

PCL/CS/15748

03rd September, 2020

The Secretary
The Bombay Stock Exchange Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Sub: Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Annual Report for the Financial Year 2019-20

Dear Sir,

In terms of Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of Annual Report of Punjab Communications Limited for the Financial Year 2019-20 containing the copy of Notice calling 39th Annual General Meeting of the Company as to be send to Shareholders of the Company.

The Company shall commence dispatch of the Annual Report for FY 2019-20 containing the Notice of 39th AGM, to the shareholders from Friday, 4th September, 2020 through e-mails only, in accordance with Point no. 3 (A) (III) of MCA General Circular No. 20/2020 dated 5th May, 2020 read with SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020.

The Annual Report for FY 2019-20 containing the Notice of 39th AGM is also uploaded on the Company's Website Link at <http://www.puncom.com/financials/financial-report>

Kindly take the same on your records.

Thanking you,

Yours Faithfully,

For Punjab Communications Limited



(Company Secretary)



39th Annual Report

2019-2020

PUNCOM

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
(Both for Physical & Demat Category)

Alankit Assignments Limited
DP & RTA
Alankit House,
4E/2, 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

- 39th Annual General Meeting of the company is scheduled to be held on 29th day of September 2020, (Tuesday) at 11.00 A.M through Video Conferencing/ Other Audio Visual Means (VC/OAVM) (Notice Enclosed).
- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least 10 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 send 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 **Agent i.e. Alankit Assignments Ltd., New Delhi.**
- Further, in compliance with the MCA General Circular No. 20/2020 dated 5th May, 2020 read with SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Notice of 39th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with the Annual Report 2019-20 containing Board's report, Auditors' Report, Audited Financial Statements and other documents, **is being sent only through electronic ode to those Members whose email addresses are registered with the Company/ Depositories.**

Annual General Meeting

Date & Time : 29th September, 2020, Tuesday, at 1100 HRS
Deemed Venue : B-91, Phase VIII, Industrial Area, SAS Nagar, Mohali

PUNJAB COMMUNICATIONS LIMITED

Web : www.puncom.com CIN No: L32202PB1981SGC004616

Corporate Information

as on 13.08.2020

Board of Directors	Designation	DIN No.
Sh. Alok Shekhar, IAS	Chairman	02529589
CA Rajat Agarwal, IAS	Sr. Vice Chairman & MD	07973901
Sh. S.P. Singh, IAS (Retd.)	Independent Director	00297745
Dr. V.P. Chandan, IRSSE (Retd.)	Independent Director	00225793
Smt. Neena Singh	Independent Director	00233352
Sh. Moti Ram Sharma	Independent Director	08250388
Sh. J. S. Bhatia	Whole Time Director	02554023

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Status of Winding up Subsidiaries		
— PCL Telecom Ltd.	65	Committee of Directors
— Punjab Digital Indl. Sys. Ltd. (Under Liquidation)	65	Audit Committee Dr. V.P. Chandan, IRSSE (Retd.) Chairman Smt. Neena Singh Member Sh. Moti Ram Sharma Member Sh. J.S. Bhatia Member
AGM Notice	66	Stakeholders' Relationship Committee Dr. V.P. Chandan, IRSSE (Retd.) Chairman Smt. Neena Singh Member Sh. J.S. Bhatia Member

Listing Regulations wherever appearing in the Annual Report means SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.

Financial Highlights 2015-2016 to 2019-2020

Particulars	Amount (₹ in Lacs)				
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Sales	2182.74	3047.92	3903.39	4466.05	2759.85
Other Income	929.70	905.94	880.39	945.93	896.53
Total Income	3112.44	3953.86	4783.78	5411.98	3656.38
Earning/Loss before Dep. Interest and Tax(EBDIT)	-1008.40	-573.27	-418.41	-189.04	-1099.02
Depreciation	22.30	52.65	60.88	54.62	44.02
Profit/Loss after Tax	-1047.58	-628.67	-483.14	-270.19	-1143.04
Other Comprehensive Income		-28.95	101.93	-24.43	-93.47
Total Comprehensive Income		-657.62	-381.21	-294.62	-1236.51
Equity Dividend (%)	-	-	-	-	-
Dividend Payout	-	-	-	-	-
Equity Share Capital	1202.36	1202.36	1202.36	1202.36	1202.36
Reserves & Surplus	7192.71	6535.01	6153.03	5858.40	4621.89
Tangible Net Worth	8363.80	7739.81	7357.83	7063.19	5826.69
Gross Property, Plant and Equipment & Investment Property	5621.16	5608.33	5647.83	5669.35	5678.65
Net Property, Plant and Equipment & Investment Property	566.23	566.39	564.94	531.84	497.12

Key Ratios 2015-2016 to 2019-20

Particulars					
	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Earning /loss Per Share (in ₹)	-8.71	-5.23	-4.03	-2.25	-9.51
Cash Earning/Loss Per Share (in ₹)	-8.10	-4.55	-3.51	-1.67	-6.26
Book Value Per Share (in ₹)	69.56	64.37	61.19	58.74	48.46
Debt/Equity Ratio	0.00	0.00	0.00	0.00	0.00
Current Ratio	2.32	2.16	2.16	1.96	1.84

Note: The figures have been regrouped and restated wherever necessary, to make them comparable and to be complied with Ind-AS also.

PUNJAB COMMUNICATIONS LIMITED

CIN No: L32202PB1981SGC004616

BALANCE SHEET AS ON 31st MARCH, 2020

Particulars	Note	Amount (₹ In Lacs)	
		As on 31 st March, 2020	As on 31 st March, 2019
ASSETS			
(1) Non-Current Assets			
a) Property Plant & Equipment	2	420.27	453.98
b) Investment Property	2A	76.85	77.86
c) Financial Assets			
Investments			
Loans and advances	3	698.74	698.74
Other Financial Assets	4	145.89	161.28
	5	35.03	32.11
d) Deferred tax assets (net)	6	—	—
e) Other non-current assets	7	331.47	391.61
(2) Current Assets			
a) Inventories	8	859.37	1,287.39
b) Financial Assets			
Trade receivables			
Cash and cash equivalents	9	2,428.28	2,776.61
Other Bank Balances	10	523.56	102.63
Loans and advances	11	5,926.01	6,517.89
Other Financial Assets	12	75.99	85.94
	13	503.79	723.70
c) Other Current Assets	14	78.27	78.04
TOTAL		12,103.52	13,387.78
EQUITY AND LIABILITIES			
Equity			
a) Share Capital	15	1,204.80	1,204.80
b) Other Equity	16	4,621.89	5,858.40
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
Other Financial liabilities	17	35.32	32.41
b) Provisions	18	593.08	384.21
c) Other Non Current Liabilities	19	13.64	16.96
(2) Current Liabilities			
(a) Financial Liabilities			
Borrowings	20	38.82	0.22
Trade Payables	21	1,591.49	1,969.98
Other Financial liabilities	22	3,607.05	3,598.68
b) Other Current Liabilities	23	190.62	255.22
c) Provisions	24	206.81	66.90
TOTAL		12,103.52	13,387.78
Significant accounting policies	1		
Notes to accounts	35-47		

The notes referred to above form an integral part of Balance Sheet

In terms of our separate report of even date.

