

PUNCOM

33rd

**Annual Report
2013-2014**

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 26th day of September 2014, (Friday) at 11.30 A.M. at B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali-160071 (Punjab) (Notice Enclosed).
- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
- The Trading of Puncom's scrip has come under compulsory Demat for all investors w.e.f. August 28, 2000 (ISIN INE609A01010).
- The Annual Report also covers reports on "Management Discussion & Analysis 'and' Corporate Governance".
- The shares of your company are listed with The Bombay Stock Exchange Ltd., Mumbai (BSE) only.
- As per Amendments to clause 32 of Equity Listing Agreement and Modification of SEBI Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated 26.4.2011 towards Green Initiatives in the Corporate Governance, Listed Companies are required to sent Balance Sheet etc. by electronic mail to its members. Thus Shareholders having Shares 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 : 26th September, 2014, Friday, at 11.30 a.m.

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

PUNJAB COMMUNICATIONS LIMITED

Web : www.puncom.com CIN : L32202PB1981SGC004616

Corporate Information (as on 12.08.2014)

Board of Directors	Designation	DIN No.
Sh. D.P. Reddy, IAS	Chairman	01939650
Sh. D.K. Tiwari, IAS	Vice Chairman & MD	02363047
Sh. R.K. Chaudhary, IAS	Vice Chairman	06941397
CA R.K. Nangia	Director	00225725
Sh. V.P. Chandan, IRSSE (Retd.)	Director	00225793
CA Rajiv Dewan	Director	00007988
Er. A.K. Pathak	Director	00474919
CA Asish K. Bhattacharyya	Director	00799039

Company Secretary

CS Madhur Bain Singh

Head (Finance) / CFO

CMA. J.S. Bhatia

Statutory Auditors

M/s B. Rattan & Associates
Chartered Accountants

Bankers

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
CA Asish K. Bhattacharyya	Member

Shareholders Grievance Redressal Committee

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

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Financial Highlights 2008-2009 to 2013-2014

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
						(₹ in Lacs)
Sales	12970.58	11086.43	1817.06	2312.99	2342.88	2038.48
Other Income	1100.53	1081.85	965.88	1167.72	1280.5	1188.28
Total Income	14071.11	12168.28	2782.94	3480.71	3623.38	3226.77
Earning/Loss before Dep. Interest and Tax (EBDIT)	313.63	266.89	100.67	178.97	103.62	-571.73
Depreciation	104.23	86.65	76.81	69.94	60.13	52.19
Profit / Loss after Tax	239.53	152.27	(0.46)	73.58	300.19*	-684.64
Equity Share Capital	1202.35	1202.35	1202.35	1202.35	1202.35	1202.36
Reserves & Surplus	9524.96	9651.26	9650.59	9723.99	10024.02	9233.28
Tangible Net Worth	10727.29	10784.00	10797.00	10874.13	11174.96	10438.08
Gross Fixed Assets	5205.04	5215.59	5399.62	5414.83	5427.7	5431.84
Net Fixed Assets	725.66	650.35	598.63	544.11	497.57	449.53
Total Fixed Assets	725.66	650.35	598.63	544.11	497.57	449.53

* Includes Exceptional items amounting to ₹ 271.48 lacs.

Key Ratios 2008-09 to 2013-14

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Earning /loss Per Share (in ₹)	1.99	1.27	—	0.61	2.5	-5.69
Cash Earning/Loss Per Share (in ₹)	4.78	2.31	0.84	1.49	0.86	-4.92
Book Value Per Share (in ₹)	89.22	90.28	89.80	90.44	92.94	86.81
Debt/Equity Ratio	—	—	—	—	—	0.01
Current Ratio	1.06	0.99	1.79	1.81	4.12	4.25

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Third Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended 31st March 2014.

Financial Results

(₹ In lacs)

Particulars	2013-14	2012-13
Gross Income	3226.77	3623.38
Total expenditure	3725.88	3443.89
Profit before tax	-630.78	310.67*
Profit/Loss after tax	-684.64	300.19
Dividend	Nil	Nil
Paid up equity	1202.36	1202.36
Profit/Loss appropriated to General Reserve	-684.64	300.19
Reserves (Including Capital Reserves)	9233.28	10024.02
Net fixed assets	449.53	497.57
Capital employed	10570.59	11228.82
Earning/Loss per share (in ₹)	-5.69	2.50
Cash earning/loss per share (in ₹)	-4.92	0.86
Book value per share (in ₹)	86.81	92.94

* includes exceptional item of Rs. 271.48 Lacs

Review of Operations

During the year, the company continued its efforts to 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. ₹ 2038.48 Lacs in financial year 2013-14 besides income of ₹ 1188.28 Lacs from other activities.

The book value of share held by you is around ₹ 86.81/- per share and the Reserves stood at approx. ₹ 9233.28 Crores. The Company has invested an amount of ₹ 41.4 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 2013-14.

Change in Directorship

Following changes, in the constitution of Board of Directors, happened during the period under review upto 12th August, 2014.

Sh. Asish K. Bhattacharyya has been appointed as Independent Director w.e.f. 12th August, 2013. Further Sh. D. K. Tiwari, IAS was appointed as Vice Chairman and Director of our company w.e.f. 10th September, 2013 replacing Sh. Vijay N Zade, IAS. Later Sh. D. K. Tiwari, IAS was appointed/ re-designated as Vice Chairman and Managing Director of the company w.e.f. 23rd September, 2013.

Subsequently, Smt. Kavita Singh, IAS was appointed as Vice Chairperson and Managing Director in place of Sh. D. K. Tiwari, IAS w.e.f. 29th January, 2014. However her nomination as VC & MD was withdrawn w.e.f. 1st April, 2014. Consequent to that Sh. D. K. Tiwari, IAS was appointed as Vice Chairman and Managing Director of our Company in place of Smt. Kavita Singh, IAS w.e.f. 15th May, 2014.

The Company also appointed Sh. D. P. Reddy, IAS as Director & Chairman in place of Sh. Karan Avtar Singh, IAS w.e.f. 10th June, 2014. Recently Sh. Raj Kamal Chaudhary, IAS was appointed as Director & Vice Chairman of our company w.e.f. 3rd July, 2014.

S. No.	Name of the Outgoing Director	Name of the Incoming Director	Reason
1.	–	Sh. Asish K. Bhattacharyya	As per the provisions of Section 260 of the Companies Act, 1956 and other provisions, as applicable, the BOD of Puncom appointed CA Asish K. Bhattacharyya as an additional Director of the Company w.e.f. 12th August, 2013 in the 174th Board Meeting of the Company (Item No. 174.13) held on 12th August, 2013 to comply with the requirements of quorum of independent director of the Company as laid by the SEBI Notification No. SEBI/CFD/DIL/ CG/ 1/2008/08/04 and Companies Act, 1956.
2.	Dr. Vijay N. Zade, IAS	Sh. D. K. Tiwari, IAS	As per the Govt. of Punjab Notification No. 6/1/2013- IAS(3)/2375 dated 14th August, 2013 and in consonance with the provision of Article 158 of Memorandum & Articles of Association of the Company, Punjab Infotech nominated Mr. D. K. Tiwari, IAS as Vice Chairman cum Director. Later, Govt. of Punjab Notification No. 6/1/2013- IAS(3)/2867 dated 20th September, 2013 and further nomination by Punjab Information and Communication Technology Corporation Ltd (Punjab Infotech) vide their letter No. PICT/SECTL/5389 dated 23rd September, 2013, appointed Sh. D. K. Tiwari, IAS for a term of 5 years as Managing Director of the Company. Subsequently, the BOD of Puncom has appointed Sh. D. K. Tiwari, IAS as Managing Director of the Company vide Resolution by Circulation dated 23rd September, 2013.
3.	Sh. D. K. Tiwari, IAS	Smt. Kavita Singh, IAS	As per the Order of Govt. of Punjab vide order No. 6/1/2014- IAS(3)/308 dated 27th January, 2014 and further nominated by Punjab Information and Communication Technology Corporation Ltd vide their letter No. PICTC/SEC/10458 dated 3rd February, 2014 appointing Smt. Kavita Singh, IAS as Managing Director in place of Sh. D. K. Tiwari, IAS, the BOD has appointed Smt. Kavita Singh, IAS as Managing Director in place of Sh. D. K. Tiwari, IAS vide Resolution by Circulation dated 4th February, 2014.
4.	Smt. Kavita Singh, IAS	Sh. D. K. Tiwari, IAS	As per the Order of Govt. of Punjab vide order No. 6/1/2014- IAS(3)/1445 dated 16th April, 2014 and

			further nominated by Punjab Information and Communication Technology Corporation Ltd vide their letter No. PICTC/SEC/712 dated 15th May, 2014 appointing Sh. D. K. Tiwari, IAS as Managing Director in place of Smt. Kavita Singh, IAS, the BOD has appointed Sh. D. K. Tiwari, IAS as Managing Director in place of Smt. Kavita Singh, IAS vide Resolution by Circulation passed in the 177th Board Meeting held on 29th May, 2014 (Item No. 177.30.1).
5.	Sh. Karan A. Singh, IAS	Sh. D. P. Reddy, IAS	As per the Order of Govt. of Punjab vide order No. 6/1/2014-IAS(3)/1848 dated 28th May, 2014 and further nominated by Punjab Information and Communication Technology Corporation Ltd vide their letter No. PICTC/SEC/1575 dated 10th June, 2014 appointing Sh. D. P. Reddy, IAS as Director & Chairman in place of Sh. Karan Avtar Singh, IAS, the BOD has appointed Sh. D. P. Reddy, IAS as Director & Chairman in place of Sh. Karan Avtar Singh, IAS vide Resolution by Circulation dated 11th June, 2014.
6.	—	Sh. Raj K. Chaudhary, IAS	As per the Order of Govt. of Punjab vide Notification No. 6/1/2014-IAS(3)/1915 dated 4th June, 2014 and further nominated by Punjab Information and Communication Technology Corporation Limited vide their letter No. PICT:SECTL:2412 dated 3rd July, 2014 appointing Sh. Raj Kamal Chaudhary, IAS as Director & Vice Chairman. The BOD accordingly appointed Sh. Raj Kamal Chaudhary, IAS vide Resolution By Circulation dated 7th July, 2014.

Directors' Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of accounts for the financial year ended 31st March, 2014, 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 provisions of the Companies Act, 2013 and the Companies Act, 1956 wherever applicable for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March 2014 on a going concern basis.
- v) That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively.
- vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

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 have been compiled and offered for handing over to the 'Liquidator's 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 ₹ 33.00/- (8th July, 2013) to the high of ₹ 111.95/- (5th November, 2013).

Corporate Plan/ Operations

With lot of hard work and best efforts Puncom has been able to increase its market share of its PLCC product. This has been well supplemented by its V-Mux Product. Though the Government did not make any appreciable change in its policy to promote manufacturing in India, yet Puncom has done reasonably well keeping in mind the stiff competition in Telecom field and squeezing margins.

Puncom is executing some prestigious OFC turnkey projects for railways. Puncom is focusing on outdoor projects in addition to the indoor turnkey projects. This would help Puncom in improving its market share in Railways. Puncom is also offering its V-Mux and Power Plant equipment to other contractors who are executing turnkey projects for Railways. This not only helps in improving the sales but also increase in Puncom make equipment in Railway network.

Puncom has established itself very well in the power utility sector by improving its share of PLCC in various state electricity boards, PGCIL etc. Puncom make PLCC is priced very competitively and therefore it has become difficult for other manufacturers to compete with Puncom. To further increase its market share in this sector Puncom is offering and supplying PLCC equipment to private parties which are undertaking turnkey projects of sub-stations for various state electricity boards.

While Puncom has made good inroads in turnkey projects it is also undertaking repair and maintenance contracts for V-Mux, power plant and PLCC equipment. Undertaking such value added activities would not only help in improving the sales but also help in strengthening the performance of Puncom equipment in various networks of railways, power utility sector etc.

In the recent industrial policy of Govt of India, lots of efforts are being made to strengthen and promote manufacturing sector in India. Puncom is making continuous efforts to add new products to its kitty by having tie-ups with other potential companies which may like to establish their manufacturing base in India. Puncom is also in continuous search of companies which are looking for a tie-up from services point of view involving installation, erection and commissioning work for equipments in which Puncom has experience.

