9964349.77	30815.08	—	9995164.85	139433.29	170248.37
VEHICLES	8186067.21	25336.00	8211403.21	5653801.60	662216.61	—	6316018.21	1895385.00	2532265.61
OTHER ASSETS	331141.62	—	331141.62	320739.69	1882.75	—	322622.44	8519.18	10401.93
SUB TOTAL (A)	523737329.68	1548837.00	52528216.68	463956007.25	6911339.58	20534.44	470846812.39	54411404.29	59781322.43
II. INTANGIBLE ASSETS									
TECHNICAL KNOW HOW	16224442.00	—	16224442.00	16142150.79	82291.21	—	16224442.00	—	82291.21
SUB TOTAL (B)	16224442.00	—	16224442.00	16142150.79	82291.21	—	16224442.00	—	82291.21
TOTAL (A+B) CURRENT YEAR	539961771.68	1548837.00	541482658.68	480098158.04	6993630.79	20534.44	487071254.39	54411404.29	59863613.64
PREVIOUS YEAR FIGURES	521559659.52	2348644.83	523737329.68	456524113.49	7598931.72	1670037.96	463956007.25	59863613.64	65035546.03

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

PARTICULARS	AS AT 31st MARCH, 2012 AMOUNT (₹)	AS AT 31st MARCH, 2011 AMOUNT (₹)
-------------	---	---

(b) NOTE:7 NON CURRENT INVESTMENTS

(At cost adjusted for diminution in value)

UNQUOTED AND NON TRADE:-

Partial amount against

U.P. CO-OPERATIVE SPINNING MILLS

FEDERATION LTD., 14000 (14000) 14.90% (Taxable)

Secured Redeemable UPCSMF Bonds fully guaranteed

by the Govt of U.P. of Rs. 5000/- each fully paid up*

11562848.00

11562848.00

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

196300 (196300) Equity shares of Rs. 10/- each fully paid up

11562850.00

11562850.00

*The company had invested Rs 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 recognized 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.

(c) NOTE 8: DEFERRED TAX ASSET (NET)

Deferred Tax Asset:

Relating to brought forward loss &

other allowances under Income Tax Act

8608595.77

6559647.35

Deferred Tax Liability:

Relating to Fixed assets

-3141626.43

-802903.00

Deferred Tax Asset (Net)

5466969.34

5756744.35

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

(d) NOTE 9: LONG TERM LOANS AND ADVANCES

Festival Advance

3013500.00

2376500.00

Security Deposits

359560.00

391524.00

Due from Holding Company (PICTCL)

1380.00

1380.00

Due from Subsidiary companies (PDISL)

4035472.61

4035472.61

Less:- Provision for doubtful advances

4035472.61

4035472.61

—

Income Tax Recoverable for Previous years

10966835.95

30803105.67

Income Tax Recoverable current year

3540684.52

2895792.28

14507520.47

33698897.95

Less: Provision for Income Tax/MAT

2505594.79

770806.00

32928091.95

15376365.68

35697495.95

PARTICULARS	AS AT 31st MARCH, 2012 AMOUNT (₹)		AS AT 31st MARCH, 2011 AMOUNT (₹)
(2) CURRENT ASSETS			
(a) NOTE 10: INVENTORIES			
INVENTORIES (As taken, valued, and certified by the management)			
Stores & Spares		1131335.00	1235243.74
Raw material	129876464.00		120967031.00
Less: Provision for obsolete & slow moving items	<u>94462209.00</u>	35414255.00	<u>94677941.96</u>
Goods -in -transit		100326.18	428956.35
Finished sub-assemblies	46458958.00		47593103.00
Less: Provision for obsolete & slow moving items	<u>40106593.00</u>	6352365.00	<u>40524868.00</u>
Work -in -process		3877011.06	1975699.14
Stock-in-Trade		504598.00	622576.00
		<u>47379890.24</u>	<u>37619799.27</u>
(b) NOTE 11: TRADE RECEIVABLES			
Unsecured Sundry Debtors			
Outstanding for more than six months			
Considered good		137512954.58	181305677.77
Considered doubtful *		<u>13524251.97</u>	<u>11219311.85</u>
		151037206.55	192524989.62
Less: Provision for doubtful debts		<u>13524251.97</u>	<u>11219311.85</u>
		137512954.58	181305677.77
Others			
Unsecured Considered good		19386532.83	28733949.66
		<u>156899487.41</u>	<u>210039627.43</u>
*Includes due from Subsidiary(PDISL) ₹ 455150.97, (₹ 455150.97)			
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.			
(c) NOTE 12: CASH & CASH EQUIVALENTS			
Cash in hand		43909.87	140059.30
Cheques deposited but not cleared		168450.00	117348.00
Balance with banks:			
In Fixed Deposits*	1755233738.12		
Less: Reinvestment of FDRs towards restructuring	<u>732646046.27</u>	1022587691.85	1000590217.07
In Cash Credit account		3694799.81	7258290.85
In Current Accounts		4877040.89	2338567.58
In earmarked accounts (Unclaimed Buyback Amount)		27722.00	—
		<u>1031399614.42</u>	<u>1010444482.80</u>