For and on behalf of the Board of Directors

FOR RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN: 000203N

RAJAT AGARWAL, IAS
SR. VC & MANAGING DIRECTOR
DIN: 07973901

NEENA SINGH
DIRECTOR
DIN: 00233352

(CA. SANDEEP GUPTA)
PARTNER
M.No: 529774

J.S. BHATIA
CHIEF FINANCIAL OFFICER

MADHUR BAIN SINGH
COMPANY SECRETARY

NEHA KAUSHIK
DH- FINANCE

PLACE: S.A.S. Nagar (Mohali)
Date: June 19, 2020

Annual Report 2019-2020

PUNJAB COMMUNICATIONS LIMITED

CIN No: L32202PB1981SGC004616

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	Note	Amount (₹ In Lacs)	
		For the Year Ended 31 st March, 2020	For the Year Ended 31 st March, 2019
I. Revenue from operations	25	2,759.85	4,466.05
II. Other Income	26	896.53	945.93
III. Total Revenue		3,656.38	5,411.98
IV. Expenses:			
Cost of materials consumed	27	911.37	1,219.12
Purchases of Stock-in-Trade	28	600.46	1,165.39
Changes in inventories of Finished Goods/Work-in-process and Stock-in-trade	29	12.24	30.54
Employee benefits expenses	30	2,695.18	2,486.29
Finance costs	31	5.35	31.69
Depreciation and amortization expenses	2, 2A	44.02	54.62
Other expenses	32	530.79	694.52
Total expenses		4,799.41	5,682.17
V. Profit/(Loss) before tax (III-IV)		-1,143.04	-270.19
VI. Exceptional Items		—	—
VII. Profit/(Loss) before tax (V-VI)		-1,143.04	-270.19
VIII. Tax expenses:			
(1) Current tax		—	—
(2) Deferred tax		—	—
IX Profit/ (Loss) for the year (VII-VIII)		-1,143.04	-270.19
X Other Comprehensive Income/(losses)		—	—
Items that will not be reclassified subsequently to P&I			
Re-measurement of defined benefit plan	33	-93.47	-24.43
XI Total Comprehensive Income/(losses) for the year		-1,236.51	-294.62
Earnings per share from continuing operations attributable to the equity holders of the Company during the year			
(1) Basic	34	-9.51	-2.25
(2) Diluted		-9.51	-2.25
Significant accounting policies	1		
Notes to accounts	35-47		

In terms of our separate report of even date.

For and on behalf of the Board of Directors

FOR RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN: 000203N

RAJAT AGARWAL, IAS
SR. VC & MANAGING DIRECTOR
DIN:07973901

NEENA SINGH
DIRECTOR
DIN: 00233352

(CA. SANDEEP GUPTA)
PARTNER
M.No: 529774

J.S. BHATIA
CHIEF FINANCIAL OFFICER

MADHUR BAIN SINGH
COMPANY SECRETARY

NEHA KAUSHIK
DH- FINANCE

PLACE: S.A.S. Nagar (Mohali)
Date: June 19, 2020

PUNJAB COMMUNICATIONS LIMITED



NOTE 2 : PROPERTY, PLANT & EQUIPMENT											
											Amount (₹In Lacs)
DESCRIPTION OF FIXED ASSETS		GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 01.04.2019	Additions	Sale/ Trf	As At 31.03.2020	Upto 01.04.2019	For The Period	Sale/trf Adjustment Written Back	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
I	TANGIBLE ASSETS										
	LAND (Freehold)*	92.67	—	—	92.67	6.68	—	—	6.68	85.99	85.99
	BUILDING	397.60	—	—	397.60	351.63	3.87	—	355.50	42.09	45.97
	PLANT & MACHINERY	3,983.40	8.56	—	3,991.96	3,689.99	33.24	—	3,723.23	268.73	293.41
	TEMPORARY STRUCTURE	44.19	—	—	44.19	44.01	—	—	44.01	0.18	0.18
	ELECTRICAL INSTALLATION	261.05	—	—	261.05	252.82	0.34	—	253.16	7.89	8.23
	OFFICE EQUIPMENT	193.57	0.74	—	194.30	186.93	2.39	—	189.32	4.98	6.63
	FURNITURE & FIXTURE	101.58	—	—	101.58	100.59	0.04	—	100.63	0.95	0.98
	VEHICLES	84.52	—	—	84.52	71.92	3.14	—	75.06	9.46	12.60
	SUB TOTAL (A)	5,158.57	9.30	—	5,167.87	4,704.58	43.01	—	4,747.60	420.27	453.98
II	INTANGIBLE ASSETS										
	TECHNICAL KNOW HOW	162.24	—	—	162.24	162.24	—	—	162.24	—	—
	SUB TOTAL (B)	162.24	—	—	162.24	162.24	—	—	162.24	—	—
III	CAPITAL WORK-IN-PROCESS										
	SUB TOTAL (C)	—	—	—	—	—	—	—	—	—	—
IV	INTANGIBLE ASSETS UNDER DEVELOPMENT										
	SUB TOTAL (D)	—	—	—	—	—	—	—	—	—	—
	TOTAL (A+B+C+D) CURRENT YEAR	5,320.81	9.30	—	5,330.11	4,866.83	43.01	—	4,909.84	420.27	453.98
	PREVIOUS YEAR FIGURES	5,299.29	21.52	—	5,320.81	4,813.30	53.53	—	4,812.21	453.98	485.99
NOTE 2 (A) : Investment Property											
DESCRIPTION OF INVESTMENT PROPERTY \$		GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 01.04.2019	Additions	Sale/ Trf	As At 31.03.2020	Upto 01.04.2019	For The Period	Sale/trf Adjustment Written Back	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
I	LAND (Freehold)*	59.73	—	—	59.73	3.62	—	—	3.62	56.11	56.11
II	BUILDING	288.80	—	—	288.80	267.06	1.00	—	268.06	20.74	21.74
	TOTAL	348.54	—	—	348.54	270.68	1.00	—	271.69	76.85	77.85
	PREVIOUS YEAR FIGURES	348.54	—	—	348.54	269.59	1.09	—	270.68	77.85	78.94
*Date of conversion into freehold land 05/02/2003 \$ Refer Note no 43											
SR. VC & M.D.		DIRECTOR			CFO		C.S		DH-FINANCE		

Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019
Note 3: INVESTMENTS		
(NON CURRENT FINANCIAL ASSETS)		
(At cost adjusted for diminution in value)		
UNQUOTED AND NON TRADE:-		
U.P. CO-OPERATIVE SPINNING MILLS FEDERATION LTD., 14000 (14000) 14.90% (Taxable) Secured Redeemable UPCSMF Bonds fully guaranteed by the Govt of U.P. of Rs. 5000/- each fully paid up*	698.74	698.74
WHOLLY OWNED SUBSIDIARY COMPANIES		
PUNJAB DIGITAL INDUSTRIAL SYSTEMS LTD. ** 2,46,640 (2,46,640) Equity Shares of Rs.10/- each, fully paid up	24.79	24.79
Less:- Provision for diminution in value	24.79	24.79
	<u>698.74</u>	<u>698.74</u>

The Company had invested a sum of Rs. 698.74 Lacs (Face Value Rs. 700 Lacs) net of commission amounting to Rs.1.26 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd. (UPCSMFL) for a tenure of 18 months, which was duly guaranteed by the UP State Government. The Company approached UPCSML for redemption of bonds on due date i.e 20th December, 1999. Upon failure of UPCSML to redeem the bonds on due date, the Company invoked the aforesaid Government Guarantee through suit filed on 28th November, 2001 at Lower Court, Chandigarh against UPCSML & UP State Govt. for recovery of the aforesaid amount and the Hon'ble Lower Court passed decree in favour of the Company vide its order dated 30th January, 2004

UP State through Special Secretary filed an application under Order 9 Rule 13 for setting aside the above said Decree being ex parte on 2nd September 2004 and also applied for stay of execution at the Lower Court Chandigarh. Stay application of UP State was dismissed on 13th September 2004 and the application under 9/13 was kept pending.

UP State Govt. filed the Revision Petition, against the order of dismissal of stay by the lower court, at Hon'ble Punjab & Haryana High Court, Chandigarh. In order to admit their Revision Petition, the Court ordered UP State Govt. to deposit a sum of Rs.735.63 lacs (50% of the Decretal amount). The aforesaid sum of Rs.735.63 lacs was released to the Company against furnishing of Bank Guarantee of equivalent amount on 22nd April, 2006.

On 12th March 2010 the application filed by UP State under Order 9 Rule 13 was dismissed by the Lower Court Chandigarh. UP State filed an Appeal in the Court of Add. Dist. Judge Chandigarh and got the stay on 21st July, 2010. The application of UP State for Stay got dismissed on 10th November, 2012. UP State filed Civil Revision against the order of Dist. Judge Chandigarh at Punjab and Haryana High Court Chandigarh. The Civil Revision filed by UP State was dismissed by the Hon'ble Punjab and Haryana High Court on 20th September, 2013.