The Future

- India has seen an exponential growth of telecom network in India for several years now, 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 received latest and best equipments and technologies from largest equipment MNCs at lowest prices. Unfortunately, this technology upgrade, by-passed Indian telecom manufacturers, as majority of the equipment was simply imported fully finished into India. Government of India has now become sensitive to the huge current account deficit caused by unbridled import of MNC equipment, and is creating policy frame work, including preference for increased domestic manufacturing in telecom and IT. Driven by these imperatives, and by the gradual maturing of industry, domestic manufacturing by MNCs directly or in tie ups is likely to increase with increased localization and IP content.
- 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.
- Historically, Puncom has been deriving its revenue mainly from Power, Railway and BSNL segments. 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 B. Rattan & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company for the year 2013-2014. Notes to Accounts forming part of Annual accounts are self-explanatory and exhaustive to the remarks of Auditors in their report dated 30th May, 2014.

- 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 UPSCMFL as per decree awarded by the court, we are of the opinion that there being contingency in realization 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 Matter of Emphasis Para (a) of Independent Auditor's Report]
- ii) 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 Matter of Emphasis Para (b) of Independent Auditor's Report]
- iii) The excise and custom duty demand of Rs. 30.20 lacs is disputed with the Excise and Custom department. In this regard, Puncom had submitted the reply/necessary documents but no further communications have been received till date. [Refer Annexure to the Independent Auditor's Report Para 9(b) (i)]
- iv) As regards Sales 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 the Independent Auditor's Report Para 9(b) (ii)]

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) Impact of measures at (a) 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.
- c) 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 (Mohali)

Date : August 12, 2014

(D. P. REDDY)

CHAIRMAN

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

			Current Year (2013-14)	Previous year (2012-13)
A. POWER & FUEL CONSUMPTION				
1. ELECTRICITY				
a)	PURCHASED Unit (KWH)		905480	842920
	Total Amount (₹)		6263410	568476
	Rate/Unit (₹)		6.9172	6.744
b)	OWN GENERATION			
i)	Through Diesel generator		48256	52746
	Units per Ltr. of diesel oil (KW)		0.20	0.20
	Cost/Unit (₹)		10.47	9.823
	Total amount (₹)		505400	518160
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.	N.A.
	PCM	CHANNEL	N.A.	N.A.
	TMUX	TERMINALS	N.A.	N.A.
	EPABX/RAX/SBM	LINES	N.A.	N.A.
	RADIO	SYSTEMS	N.A.	N.A.
ii)	Furnace Oil		N.A.	N.A.
iii)	Cost (Specify qty.)		N.A.	N.A.
iv)	Others (specify)		N.A.	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 and improvements in VMUX, PLCC & Power Plants 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

	(₹ 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.

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	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 :	182.79	109.21
Components & Spares :	0.09	0.16
Capital goods :	1.63	0.10
Repair & Maintenance (P&M) Imports :	2.24	NIL
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 Corporate Governance by Punjab Communications Limited, for the year ended 31st March, 2014, 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 (I) (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 B. Rattan & Associates
Chartered Accountants
FRN : 011798N

Place : Ludhiana
Date : July 17, 2014

Bharat Rattan
Partner
Membership No : 090682

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 Eight directors; One executive director being Managing Director, the second Er. A. K. Pathak being employee of the Company and six non-executive directors, of which three are independent directors, who are professional and/or have expertise in their respective functional areas. The Chairman of the company is non-executive. By virtue of the provisions of the Articles of Association of the company, more than half of the Board is ex-officio nominated by the holding company PICTCL. The company is in the process of complying with the SEBI notification No SEBI/CFD/DIL/CG/1/2008/08/04. The names and categories of present directors (as on 12th August, 2014) are given here below:

Following changes, in the constitution of Board of Directors, happened during the period under review upto 12th August, 2014.

S. No.	Name	Category	Position in Board
1.	Sh. D. P. Reddy, IAS	Non-Executive	Chairman
2.	Sh. D. K. Tiwari, IAS	Executive	Vice Chairman & M.D
3.	Sh. Raj Kamal Chaudhary, IAS	Non-Executive	Vice Chairman
4.	CA R. K. Nangia	Non-Executive	Director
5.	Sh. V. P. Chandan, IRSSE (Retd)	Non-Executive, Independent	Director
6.	CA Rajiv Dewan	Non-Executive, Independent	Director
7.	Er. A.K. Pathak	Executive	Director
8.	CA Asish K. Bhattacharyya	Non-Executive, Independent	Director

Sh. Asish K. Bhattacharyya has been appointed as Independent Director w.e.f. 12th August, 2013. Further Sh. D. K. Tiwari, IAS was appointed as Vice Chairman and Director of our company w.e.f. 10th September, 2013 replacing Sh. Vijay N Zade, IAS. Later Sh. D. K. Tiwari, IAS was appointed/ re-designated as Vice Chairman and Managing Director of the company w.e.f. 23rd September, 2013.

Subsequently, Smt. Kavita Singh, IAS was appointed as Vice Chairperson and Managing Director in place of Sh. D. K. Tiwari, IAS w.e.f. 29th January, 2014. However her nomination as VC & MD was withdrawn w.e.f. 1st April, 2014. Consequent to that Sh. D. K. Tiwari, IAS was appointed as Vice Chairman and Managing Director of our Company in place of Smt. Kavita Singh, IAS w.e.f. 15th May, 2014.

The Company also appointed Sh. D. P. Reddy, IAS as Director & Chairman in place of Sh. Karan Avtar Singh, IAS w.e.f. 10th June, 2014. Recently Sh. Raj Kamal Chaudhuri, IAS was appointed as Director & Vice Chairman of our company w.e.f. 3rd July, 2014.

3. Board Procedure

Five Board Meetings were held during the financial year under report 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
172 nd	17 th May, 2013
173 rd	30 th May, 2013
174 th	12 th August, 2013
175 th	13 th November, 2013
176 th	7 th February, 2014

The attendance of Directors at Board Meeting during 2013-14 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 or as per the last disclosure given by them, as the case may be, 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. Karan Avtar Singh, IAS Chairman (relinquished on 28.05.2014)	4	No.	5	-	-
Sh. D. K. Tiwari, IAS, VC & MD (appointed on 23.09.2013 & relinquished on 29.01.2014)	1	No.	7	-	-
Dr. Vijay N. Zade, IAS, Sr. VC & Managing Director (relinquished on 19.09.2013)	3	No	7	-	-
Mrs. Kavita Singh, IAS, VC & MD (appointed on 29.01.2014 & relinquished on 01.04.2014)	1	No	1	-	-
Sh. V. P. Chandan, Director	5	Yes	-	2	2
CA Rajiv Dewan, Director	3	No	13	1	5
CA R. K. Nangia, Director	4	No	3	-	2
CA Asish K. Bhattacharyya, Director (appointed on 12.08.2013)	1	No	-	-	-
Er. A. K. Pathak, Director	5	Yes	-	-	-

**The details of Sh. D.P. Reddy, IAS and Sh. Raj Kamal Chaudhary, IAS are not included above as Sh. D.P. Reddy, IAS was appointed as Chairman w.e.f. 10th June, 2014 and Sh. Raj Kamal Chaudhary, IAS was appointed as VC w.e.f. 3rd July, 2014.

4. Audit Committee

The Audit Committee of the company comprises of Sh. V. P. Chandan as Chairman, CA R. K. Nangia, CA Rajiv Dewan & CA Asish K. Bhattacharyya as Members. The constitution of Audit Committee meets the requirements as laid down under Section 177 of the Companies Act, 2013 & former Section 292A of the Companies Act, 1956. The duly constituted committee met four times during the year under report i.e. 2013-14 on 30th May, 2013, 12th August, 2013, 13th November, 2013 and 7th February, 2014.

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

S.No.	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 Executive	3
4.	CA Asish K. Bhattacharyya, Member (appointed as member w.e.f. 13.11.2013)	Independent/Non Executive	-
5.	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 as on 31.03.2014. 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 on 31.03.2014 as all the Directors except the MD and whole time director are Non-Executive Directors, who are not drawing any remuneration from the Company except sitting fees for attending Board/ Committee Meetings.

6. Shareholders Grievances Redressal Committee

The Shareholders 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 2013-14 the Committee met on 12th August, 2013.

The terms of reference as on 31.03.2014 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:

S.No.	Name	Category	Number of Meetings attended
1.	Sh. V. P. Chandan, Chairman	Independent/Non Executive	1
2.	CA Rajiv Dewan, Member	Independent/Non Executive	1
3.	CA R. K. Nangia, Member	Non-Independent/Non Executive	1
4.	CS Madhur Bain Singh, Convener	Compliance Officer	1

The status of redressal of complaints received from 1st April, 2013 to 31st March, 2014 is as under :

Number of complaints pending as on 1st April, 2013	Nil
Number of complaints received during the year	Nil
Number of complaints redressed during the year	Nil
Number of complaints pending as on 31st March, 2014	Nil

7. Procedure at Committee Meetings

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

8. General Meetings

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

Date	Particulars	Time	Location	Special Resolution Passed
21.11.13	32nd AGM in respect of the financial year 2012-2013	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No
28.12.12	31st AGM in respect of the financial year 2011-2012	11.00 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No
28.12.11	30th AGM in respect of the financial year 2010-2011	11.30 AM	B-93, Phase-VIII, Industrial Area, S.A.S. Nagar, Mohali	No

No special resolution was passed during the last year through postal ballot nor any special resolution is proposed to be conducted through postal ballot in the forthcoming AGM.

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

During the year under review, there was no amount of unclaimed dividend to be credited to the Investor Education & Protection Fund, pursuant to section 125 of the Companies Act, 2013 & the Investor Education & Protection Fund (Awareness & Protection of Investors) Rules, 2001. However, there is an unclaimed amount of ₹ 27,722/- pertaining to Buyback Offer made by the company in the year 2003 pertaining to five shareholders lying in the Escrow Account maintained for the said purpose with Axis Bank.

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. However, the company has leased a portion of its building to its parent organisation M/s Punjab Information, Communication and Technology Corporation Limited but the same is at market rate/price only. 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. At present there is no Whistle Blower Policy in the Company. Necessary requirements, if any, will be complied with in future or during the current Financial Year.

The required disclosures under Clause 49 of the Listing Agreement are as follows:

Under Sub-Clause IV (A) - Related Party Disclosure:

The Disclosures related to Related Party Transactions are detailed in Note 42 of Notes to Accounts of Financial Statements for the financial year 2013-14. However, there were no related party transactions as required by the relevant Accountant Standard entered into during the financial year under report.

Under Sub-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 Sub-Clause IV (C) - Risk Management Policy & Procedures:

The company have in place a Risk Management Policy and the same is reviewed periodically.

Under Sub-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 Sub-Clause IV (E) - Directors' Remuneration:

None of the non-executive 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 Sub-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 Sub-Clause IV (G) - Shareholders:

- (i) Disclosure under this clause is part of the AGM Notice forming an integral part of the Annual Report.
- (ia) The relationship of the Directors inter se is as follows:

S. No.	Name of the Director	Designation	Relationship inter-se
1	Sh. D. P. Reddy, IAS	Chairman	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
2	Sh. D. K. Tiwari, IAS	Vice Chairman & Managing Director	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
3	CA R.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 Asish K. Bhattacharyya	Director	Independent Director
6	CA Rajiv Dewan	Director	Independent Director
7	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
12.08.2013	05.08.2013 05.08.2013	Desh Sewak (Vernacular) Financial Express (English)
13.11.2013	30.10.2013 30.10.2013	
07.02.2014	06.02.2014 06.02.2014	
29.05.2014	22.05.2014 22.05.2014	

Notice of Board Closure & AGM

Book Closure	Date of Publication	Newspaper
15.11.2013	24.10.2013 24.10.2013	Desh Sewak (Vernacular) Financial Express (English)
AGM	Date of Publication	Newspaper
21.11.2013	24.10.2013 24.10.2013	Desh Sewak (Vernacular) Financial Express (English)

Publishing of Quarterly Results

Quarter No.	Date of Publishing	Newspaper
1st	13.08.2013 13.08.2013	Desh Sewak (Vernacular) Financial Express (English)
2nd	15.11.2013 14.11.2013	
3rd	08.02.2014 08.02.2014	
4th	30.05.2014 30.05.2014	

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

No presentations were made to the Institutional Investors or to the analyst. However, information asked for Disinvestment purpose has been provided.