"*FDRs worth ₹ 7922.31 Lacs are pledged with bank for restructuring of FDRs. FDRs worth ₹ 3391.52 Lacs (3656.24 Lacs) are pledged with banks against Bank guarantees and overdrafts limits."

PARTICULARS	ASAT	
	31st MARCH, 2012 AMOUNT (₹)	ASAT 31st MARCH, 2011 AMOUNT (₹)

(d) NOTE 13: SHORT TERM LOANS & ADVANCES

(UNSECURED & CONSIDERED GOOD UNLESS OTHERWISE STATED)

Loans:

Advance to Employees	2969312.00	2917789.00
Security deposits	5213505.00	5455808.00
Claims Recoverable	28942.54	122029.01
Balance with Excise Department	137884.04	63750.52
Other Advances:-		
Considered good	6372938.16	4825882.93
Doubtful Advances	234055.14	234055.14
	6606993.30	5059938.07
Less: Provision for Doubtful Advances	234055.14	234055.14
	6372938.16	4825882.93
	14722581.74	13385259.46

(e) NOTE 14: OTHER CURRENT ASSETS

Intt. accrued but not due on FDR	—	584284.99
In Escrow account (Money held on behalf of VMC & its Associated Companies)	997599748.63	937046966.63
	997599748.63	937631251.62

NOTE 15: REVENUE FROM OPERATIONS

(a) Sale of manufactured products	164771754.86	133636367.21	
(b) Sale of services	30684362.79	22118411.00	
(c) Sale of traded items	35843266.91	231299384.56	25950876.00
Less Excise Duty		15807096.48	12299153.51
Net revenue from operations		215492288.08	169406500.70
Particulars of Sale of products*			
(i) PLCC (Systems) & DTL	106014328.40		58211529.00
(ii) VMUX (Systems)	40350302.43		64269761.21
(iii) UHF, MW & V SAT, POWER PLANT & OTHERS	18407124.03		11158077.00
(iv) Income from traded items**	35843266.91		25950876.00
(v) Services Income	30684362.79		22115411.00
	231299384.56		181705654.21

* Includes various items of different configuration and spares

**Consists bought out SDH/STM and associated equipments of different configuration.

Sales includes goods dispatched amounting to ₹ 73.71 lacs (₹ 104.69 lacs) in respect of which the customer has taken delivery in the next accounting year and acknowledged accordingly.

NOTE 16: OTHER INCOME

(i) Interest Income			
(a) Interest from banks on deposits			
Interest on Fixed Deposits	106562549.97	71253480.90	
Less: Interest on loan for restructuring of FDR's	15532843.27	91029706.70	—
(b) Interest on Income Tax refund		4629424.00	2847443.00
(c) Other Interest			
Interest on Staff loans		298228.00	323947.00
(ii) Other Income			
Training Fees	5023750.00		5578100.00
Miscellaneous Receipts	197384.13		516785.63
Profit on sale of Fixed Assets	84.44		55563.29
Rent Income	14659090.50		13510876.00
Capital Subsidy written back	18189.00		20885.00
Provision for Doubtful Debts written back	—		45586.00
Provision For Excise Demand written back	—		2434963.00
Provision for slow moving RM & FSA written back	634007.96		—
Provision For excise on FSA written back	282440.00		—
	116772304.73		96587629.82