UP State Govt. filed appeal against the aforesaid order of the Hon'ble Punjab & Haryana High Court with the Hon'ble Supreme Court through SLP. The Hon'ble Supreme Court vide its order dated 19th January, 2015 directed the company to refund the aforesaid sum of Rs 735.63 Lacs to the UP State Government. In compliance with the aforesaid orders of the Hon'ble Supreme Court, the company refunded Rs. 735.63 Lacs by allowing the Hon'ble Court to invoke the Bank Guarantee of the equivalent amount submitted to the court earlier.

In view of the aforesaid order passed by Hon'ble Supreme Court maintaining that the UP State was not a party defended before the trial court, the company was constrained to file a fresh civil suit against the state of U.P at District Court Chandigarh as on 11th March 2016 for recovery of Rs 68,40,31,048/- in order to preserve its right of huge claim. Later on after aforesaid invocation of the Bank guarantee of Rs 7,35,63,325/- the company filed a revised claim on 30th October 2018 to the tune of Rs.75,75,94,373/- (Rs 68,40,31,046/- plus Rs 7,35,63,325/-) which is pending. UPCSML, is presently under liquidation and the company has filed its claim with the Official Liquidator on 23rd May, 2016 at Kanpur and later, on account of invocation of Bank Guarantee, a revised claim was filed on 26th September 2018 to the tune of Rs. 1,10,75,01,023/- with interest as on 28th August, 2018 in order to maintain its valuable rights in future. The revised claim was sent through the authorised representative of the company and was duly acknowledged by the officials of UPCSML. It was also sent through the Registered Post which has not been received back thus duly served.

In the light of the aforesaid orders of Hon'ble Supreme Court the decree is not maintainable against the State of U.P, therefore the Company filed a fresh execution application against the principal debtor i.e UPCSML at the Hon'ble Lucknow Court on 30th January, 2016 (as the Decree was issued against both the parties viz., UPCSML and the State of UP).

The company has reflected the value of investment in bonds at cost. Further, the principal amount of bond is fully guaranteed by the UP State Government, but due to the protracted litigation the time of recovery is indeterminable. (Also Refer note 5 and 42(a))

Note 4: LOANS AND ADVANCES

(NON CURRENT FINANCIAL ASSETS)

Festival Advance *	15.53	13.29
Loans and Advance to Employees**	24.92	41.23
Security Deposits**	105.44	106.76
Due from Subsidiary companies (PDISL)	40.35	40.35
Less:- Provision for doubtful advances	40.35	—
	<u>145.89</u>	<u>161.28</u>

* Festival Advance (Interest -free) recoverable has been valued at present value @10% as per IND AS -109. Also Refer Note 42(e)

** Refer Note 42 (b)

SR. VC & M.D.

DIRECTOR

CFO

C.S

DH-FINANCE

Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019
Note 5: OTHER NON-CURRENT FINANCIAL ASSETS		
Fixed Deposits with banks (having maturity period of more than 12 months from BS date)	24.30	24.30
Interest accrued on fixed deposits (having maturity period of more than 12 months from BS date)	10.73	7.81
Interest Accrued on U.P. Co-operative Spinning Mills Federation Ltd., 14000 (14000) 14.90% (Taxable)		
Secured Redeemable UPCSMFL Bonds fully guaranteed by the Govt of U.P. of Rs. 5000/- each fully paid up*	152.52	152.52
Less:- Provision against Interest accrued	152.52	—
	35.03	32.11

Refer Note 42(c)

* Refer Note-3 The company had recognized and received interest income to the extent of Rs. 156.45 lacs (@ 14.90% on Principal) for a tenure of 18 months. In view of the protracted litigation and uncertainty of the amount realizable, pending settlement of the case, the company has provisioned the already recognized interest income of Rs. 152.52 lacs up to 31st March 2001 of which Rs. 115.63 Lacs was provisioned in FY 2014-15 and remaining Rs. 36.89 Lacs in FY 2015-16. The Company has not recognized accrued interest, keeping in view uncertainty involved in the matter of realization of interest due to litigation. The same is in conformity with applicable IND AS, which allows recognition of revenue only when it is probable that the economic benefits associated with the transaction will flow to the entity.

Note 6: DEFERRED TAX ASSET (NET)

Deferred Tax Asset:

Relating to brought forward loss & other allowances under Income Tax Act

43.93 -2.98

Deferred Tax Liability:

Relating to Fixed assets

-43.93 -2.98

Deferred Tax Asset/Liability*

— —

* In accordance with IND AS 12 "Income Taxes" the company reviews the carrying amount of a deferred tax asset at the end of each reporting period and reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available. Also refer Point XII & XIII of Note-1.

Note 7: OTHER NON CURRENT ASSETS

Income Tax Recoverable for Previous years	258.60	268.85
Income Tax Recoverable for current year	72.66	112.37
	331.26	391.22
Less: Provision for Income Tax/MAT	—	391.22
Prepaid Expenses*	0.21	0.39
	331.47	391.61

*Prepaid expenses, the period of which extend beyond 12 months from Balance Sheet date have been treated as Non current in accordance with Company's Accounting policy Note-1 (Point XVI).

Note 8: INVENTORIES

Inventories (As taken, valued, and certified by the management)

Stores, Spares & Packing Material	23.92	30.34
Raw material	1,437.55	1,609.04
Less: Provision for Obsolete/slow moving items	977.22	993.75
Work in Process:		
Work -in -process	49.62	74.77
Finished Sub-assemblies	710.40	678.55
Less: Provision for Obsolete/slow moving items	412.17	413.98
Goods -in -transit	16.95	273.16
Stock-in-Trade	10.32	29.26
	859.37	1,287.39

As per the provisions of IND AS-2 "Inventories" stock are valued at Cost or NRV whichever is less on FIFO basis.

SR. VC & M.D.

DIRECTOR

CFO

C.S

DH-FINANCE

Annual Report 2019-2020

Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019
Note 9: TRADE RECEIVABLES		
Unsecured Sundry Debtors		
Outstanding for more than six months		
Considered good	1,784.89	1,267.56
Considered doubtful	195.25	178.48
Total	1,980.14	1,446.04
Less: Provision for doubtful debts	195.25	178.48
	1,784.89	1,267.56
Others		
Unsecured Considered good	643.39	1,509.05
	2,428.28	2,776.61

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 as per the terms of the letter. Also Refer Note 42(d).

Note 10: CASH & CASH EQUIVALENTS

Cash and Cash equivalents

Balance with banks:

In Cash Credit account	292.45	10.32
In Current Accounts	31.34	91.63
In Fixed Deposits (having original maturity period of less than 3 months)	199.00	0.00
Cash in hand	0.77	0.68
	523.56	102.63

Refer Note 42(d).

Note 11: OTHER BANK BALANCES

In Fixed Deposits (having original maturity period of more than three months)*	5,950.03	6,541.91
In earmarked accounts (Unclaimed Buyback Amount)**	0.28	0.28
	5,950.31	6,542.19

Less: Bank Deposits with more than twelve months maturity (transferred to Other Non-Current Assets)

	-24.30	-24.30
	5,926.01	6,517.89

* The pledged value of FDRs against Bank guarantees and overdrafts limits is Rs. 2,760.57 Lacs (Rs.3,409.54 Lacs). FDRs further include an amount of Rs.3010.21 Lacs (Rs.3010.21 Lacs) received by Company through encashment of Bank Guarantee submitted by VMC Systems Ltd. Also Refer Note 42(d).

** Despite Company's best efforts, 5 shareholders could not be traced, against which an amount of Rs. 0.28 Lacs is still lying in unclaimed buy-back account. Also refer Note-22.