12. Certifications/Declarations

Declaration on compliance with Code of Conduct:

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

CEO/CFO Certification under Clause 49(V):

The necessary certificate for CEO/CFO under the said clause for the year under report 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 Public Issues or any other issue which remains 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 Computer share 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 the 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: 26th of September, 2014
Time: 11.30 A.M.
Venue: B-93, Phase VIII, Indl. Area
SAS Nagar, (Chandigarh) - 160 071
- B. Financial Calendar** : 1st April 2013 to 31st March 2014
- C. Date of Book Closure/ Record Date** : 23rd September, 2014 to 26th September, 2014
(Both days inclusive)
- D. Listing on Stock Exchange** : The Stock Exchange, Mumbai (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

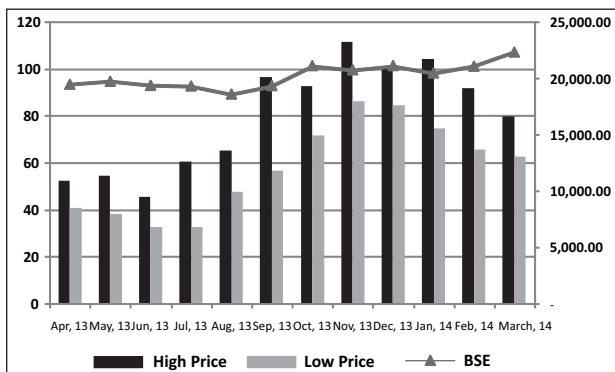
Note : Annual Listing Fee for the financial year 2014-15 has been paid to the Stock Exchange, Mumbai

- E. Stock Code** : Bombay Stock Exchange
Scrip Code 500346

F. Market Price Data (BSE)

Month	High Price (₹)	Low Price (₹)
April, 2013	52.60	41.10
May, 2013	55.00	38.50
June, 2013	46.00	33.10
July, 2013	61.00	33.00
August, 2013	65.45	48.00
September, 2013	97.00	57.05
October, 2013	93.00	72.00
November, 2013	111.95	86.75
December, 2013	100.55	85.05
January, 2014	104.50	75.00
February, 2014	92.00	66.00
March, 2014	80.00	63.00

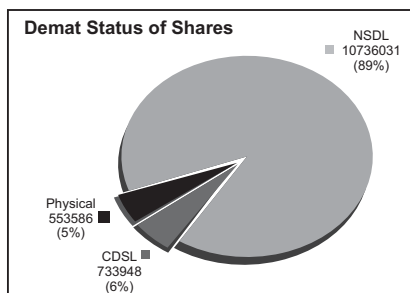
Graph showing Stock Performance of Puncom on BSE vis-a-vis BSE Sensex during the year 2013-14



G. Dematerialization of Shares and Liquidity

Details of paid up capital of the Company as on June 30, 2014 is as under:

Depository	No. of Shares	Percentage
NSDL	10736031	89.29
CDSL	733948	6.11
Physical	553586	4.60
Total	12023565	100.00



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 2013-14 are as follows:

S. No.	Nature of complaint	Pending as on 1 st April, 2013	Received	Disposed	Pending as on 31 st March, 2014
1.	Non receipt of Dividend Warrant	0	0	0	Nil
2.	Non receipt of Share Certificates after transfer	0	0	0	Nil
3.	Others	0	0	0	Nil

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

Details of share transfers in physical form lodged for transfer during 2013-14 are as follows:

Lodged for transfer	Transferred and returned	Rejected & Returned	Pending
29	14	15	Nil
(3088 Shares)	(1528 Shares)	(1560 Shares)	(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 June, 2014

(I)(a) Statement showing Shareholding Pattern

Name of the Company : PUNJAB COMMUNICATIONS LIMITED

Scrip Code, Name of the scrip, class of security : 500346, PUN COM, Equity Shares

Quarter ended : 30th June, 2014

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 Share-holders	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)				
(A)	Shareholding of Promoter and Promoter Group²	—	—	—	—	—	—	—
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	—	—	—	—	—	—	—
(b)	Central Government/ State Government(s)	2	8561301	8551501	71.204	71.204	0	0
(c)	Bodies Corporate	—	—	—	—	—	—	—
(d)	Financial Institutions/ Banks	—	—	—	—	—	—	—
(e)	Any Other (specify)	—	—	—	—	—	—	—
(e-i)		—	—	—	—	—	—	—
	Sub-Total(A)(1)	2	8561301	8551501	71.204	71.204	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	8561301	8551501	71.204	71.204	0.00	0.00
(B)	Public shareholding¹							
(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	3	705814	705814	5.870	5.870	—	—

(g)	Foreign Venture Capital Investors	—	—	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—	—	—
(h-i)		—	—	—	—	—	—	—
	Sub-Total (B) (1)	20	753223	748923	6.265	6.265	0.00	0.00
B 2	Non-institutions							
(a)	Bodies Corporate	321	532666	502733	4.430	4.430	5386	101
(b)	Individuals -							
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh	10961	1535575	1026222	12.771	12.771	467795	30.46
ii.	Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	8	576285	576285	4.793	4.793	—	—
(c)	Any Other (specify)							
i)	NRIs/OCBs	34	64096	63896	0.533	0.533	—	—
ii)	Lying in Escrow A/c - Buy Back with Kany Consultants Ltd.	1	419	419	0.003	0.003	—	—
	Sub-Total (B)(2)	11325	2709041	2169555	22.531	22.531	473181	17.47
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	11345	3462264	2918478	28.796	28.796	473181	13.67
	TOTAL (A)+(B)	11347	12023565	11469979	100	100	473181	3.94
(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)	11347	12023565	11469979	100	100	473181	3.94

1 For determining public shareholding for the purpose of Clause 40A.

2 For definitions of "Promoter" and "Promoter Group", refer to Clause 40A.

(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 (i) (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.**	9800	0.082	0	0	0	0	0	0	0	9800
	TOTAL	8561301	71.205	0	0	0	0	0	0	0	8561301

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

**9800 Shares have been sold by PSEDPCIL 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	No. 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.(Fil)	575000	4.782	0	0	0	0	
2	Nirmal Bang Securities Pvt. Ltd. (Body Corp.)	193578	1.610	0	0	0	0	
3	Giraben Atulbhai Shah (Individual)	435493	3.622	0	0	0	0	
	TOTAL	1204071	10.014	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 security

Class X : Equity Shares

Class Y : N.A

Class Z : N.A

Category	Category of Shareholder	Number of Voting Rights held in each class of securities			Total Voting Rights (III+IV+V)	Total Voting rights i.e. (VI)	
		Class X	Class Y	Class Z		As a %age of (A+B) (VII)	As a %age of (A+B+C) (VIII)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(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-PSEDPC* (specify)	9800	0	0	9800	0.082	0.082
	Sub-Total(A)(1)	8561301	0	0	8561301	71.204	71.204
(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)	8561301	0	0	8561301	71.204	71.204

*9800 Shares have been sold by PSEDPC 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	705814	0	0	705814	5.870	5.870
(g) Foreign Venture Capital Investors	—	—	—	—	—	—
(h) Any Other (specify)	—	—	—	—	—	—
Sub-Total (B) (1)	753223	0	0	753223	6.265	6.265
(2) Non-institutions						
(a) Bodies Corporate	532666	0	0	532666	4.430	4.430
(b) Individuals -						
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1535575	0	0	1535575	12.771	12.771
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	576285	0	0	576285	4.793	12.771
(c) Any Other (specify)						
i) NRIs/OCBs	64096	0	0	64096	0.533	0.533
ii) Lying in Escrow A/c - Buy Back with Karvy Consultants Ltd.	419	0	0	419	0.003	0.003
Sub-Total (B)(2)	2709041	0	0	2709041	22.531	22.531
Total Public Shareholding (B)= (B)(1)+(B)(2)	3462264	0	0	3462264	28.796	28.796
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

Email : cosecy@puncom.com

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, 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 telecommunication sector has registered a phenomenal growth during the past few years and has emerged as the second largest network in the world. With urban tele-densities already reaching 100% rural and semi-urban segments and broadband are new growth segments. On the back of ongoing investments into infrastructure, the country is projected to witness high penetration of Internet, broadband, and mobile subscribers in the near future.

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. The opening up of Indian Economy has also enabled major MNCs such as Nokia, Cisco, Ericsson, Alcatel, Siemens, Huawei etc to shift their manufacturing and operational bases to India.

Rapid expansion and availability of telecom and IT networks in the country has also increased demand for telecom and related equipment from related segments like power, transport, education, defence etc for increased automation, safety & security, connectivity etc encouraging yet more MNCs like Thales, ABB, ALSTOM etc in these specialized areas.

The vast rural market of India still holds a huge potential to drive the future growth of the telecom companies. Further the government initiatives such as National Optical Fiber Network (NOFN) etc for increasing the telecom connectivity in rural areas are also likely to encourage the telecom service providers to extend their services in the unconnected rural areas.

The future of the industry lies in broadband and mobile and constant technological innovations such as 3G/4G, smart networks, network security, IPTV etc are changing the market place.

Major national projects and market segments where 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.
- ☐ 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. The shift in demand from voice to data and from wireline to wireless, has revolutionized the very nature of telecom networks. 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 having a re-look at the niche segment of power sector, defence, railways etc for growth and exploring emerging business segments in these areas.

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 and /or in-house development with a view to increase the revenues.

QUALITATIVE REVIEW

Technology

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

ISO-9001:2008 Certification

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

Transparency

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

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

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

Adequacy of Internal Controls

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

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

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

FINANCIAL REVIEW

a) Operating Results - Sales

During the financial year 2013-14, the sales have increased from ₹ 2342.88 Lacs to ₹ 2038.48 Lacs. The Break up of the Sales on the basis of Product & Customer is as follows :

Product wise sales

PLCC	42.70 %
MUX	21.17 %
Power plant	05.84 %
Traded Items	18.35 %
Services	11.94 %

Customer wise sales

Amount (₹ in Lacs)

BSNL	160.74
Railways	685.60
Power Sector	834.52
Other customers	357.62

b) Expenditure Analysis

i) Materials consumed

Raw Material cost during the year under review is ₹ 1098.96 Lacs as against ₹ 1291.70 Lacs 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 ₹ 153.67 Lacs to ₹ 228.09 Lacs in the current year. As a percentage of sales, these increased from 6.56% in the previous year to 11.19% in the current year.

Administrative expenses mainly comprising of travelling and conveyance, repair and maintenance, office electricity & water, rent and auditors' expenses increased from ₹ 208.76 Lacs to ₹ 245.51 Lacs. However, as a percentage of sales, these increased from 8.91% in the previous year to 12.04% 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 ₹ 48.28 Lacs to ₹ 63.03 Lacs in the current year. As a percentage of sales these increased from 2.06% in the previous year to 3.09% in the current year.

iii) Amount written off/Provisioning

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

(₹ in lacs)

Provision for slow Moving Stocks	4.94
Provision for excise duty on closing FSA	1.30
Provision for Doubtful Debts and Advances	22.74

Thus, the overall amount provided for in the accounts during the financial year 2013 -14 is to the tune of ₹ 28.97 Lacs. Further, an amount of ₹ 105.96 Lacs has been directly transferred from General Reserve to Provision for Employee benefits - Gratuity & Leave Encashment.

iv) Personnel cost

The personnel cost increased from ₹ 1718.12 Lacs to ₹ 2110.15 Lacs. However the increase in the Personnel cost is below the similar industry norms. This increase is due to Wage Revision Agreement which becomes due in 5 years period.

v) Finance costs & Depreciation

The Financial Charges increased from ₹ 9.57 lacs in the previous year to ₹ 12.60 lacs in the current year.