PARTICULARS	ASAT		ASAT
	31st MARCH, 2012	31st MARCH, 2011	31st MARCH, 2011
	AMOUNT (₹)		AMOUNT (₹)
NOTE 17 : COST OF MATERIALS CONSUMED			
(a) Opening Stock	120967031.00		114488145.00
Add Purchases*	<u>103994052.21</u>	<u>224961083.21</u>	<u>70981016.22</u>
Less: CENVAT credit		8367480.13	5175064.45
Less: Input Tax credit (VAT)		489914.75	553364.55
		<u>216103688.32</u>	<u>179738732.22</u>
Less: Closing Stock		129876464.00	120967031.00
Net consumption		<u>86227224.32</u>	<u>58771701.22</u>
OPENING STOCK OF RAW MATERIAL*			
i) Electronics Raw Material and Components		95935332.00	91006134.00
ii) Mech. items		9162004.00	7545845.00
iii) Misc. items		15869695.00	15936166.00
		<u>120967031.00</u>	<u>114488145.00</u>
RAW MATERIAL PURCHASE*			
i) Electronics Raw Material and Components		63220559.00	37627998.00
ii) Assembly items		231803.59	85853.00
iii) Mech. items		16666060.00	12601491.00
iv) Misc. items		15018235.41	14935246.00
		<u>95136658.00</u>	<u>65250588.00</u>
RAW MATERIAL CONSUMED*			
i) Electronics Raw Material and Components		52217475.00	32698800.00
ii) Assembly items		231803.59	85853.00
iii) Mech. items		15628401.00	10985332.00
iv) Misc. items \$		18149544.41	15001716.00
		<u>86227224.00</u>	<u>58771701.00</u>
CLOSING STOCK OF RAW MATERIAL*			
i) Electronics Raw Material and Components		104539154.00	95935332.00
ii) Mech. items		10199663.00	9162004.00
iv) Misc. items		15137647.00	15869695.00
		<u>129876464.00</u>	<u>120967031.00</u>
(b) Purchases of Stock-in-Trade \$		<u>32796210.06</u>	<u>20852043.00</u>
		<u>32796210.06</u>	<u>20852043.00</u>

*Includes various items of different configuration.

\$ Includes SDH/STM bought out items amounting to ₹ 22491752 (₹ Nil)

NOTE 18: CHANGES IN INVENTORIES

(c) (I) OPENING STOCKS			
(a) Work in process	1975699.14		3585447.00
(b) Finished sub-assemblies	47593103.00		44446568.00
(c) Stock-in-Trade	<u>622576.00</u>	<u>50191378.14</u>	<u>—</u>
			48032015.00
(II) CLOSING STOCKS			
(a) Work in process	3877011.06		1975699.14
(b) Finished sub-assemblies	46458958.00		47593103.00
(c) Stock-in-Trade	<u>504598.00</u>	<u>50840567.06</u>	<u>622576.00</u>
Decrease(-) / Increase (+) in stock (b-a)		<u>-649188.92</u>	<u>-2159363.14</u>
OPENING STOCK OF FINISHED SUB ASSEMBLIES**			
i) Direct to Line/PLCC		3817296.00	4916686.00
ii) PCM, SWITCHING		14452662.00	14167762.00
iii) VMUX		4163734.00	5957872.00
iv) Others		25159411.00	19404248.00
		<u>47593103.00</u>	<u>44446568.00</u>
CLOSING STOCK OF FINISHED SUB ASSEMBLIES **			
i) Direct to Line/PLCC		2598882.00	3817296.00
ii) PCM, SWITCHING		14367440.00	14452662.00
iii) VMUX		2305752.00	4163734.00
iv) Others		27186884.00	25159411.00
		<u>46458958.00</u>	<u>47593103.00</u>