Note 12: LOANS & ADVANCES

(CURRENT & FINANCIAL ASSETS)

(UNSECURED & CONSIDERED GOOD UNLESS OTHERWISE STATED)

Loan and Advance to Employees		14.33		22.83
Security deposits	66.06		67.60	
Less: Provision for Doubtful Amounts	4.78	61.27	4.78	62.82
Claims Recoverable		0.39		0.29
		75.99		85.94

Disclosure as per Regulation 34(3) of Listing (Obligation and Disclosure Requirements) Regulations 2015

*Loan to employees include loan to KMPs given in the ordinary course of business and as per the service rules of the Company.	Balance As on 31/03/2020	Balance As on 31/03/2019	Maximum amount due at any time during the year ended 31/03/2020	Maximum amount due at any time during the year ended 31/03/2019
- No repayment schedule or repayment beyond seven years.	Nil	Nil	Nil	Nil
- No interest or at an interest rate below which is specified in Section 186 (7) of Companies Act 2013	Nil	Nil	Nil	Nil

Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019

Note 13: OTHER CURRENT FINANCIAL ASSETS

Accruals		
Interest accrued but not due on Fixed deposits (having maturity < 12 months from BS Date)	181.67	401.58
Others:		
In Escrow account (Money held on behalf of VMC & its Associated Companies)*	322.12	322.12
	<u>503.79</u>	<u>723.70</u>

*Refer Note 21.

Refer Note 42(d).

Note 14: OTHER CURRENT ASSETS

Balance with Government Departments		
Income Tax Recoverable for Previous years	8.37	8.37
Short term loans & advances		
Other Advances:-		
Considered good	69.90	69.67
Doubtful Advances	<u>2.34</u>	<u>2.34</u>
	72.24	72.01
Less: Provision for Doubtful Advances	<u>2.34</u>	<u>2.34</u>
	<u>69.90</u>	<u>69.67</u>
	<u>78.27</u>	<u>78.04</u>

Note 15 : SHARE CAPITAL

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1,98,00,000 (1,98,00,000) Equity Shares of Rs. 10/- each	1,980.00	1,980.00
20,000 (20,000) Preference Redeemable Shares of Rs. 100/- each	<u>20.00</u>	<u>20.00</u>
	<u>2,000.00</u>	<u>2,000.00</u>

ISSUED AND SUBSCRIBED & FULLY PAID UP

1,20,23,565 (1,20,23,565) Equity Shares of Rs. 10/- each*	1,202.36	1,202.36
Add: Share forfeited (Amount paid-up)	2.44	2.44
	<u>1,204.80</u>	<u>1,204.80</u>

*The shareholding of promoter comprises of 8551501 number of shares (demated) of PICTCL, 9700 number of shares (physical) of PSEDPCCL (erstwhile name of PICTCL) and 9475 number of shares (demated) of PSIDC (another corporation of Government of Punjab). 9800 shares have been sold by PSEDPCCL in year 2000 but have not been registered for transfer by the buyer in his/her name except 100 shares registered for transfer during the FY 18-19.

15.1 The detail of shareholders holding more than 5% shares:

Name of the Shareholder	No of shares	% of Holding	No of shares	% of Holding
Punjab Information & Comm Tech Corp Ltd (Holding Co.)	85,51,501	71.12	85,51,501	71.12

15.2 The reconciliation of number of shares outstanding is set out below:

Particular	No of shares	No of shares
Shares outstanding at the beginning of the year	1,20,23,565	1,20,23,565
Shares Issued during the year	—	—
Shares bought back during the year	—	—
Shares outstanding at the end of the year	1,20,23,565	1,20,23,565

Terms/ rights and restrictions attached to Equity Shares are as per provisions of the Companies Act 2013.

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Particulars	Amount (₹ In Lacs)			
	31.03.2020		31.03.2019	
Note 16: OTHER EQUITY				
RESERVES & SURPLUS				
(a) Securities premium	6,850.44		6,850.44	
Add:-Shares Forfeited (Amount paid-up)	<u>58.59</u>	6,909.03	<u>58.59</u>	6,909.03
(b) Other Reserves				
(i) Capital Redemption Reserve		400.79		400.79
(ii) General Reserve:		895.93		895.93
(c) Retained Earnings				
Opening Balance	-2,347.34		-2,052.72	
Add/(Less): Transfer from Statement of Profit & Loss	<u>-1,143.04</u>		<u>-270.19</u>	
Add/(Less): Remeasurement of Defined employee benefit plans	<u>-93.47</u>	<u>-3,583.85</u>	<u>-24.43</u>	<u>-2,347.34</u>
		<u>4,621.89</u>		<u>5,858.40</u>

1)NON-CURRENT LIABILITIES

Note 17: OTHER FINANCIAL LIABILITIES

Security Received	<u>35.32</u>	<u>32.41</u>
	<u>35.32</u>	<u>32.41</u>

Carrying amount of Security deposits have been reinstated as per IND AS-109, Refer Note 19,23 & 42 (f).

Note 18: NON CURRENT PROVISIONS

Provision for Employee benefits

Gratuity	510.29	330.76
Leave Encashment	58.54	29.29
Long term service award	<u>24.25</u>	<u>24.16</u>
	<u>593.08</u>	<u>384.21</u>

Liabilities towards Gratuity & Leave encashment of employees has been valued in accordance with provisions of IND AS 19- "Employee Benefits". Also Refer Note- 24 & 30.

Note 19: OTHER NON CURRENT LIABILITIES

Deferred Income	<u>13.64</u>	<u>16.96</u>
	<u>13.64</u>	<u>16.96</u>

Deferred Income pertains to Security deposits which have been reinstated as per IND AS-109. Refer note-17, note-23 & note 42(f).

2)CURRENT LIABILITIES

Note 20: SHORT TERM BORROWINGS (Secured)

Loans Repayable on demand from Banks	<u>38.82</u>	<u>0.22</u>
	<u>38.82</u>	<u>0.22</u>

Loan was taken from SBI @6.75%. These loans are secured against FDRs and repayable on demand. Also refer Note -42(d).

Note 21: TRADE PAYABLES

i. Dues of Micro, Small & Medium Enterprises	43.27	3.53
ii. Dues of other Creditors*	<u>1,548.22</u>	<u>1,966.45</u>
	<u>1,591.49</u>	<u>1,969.98</u>

*Includes Rs.477.96 Lacs (Rs.486.45 Lacs) due to VMC Systems Ltd (earlier Vuppalamritha Magnetic Components Pvt Ltd) against which Rs.322.12 Lacs (Rs.322.12 Lacs) lies in the Escrow Account (Refer Note 13).

Due to nationwide lockdown and curfew in Punjab from 23rd March, 2020, certain cheques for payment of MSME vendors were under process/lying under post, accordingly payments were released after the company started its operations in limited manner on 11th May, 2020.

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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. Also refer note 42 (d).

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

i.	The Principal amount and the interest due thereon unpaid to any supplier		
	Principal Amount	43.27	Nil
	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 dis-allowance as a deductible expenditure under section 23 of this Act.	Nil	Nil

	Amount (₹ In Lacs)	
Particulars	31.03.2020	31.03.2019

Note 22: OTHER FINANCIAL LIABILITIES

Unclaimed Buy back amount*	0.28	0.28
Trade / Security Deposits received**	3,116.70	3,099.30
Others	490.07	499.10
	<u>3,607.05</u>	<u>3,598.68</u>

*Refer Note-11

**Includes an amount of Rs.3010.21 Lacs (Rs.3010.21 Lacs) received by Company through encashment of Bank Guarantee submitted by VMC Systems Ltd. Further it also includes an amount of Rs 12.12 Lacs (Rs.11.57 Lacs) other than securities on rental properties & from VMC Systems Ltd., outstanding for more than three years.

Also refer note 42 (d).

Note 23: OTHER CURRENT LIABILITIES

Advance from customers	57.24	72.47
Income received in advance	0.00	0.68
Statutory remittances	130.06	178.75
Deferred Income*	3.32	3.32
	<u>190.62</u>	<u>255.22</u>

*Deferred Income pertains to Security deposits which have been reinstated as per IND AS-109.

Refer note-17, note-19 & note 42(f).

Note 24: SHORT TERM PROVISIONS

Provision for Employee benefits		
Gratuity	110.60	28.67
Leave Encashment	91.06	32.77
Service award	5.15	5.45
	<u>206.81</u>	<u>66.90</u>

Liabilities towards Gratuity & Leave encashment of employees has been restated in accordance with provisions of IND AS 19- "Employee Benefits". Also refer Note-18 & 30.