Depreciation decreased from ₹ 60.13 lacs to ₹ 52.19 lacs during 2013-14. 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 ₹ 4.14 lacs during the current year.

vi) Net Profit

During the current financial year, the Company has incurred Net loss before tax of ₹ 630.78 lacs as against Net Profit before tax of ₹ 310.67 lacs during the last year. The Net profit before tax for the financial year 2012-13 includes an exceptional item (income) amounting to ₹ 271.48 lacs on account of settlement of excise legal case in Company's favour. However, the effective profit for Previous Year was ₹ 39.27 lacs against the current loss of ₹ 630.78 lacs.

vii) Dividend

Owing to net loss, during the previous year, the Directors of your Company do not recommend any dividend for the financial year 2013-14.

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 ₹ 3095 lacs, ₹ 2011 lacs pertains to Sales Service and other Income segment, ₹ 910 lacs pertains to interest segment and ₹ 174 lacs pertains to Rental Segment.

FINANCIAL SEGMENT

a) Reserves & Surplus

The Reserves of the Company stands at ₹ 9233.28 lacs as on March 31, 2014.

b) Secured/Unsecured Loans

Company has not taken any long term loans. The Working Capital limits for meeting the Working Capital requirements of the Company are availed intermittently to the extent of ₹ 101.84 lacs from its bankers.

c) Fixed Assets

The gross block of the company increased marginally from ₹ 5427.70 lacs to ₹ 5431.84 lacs in the current year.

d) Investments

The fixed deposits of the company have decreased to ₹ 9238.18 lacs against ₹ 9933.08 lacs in the previous year.

e) Inventories

Total inventory has increased from ₹ 520.31 lacs as at 31.3.2013 to ₹ 692.00 lacs as at 31.3.2014.

f) Receivables

Receivables were ₹ 1741.11 lacs as at 31.3.2014 as compared to ₹ 2028.36 lacs as at 31.3.2013. The debtors are considered to be good but there being some doubtful debts, provision to the tune of ₹ 22.74 lacs has been made this year.

g) Loans and Advances

These consists of both long term and short term loans and advances and have increased from ₹ 385.90 lacs as at 31.3.2013 to ₹ 446.36 lacs as at 31.3.2014.

h) **Current Liabilities & Provisions**

Total current liabilities have been decreased from ₹ 3294.14 lacs as at 31.3.2013 to ₹ 3003.70 lacs as at 31.3.2014.

i) **Other Current Assets**

Other current assets have been increased from ₹ 731.00 lacs as at 31.03.2013 to ₹ 748.71 lacs as at 31.03.2014.

FOREIGN EXCHANGE EARNINGS AND OUTGO

		Amount (₹ in lacs)
a) EARNINGS:		
F.O.B. value of export	:	NIL
b) OUTGO		
CIF value of import of raw material	:	109.21
Components & Spares	:	0.16
Capital good	:	0.10
Foreign travel & others	:	NIL

BUSINESS REVIEW

Opportunities

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

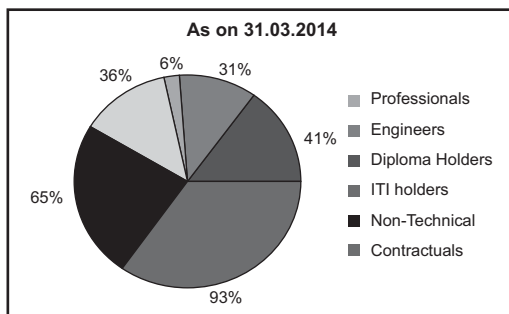
Threats

- ☐ 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.
- ☐ Better career opportunities in private segment has resulted in continued attrition of its technical manpower and depleted company's strength to meet competition.

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 42 years.

	Break- up of work force	As on 31st March, 2014
a)	Professionals (MBA, CA, ICWA, CS, LLB)	06
b)	Engineers (B.E/ B.Tech. /M.Tech /AMIE/MSC/MCA)	31
c)	Diploma Holders	41
d)	Technical ITIs	93
e)	Non-Technical	65
f)	Contractual / Resi. Representatives	38
	Total	272



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

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

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

Industrial Relations

Puncom firmly believes in the power of esprit de corpe and thus, provides its employees with congenial atmosphere to work as a cohesive team. The efforts of all the employees are synchronized and coordinated towards achieving common objectives. Further all employees are encouraged to participate in the decision making process. During the year 2013-14 the employee management relations remained cordial and positive.

Safety

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

Environment

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

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Punjab Communications Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Punjab Communications Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- b) in the case of the Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Matter of Emphasis

- (a) Attention is invited to Note 9 in financial statements regarding realization of investment of ₹ 700 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd and interest of ₹ 968.43 lacs accruing up to 12.07.2005 consequent to the ex-parte decree awarded by Court against the UP State Government, which is pending for execution before the lower court. In view of the uncertainty involved in the realization of interest, the interest accrued amounting to ₹ 968.43 lacs up to 12.07.2005 i.e. date of deposit of the decreed amount by the UP Government, and for the period subsequent thereto, has not been recognized as income.
- (b) Attention is invited to 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.

Our opinion is not qualified in respect of the matters mentioned at (a) and (b) above.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of

India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) 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;
- b) 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 books of accounts;
- c) 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;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) 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.

For B. Rattan & Associates
Chartered Accountants
FRN : 011798N

Place : Chandigarh
Date : May 30, 2014

Bharat Rattan
Partner
Membership No : 090682

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements."

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) As explained to us, No fixed assets have been disposed off during the year under review.
2.
 - a) As explained to us, the inventories were physically verified by the management at the end of the year. We have also obtained physical verification report and no major discrepancies noted.
 - 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.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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 2014 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 2014. 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 incurred cash loss amounting to Rs. 592.04 Lacs in the current 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 B. Rattan & Associates
Chartered Accountants
FRN : 011798N

Bharat Rattan
Partner
Membership No : 090682

Place : Chandigarh
Date : May 30, 2014

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, 2014.

The preparation of financial statements of **Punjab Communications Limited** for the year ended **31 March 2014** 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 are 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 **30 May 2014**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of **Punjab Communications Limited** for the year ended **31 March 2014**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Balance Sheet

Equity And Liabilities

Non-Current Liabilities

Long Term Provisions (Note-4) : ₹ 1.06 Crore

The Board of Directors decided (February 2014) to extend the grant of the service award on completion of 25, 30 and 35 years of service to the employees at the rate of ₹ 15000, ₹ 2000 and ₹ 25000 respectively. The Company has not made provision of ₹ 28.12 lakh towards service awards as required under S-15.

This has resulted in understatement of 'Long Term Provisions' and understatement of 'Loss' by ₹ 28.12 lakh.

B. Statement of Profit and Loss

Other Income : ₹ 11.88 Crore

The above includes ₹ 50.91 lakh on account of training fee charged for the training imparted and it should have been included under the head 'Revenue from Operations' as required under Revised Schedule VI of the Companies Act, 1956.

This has resulted in understatement of 'Revenue from Operations' and overstatement of 'Other Income' by ₹ 50.91 lakh each.

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

(Mahua Pal)

**Place : Chandigarh
Dated : 14 August, 2014**

**Principal Accountant General (Audit) Punjab,
Chandigarh**

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	NOTE	AS AT 31st MARCH, 2014 AMOUNT (₹)	AS AT 31st MARCH, 2013 AMOUNT (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	120479788	120479788
b) Reserve and Surplus	2	923328358	1002402438
(2) Non-Current Liabilities			
a) Long Term Liabilities	3	2655000	2655000
b) Long-Term Provisions	4	10596104	—
(3) Current Liabilities			
a) Short-Term Borrowings	5	10184480	—
b) Trade Payables	6	211988510	253111546
c) Other Current Liabilities	7	78196870	76302148
TOTAL		1357429110	1454950920
II. ASSETS			
(1) Non-Current Assets			
a) Fixed assets			
(i) Tangible assets	8	44952515	49756912
b) Non-current investments	9	12262811	12262811
c) Deferred tax assets (net)	10	—	5386401
d) Long term loans and advances	11	24171510	20262516
(2) Current Assets			
a) Inventories	12	69199753	52030607
b) Trade receivables	13	174110685	202836220
c) Cash and cash equivalents	14	937396753	1020988189
d) Short term loans and advances	15	20464275	18327514
e) Other Current Assets	16	74870808	73099750
TOTAL		1357429110	1454950920

See accompanying notes forming integral part of the financial statements

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

For B. RATTAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 011798N

VC & MANAGING DIRECTOR

R.K. NANGIA
DIRECTOR

BHARAT RATTAN
PARTNER
MNo:090682

J. S. BHATIA
HEAD-FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

BHUPINDER KAUR
JOINT MANAGER-FINANCE

Place : S.A.S. Nagar (Mohali)
Date : May 30, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	NOTE	For the year ended 31st March, 2014 Amount (₹)	For the year ended 31st March, 2013 Amount (₹)
I. Revenue from operations		203848492	234288322
Less Excise duty		13166131	14030148
II. Other Income	17	190682361	220258174
	18	118828107	128049885
III. Total Revenue		309510468	348308059
IV. Expenses:			
Cost of materials consumed	19	77546056	69176984
Purchases of Stock-in-Trade		31589149	60637072
Changes in inventories of Finished Goods/ Work-in-process and Stock-in-trade	20	-7744225	-4713758
Employee benefits expenses	21	211014596	171812296
Finance costs	22	1260497	957272
Depreciation and amortization expenses	23	5218838	6012772
Other expenses	24	53703270	40506730
Total expenses		372588181	344389368
V. Profit before tax (III-IV)		-63077713	3918691
VI. Exceptional Items	25	0	27147993
VII. Profit before tax (V-VI)		-63077713	31066684
VIII. Tax expenses:			
(1) Current tax		0	-967292
(2) Deferred tax	10	-5386401	-80568
IX Profit (Loss) for the year (VII-VIII)		-68464114	30018824
X Earning per equity share:	26		
(1) Basic		(5.69)	2.50
(2) Diluted		(5.69)	2.50
Significant accounting policies and Notes on Financial Statements	I to X 1 to 43		

In terms of our separate report of even date attached.

For B. RATTAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 011798N

VC & MANAGING DIRECTOR

R.K. NANGIA
DIRECTOR

BHARAT RATTAN
PARTNER
MNo:090682

J. S. BHATIA
HEAD-FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

BHUPINDER KAUR
JOINT MANAGER-FINANCE

Place : S.A.S. Nagar (Mohali)
Date : May 30, 2014

SCHEDULES TO AND FORMING PART OF BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	AS AT 31st MARCH, 2014 AMOUNT (₹)	AS AT 31st MARCH, 2013 AMOUNT (₹)
EQUITY AND LIABILITIES		
1) SHAREHOLDER'S FUNDS		
NOTE 1 : SHARE CAPITAL		
AUTHORISED		
1,98,00,000 (1,98,00,000)	198000000	198000000
EQUITY SHARES OF RS. 10/- EACH		
20,000 (20,000)	2000000	2000000
REDEEMABLE PREF. SHARES OF RS. 100/- EACH	200000000	200000000
ISSUED AND SUBSCRIBED		
1,20,23,565 (1,20,23,565)	120235650	120235650
EQUITY SHARES OF RS. 10/- EACH*		
Add: Share forfeited (Amount paid-up)	244138	244138
	120479788	120479788
* Includes 85,51,501 (85,51,501) Equity Shares of Rs.10/-each fully paid up held by Holding Company (PICTCL) and its nominees.		
1.1 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	71.12
2 The reconciliation of number of shares outstanding is set out below:	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	40078550
Securities premium	685043600	685043600
Add:-Shares Forfeited (Amount paid-up)	5859312	5859312
	690902912	690902912
General Reserve:		
Opening Balance	271269145	241250321
Add:/(Less)Transferred from Profit & Loss Account	-68464114	30018824
Less:Provision for Employee Benefits-Gratuity*	-1441238	—
Less:Provision for Employee Benefits-Leave encashment*	-9154866	—
Deferred Govt. Grants (Subsidy)	151831	167697
As per last Balance Sheet	13862	15866
Less: Transfer to Profit & Loss Account	137969	151831
	923328358	1002402438
* The Unfunded Gratuity liability Rs 14.41 Lacs and Leave encashment liability Rs. 91.55 Lacs is transferred from General reserve to Provision for Employee Benefits- Leave encashment and Gratuity respectively to comply with the provisions of AS-15 "Employee Benefits"		
2) NON-CURRENT LIABILITIES		
NOTE 3: LONG TERM LIABILITIES		
Security Received	2655000	2655000