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

PARTICULARS	ASAT 31st MARCH, 2012 AMOUNT (₹)	ASAT 31st MARCH, 2011 AMOUNT (₹)
NOTE 19 : EMPLOYEE BENEFITS EXPENSES		
Salary , Wages, Other Allowances & Benefits	116410580.75	106660234.20
Contribution towards provident and other funds	25620687.40	26967091.10
Bonus/ex-gratia	99594.90	92179.20
Staff Welfare expenses	70824.82	129030.69
	<u>142201687.87</u>	<u>133848535.19</u>
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 :-		
Opening balance	27469325.00	16971030.00
Add : Contribution made during the year	12949665.00	9988735.00
Less : Claim paid during the year	1372217.00	1316639.00
Add : Interest credited for the year	2488546.00	1826199.00
Closing Balance	41535319.00	27469325.00
Present value of accrued gratuity liability.	62216604.00	53456170.00
Defined benefit plan for payment of Leave Encashment :-		
Opening balance	29461319.00	23929053.00
Add : Contribution made during the year	1244827.00	3826594.00
Less : Claims paid during the year	500780.00	501722.00
Add : Interest credited for the year	2717554.00	2207394.00
Closing balance	32922920.00	29461319.00
Present value of accrued service liability.	33587298.00	27362130.00
Assumptions:		
Salary Escalations - 7%		
Discounting Factor- 8%		
NOTE 20 : FINANCE COSTS		
Interest on loan against FDR's for working capital	16283514.27	68327.00
Less: Interest on loan for restructuring of FDR's	<u>15532843.27</u>	<u>—</u>
Interest on cash credit	—	1147.57
Bank charges & commission	526180.27	464237.01
Loss on exchange fluctuations & Forward premia	493017.12	28304.45
	<u>1769868.39</u>	<u>562016.03</u>
NOTE 21 : DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation & Amortization	6993630.79	7681226.72
Short/excess recoveries (net)	—	226.00
	<u>6993630.79</u>	<u>7681452.72</u>
NOTE 22 : OTHER EXPENSES		
(A) MANUFACTURING & INSTALLATION EXPENSES		
Stores & Spares	3025912.60	1395431.89
Power & Fuel	5046783.56	5450701.00
Freight	208506.00	129105.00
Installation charges/ AMC Services Expenses	15386531.36	9029084.67
Miscellaneous Production expenses	1019332.10	2194975.40
	<u>24687065.62</u>	<u>18199297.96</u>

PARTICULARS	ASAT 31st MARCH, 2012 AMOUNT (₹)	ASAT 31st MARCH, 2011 AMOUNT (₹)
(B) ADMINISTRATION AND OTHER EXPENSES		
Travelling & conveyance(including for directors Rs.93382.36 (Rs.98326.55)	4137051.11	3065818.50
Printing & Stationery	606834.09	666953.21
Rent	49500.00	125000.00
Office electricity & Water	156086.09	168578.13
Postage, Telephone & Telex	711440.28	1001552.14
Insurance (net)	550897.76	548801.32
Rates & Taxes	373146.00	263294.00
Directors sitting fee	90000.00	95000.00
Meeting expenses	74799.00	79711.00
Staff recruitment/training expenses	1200.00	28413.70
REPAIR & MAINTENANCE :-		
Building	27399.26	35483.50
Plant & Machinery	306349.60	233945.29
General maintenance	490883.30	426066.14
Vehicle running & maintenance	1898736.14	2007293.67
Membership fee and subscription	49576.00	47428.00
Internal audit fees & expenses	105000.00	105000.00
Auditors payments:-		
Audit fee	150000.00	150000.00
Tax audit fees	40000.00	40000.00
Out of pocket	34500.00	36750.00
Certification & other services	80000.00	75000.00
Legal & professional fees	541711.00	709328.00
Cost audit fees	31150.00	—
Office Expenses	6736031.59	6192296.14
Provision for slow moving stocks	—	3530536.00
Provision for excise duty on closing FSA	—	598626.00
Provision for Doubtful Debts	2304940.12	0.00
Provision for Excise Demand	980973.00	708480.00
Amount written off	817236.00	0.00
Miscellaneous expenses	545553.98	631363.57
	21890994.32	21570718.31
(C) SELLING AND DISTRIBUTION COSTS		
Advertisement and publicity	126412.00	65557.00
Sales promotion expenses	1108408.67	1149964.16
Freight outwards (net)/States Taxes	1055466.96	657950.00
Royalty	—	7376.00
Packing & Forwarding expenses	3851468.75	2387819.83
	6141756.38	4268666.99
(D) PRIOR PERIOD ITEMS		
Administrative Expenses written back	9865.00	—
Raw Material Purchase write back	—	10743.78
Less-Prior Period Expenses		
Raw Material Purchase	9132.00	—
Administrative Expenses	52421.00	12248.00
Service Income		424761.00
Net Expenses	51687.80	426265.22
TOTAL OTHER EXPENSES (A+B+C+D)	52771504.12	44464948.48

PARTICULARS	ASAT	ASAT
	31st MARCH, 2012	31st MARCH, 2011
	AMOUNT (₹)	AMOUNT (₹)