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Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019

Note 25: REVENUE FROM OPERATIONS

(a) Sale of manufactured products	1,785.07	2,651.14
(b) Sale of services	240.90	390.88
(c) Sale of traded items	729.22	1,413.39
(d) Other Operating revenues (Training Fees & Scrap Sale)	4.66	10.64
Net revenue from operations	2,759.85	4,466.05

Particulars of Sale of products*

(i) PLCC (Systems/Spares)	723.43	1,254.77
(ii) VMUX (Systems/ Spares)	867.80	1,035.43
(iii) Power Plant & Others	193.84	360.93
(iv) Income from traded items	729.22	1,413.39
(v) Services Income	240.90	390.88
(vi) Training Fee & Scrap Sales	4.66	10.64
	2,759.85	4,466.05

* Includes various items of different configuration and spares.

Customer Wise Sales

Customer	Amount (₹ In Lacs)	% of Total Turnover	Amount (₹ In Lacs)	% of Total Turnover
(a) Power Sector	744.23	26.97%	1,652.50	37.00%
(b) Railways	1,378.24	49.94%	2,306.26	51.64%
(c) Others	637.38	23.09%	507.29	11.36%
Total	2,759.85	100.00%	4,466.05	100.00%

Note 26: OTHER INCOME

(a) Interest from banks on deposits				
Interest on Fixed Deposits	524.56		542.94	
(b) Interest on Income Tax refund	25.63		—	
(c) Other Interest				
Interest on Staff loans	3.36		4.97	
(d) Other Income				
Miscellaneous Income	6.63		7.03	
Rent Income	317.32		390.12	
Provision for slow moving RM/FSA written back	18.34		0.87	
Gain on exchange fluctuations	0.68		—	
	896.53		945.93	

Note 27 : COST OF MATERIALS CONSUMED

Opening Stock	1,609.04		1,648.78	
Add Purchases	739.88	2,348.92	1,179.38	2,828.16
Less: Closing Stock		1,437.55		1,609.04
Net consumption		911.37		1,219.12

Note 28: PURCHASES OF STOCK-IN-TRADE

Purchases of Stock-in-Trade *	600.46	1,165.39
	600.46	1,165.39

*Includes various items of different configuration.

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Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019

Note 29: CHANGES IN INVENTORIES

(I) OPENING STOCKS				
(a) Work in process:				
Work in process	74.77		144.05	
Finished sub-assemblies	678.55		661.18	
(b) Stock-in-Trade	29.26	782.57	7.89	813.11
(II) CLOSING STOCKS				
(a) Work in process:				
Work in process	49.62		74.77	
Finished sub-assemblies	710.40		678.55	
(b) Stock-in-Trade	10.32	770.34	29.26	782.57
Decrease(+) / Increase (-) in stock (I-II)		12.24		30.54

Note 30 : EMPLOYEE BENEFITS EXPENSES

Salary, Wages, Other Allowances & Benefits	2,240.14	2,201.24
Contribution towards provident and other funds	452.17	282.14
Bonus	2.87	2.91
	2,695.18	2,486.29

Disclosure on employee benefits with regard to Gratuity and Leave Encashment, funded defined benefit plans, as per IND AS 19 is as below:

Defined benefit plans :-		Gratuity		Leave Encashment	
		As on 31/03/2020	As on 31/03/2019	As on 31/03/2020	As on 31/03/2019
1	Assumptions				
	Discount Rate	6.65%	7.70%	6.65%	7.70%
	Salary Escalation	4.00%	4.00%	4.00%	4.00%
	Rate of return on Plan assets (estimated)	7.70%	7.85%	7.70%	7.85%
	Rate of return on Plan assets (actual)	7.25%	7.80%	7.25%	7.80%
	(Note (ii) below)			(Note (ii) below)	
2	Table showing changes in present value of obligations				
	Present value of obligations as at beginning of year	1,342.30	1,233.78	634.67	600.38
	Interest cost	103.36	96.85	48.87	47.13
	Past Service Cost (Note 1 below)	77.79	0.00	27.55	-
	Current Service Cost	50.94	43.43	45.78	49.33
	Benefits Paid	109.10	53.44	35.84	21.17
	Actuarial (gain)/Loss on obligations	86.72	21.67	-49.37	-41.00
	Present value of obligations as at end of year	1,552.00	1,342.30	671.65	634.67
3	Table showing changes in the fair value of plan assets				
	Fair value of plan assets at beginning of year	982.87	963.41	572.62	551.45
	Expected return on plan assets	75.68	75.63	44.09	43.29
	Contributions	0.00	0.02	0.00	0.00
	Benefits paid	109.10	53.44	35.84	21.17
	Actuarial Gain / (Loss) on Plan assets	-6.75	-2.76	-2.99	-0.95
	Fair value of plan assets at the end of year	942.69	982.87	577.88	572.62
4	Table showing fair value of plan assets				
	Fair value of plan assets at beginning of year	982.87	963.41	572.62	551.45
	Actual return on plan assets	68.93	72.87	41.10	42.34
	Contributions	0.00	0.02	0.00	0.00
	Benefits Paid	109.10	53.44	35.84	21.17
	Fair value of plan assets at the end of year	942.69	982.87	577.88	572.62
	Funded status	-609.31	-359.43	-93.77	-62.05
	Excess of Actual over estimated return on plan assets	-6.75	-2.76	-2.99	-0.95

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Defined benefit plans :-		Gratuity		Leave Encashment	
		As on 31/03/2020	As on 31/03/2019	As on 31/03/2020	As on 31/03/2019
5	Actuarial Gain/Loss recognized				
	Actuarial gain/(Loss) for the year – Obligation	86.72	21.67	-49.37	-41.00
	Actuarial (gain)/Loss for the year – Plan assets	6.75	2.76	2.99	0.95
	Total (Gain)/Loss for the year	93.47	24.43	-46.38	-40.06
	Actuarial (gain)/Loss recognized in the year	93.47	24.43	-46.38	-40.06
6	The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss				
	Present value of obligations as at the end of year	1,552.00	1,342.30	671.65	634.67
	Fair value of plan assets as at the end of the year	942.69	982.87	577.88	572.62
	Funded status	-609.31	-359.43	-93.77	-62.05
	Net Asset/(liability) recognized in balance sheet	-609.31	-359.43	-93.77	-62.05
7	Expenses recognized in statement of Profit & loss				
	Service cost	128.73	43.43	73.32	49.33
	Interest Cost	103.36	96.85	48.87	47.13
	Expected return on plan assets	75.68	75.63	44.09	43.29
	Net Actuarial (gain)/Loss recognized in P&L			-46.38	-40.06
	Expenses/ (Income) recognized in statement of Profit & loss	156.41	64.65	31.72	13.11
	Net Actuarial (gain)/Loss recognized in Other Comprehensive Income	93.47	24.43	-	-
		Impact on Present value of obligations		Impact on Present value of obligations	
	Sensitivity analysis				
	Increase in Discount rate by 0.50%	-51.12	-53.04	-23.91	-26.91
	Decrease in Discount rate by 0.50%	53.68	56.16	25.27	28.62
	Increase in salary inflation by 1%	95.30	93.79	49.99	58.09
	Decrease in salary inflation by 1%	-94.15	-96.56	-45.62	-52.32

- (i) During FY 19-20, One time past service cost due to change in retirement age from 60 to 58 years is Rs.77.79 lacs and Rs. 27.55 lacs for Gratuity and Leave encashment respectively.
- (ii) Due to nationwide lockdown because of Covid-19 and Maharashtra (H.O of LIC), being the most affected state, the Interest rates have not yet declared by LIC, therefore actual return has been assumed by the company as 7.25% for the purpose of actuarial valuation of liabilities.
- (iii) Further, apart from Leave Encashment liability calculated through actuarial valuation, a amount of Rs. 55.83 lacs pertains to liability of leave encashment applied during service by the employees which has also been included in liability in Note 24 of Balance Sheet. Also Refer Note -18 & 24

Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019
Note 31: FINANCE COSTS:		
Interest on loan against FDR's for working capital	2.14	26.54
Finance Charges	3.21	4.25
Loss on exchange fluctuations	-	0.90
	5.35	31.69
Note 32: OTHER EXPENSES		
(A): MANUFACTURING & INSTALLATION EXPENSES		
Stores & Spares	32.97	32.99
Power & Fuel	62.39	79.68
Freight	2.19	2.30
Installation charges/ AMC Services Expenses	103.77	156.05
Miscellaneous Production expenses	4.36	21.73
	205.68	292.76
(B): ADMINISTRATION AND OTHER EXPENSES		
Travelling & conveyance (including for directors Rs.0.20 Lacs (Rs.0.26 Lacs)	44.53	57.38
Printing & Stationery	5.02	6.51
Rent	-	0.05
Office electricity & Water	1.93	2.46

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Particulars	Amount (₹ In Lacs)	
	31.03.2020	31.03.2019
Postage, Telephone & Telex	4.39	7.27
Property Tax	23.37	28.95
Insurance (net)	11.20	8.33
Rates & Taxes	15.64	15.54
Directors sitting fee	1.68	1.98
Meeting expenses	3.00	1.01
Staff recruitment/training expenses	-	0.18
REPAIR & MAINTENANCE :-		
Building	0.62	1.92
Plant & Machinery	7.29	5.29
General maintenance	2.30	1.71
Vehicle running & maintenance	9.12	13.73
Membership fee and subscription	0.25	0.06
Internal audit fees & expenses	1.00	1.00
Auditors payments:-		
Audit fee	1.60	1.60
Tax audit fees	0.40	0.40
Out of pocket	0.32	0.31
Certification & other services	0.85	0.85
Legal & professional fees	9.40	4.06
Office Expenses	127.18	136.51
Miscellaneous expenses	4.30	5.46
Secretarial Audit Fee	0.70	0.70
Bank charges	1.34	2.42
	<u>277.42</u>	<u>305.66</u>
Provisions		
Provision for slow moving stocks	-	12.12
Provision for Doubtful Debts	16.77	3.08
Amount written off	0.01	0.01
	<u>16.78</u>	<u>15.20</u>
Total Administration & Other Expenses	<u>294.20</u>	<u>320.86</u>
<u>(C):SELLING AND DISTRIBUTION COSTS</u>		
Advertisement and publicity	1.43	1.49
Sales promotion expenses	6.63	10.17
Freight outwards (net)/State taxes	2.10	1.08
Packing & Forwarding expenses	25.32	49.31
	<u>35.48</u>	<u>62.04</u>
<u>(D):NET (GAIN)/LOSSES ON FAIR VALUE CHANGES</u>		
(a) Other Financial Assets classified as FVTPL (Festival advance)	-4.17	19.51
(b) (Income)/expense on Fair valuation of Financial liabilities (Security deposits)	-0.41	-0.65
	<u>-4.58</u>	<u>18.86</u>
TOTAL OTHER EXPENSES (A+B+C+D)	<u>530.79</u>	<u>694.52</u>
Note 33: OTHER COMPREHENSIVE INCOME / (LOSSES)		
Items that will not be reclassified subsequently to P&L		
Re-measurement of defined benefit plan	-93.47	-24.43
	<u>-93.47</u>	<u>-24.43</u>
Note 34 : EARNINGS PER SHARE		
From continuing and discontinued operations attributable to the equity holders of the Company during the year		
(a) Profit / (Loss)after Tax (Rs. In Lakhs)	-1,143.04	-270.19
(b) Weighted average no. of ordinary shares	120.24	120.24
(c) Weighted average no. of diluted shares	120.24	120.24
(d) Nominal Value of ordinary share (Rs.)	10.00	10.00
(e)Basic Earning/(-Loss) Per Share (Rs)	-9.51	-2.25
(f)Diluted Earning/ (-Loss) Per Share (Rs)	-9.51	-2.25

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

Particulars	31.03.2020	31.03.2019
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Note : 35

Contingent liabilities not provided for in the accounts :-

a) Claims against company, not acknowledged as debts, -by Sales Tax authorities*	117.77	46.29
-by Excise & Custom authorities	30.20	30.20
b) Court cases #	3,136.30	2,948.79
c) PSPCL Demand **	27.96	27.96

* The Company has filed appeals which have been admitted by the competent authority.

Includes C-Dot Case. Refer Note-38.

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

Note : 36 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 and all books of accounts/records and store items have been handed over to him. The loss on account of permanent diminution in investment in equity shares of Rs.24.79 lacs in PDISL has been provided for. Full provision amounting to Rs 40.35 lacs against amount recoverable of Rs 40.35 lacs (Rs.40.35 lacs) and Rs. 4.55 Lacs against balance appearing in Sundry Debtors at Rs 4.55 lacs (Rs 4.55 lacs) has also been made. Also Refer Note-3

Note : 37 The company has reviewed the inventories at the year end and consequently written back Rs.16.53 Lacs (Rs.12.12 Lacs provided for) and written back Rs.1.81 Lacs (Rs. 0.87 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 Rs.16.77 lacs (Rs. 3.08 lacs) in respect of doubtful debts and advances has been provided for during the year. The provision as on 31st March 2020 is considered adequate. Refer Note 8 & 9.

Note : 38 C-DOT had filed a claim of Rs.197.20 Lacs against the company under the agreement for transfer of Max-XL technology with Indian Council of Arbitration, New Delhi (ICA). The award was passed by ICA for an amount of Rs. 226.17 Lacs (Claim of Rs.182.15 Lacs plus Interest of Rs.29.54 Lacs till date of award and Arbitration fee of Rs. 14.47 Lacs) in favour of C-Dot. The said award passed by ICA is being contested by the company before the Hon'ble High Court- Delhi. The application for setting aside the award has already been admitted by Delhi High Court and accordingly Interest & Arbitration cost liability of Rs.159.24 Lacs (Rs. 133.83 Lacs) on account of non payment of award amount has been shown as contingent liability, pending appeal in the Hon'ble High Court, Delhi. Refer Note -35.

C-DOT has also filed another claim of Rs. 24.88 Lacs against the Company under the agreement for transfer of AN-RAX technology which is dismissed by sole arbitrator appointed by Hon'ble Delhi High Court thru its award dated 7.12.18 as not maintainable.

Note : 39 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 travelling 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. This is in accordance with the requirements of IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Note : 40 Related Party Disclosure

RELATION	Name of Party/Person
Holding Company	Punjab Information & Communication Technology Corporation Limited (PICTCL)
Key Management Personnel (CEO)	Sh. Rajat Agarwal, IAS
Key Management Personnel (CFO)	Sh. J. S Bhatia
Key Management Personnel (CS)	Sh. Madhur Bain Singh

Details of related party transactions during the year FY 2019-20 and balances outstanding as at 31st March, 2020:

Amount (₹ In Lacs)

Nature of transaction	Holding Company	CEO	CFO	CS
Salary*	-	-	36.74	19.47
Balances outstanding as on 31.03.20	-	-	-	-
Previous year figures:				
Salary*		-	31.16	19.71
Balances outstanding as on 31.03.19	-	-	-	-

* Includes Leave encashment & LTA availed as per service rules of the company.

SR. VC & M.D.

DIRECTOR

CFO

C.S

DH-FINANCE

Note : 41 Financial Risk Management

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Risk Management Committee of the Company.

(a) Liquidity risk: Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. The Company's principal sources of liquidity are cash flow generated from operations and other income generated from rented properties and interest on fixed deposits.

The company is subject to liquidity risk to pay trade payables, short term borrowings and other financial liabilities & statutory remittances total amounting to Rs.5367.94 lacs (Rs.5747.63 lacs) respectively in current year and previous financial year

(b) Market Risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has invested in fixed deposits which will fetch a fixed rate of interest, hence, the income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Foreign currency risk: Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has very limited foreign currency exposure which are mainly due to imports of raw material and property, plant and equipment. The Company manages material currency exposures through use of forward exchange contracts which leave the Company with no material residual risk.