PARTICULARS	AS AT		AS AT
	31st MARCH, 2014	31st MARCH, 2013	
	AMOUNT (₹)	AMOUNT (₹)	
NOTE 4 : LONG TERM PROVISIONS			
Provision for Employee benefits- Gratuity	1441238	—	
Provision for Employee benefits- Leave Encashment	9154866	10596104	—
3) CURRENT LIABILITIES			
NOTE 5 : SHORT TERM BORROWINGS (Secured)			
Loans Repayable on demand from Banks	10184480	—	
NOTE 6 : TRADE PAYABLES			
i. Dues of Micro, Small & Medium Enterprises	128813	120934	
ii. Dues of other Creditors*	211859697	252990612	
	211988510	253111546	
*Includes ₹ 917.21 Lacs (₹ 1461.71 Lacs) due to Vuppalamritha magnetic Components Pvt Ltd against which ₹ 748.71 Lacs (₹ 731 Lacs) lies in the Escrow Account (Refer note 16).			
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 ₹ 22763/- to M/s Techno Crafts Mohali; ₹ 106050/- to M/s Goyal Enterprises, Chandigarh.			
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	128813	120934	
- Principal Amount			
- Interest thereon"			
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 7 : OTHER CURRENT LIABILITIES			
Unclaimed Buy back amount	27722	27722	
Advance from customers	3950558	4893365	
Income received in advance	1266000	2526425	
Statutory remittances (Contributions to PF, ESIC, Withholding taxes, Excise Duty, VAT, Service Tax etc)	14000326	11784084	
Trade / Security Deposits received	4600056	3647384	
Others	54352208	53423168	
	78196870	76302148	

II. ASSETS

1. NON-CURRENT ASSETS

NOTE 8 : FIXED ASSETS

DESCRIPTION OF FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 31.3.2013	ADDITIONS	SALE/TRF. 31.3.2014	AS AT 31.3.2014	UPTO 1.4.2013	FOR THE PERIOD	AS AT 31.3.2014	AS AT 31.3.2013
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
I. TANGIBLE ASSETS								
LAND (Freehold)	15240077	—	—	15240077	1030172	—	14209905	14209905
BUILDING	68640129	—	—	68640129	57637733	976421	10025974	11002395
PLANT & MACHINERY	377235555	334026	—	377569581	357310579	3163084	17095918	19924976
TEMPORARY STRUCTURE	4068531	—	—	4068531	4068531	—	—	—
ELECTRICAL INSTALLATION	26389983	—	—	26389983	24423847	355871	1610265	1966137
OFFICE EQUIPMENT	16624917	80415	—	16705332	15490246	339106	875980	1134671
FURNITURE & FIXTURE	10134598	—	—	10134598	10020402	20670	93526	114196
VEHICLES	8211403	—	—	8211403	6806771	363686	1040947	1404632
SUB TOTAL (A)	526545193	414441	—	526959634	476788281	5218838	44952515	49756912
II. INTANGIBLE ASSETS								
TECHNICAL KNOW HOW	16224442	—	—	16224442	16224442	—	—	—
SUB TOTAL (B)	16224442	—	—	16224442	16224442	—	—	—
III. CAPITAL WORK-IN-PROCESS								
SUB TOTAL								
SUB TOTAL (C)	—	—	—	—	—	—	—	—
IV. INTANGIBLE ASSETS UNDER DEVELOPMENT								
SUB TOTAL (D)	—	—	—	—	—	—	—	—
TOTAL (A+B+C+D) CURRENT YEAR	542769635	414441	—	543184076	493012723	5218838	44952515	49756912

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

Sr. VC & M.D.

DIRECTOR

HEAD FINANCE

C.S.

J.M.-FINANCE

Annual Report 2013-2014

PARTICULARS	AS AT 31st MARCH, 2014 AMOUNT (₹)	AS AT 31st MARCH, 2013 AMOUNT (₹)
NOTE : 9 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		
₹ 5000/- each fully paid up*	11562848	11562848
WHOLLY OWNED SUBSIDIARY COMPANIES:-		
A) PUNJAB DIGITAL INDUSTRIAL SYSTEMS LTD.		
2,46,640 (2,46,640) Equity Shares		
of ₹ 10/- each, fully paid up	2478744	2478744
Less:- Provision for diminution in value	2478743	1
		2478743
B) PCL TELECOM LTD.	1	1
196300 (196300) Equity shares of ₹ 10/- each fully paid up		
OTHER NON CURRENT INVESTMENTS		
Fixed Deposits with banks**	699961	699961
	12262811	12262811

*The company had invested ₹ 700 lacs in the Bonds of UP Co-operative Spinning Mills Ltd (UPCSMFL) duly guaranteed by the UP State Govt. for a tenure of 18 months. The company invoked the government guarantee consequent to the bonds not being redeemed on the due date of redemption viz 20.12.1999. The suit was filed for recovery of ₹ 993.44 lacs (Principal of ₹ 700 lacs and Interest of ₹ 293.44 lacs.) The company had 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.

**FDRs worth ₹ 0.25 Lacs (₹ 0.25 lacs) are lying with the Commercial Tax Department, Raipur, Chattisgarh.

NOTE 10 : DEFERRED TAX ASSET (NET)

Deferred Tax Asset:

Relating to brought forward loss &

other allowances under Income Tax Act

1376161

7962283

Deferred Tax Liability:

Relating to Fixed assets

-1376161

-2575882

Deferred Tax Asset (Net)*

—

5386401

** As per the provisions of Para 17 of AS 22-Accounting for Taxes on Income, Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax asset should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised. To comply with the provisions of AS-22., the Company has reviewed and written down the deferred tax asset on unabsorbed depreciation/losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available in near future."

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2014		31st MARCH, 2013	
	AMOUNT (₹)		AMOUNT (₹)	
NOTE 11 : LONG TERM LOANS AND ADVANCES				
Festival Advance		3636500		3727500
Advance to Employees		2819899		1860787
Security Deposits		486504		481854
Due from Subsidiary companies (PDISL)	4035473		4035473	
Less :- Provision for doubtful advances	4035473	—	4035473	—
Income Tax Recoverable for Previous years	11023603		3216512	
Income Tax Recoverable for current year	6116851		11788896	
	17140454		15005407	
Less : Provision for Income Tax/MAT	—	17140454	967292	14038115
Prepaid Expenses		88153		154260
		24171510		20262516

(2) CURRENT ASSETS

NOTE 12 : INVENTORIES

INVENTORIES				
(As taken, valued, and certified by the management)				
Stores, Spares & Packing Material		1652794		1058019
Raw material	135797470		128774417	
Less: Provision for Obsolete/ slow moving items	94977602	40819868	95430438	33343979
Work in Process:				
Work -in -process		7350733		4227627
Finished Sub-assemblies	55560217		50178152	
Less: Provision for Obsolete/ slow moving items	40718190	14842027	40224163	9953989
Goods -in -transit		4146731		2298447
Stock-in-Trade		387600		1148546
		69199753		52030607

As per provisions of AS-2 "Valuation of Inventories" the stock has been valued at Cost or NRV whichever is less.

NOTE 13 : TRADE RECEIVABLES

Unsecured Sundry Debtors				
Outstanding for more than six months				
Considered good		69852054		123304944
Considered doubtful *		15869593		13596079
		85721647		136901023
Less: Provision for doubtful debts		15869593		13596079
		69852054		123304944
Others				
Unsecured Considered good		104258631		79531276
		174110685		202836220

*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.

PARTICULARS	AS AT 31st MARCH, 2014 AMOUNT (₹)	AS AT 31st MARCH, 2013 AMOUNT (₹)
NOTE 14 : CASH & CASH EQUIVALENTS		
Cash in hand	82114	70554
Cheques deposited but not cleared	248022	52411
Balance with banks:		
In Fixed Deposits*	923118843	992608509
In Cash Credit account	5646553	14504852
In Current Accounts	8273499	13724141
In earmarked accounts (Unclaimed Buyback Amount)	27722	27722
	937396753	1020988189
" * FDRs worth ₹ 3026.29 Lacs (₹ 3106.71 Lacs) are pledged with banks against Bank guarantees and overdrafts limits."		
NOTE 15 : SHORT TERM LOANS & ADVANCES		
(UNSECURED & CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Advances recoverable in cash or in kind or for value to be received :-		
Loan and Advance to Employees	1303839	925825
Security deposits	7644354	7513323
Claims Recoverable	14510	14510
Balance with Government Departments		
- Income Tax Recoverable for Previous years	2949691	2433119
- Balance with Excise Department	589924	3235
Other Advances:-		
Considered good	7961957	7437502
Doubtful Advances	234055	234055
	8196012	7671557
Less: Provision for Doubtful Advances	234055	234055
	7961957	7437502
	20464275	18327514
NOTE 16: OTHER CURRENT ASSETS		
In Escrow account		
(Money held on behalf of VMC & its Associated Companies)	74870808	73099750
	74870808	73099750
NOTE 17: REVENUE FROM OPERATIONS		
(a) Sale of manufactured products	140633341	144247375
(b) Sale of services	25881690	18378090
(c) Sale of traded items	37333461	71662857
	203848492	234288322
Less Excise Duty	13166131	14030148
Net revenue from operations	190682361	220258174
Particulars of Sale of products*		
(i) PLCC (Systems/Spares)	87044952	83877423
(ii) VMUX (Systems/ Spares)	43161774	41248857
(iii) UHF, MW & V SAT, POWER PLANT & OTHERS	10426615	19121095
(iv) Income from traded items**	37333461	71662857
(v) Services Income	25881690	18378090
	203848492	234288322

* Includes various items of different configuration and spares

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

PARTICULARS	AS AT		AS AT
	31st MARCH, 2014	31st MARCH, 2013	
	AMOUNT (₹)	AMOUNT (₹)	
NOTE 18: OTHER INCOME			
(a) Interest from banks on deposits			
Interest on Fixed Deposits	91011859	133891829	
Less: Interest on loan for restructuring of FDR's	—	32947610	100944219
(b) Interest on Income Tax refund	388570		1630390
(c) Other Interest			
Interest on Staff loans	266436		270021
(ii) Other Income			
Training Fees	5090925		6215783
Miscellaneous Receipts	3524		390863
Rent Income	17418467		18582743
Capital Subsidy written back	13862		15866
Outstanding Liabilities Written Back	3638549		—
Provision for slow moving RM written back	452836		—
Provision For excise on FSA written back	543079		—
	118828107		128049885
NOTE 19 : COST OF MATERIALS CONSUMED			
(a) Opening Stock	128774417	129876464	
Add Purchases*	93501236	75519317	205395781
Less: CENVAT credit		8585080	7064784
Less: Input Tax credit (VAT)		347047	379596
		213343526	197951401
Less: Closing Stock		135797470	128774417
Net consumption		77546056	69176984
OPENING STOCK OF RAW MATERIAL*			
i) Electronics Raw Material and Components	101745298		104539154
ii) Mech. items	9441288		10199663
iii) Misc. items	17587831		15137647
	128774417		129876464
RAW MATERIAL PURCHASE*			
i) Electronics Raw Material and Components	54957977		44984274
ii) Assembly items	160651		80325
iii) Mech. items	11857000		8569434
iv) Misc. items	17593481		14440904
	84569109		68074937
RAW MATERIAL CONSUMED*			
i) Electronics Raw Material and Components	51516606		47778130
ii) Assembly items	160651		80325
iii) Mech. items	11412279		9327809
iv) Misc. items \$	14456520		11990720
	77546056		69176984
CLOSING STOCK OF RAW MATERIAL*			
i) Electronics Raw Material and Components	105186669		101745298
ii) Mech. items	9886009		9441288
iii) Misc. items	20724792		17587831
	135797470		128774417
PURCHASES OF STOCK-IN-TRADE			
(b) Purchases of Stock-in-Trade \$	31589149		60637072
	31589149		60637072

*Includes various items of different configuration.