NOTE 23 : EARNINGS PER SHARE

Profit / (Loss) after Tax (₹)	7358286.38	342431.24
Weighted average no. of ordinary shares	12023565.00	12023565.00
Weighted average no. of diluted shares	12023565.00	12023565.00
Nominal Value of ordinary share (₹)	10.00	10.00
Basic Earning Per Share (₹)	0.61	0.03
Diluted Earning Per Share (₹)	0.61	0.03

NOTE 24 : Contingent liabilities not provided for in the accounts :

a) Bank guarantees and Letter of credits *	2584.47	(2982.00)
b) Claims against company, not acknowledged as debts,		
-by Sales Tax authorities**	14.85	(14.85)
-by Excise & Custom authorities	30.20	(30.20)
-by other parties	38.29	(38.84)
c) Court cases	1667.04	(200.58)
d) PSPCL Demand ***	27.96	(27.96)
e) Interest on Employees Security deposits payable after completion of 5 years of service	0.66	(0.65)

*Includes expired guarantees for ₹ 276.70 Lacs (61.03 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 PSPCL Mohali which is being contested through the Lessee as per Lease Agreement.

NOTE 25 : Estimated amount of contracts remaining to be executed on capital account Nil (Nil).

NOTE 26 : 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 (Rs 4.55 lacs) has also been made.

NOTE 27 : PCL Telecom Ltd, another subsidiary company, is in the process of being wound up. The Board of Directors of PUNCOM at their 81st meeting held on 29.01.1997 decided to bear all statutory expenditure incurred in connection with the winding up of PCL Telecom Ltd,

NOTE 28 : 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 segment.

PARTICULARS	AMOUNT (₹ Lacs)	
SEGMENT	SEGMENT REVENUE	SEGMENT RESULTS
a. Sales, Services & Other Income	2266	-954
b. Interest Income	910	910
c. Rental Income	147	145
TOTAL REVENUE	3323	102
	SEGMENT ASSETS	SEGMENT LIABILITIES
a. Sales, Services & Others	13106	23348
b. Interest Income	10226	NII
c. Rental Income	16	NII
TOTAL	23348	23348

(Depreciation on segment a- ₹ 68.27 lacs (Rs.75.11 lacs), segment b - ₹ Nil (₹ Nil),segment c ₹ 0.84 lacs (₹ 0.88 lacs), total ₹ 69.11 lacs (₹ 75.99 lacs). Segment assets acquired for expected use during more than one period- ₹ 15.49 lacs (₹ 23.49 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).

NOTE 29: The provision against excise demand ₹ 261.48 lacs (₹ 251.67 lacs) consisting of excise duty ₹ 64.50 lacs (₹ 64.50 lacs), penalty of ₹ 64.50 lacs (₹ 64.50 lacs) and interest upto the year ₹ 142.48 lacs (₹ 132.67 lacs) has been made consequent to the decision of Commissioner of Central Excise on withdrawal of the modvat credit relating to earlier years. The case has been decided by CESTAT in favour of the company. The company has not yet received any intimation that the department is going into further appeal against the order of CESTAT.

NOTE 30: The company has provided for ₹ Nil lacs (₹ 8 lacs) and ₹ Nil lacs (₹ 27.31 lacs) but written back ₹ 2.16 lacs and ₹ 4.18 lacs in current financial year, 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 ₹ 23.05 lacs (₹ 0.46 lacs written back) in respect of doubtful debts and advances has been provided for during the year. The provision remaining as on 31st March 2012 is considered adequate.

NOTE 31: 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:	2011-12	2010-11
Opening Balance	16224442	(16224442)
Additions during the year	Nil	(Nil)
Gross amount	16224442	(16224442)
Less:- Written off / Amortized		
Upto Previous year	16142151	(16059856)
During the year	82291	(82295)
Retirement / Disposal	Nil	(Nil)

NOTE 32: 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 24. 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.

NOTE 33: In the absence of virtual certainty 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.