(iii) Price Risk: The Company has not invested in any financial instruments which are subject to price risk.

(C) Credit risk: Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations, The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including deposits with banks.

(i) Trade receivables: Trade receivables are non-interest bearing and outstanding customer receivables and these are regularly monitored. Major portion of customer base of the company is Government Organizations thereby reducing the risk of not meeting contractual obligations by the customer. Total trade receivables as on 31st Mar,20 and on 31st Mar, 19 are Rs.2428.28 Lacs and Rs.2776.61 Lacs respectively.

(ii) Other financial assets: Credit risk from balances with banks is managed by Company's in accordance with the board approved policy. Investment of surplus funds are made only with approved financial institutions who meet the minimum threshold requirements under the counter party risk assessment process in which certain criterias are evaluated at the time of making investments.

Note : 42 Fair value of Financial Assets and Financial Liabilities

Categories wise disclosure of carrying value of each financial assets/liabilities vis-a-vis fair value and Fair value heirarchy used for measuring different financial assets and liabilities along with detail of valuation techniques and key inputs.

Particulars	Refer Note No	Refer Pt. below	Carrying Amount	Fair Value	Carrying Amount	Fair Value
			FY 2019-20		FY 2018-19	
Financial Assets at Amortised Cost						
Non current						
Investments	Note-3	(a)	698.74	698.74	698.74	698.74
Loans and advances	Note-4	(b)	130.36	130.36	147.99	147.99
Other Financial assets	Note-5	(c)	35.03	35.03	32.11	32.11
Current						
Trade receivables	Note-9	(d)	2,428.28	2,428.28	2,776.61	2,776.61
Cash & Cash equivalents	Note-10	(d)	523.56	523.56	102.63	102.63
Other Bank Balances	Note-11	(d)	5,926.01	5,926.01	6,517.89	6,517.89
Loans and advances	Note-12	(d)	75.99	75.99	85.94	85.94
Other Financial assets	Note-13	(d)	503.79	503.79	723.70	723.70
Financial Assets at FVTPL						
Loans and advances (Non Current)	Note-4	(e)	15.53	15.53	13.29	13.29
Financial Liabilities at FVTPL						
Other Financial Liabilities (Non Current)	Note-17	(f)	35.32	35.32	32.41	32.41
Financial Liabilities at Amortised Cost						
Current						
Borrowings	Note-20	(d)	38.82	38.82	0.22	0.22
Trade Payables	Note-21	(d)	1,591.49	1,591.49	1,969.98	1,969.98
Other Financial Liabilities	Note-22	(d)	3,607.05	3,607.05	3,598.68	3,598.68

SR. VC & M.D.

DIRECTOR

CFO

C.S

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The following methods / assumptions were used to estimate the fair values:

- The Company has reflected the value of the investment in Bonds at Cost as the same has been decreed in favour of the company and fully guaranteed by the UP State Government but due to protracted litigation the time of recovery is indeterminable.
- Loans and advances include loans to employees on which the Company charges interest at the rate 10 percent p.a, therefore their carrying values are not expected to be significantly different from their fair values. Further, Security deposits (interest-free) lying with government departments agencies and other parties have been shown at its carrying value due to non determination of any fixed period with regard to receipts against such security deposits.
- The fair values of other financial assets are assessed by the management to be same as their carrying value and is not expected to be significantly different if estimated by using Present value techniques.
- The carrying value of these financial assets and financial liabilities approximate their fair value mainly due to the short-term maturities (i.e within 1 year) of these instruments.
- The Company has used Level-3 inputs from Fair value hierarchy (key input: interest rate applicable to loans and advances to employees i.e 10 percent p.a) for measurement of Loans & advances to employees (Festival advance) at Fair value through Profit & loss using Present value technique (effective interest rate method)
- The Company has used Level-3 of fair value hierarchy and used Present Value Technique to measure the fair value of security deposits wherein part of deposits recognized in the future cash flows are classified under deferred income which has been further divided into Current & Non-Current. The discount rate used by the company is 9 percent per annum.

Note: 43 Information regarding income and expenditure of Investment property

Particulars	2019-20	2018-19
Rental income derived from investment properties	317.32	390.12
Direct expenses generating rental income (Property tax)	21.82	27.43
Profit arising from investment properties	395.51	362.70

The investment properties consist of industrial properties. Fair Values of the properties are Rs.6537.33 lacs and Rs.6537.33 lacs as at 31st March, 2020 and 31st March, 2019 respectively. These market valuations are performed by an accredited independent valuer. The fair value is categorized in Level 2 fair value hierarchy.

Note: 44 Capital Management

Equity includes all capital and reserves of the Company that are managed as capital. The primary objective of the Company's Capital Management is to maximize the shareholder value by maintaining an efficient capital structure and safeguard Company's ability to continue as a going concern. The Company maintains the optimal capital structure so as to reduce the cost of capital.

The capital structure of the Company is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to maintain investors', creditors' and market's confidence. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Note: 45

The previous Year figures have been regrouped/re-classified & re-arranged wherever necessary to conform with the current presentation as per Schedule III of the Companies Act, 2013 (and amendments thereon) and applicable IND AS. The amounts shown under Balance Sheet, Statement of Profit & Loss, Cash Flow Statement, Statement of Changes in Equity and accompanying notes, etc. have been rounded off to rupees in lakhs (unless otherwise stated). Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

Note: 46

The company has been selected for disinvestment by Cabinet Committee on Disinvestment, Government of Punjab. During the FY 2019-20, the Directorate of Public Enterprises and Disinvestment, Government of Punjab has appointed M/s Resurgent India Limited, Gurgaon (Haryana) as Transaction Advisor for Puncom Disinvestment.

Note: 47

Disclosure related to the impact of global health pandemic COVID-19 on financial statements: The company has estimated from internal sources that there is a decrease of around 10% in turnover due to Covid-19. Further, due to the nation-wide lockdown and curfew in Punjab from 23rd March, 2020, the operations of the company could be resumed in limited manner from 11th May, 2020 onwards.

The projects of the company have a pan-India spread and the nature of project works require the employees to travel across different states for installation of equipments at customer's sites. Keeping in view the continued restriction by the states on inter-state movement, the business operations of the company shall continue to remain affected till the situation is normalised and also lead to delay in realisation from customers in FY 2020-21.

Further, as the major customers of the company are Government departments like Railways and State Power Corporations, therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course. However temporary delay in payment realisations was observed during the 1st Quarter of FY 2020-21 which is likely to continue during 2nd quarter as well. The future impact of the global health pandemic is uncertain at present and may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions

In terms of our separate report of even date.

For and on behalf of the Board of Directors

FOR RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN: 000203N

RAJAT AGARWAL, IAS
SR. VC & MANAGING DIRECTOR
DIN:07973901

NEENA SINGH
DIRECTOR
DIN: 00233352

(CA. SANDEEP GUPTA)
PARTNER
M.No: 529774

J.S. BHATIA
CHIEF FINANCIAL OFFICER

MADHUR BAIN SINGH
COMPANY SECRETARY

NEHA KAUSHIK
DH- FINANCE

PLACE: S.A.S. Nagar (Mohali)
Dated June 19, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2020

Note 1 SIGNIFICANT ACCOUNTING POLICIES

I Basis of preparation of Financial Statements

- a) The Company has adopted Indian Accounting Standards (the 'Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act'), read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, with effect from 1st April 2017 with 1st April 2016 as the date of transition as per MCA notification dated 16th Feb, 2015. Accordingly the financial statements have been prepared in accordance with the said Ind AS & Rules and other recognized accounting practices & policies to the extent applicable. The company has applied IND AS to items which are material and made specific disclosure required by an Ind AS if the information is material or when required by law in accordance with said notification. Accounting policies unless referred to otherwise are consistent with generally accepted accounting principles. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- b) The Company follows mercantile system of accounting and recognizes all the items of income and expenditure on accrual basis. Further, certain items of income and expenditure are recognized as and when they are incurred, ascertained or settled in line with accounting policies which are as under:
- i) Additional demand for taxes arising on completion of assessments are accounted for as and when determined as payable.
 - ii) Refunds on account of excise duty, custom duty, income tax, VAT 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 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles in India (Ind AS) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

III Property, Plant and Equipment (PPE) & Investment property

Investment properties are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

The items of Property Plant & equipment are measured at Cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, the obligation for which an enterprise incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment measured as per the previous GAAP and use that carrying value as the cost of the Property, Plant and Equipment.