\$ Includes SDH/STM bought out items amounting to ₹ 13698891/- (₹ 34021337/-)

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2014		31st MARCH, 2013	
	AMOUNT (₹)		AMOUNT (₹)	

NOTE 20 : CHANGES IN INVENTORIES

(c) (I) OPENING STOCKS				
(a) Work in process:				
Work in process	4227627		3877011	
Finished sub-assemblies	50178152		46458958	
(b) Stock-in-Trade	1148546	55554325	504598	50840567
(II) CLOSING STOCKS				
(a) Work in process:				
Work in process	7350733		4227627	
Finished sub-assemblies	55560217		50178152	
(b) Stock-in-Trade	387600	63298550	1148546	55554325
Decrease(+) / Increase (-) in stock (I-II)		-7744225		-4713758
OPENING STOCK OF FINISHED SUB ASSEMBLIES*				
i) Direct to Line/PLCC	5927963		2598882	
ii) PCM,SWITCHING	14423327		14367440	
iii) VMUX	5082842		2305752	
iv) Others	24744020		27186684	
	50178152		46458958	
CLOSING STOCK OF FINISHED SUB ASSEMBLIES *				
i) Direct to Line/PLCC	6839426		5927963	
ii) PCM,SWITCHING	14428488		14423327	
iii) VMUX	6585485		5082842	
iv) Others	27706818		24744020	
	55560217		50178152	

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

NOTE 21 : EMPLOYEE BENEFITS EXPENSES

Salary, Wages, Other Allowances & Benefits	169562978	141435537
Contribution towards provident and other funds	41335336	30265768
Bonus	116282	110991
	211014596	171812296

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	57986781	41535319
Add : Contribution made during the year	19720684	15013151
Less : Claim paid during the year	2801430	2380271
Add : Interest credited for the year	4930195	3818582
Closing Balance	79836230	57986781
Present value of accrued gratuity liability.	81277468	74045281

Defined benefit plan for payment of Leave Encashment :-

Opening balance	37376493	32922920
Add : Contribution made during the year	5093087	2029292
Less : Claims paid during the year	1707981	611316
Add : Interest credited for the year	3180932	3035597
Closing balance	43942531	37376493
Present value of accrued service liability.	53097397	42201031

Assumptions:

Salary Escalations - 7%

Discounting Factor - 8%

PARTICULARS	AS AT		AS AT	
	31st MARCH, 2014		31st MARCH, 2013	
	AMOUNT (₹)		AMOUNT (₹)	
NOTE 22 : FINANCE COSTS				
Interest on loan against FDR's for working capital	686006.00		33377730	
Less: Interest on loan for restructuring of FDR's	—	686006	32947610	430120
Interest on cash credit		1873		—
Bank charges & commission		166969		314850
Loss/(Gain) on exchange fluctuations		405649		212302
		<u>1260497</u>		<u>957272</u>
NOTE 23 : DEPRECIATION AND AMORTIZATION EXPENSES				
Depreciation & Amortization		5218838		6012772
		<u>5218838</u>		<u>6012772</u>
NOTE 24 : OTHER EXPENSES				
(A) MANUFACTURING & INSTALLATION EXPENSES				
Stores & Spares	713427		1548144	
Power & Fuel	7037351		6148038	
Freight	258938		149202	
Installation charges/ AMC Services Expenses	13873653		6736698	
Miscellaneous Production expenses	925848		785190	
	<u>22809217</u>		<u>15367272</u>	
(B) ADMINISTRATION AND OTHER EXPENSES				
Travelling & conveyance (including for directors Rs.161958.00 (Rs.124118.00))	4000593		4194908	
Printing & Stationery	485662		555979	
Rent	100080		69300	
Office electricity & Water	217650		190145	
Postage, Telephone & Telex	661351		714847	
Insurance (net)	502577		571815	
Rates & Taxes	595493		591854	
Directors sitting fee	210000		112500	
Meeting expenses	218085		84606	
Staff recruitment/training expenses	—		1152	
REPAIR & MAINTENANCE :-				
Building	38602		37250	
Plant & Machinery	460897		236775	
General maintenance	560580		516955	
Vehicle running & maintenance	1845470		1867172	
Membership fee and subscription	32816		29822	
Internal audit fees & expenses	112000		112000	
Auditors payments:-				
Audit fee	150000		150000	
Tax audit fees	40000		40000	
Out of pocket	38500		36350	
Certification & other services	85000		85000	
Legal & professional fees	927691		407898	
Cost audit fees	35000		35000	
Office Expenses	9792417		8216195	
Miscellaneous expenses	542655		748006	
	<u>21653119</u>		<u>19605529</u>	
Provisions				
Provision for slow moving stocks	494026		1085799	
Provision for excise duty on closing FSA	129894		112447	
Provision for Doubtful Debts	2273514		71827	
	<u>2897434</u>		<u>1270073</u>	
Total Admin & Other Expenses	24550553		20875602	

PARTICULARS	AS AT	AS AT
	31st MARCH, 2014 AMOUNT (₹)	31st MARCH, 2013 AMOUNT (₹)
(C) SELLING AND DISTRIBUTION COSTS		
Advertisement and publicity	547760	293740
Sales promotion expenses	1211061	1228198
Freight outwards (net)/State taxes	1374417	371910
Packing & Forwarding expenses	3169347	2934558
	6302585	4828406
(D) PRIOR PERIOD ITEMS		
Prior Period Income		
Administrative Expenses written back	—	-735
Raw Material Purchase written back	—	-8400
Installation expenses written back	—	-590080
Prior Period Expenses		
Raw Material Purchase	—	8408
Administrative Expenses	40915	26257
Net (Income)/ Expenses	40915	-564550
TOTAL OTHER EXPENSES (A+B+C+D)	53703270	40506730

NOTE 25 : EXCEPTIONAL ITEMS

Provision for excise demand written back	—	27147993
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NOTE 26 : EARNINGS PER SHARE

Profit / (Loss) after Tax (₹)	-68464114	30018824
Profit / (Loss) after Tax Before Extraordinary Items (₹)	-68464114	2870831
Weighted average no. of ordinary shares	12023565	12023565
Weighted average no. of diluted shares	12023565	12023565
Nominal Value of ordinary share (₹)	10.00	10.00
Basic Earning/(-Loss) Per Share (₹)	-5.69	2.50
Diluted Earning/ (-Loss) Per Share (₹)	-5.69	2.50
Basic Earning/(-Loss) Per Share before extraordinary items (₹)	-5.69	0.24
Diluted Earning/ (-Loss) Per Share before extraordinary items (₹)	-5.69	0.24

(figures in brackets denote previous year figures)
(₹ In Lacs)

NOTE : 27 Contingent liabilities not provided for in the accounts :-

a) Bank guarantees and Letter of credits *	2477.34	(2494.37)
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	2.01	(2.00)
c) Court cases ***	1979.29	(1827.47)
d) PSPCL Demand ***	27.96	(27.96)
e) Interest on Employees Security deposits payable after completion of 5 years of service	0.74	(0.63)

*Includes expired guarantees for ₹ 190.75 Lacs (₹ 112.90 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 : 28 Estimated amount of contracts remaining to be executed on capital account Nil (Nil).

NOTE : 29 Punjab Digital Industrial Systems Ltd (PDISL), the fully-owned subsidiary, has been ordered to be wound up by the Hon'ble Punjab & Haryana High Court vide their order dated 20/02/2009. The Company has filed its statement of affairs with the Official Liquidator appointed by the said court. The loss on account of permanent diminution in investment in equity shares of ₹ 24.79 lacs in PDISL has been provided for. Full provision amounting to ₹ 40.35 lacs against amount recoverable of ₹ 40.35 lacs (₹ 40.35 lacs) and ₹ 4.55 Lacs against balance appearing in Sundry Debtors at ₹ 4.55 lacs (₹ 4.55 lacs) has also been made.

NOTE : 30 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 : 31 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 .

PARTICULARS		AMOUNT (Rs. Lacs)
SEGMENT	SEGMENT REVENUE	SEGMENT RESULTS
a. Sales, Services & Other Income	2011	-1714
b. Interest Income	910	910
c. Rental Income	174	173
TOTAL	3095	-631
	SEGMENT ASSETS	SEGMENT LIABILITIES
a. Sales, Services & Others	4321	3004
b. Interest Income	9238	Nil
c. Rental Income	15	Nil
TOTAL	13574	3004

(Depreciation on segment a- ₹ 51.43 lacs (₹ 59.50 lacs), segment b - ₹ Nil (₹ Nil),segment c ₹ 0.75 lacs (₹ 0.80 lacs), total ₹ 52.18 lacs (₹ 60.13 lacs). Segment assets acquired for expected use during more than one period- ₹ 4.14 lacs (₹ 13.61 lacs) in respect of segment a, others segments- ₹ Nil.

NOTE : 32 The provision against excise demand consisting of excise duty, penalty and interest was created consequent to the decision of Commissioner of Central Excise on withdrawal of the modvat credit relating to earlier years. The said case was decided by CESTAT in favour of the company in previous year. No intimation regarding filing of further appeal by department has been received till the date of signing the balance sheet, therefore, the same was reversed in previous year.

NOTE : 33 The company has reviewed the inventories at the year end and consequently provided for ₹ Nil lacs (₹ Nil lacs) and ₹ 4.94 lacs (₹ Nil lacs) but written back ₹ 4.53 lacs (₹ Nil lacs) and ₹ Nil lacs (₹ Nil lacs) in current financial year for non moving items of obsolete and slow moving inventories of Raw material and finished sub-assemblies respectively. An amount of ₹ 22.74 lacs (₹ 0.72 lacs) in respect of doubtful debts and advances has been provided for during the year. The provision as on 31st March 2014 is considered adequate.

NOTE : 34 Current Liabilities includes payables outstanding for more than three years. Management decided to carry forward the same.

NOTE : 35 C-DOT has filed claim of ₹ 197.20 Lacs against the company under the agreement for transfer of Max- XL technology with Indian Council of Arbitration, New Delhi. C-DOT has also filed another claim of ₹ 24.88 Lacs against the company under the separate agreement for transfer of AN-RAX technology which is pending before sole arbitrator appointed by Delhi High Court. Both the claims are being contested by the company.

NOTE : 36 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 27. 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 : 37 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 earlier years has not been recognized as an asset. This is in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India on the matter.

NOTE : 38 CIF VALUE OF IMPORTS

	31.03.2014	(₹ in Lacs)
		31.03.2013
a) Raw Materials	182.79	109.21
b) Components & Spares	0.09	0.16
c) Capital Goods	1.63	0.10
d) Repair & Maintenance. (P&M Import)	2.24	0.00

NOTE : 39 EXPENDITURE IN FOREIGN CURRENCY :

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

NOTE : 40 EARNING IN FOREIGN EXCHANGE

FOB Value of export during the year	Nil	Nil
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NOTE : 41 CONSUMPTION OF RAW MATERIALS, STORES AND SPARES

(₹ in Lacs)

Raw Materials, Traded Goods Stores & Spares				
Imported	13.58%	150.16	10.52%	137.48
Indigenous	86.42%	955.94	89.48%	1169.70
	100%	1106.10	100%	1307.18

NOTE : 42 Related party transactions

RELATION	Name of Party/Person
Holding Company	Punjab Information & Communication Technology Corporation Limited
Key Management Personnel (KMP) (Director)	Sh. A. K. Pathak

Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:

(₹ in Lacs)

Nature of transaction	Holding Company	KMP
Rental Income	57.76	—
Salary	—	20.95
Balances outstanding at the end of the year	25.73	—

Note : 43 The previous Year figures have been regrouped/re-classified wherever necessary to conform with the current presentation. The figures have been rounded off to the nearest Rupee.

In terms of our separate report of even date attached.

For B. RATTAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 011798N

VC & MANAGING DIRECTOR

R.K. NANGIA
DIRECTOR

BHARAT RATTAN
PARTNER
MNo:090682

J. S. BHATIA
HEAD-FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

BHUPINDER KAUR
JOINT MANAGER-FINANCE

Place : S.A.S. Nagar (Mohali)
Date : May 30, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	I	II
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 31st March, 2014	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.		