NOTE 34 : CIF VALUE OF IMPORTS

		(₹ in Lacs)
a) Raw Materials	198.46	117.84
b) Components & Spares	0.13	0.96
c) Capital Goods	8.99	2.74

NOTE 35 : EXPENDITURE IN FOREIGN CURRENCY

(₹ In Lacs)

a) Royalty, Know How, Professional/consultancy fee	Nil	Nil
b) Business Promotion	Nil	Nil
c) Travelling & Conveyance & Training Expenses	Nil	Nil

NOTE 36 : EARNING IN FOREIGN EXCHANGE

FOB Value of export during the year	Nil	Nil
-------------------------------------	-----	-----

NOTE 37 : CONSUMPTION OF RAW MATERIALS, STORES AND SPARES

Raw Materials, Traded Goods Stores & Spares*

Imported	13.28%	16221414	15.93%	12805339
Indigenous	86.72%	105945912	84.07%	67591261
	100%	122167326	100%	80396600

NOTE 38 : In compliance with the Ministry of Corporate Affairs Notification No F No 2/6/2008-C L-V dated 30th March 2011, the financial statements of the company for the year ended 31st March 2012 have been drawn up in accordance with the terms of the revised Schedule VI to the Companies Act, 1956. The adoption of the revised Schedule does not impact the measurement and recognition principles followed for the preparation of the financial statements. However, it has significant impact on the presentation of and disclosures made in the financial statements. The company has also recast the previous year's figures to meet the requirements of the revised Schedule VI.

In terms of our separate report of even date annexed

In terms of our separate report of even date annexed.

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

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

Place: S.A.S. Nagar (Mohali)
Date: August 13, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	I Punjab Digital Industrial System Ltd.	II PCL Telecom Ltd.
a) Name of Subsidiary	Punjab Digital Industrial System Ltd.	PCL Telecom Ltd.
b) Financial year ending	Under Winding up process	Under Winding up process
c) Holding Company's Interest in Equity Capital	100%	100%
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 31 st March, 2012	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 20 th 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.		

ANURAG VERMA
MANAGING DIRECTOR

R.K. NANGIA
DIRECTOR

J.S. BHATIA
HEAD-FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

Place : S.A.S. Nagar (Mohali)
Date : August 13, 2012

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.
- h) Provision for obsolete inventories is reviewed periodically and provided for as per the assessment of management.

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.

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 directly attributable to the acquisition of qualifying assets are capitalized in accordance with Accounting Standard 16 issued by the Institute of Chartered Accountants of India.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	(₹ in Lacs)	
	2011-2012	2010-2011
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	101.54	20.10
Adjustment for :-		
Depreciation & Amortization	69.94	75.99
Amounts written off/written back	(0.18)	43.22
Interest & other financial expenses	17.70	5.62
Profit on sale of fixed assets	(0.00)	(0.56)
Interest/Rental Income	(1,056.89)	(851.30)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(867.90)	(706.93)
Adjustment for :-		
Trade and Other Receivables	531.40	462.89
Inventories	(97.60)	(79.52)
Trade and Other Payables	41.27	8,126.68
Other current liabilities	6.69	—
Short Term Loans and Advances	(13.37)	—
CASH FROM/(USED IN) OPERATIONS	(399.52)	7,803.12
Income Tax Refund	184.21	138.15
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(215.31)	7,941.27
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Payments for capital goods	(15.49)	(23.49)
Sale of Fixed Assets	0.08	0.60
Long Term Loans and Advances	(6.05)	—
Other current assets	(599.68)	(8,873.82)
Interest/Rental Income	1,056.89	910.15
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	435.74	(7,986.56)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(12.77)	(5.62)
Movement in Working Capital Borrowings	1.89	—
NET CASH USED IN FINANCING ACTIVITIES	(10.88)	(5.62)
Net Change in Cash & Cash Equivalents (A+B+C)	209.55	(50.91)
Cash & Cash Equivalents at the beginning of the year	10,104.44	10,155.35
Cash & Cash Equivalents at the end of the year	10,314.00	10,104.44

ANURAG VERMA
MANAGING DIRECTOR

R.K.NANGIA
DIRECTOR

J.S. BHATIA
HEAD FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

Place : S.A.S. Nagar (Mohali)
Date: August 13, 2012

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 31st March, 2012. 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 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 : August 13, 2012

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.

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.

ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that Thirty first Annual General Meeting of Punjab Communications Limited will be held on Friday, 28th December, 2012 at 11.00 A.M. at the registered office of the company, situated at B-91, 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, 2012 and Balance Sheet as on that date together with Directors' Report, Auditors' Report and CAG comments thereon.
2. To appoint Director in place of **CA. R K Nangia** who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of **Sh. V P Chandan, IRSSE** who retires by rotation and is eligible for reappointment.
4. To appoint the auditors for the financial year 2012-2013 and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Sh. A. R. Talwar, IAS, who was appointed as Additional Director in the capacity of Chairman on the Board w.e.f. 19th March, 2012 through Resolution by Circulation dated 2nd April, 2012 under Article 128 & Article 158 of the Articles of the Association of the Company and who holds the office of directorship upto the date of this Annual General Meeting and in respect of whom the company has received notice in writing, pursuant to Section 260 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the company in the capacity of Chairman."

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

"RESOLVED that Sh. A. K. Pathak, who is in whole time employment of the company and who was appointed as Additional Director of the company w.e.f. 13th August, 2012 under Article 132 of the Articles of Association of the company and who holds such office upto the date of this Annual General Meeting and in respect of whom the company has received notice in writing, pursuant to Section 260 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the company."

21st November, 2012

Regd Office

B-91, Phase VIII, Industrial Area,
SAS Nagar (Chandigarh) - 160059

By order of the Board

Sd/-

(Anurag Verma)

Sr. Vice Chairman &
Managing Director

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. Explanatory statement relating to special business is enclosed as **Annexure I** to this Notice as required under section 173(2) of the Companies Act, 1956.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. 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.
5. The register of members and transfer books of the company will remain closed from the 21st December, 2012 to 28th December, 2012 (both days inclusive).
6. 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.
7. Distribution of dividend through ECS facility has been made mandatory by SEBI for the specified centers where such facility is available. In order to implement the system, we require the details of bank such as the bank account numbers of the shareholders. The members may please furnish the required details to the company or its share transfer agents i.e. M/s Alankit Assignments Ltd, 205-208, Anarkali Market, Jhandewalan Extension, New Delhi - 110055.
8. Members are requested to notify change in address, if any, to the Company's registered share transfer agents, quoting their Folio Number/DP IDs/ Client IDs and relevant particulars.
9. Information pursuant to Clause 49 (VI) (A) (a) & (c) of the Listing Agreement requires disclosure on the reappointment of the Directors which is annexed as **Annexure II** to this notice.

ANNEXURE TO THE NOTICE

ANNEXURE I**(EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956)****Item No. 5**

Pursuant to Article 132 of the Articles of Association of the company, the Directors have the right to appoint a person or persons as an Additional Director or Directors. Pursuant to this Article the Directors have appointed Sh. A. R. Talwar, IAS as an Additional Director on the Board to hold office up to the date of the Annual General Meeting. In exercise of this power, the company has received notice from Punjab Information & Communication Technology Corporation Ltd under Section 257 for notifying the candidature of Sh. A.R. Talwar, IAS for his appointment as the Director of the company. As per the provisions of the Companies Act, 1956, consent of the shareholders by way of Ordinary Resolution is required for the appointment of any Director. Directors of your company recommend this resolution to be passed.

Further pursuant to Article 171 of the Articles of Association of the company, the holding has a right to appoint Managing Director of the Company. The Government of Punjab vide its order bearing No. 6/1/2012-IAS(3)/1023 dated 16th March, 2012 has appointed Sh. A.R. Talwar, IAS as Chairman of the Company. Further in exercise of the power vide Article 158, the company has received notice from Punjab Infotech Ltd vide their No. PICTC/SEC/2012/2463 dated 29.3.2012 appointing Sh. A.R. Talwar, IAS as Chairman of the Company.

The appointment of Sh. A.R. Talwar, IAS as director in the capacity of Chairman is subject to the approval of shareholders by way of Ordinary Resolution. Directors of your company recommend this resolution to be passed.

Sh. A.R. Talwar being the appointee may be deemed to be concerned or interested in this Resolution.

Brief Resume of Sh. A.R. Talwar, IAS is given here below.

Sh. A.R. Talwar is a 1980 Batch IAS Officer and is at present Principal Secretary, Industries & Commerce, Punjab. He is a Law Graduate (LLB), Masters in Business Administration and also Masters in Public Administration. He is an Indian Administrative Service Officer. He is also holding the position of Chairman, Punjab Alkalies & Chemicals Ltd.

Currently, Sh. A.R. Talwar is also on the Board/Executive Committee/Member on Committees of Board of the following companies.

- | | |
|--|----------|
| 1) Punjab Small Industries & Export Corporation Ltd | Director |
| 2) Punjab State Industrial Development Corporation Ltd | Director |
| 3) Punjab Information & Communication Technology Corporation Ltd | Director |
| 4) Punjab Agro Industries Corporation Ltd | Director |

The shareholding of Sh. A.R. Talwar, IAS as per Clause 49(IV) (E)(v) is NIL.