VC & MANAGING DIRECTOR

R.K. NANGIA
DIRECTOR

J. S. BHATIA
HEAD - FINANCE

MADHUR BAIN SINGH
COMPANY SECRETARY

BHUPINDER KAUR
JOINT MANAGER-FINANCE

Place: S.A.S. Nagar (Mohali)
Date: May 30, 2014

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 recognizes 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 amortized 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 recognized 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 dispatch and are inclusive of excise duty but exclusive of sales tax.

VI. AMC Service Revenue:

The company follows completed service contract method as a method of accounting and recognizes service revenue in the statement of profit and loss when the rendering of service under a AMC contract is completed or substantially completed in accordance with the provisions of AS-9 "Revenue Recognition"

VII. Investments:

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

VIII. 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.

IX. Retirement benefits

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

X. 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, 2014

	(₹ in Lacs)	
	2013-2014	2012-2013
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	(630.78)	310.67
Adjustment for :-		
Depreciation & Amortization	52.19	60.13
Amounts written back	(0.14)	(0.16)
Interest & other financial expenses	12.60	9.57
Interest/Rental Income	(1,084.30)	(1,195.27)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(1,650.43)	(815.06)
Adjustment for :-		
Trade and Other Receivables	287.26	(459.37)
Inventories	(171.69)	(46.51)
Trade and Other Payables	(411.23)	(9,077.09)
Other current liabilities	14.89	(22.48)
Other current assets	(17.71)	9,245.00
Short Term Loans and Advances	(16.20)	(31.22)
CASH FROM/(USED IN) OPERATIONS	(1,965.11)	(1,206.73)
Income Tax Refund (Paid)	(36.19)	(54.37)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(2,001.30)	(1,261.10)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Payments for capital goods	(4.14)	(13.61)
Sale of Fixed Assets	—	0.03
Movement in Non- Current Investments	—	(7.00)
Long Term Loans and Advances	(8.07)	(8.36)
Interest/Rental Income	1,084.30	1,195.27
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,072.09	1,166.32
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(8.55)	(7.45)
Movement in Working Capital Borrowings	101.84	(1.89)
NET CASH FROM/ (USED) IN FINANCING ACTIVITIES	93.30	(9.34)
Net Change in Cash & Cash Equivalents (A+B+C)	(835.91)	(104.12)
Cash & Cash Equivalents at the beginning of the year	10,209.88	10,314.00
Cash & Cash Equivalents at the end of the year	9,373.97	10,209.88

for and on behalf of the Board

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

Date : May 30, 2014

VC & MANAGING DIRECTOR

AUDITOR'S 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, 2014. 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.

FOR B. RATTAN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 011798N

BHARAT RATTAN
PARTNER
M No:090682

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

Date : May 30, 2014

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 writing.

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 Third (33rd) Annual General Meeting of Punjab Communications Limited will be held on Friday, 26th September, 2014 at 11.30 A.M. at B-93, Phase VIII, Industrial Area, SAS Nagar next to 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 on 31st March, 2014 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**, (DIN : 00225725) who retires by rotation and being eligible has offered himself for reappointment.
3. To appoint Director in place of **Sh. V. P. Chandan**, (DIN : 00225793) who retires by rotation and being eligible has offered himself for reappointment.
4. To appoint the Statutory Auditors of the company for the financial year 2014-2015 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 pursuant to applicable provisions of Companies Act, 2013, if any, **Sh. D.K. Tiwari, IAS**, (DIN : 02363047) who was appointed as Additional Director in the capacity of Vice Chairman & Managing Director of the company w.e.f. 15th May, 2014 under Article 128 & Article 171 of the Articles of the Association of the Company and who holds the office of directorship upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the company has received notice in writing, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company in the capacity of Vice Chairman & Managing Director."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to applicable provisions of Companies Act, 2013, if any, **Sh. D. P. Reddy, IAS**, (DIN : 01939650) who was appointed as Additional Director in the capacity of Chairman the company w.e.f. 10th June, 2014 under Article 128 & Article 158 of the Articles of Association of the company and who holds the office of directorship upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the company has received notice in writing, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company in the capacity of Chairman."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to applicable provisions of Companies Act, 2013, if any, **Sh. Raj Kamal Chaudhary, IAS**, (DIN : 06941397) who was appointed as Additional Director in the capacity of Vice Chairman of the Company w.e.f. 3rd July, 2014 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, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the company has received notice in writing, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company in the capacity of Vice Chairman."

21st August, 2014
 Regd Office
 B-91, Phase VIII, Industrial Area,
 SAS Nagar (Chandigarh) – 160071

By order of the Board
 Sd/-
 (Madhur Bain Singh)
 Company Secretary

NOTES

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business as set out above to be transacted at the Meeting is annexed hereto at **Annexure I** and forms integral part of this notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT B-91, INDUSTRIAL AREA, PHASE VIII, MOHALI, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED WITH THE ANNUAL REPORT. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY(50) AND HOLDING IN AGGREGATE NOTE MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Register of Directors' Shareholding is open for inspection, during the business hours, at the Registered Office of the Company upto and including the date of Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed during the Book Closure period, i.e. from 23rd September, 2014 to 26th September, 2014, both days inclusive.
6. The Members holding shares in the same name or same order of names under different folios are requested to send the share certificates for consolidation of such shares to the Company.
7. All unclaimed/unpaid dividend upto the financial year ended on March 31, 2002 have been transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205A of the Companies Act, 1956 (corresponding Section 124 of Companies Act, 2013).
8. The Members desirous of obtaining any information/clarification concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the Annual General Meeting, so that the information required may be made available at the Annual General Meeting.
9. Pursuant to the provisions of the Companies Act, 2013 read with the Rules framed there under, the company may send notice of general meeting, director's report, auditors' report, audited financial statements and other documents through electronic mode. Further, pursuant to the first proviso to the Rule 18 of the Companies (Management and Administration) Rule, 2014, the Company shall provide an advance opportunity at least once in a financial year to the members to register their e-mail address and changes therein. In view of the same, Members are requested to kindly update their e-mail address with depository participants in case of holding shares in demat form. If holding shares in physical form, Members are requested to inform their e-mail ID to the Company.
10. Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the aforesaid documents are being sent by the permitted made.
11. The Instructions for members for E-Voting are as under :
 - a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and the provisions of Listing Agreement with Stock Exchanges, the Company is pleased to offer e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 33rd Annual General Meeting ("AGM") to be held on Friday, September 26, 2014 at 11.30 a.m. The Company has engaged the services of CDSL to provide the e-voting facility. The e-voting will be available for the following voting period.

Commencement of e-voting	End of e-voting
Saturday, September 20, 2014 (09.00 a.m.)	Monday, September 22, 2014 (06.00 p.m.)

 - b) The Notice of the 33rd Annual General Meeting (AGM) of the Company inter-alia indicating the process and manner of e-voting is being sent to all the members as on the cut-off (record date) i.e. 22nd August, 2014.
 - c) Open the internet browser and type the following URL : www.evotingindia.com
 - d) Click on Shareholder tab.
 - e) Now enter your User ID
 - i) For CDSL : 16 digits beneficiary ID (First 8 digits DP ID followed by 8 digits Client ID).
 - ii) For NSDL : 8 character DP ID followed by 8 digits Client ID.

- iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- f) Next enter the Image Verification as displayed and click on login.
- g) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- h) If you are a first time user follow the steps given below:

FOR MEMBERS HOLDING SHARES IN DEMAT AND PHYSICAL FORM	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) (only if registered with the Company or Depository participant)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the first 8 digits of the Client ID / Folio Number in the PAN Field.
	<ul style="list-style-type: none"> In case the Client ID / Folio Number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with Client ID / Folio Number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. (if registered with the Company or Depository participant)
Dividend Bank	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Details	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the "Number of Shares held by you" in the Dividend Bank Details Field.

- i) After entering these details appropriately, click on "SUBMIT" tab.
- j) Members holding shares in physical form will directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu. Wherein they are required to mandatorily enter newly created password by you in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- k) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
- l) Select "EVSN (ELECTRONIC VOTING SEQUENCE NUMBER)" of Punjab Communications Limited.
- m) Once you enter, the Cast Vote Page will open. Now you are ready for e-voting.
- n) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that your assent to the resolution and option NO implies that you dissent to the resolution.
- o) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- p) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- q) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- r) You can also take out a print of the voting done by you by clicking on "Click here to Print" option on the voting page.
- s) If Demat account holder has forgotten the password, then Enter the User ID and the image verification code and click on **Forgot Password & enter the details as prompted by the system.**

t) **Note for Institutional shareholders**

- i) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- iii) After receiving the login details, create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- iv) The list of accounts should be mailed to helpdesk@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v) A scanned copy of the Board Resolution & Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF Format in the system for the scrutinizer to verify the same.

u) **General Instructions :**

- i) In case of any queries, you may refer the Frequently asked Questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the Downloads section of www.evotingindia.com. You may also contact CDSL via email at helpdesk.evoting@cdslindia.com.
- ii) The e-voting period commences on Saturday, September 20, 2014 (09.00 a.m.) and ends on Monday, September 22, 2014 (06.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder would not be allowed to change it subsequently.
- iii) The voting rights shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off (Record Date) i.e. August 22, 2014.
- iv) Since, the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical or dematerialized form as on the cut-off date of August 22, 2014, and not casting their vote electronically, may only cast their vote at the 33rd Annual General Meeting.
- v) Mr. S. K. Sikka, Company Secretary in practice of M/s Sikka & Associates, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair & transparent manner.
- vi) The Scrutinizer shall within a period of not exceeding 3 working days from the conclusion of the e-voting period unlock the votes in the presence of at least 2 witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- vii) The results shall be declared on or after the 33rd Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website at www.puncom.com and on the website of CDSL within 2 days of passing of the resolutions at the 33rd Annual General Meeting of the Company on 26th September, 2014 and communicated to BSE.

12. THE COMPANY WHOLE-HEARTEDLY WELCOMES MEMBERS/PROXIES AT THE ANNUAL GENERAL MEETING OF THE COMPANY. THE MEMBERS/PROXIES MAY PLEASE NOTE THAT NO GIFTS/GIFT COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.
13. 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.
14. Members who hold shares in dematerialized form are requested to bring their Client Id and DP ID numbers for easy identification of attendance at the meeting.
15. **Members are requested to notify their PAN** to the Company's registered share transfer agents, quoting their Folio Number/DP IDs/ Client IDs and relevant particulars.

ANNEXURE TO THE NOTICE

ANNEXURE I

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

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. D. K. Tiwari, IAS as an Additional Director on the Board, to hold office of the Director, as such, up to the date of the ensuing Annual General Meeting. The company has received notice from a Member of the company along with deposit as required under Section 160 of Companies Act, 2013 proposing the candidature of Sh. D. K. Tiwari, IAS as the Director of the company.

Further pursuant to Article 171 of the Articles of Association of the company, the holding Company has a right to appoint Vice- Chairman cum Managing Director or Managing Director of the Company. The Government of Punjab vide its order bearing No. 6/1/2014-IAS(3)/1445 dated 16th April, 2014 has appointed Sh. D.K. Tiwari, IAS as Vice Chairman & Managing Director of the Company. Further in exercise of its power, vide Article 171 & Article 128 of the Articles of Association of the company, Punjab Information & Communication Technology Corporation Ltd. (our holding company) vide their letter No. PICTC/SEC/712 dated 15th May, 2014 has appointed Sh. D.K. Tiwari, IAS as director in the capacity of Vice Chairman & Managing Director of the Company. The Directors of your company has recommended his appointment as above.

The appointment of Sh. D.K. Tiwari, IAS as director in the capacity of Vice Chairman & Managing Director is subject to the approval of shareholders by way of Ordinary Resolution and provided further that as per the provisions of the Companies Act, 2013, consent of the shareholders by way of Ordinary Resolution is required for the appointment of any Director.

Sh. D.K. Tiwari, IAS being the appointee himself, may be deemed to be concerned or interested in this Resolution.

Brief Resume of Sh. D. K. Tiwari, IAS is given here below.

Sh. D.K. Tiwari is a 1994 Batch IAS Officer and is at present Chief Executive Officer of Punjab State Water Supply & Sewerage Board and in addition Additional CEO of Punjab Bureau of Investment Promotion. He holds a Bachelor of Engineering Degree in Civil Engineering and Masters in Economics. He is an Indian Administrative Service Officer.

Sh. D.K. Tiwari is a nominee director and thus is concerned or interested financially or otherwise in the affairs of our Company. He is also serving Officer of the Govt. of Punjab. The shareholding of Sh. D.K. Tiwari, IAS as per Clause 49(IV) (E) (v) of the Listing Agreement 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. D. P. Reddy, IAS, as an Additional Director on the Board, to hold office of the Director, as such, up to the date of the ensuing Annual General Meeting. The company has received notice from a Member of the company along with deposit as required under Section 160 of Companies Act, 2013 proposing candidature of Sh. D. P. Reddy, IAS as the Director of the company.

Further pursuant to Article 128 and Article 158 of the Articles of Association of the company, the holding Company has a right to nominate a person to be Chairman and Vice Chairman of the Company. The Government of Punjab vide its order bearing No. 6/1/2014-IAS(3)/1848 dated 28th May, 2014 has appointed Sh. D.P. Reddy, IAS as Chairman of the Company. Further in exercise of its power, vide Article 128 & Article 158 of the Articles of Association of the company, Punjab Information & Communication Technology Corporation Ltd. (our holding company) vide their letter No. PICTC/SEC/1575 dated 10th June, 2014 has appointed Sh. D.P. Reddy, IAS as Chairman of the Company. The Directors of your company has recommended his appointment as above.

The appointment of Sh. D.P. Reddy, IAS as director in the capacity of Chairman is subject to the approval of shareholders by way of Ordinary Resolution and provided further that as per the provisions of the Companies Act, 2013, consent of the shareholders by way of Ordinary Resolution is required for the appointment of any Director.

Sh. D. P. Reddy, IAS being the appointee himself, may be deemed to be concerned or interested in this Resolution.

Brief Resume of Sh. D.P. Reddy, IAS is given here below.

Sh. D.P. Reddy, IAS is a 1985 Batch IAS officer and is at present Principal Secretary, Industries & Commerce, Punjab. He is a Botany Graduate and also Post Graduate in Geography. He is an Indian Administrative Service Officer. He is also Director on the Board of Punjab Information & Communication Technology Corporation Limited, which is our holding company.

Sh. D. P. Reddy is a nominee director and thus is concerned or interested financially or otherwise in the affairs of our Company. He is also serving officer of the Government of Punjab.

Currently, Sh. D. P. Reddy is also on the Board of the following other companies:

1) Northern India Institute of Fashion Technology	Chairman
2) Punjab State Civil Supplies Corporation Limited	Director
3) Punjab State Transmission Corporation Limited	Director
4) Punjab State Power Corporation Limited	Director
5) Punjab Small Industries & Export Corporation Ltd.	Director
6) Punjab Information & Communication Technology Corporation Limited	Director

The shareholding of Sh. D. P. Reddy, IAS as per Clause 49(IV) (E) (v) of the Listing Agreement is NIL.

Item No. 7

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. Raj Kamal Chaudhary, IAS as an Additional Director on the Board, to hold office of the Director, as such up to the date of the ensuing Annual General Meeting. The Company has received notice from a Member of the company along with deposit as required under Section 160 of Companies Act, 2013 proposing candidature of Sh. Raj Kamal Chaudhary, as the Director of the company.

Further pursuant to Article 128 and Article 158 of the Articles of Association of the Company, the holding company has a right to appoint Chairman and Vice- Chairman of the Company. The Government of Punjab vide its order bearing No. 6/1/2014-IAS(3)/1915 dated 4th June, 2014 has appointed Sh. Raj Kamal Chaudhary, IAS as Vice Chairman of the Company. Further in exercise of its power, vide Article 128 and Article 158 of the Articles of Association of the company, Punjab Information & Communication Technology Corporation Ltd. (our holding company) vide their letter No. PICT:SECTL:2412 dated 3rd July, 2014, has appointed Sh. Raj Kamal Chaudhary, IAS as Vice Chairman of the Company. The Directors of your company has recommended his appointment as above.

The appointment of Sh. Raj Kamal Chaudhary, IAS as director in the capacity of Chairman is subject to the approval of shareholders by way of Ordinary Resolution and provided further that as per the provisions of the Companies Act, 2013, consent of the shareholders by way of Ordinary Resolution is required for the appointment of any Director.

Brief Resume of Sh. Raj Kamal Chaudhary, IAS is given here below.

Sh. Raj Kamal Chaudhary is a 1996 Batch IAS Officer and is at present Director (Governance Reforms) with additional charge of Secretary (Governance Reforms). He is also holding the position of Managing Director, Punjab Information and Communication Technology Corporation Ltd. (our holding company) He is an Honours Graduate in Arts and Post Graduate in Psychology. He is an Indian Administrative Service Officer.

Currently, Sh. Raj Kamal Chaudhary is also on the Board of the following other companies :

1) SME Business Services Ltd.	Chairman
2) Punjab Venture Capital Ltd.	Chairman
3) Punjab Venture Investors Trust Ltd.	Chairman
4) Consumer Electronics (Punjab) Ltd.	Chairman
5) Punjab Recorders Ltd.	Chairman
6) Punjab Information and Communication Technology Corporation Ltd.	Managing Director
7) Orient Craft Fashion Technologies Ltd.	Director
8) Punjab Financial Corporation	Director
9) Punjab Small Industries and Export Corporation Limited	Director

Sh. Raj Kamal Chaudhary is a nominee director and being Managing Director of our holding company, he is concerned or interested financially or otherwise in the affairs of our Company. He is also serving officer of the Government of Punjab.

The shareholding of Sh. Raj Kamal Chaudhary, IAS as per Clause 49(IV) (E) (v) of the Listing Agreement is NIL.

ANNEXURE II

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

A brief resume of 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 & 7.

A) Brief Resume of C A R K 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 ICAI 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 29 years experience in a middle and senior management position.

As on 31st March, 2014, 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 (Telecom) and also as Executive Director (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 more than 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 6 years and is still continuing.

As on 31st March, 2014, he is the Chairman of the Audit Committee and Shareholders Grievances Committee of Punjab Communications Limited. The shareholding of Shri V P Chandan as per Clause 49(IV)(E)(V) is NIL.

21st August, 2014
Regd Office
B-91, Phase VIII, Industrial Area,
SAS Nagar (Chandigarh) – 160071

By order of the Board
Sd/-
(Madhur Bain Singh)
Company Secretary

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 33rd ANNUAL GENERAL MEETING of the Company held on Friday, the 26th September, 2014 at 11.30 A.M. at B-93, Phase - VIII, Industrial Area, S.A.S. Nagar (Mohali) - 160 071 (Punjab)

Signature of the shareholder or proxy

* Application for investors holding shares in electronic form.

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

PUNJAB COMMUNICATIONS LTD.

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

PROXY SLIPDP. Id* Regd. Folio No. Client Id* I/We of
..... of failing him
..... ofas my / our proxy to vote for me / us and on my / our behalf at the 33rd ANNUAL GENERAL MEETING to be held on Friday, the 26th September, 2014 at 11.30 A.M. or at any adjournment thereof.

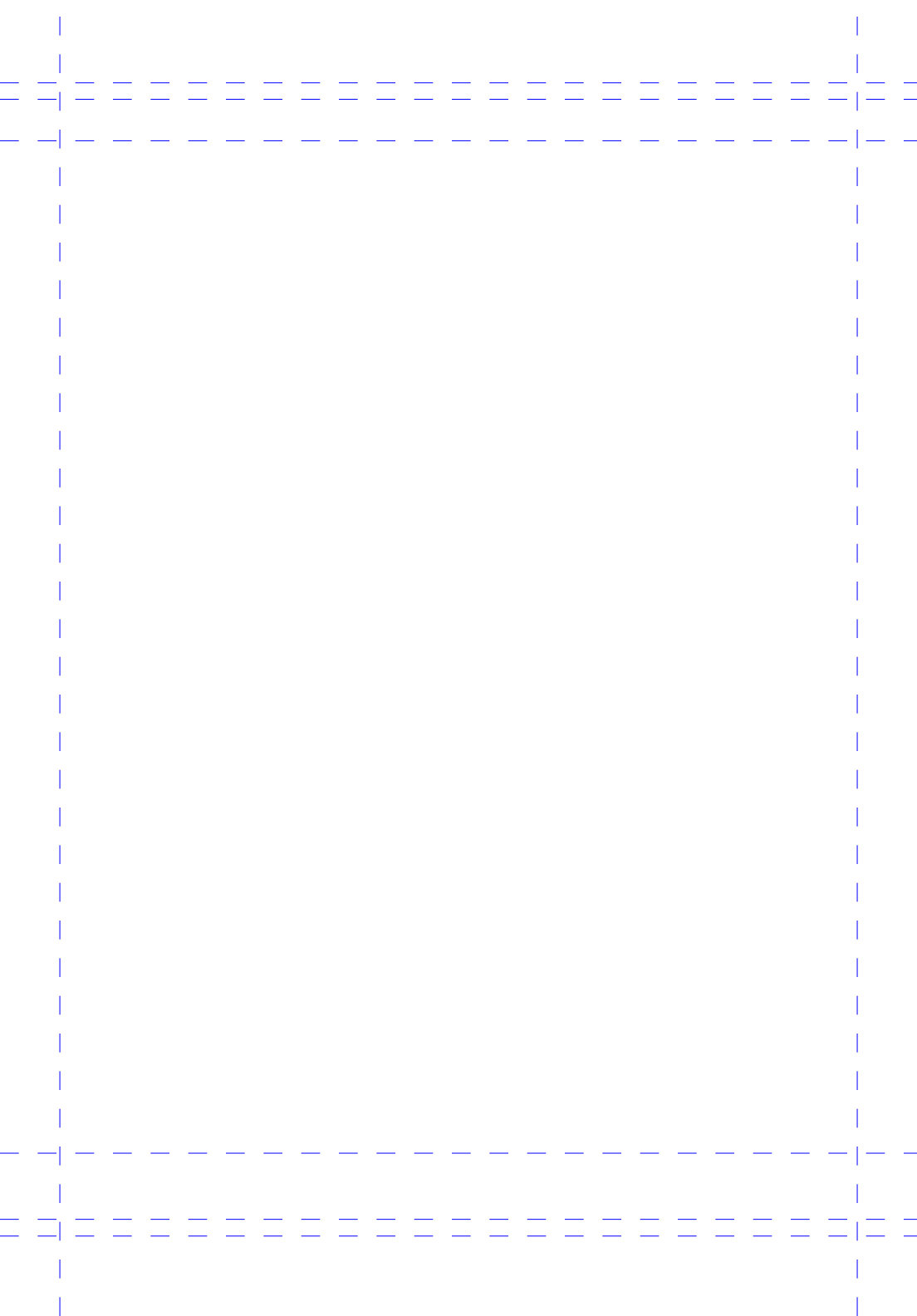
Signed this day of 2014.

* 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 Shares 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.**

COURIER / REGISTERED

If undelivered, please return to :

PUNJAB COMMUNICATIONS LIMITED

B-91, Phase VIII, Industrial Area,

S.A.S. Nagar, Mohali-160071 (INDIA)



FORM A

Covering letter of the annual audit report to be filed with Stock Exchanges

(As on 30th MAY 2014)

1.	Name of the Company:	Punjab Communications Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit Observation	Matter of Emphasis
4.	Frequency of observation	Repetitive
5.	To be signed by- <ul style="list-style-type: none"> • Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	<p>For Punjab Communications Limited</p> <p><i>[Signature]</i> Managing Director</p> <p>For Punjab Communications Limited</p> <p><i>[Signature]</i> J.S. Bhatia CFO/Head Finance</p> <p>For B Rattan & Associates Chartered Accountants FRN: 000203N</p> <p><i>[Signature]</i> Bharat Rattan (Partner) Membership No: 090682</p> <p>For Punjab Communications Limited</p> <p><i>[Signature]</i> V.P. Chandan Audit Committee Chairman</p>