Item No. 6

Pursuant to Article 132 of the Articles of Association of the company, the Directors have the right to appoint a person or persons as an Additional Director or Directors. Pursuant to this Article the Directors have appointed Sh. A. K. Pathak, as an Additional Director on the Board to hold office up to the date of the Annual General Meeting. In exercise of this power, the company has received notice from Punjab Information & Communication Technology Corporation Ltd under Section 257 for notifying the candidature of Sh. A. K. Pathak for his appointment as the Director of the company. As per the provisions of the Companies Act, 1956, consent of the shareholders by way of Ordinary Resolution is required for the appointment of any Director. Directors of your company recommend this resolution to be passed.

Brief Resume of Sh. A.K. Pathak is given here below.

Sh. A. K. Pathak holds a Bachelor of Engineering Degree in Electronics and Communication from Punjab Engineering College, Chandigarh and M. Tech Degree from IIT, Kanpur. He has extensive experience in the development, engineering and manufacturing of Telecom Equipments and has travelled widely during his career spanning 34 years. At present he is working with the company as Deputy Vice President heading the Production Division.

The shareholding of Sh. A.K. Pathak, as per Clause 49(IV) (E)(v) is NIL.

ANNEXURE II**(INFORMATION PURSUANT TO CLAUSE 49(VI) (A) (a) & (c) OF THE LISTING AGREEMENT)**

A brief resume and name of the companies in which the Directors who are being re-appointed along with the name of the companies in which they hold directorship of the Board is given below. The details regarding appointment of new Directors have already been given under explanatory statement vide item Nos. 5 & 6.

A) Brief Resume of CARK Nangia

Sh. Rakesh Kumar Nangia is highly qualified professional possessing Chartered Accountant and Company Secretary Fellowship. He is also qualified ERP using oracle application and financial accounting from ICFAI Business School in September, 1998 and Oracle 7.1 with Developer 2001 from Software Technology Group, New Delhi in May 1998. CA Nangia has more than 27 years experience in a middle and senior management position.

As on 31st March, 2012, he is holding directorship of Punjab Venture Capital Ltd, Consumer Electronics (Punjab) Ltd, Punjab Recorders Limited, Intermagnetic India Ltd. He is member of the Audit Committee and Shareholders Grievances Committee of Punjab Communications Ltd. The shareholding of CA R K Nangia as per Clause 49 (IV)(E)(V) is NIL.

B) Brief Resume of Sh V P Chandan, IRSSE

Sh. V.P. Chandan, IRSSE is M.Tech. and has served as an Additional Member (Signal & Telecom) in the Ministry of Railways, Railway Board. He has served for 36 years on Indian Railways Service of Signal Engineers (IRSSE). He also served for 4 years as President, Qualcomm (India) Inc - Multinational R&D Company. He has an expertise in General Management and Administration. He has also been working as Consultant to the World Bank for more than 4 years and is still continuing.

As on 31st March, 2012 he is the Chairman of the Audit Committee and Shareholders Grievances Committee of Punjab Communications Limited. The shareholding of Sh. V.P. Chandan as per Clause 49(IV)(E)(V) is NIL.

By order of the Board

Sd/-

(Anurag Verma)
Sr. Vice Chairman &
Managing Director

21st November, 2012

Regd. Office
B-91, Phase VIII, Industrial Area,
SAS Nagar (Chandigarh) - 160059

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*	
---------	--

Regd. Folio No.	
-----------------	--

Client Id*	
------------	--

NAME AND ADDRESS OF THE SHAREHOLDER

No. of share(s) held :

I hereby record my presence at the 31st ANNUAL GENERAL MEETING of the Company held on Friday, the 28th December, 2012 at 11.00 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*	
---------	--

Regd. Folio No.	
-----------------	--

Client Id*	
------------	--

I/We of
 of failing him
 of

as my / our proxy to vote for me / us and on my / our behalf at the 31st ANNUAL GENERAL MEETING to be held on Friday, the 28th December, 2012 at 11.00 A.M. or at any adjournment thereof.

Signed this day of 2012

* Applicable for investors holding shares in electronic form.

Affix Re. 1/- Revenue Stamp

 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

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.**

BOOK POST

If undelivered, please return to :
PUNJAB COMMUNICATIONS LIMITED
B-91, Phase VIII, Industrial Area,
S.A.S. Nagar, Mohali-160071 (INDIA)