Depreciation

- a) The depreciation on property, plant and equipment and Investment property is provided on written down value (WDV) method at the rates determined after taking into account the prescribed useful life for respective class of assets which is in line with Schedule II of the Companies Act, 2013. The property, plant and equipment amounting to Rs. 5000/- or less individually purchased during the year are depreciated at the rate of 100%. Residual value has been taken as 5% of original cost of said assets or WDV as on 31.3.2014 whichever is lower except those valued at Rs. 5,000/- or less individually. The estimated useful lives of assets are as mentioned below:

Asset Class	Period (Years)
Buildings – Factory	30
Building (Other than Factory)	60
Temporary Structure	3
Plant and Machinery*	15
Electrical Installations and Equipment	10
Furniture and Fixture	10
Vehicles	8
Office Equipment (Other than Computers)	5
Computers	3

* Includes Computers & Data Processing units which are part of Plant and machinery and classified under P & M head and their useful life is also taken accordingly.

- b) Depreciation also includes amount written off in respect of leasehold properties and assets (if any) 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.

Impairment:

As per IND AS 36, the carrying amount of assets including Property, plant and equipment & Investment property are reviewed at each Balance Sheet date to assess impairment, if any based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been an improvement in recoverable amount.

IV Intangible Assets

Intangible assets (if any) purchased are measured at cost on the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any as per IND AS-38.

V Borrowing Costs:

As per IND AS 23 Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized. Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

VI Cash and Cash Equivalents

Cash and Cash Equivalents comprises cash at bank, cash in hand and other short term highly liquid Investments/Fixed Deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value in accordance with IND AS 7

VII Valuation of Inventories:

- a) Inventories are valued at the lower of cost or estimated net realizable 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 realizable 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 included in goods in transit.
- f) Any Shortage/excess in Raw Material detected at the time of physical verification is included in consumption of goods.
- g) Purchases and inventories are valued at cost excluding eligible GST.
- h) Provision for obsolete inventories is reviewed periodically and provided for as per the assessment of management.

VIII Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, which is generally the nominal value of the transaction unless the terms of the contract provide otherwise. Revenue is recognized net of rebates and discounts and excludes amounts collected on behalf of government such as goods and services taxes.

Sale of Goods

Revenue from sale of goods is recognized when the company has transferred to the buyer the significant risks and rewards of ownership of the goods and the company retains neither ownership nor effective control over the goods sold;

Services

Revenue from services are recognized as and when they are rendered based on agreements/arrangements with the respective parties and recognized excluding eligible GST (ITC).

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. For AMC contracts, revenue is recognized on completion of specific periods or as specified as per terms of the contract with the customers. Interest Income on Bonds will be recognised when it becomes reasonably certain that consideration amount will be realised.

IX Government Grants

Government Grants are recognized when there is a reasonable assurance that the same will be received and all attaching conditions will be complied with. Grants related to specific expenses are recognised in profit or loss in the same period as the relevant expenses. Grants relating to depreciable assets are treated as deferred income which is recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset in accordance with IND AS 20.

X Transactions in Foreign currency

Foreign currency transactions are recorded at the exchange rate prevailing at the time of transaction. At the balance sheet date, all monetary assets and liabilities denominated in foreign currency are converted at exchange rate prevailing at the year end. Resultant loss/gain is charged to Statement of Profit and Loss. When the transaction is settled within the same accounting period as that in which it occurred, all the exchange difference is recognized in that period as per IND AS 21.

In case of forward foreign exchange contracts where an underlying asset or liability exists, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Exchange rate difference on such a contract are recognized in the statement of profit and loss account as on Balance sheet. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expense in the year in which such cancellation or renewal is made.

XI Employee Benefits

a) **Short term employee benefits** are recognized as an expense on accrual basis.

b) **Post Employment Benefits**

i) **Defined Contribution Plans:** The Company's state governed Provident Fund scheme, Employee State Insurance scheme etc are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.'

ii) **Defined Benefit Plans:** The Employees' Gratuity liability is covered under the qualifying Insurance policy of Life Insurance Corporation of India. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Expenses are recognized in the Statement of Profit and Loss or other comprehensive income in the manner laid down in IND AS 19. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis in Balance Sheet.

c) **Other Long term Employee benefits:**

Accumulated compensated absences/Leave encashment –The Employees' Leave encashment liability is also covered under the qualifying Insurance policy of Life Insurance Corporation of India. The obligation for long term compensated absences/Leave encashment is recognized in the same manner as in the case of defined benefit plans as mentioned in XI (b) (ii) above.

Long Term service awards which are expected to be availed beyond 12 months from the end of the balance Sheet date, are treated as other long term employee benefits. The present value of the said liability determined on each Balance Sheet date for recognizing the same in the books of accounts. Liability towards Service awards due with in 12 months from the date of Balance Sheet is classified under head Short term Provisions.

XII Income Tax

Tax expense comprises of current and deferred tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of: (a) deductible temporary differences; (b) the carry forward of unused tax losses; and (c) the carry forward of unused tax credits. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In accordance with IND AS 12 "Income Taxes" the company reviews the carrying amount of a deferred tax asset at the end of each reporting period and reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

XIII As the company has a history of recent losses, the company does not recognise deferred tax asset arising from MAT credit as there is no convincing evidence that sufficient taxable profit under the normal provisions of the Income Tax Act, 1961 within the period specified under section 115JAA of the said Act, will be available against which the unused tax losses or unused tax credits can be utilised by the company.

XIV Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) for the year after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year adjusted for the effects of all dilutive potential equity shares.

XV Provision, Contingent Liabilities and Contingent Assets

- a) A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- b) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.
- c) A Contingent Asset is not recognised, however it is disclosed where an inflow of economic benefit is probable as per IND AS 37

XVI Classification of Current / Non Current Assets

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to The Companies Act, 2013 and amendments thereon. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has assumed its operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.

XVII Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company recognises a financial asset or a financial liability in its balance sheet when, and only when, it becomes a party to the contractual provisions of the instrument.

Classification: The company has classified Financial assets and Financial liabilities in accordance with definition contained in IND AS 32 Financial Instruments: Presentation

Measurement: Financial assets and financial liabilities which are material are measured at Fair value/Amortised cost (using the effective interest rate method) based on their nature and contractual arrangements entered into, in accordance with Ind AS 109, unless specified otherwise.

SR. VC & M.D.

DIRECTOR

CFO

C.S

DH-FINANCE

PUNJAB COMMUNICATIONS LIMITED

**STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013
read with rule 5 of Companies (Accounts) Rules, 2014**

	I	II
a) Name of the Subsidiary	Punjab Digital Industrial System Ltd.	PCL Telecom Ltd.
b) Reporting period	Under Winding up process	Dissolved
c) Reporting Currency and Exchange rate as on last date of relevant Financial year in case of foreign subsidiaries.	NA	Refer Note 2 below
d) Share Capital	Refer Note 1 below	
e) Reserves & Surplus	Refer Note 1 below	
f) Total Assets	Refer Note 1 below	
g) Total Liabilities	Refer Note 1 below	
h) Investments	Refer Note 1 below	
i) Turnover	NIL	
j) Profit before taxation	NIL	
k) Provision for taxation	NIL	
l) Profit after taxation	NIL	
m) Proposed Dividend	NIL	
n) % of Shareholding	100	

Notes:

- 1 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 and all books of accounts/records and store items have been handed over to him. A provision of Rs. 40.35 lacs towards expenses incurred by the company on their behalf, Rs. 4.55 Lacs in Sundry Debtor's and Rs.24.79 lacs being investment in PDISL has been kept in the accounts of holding company.
- 2 PCL Telecom Ltd, another subsidiary company, which was ordered to be wound up by the Hon'ble Punjab and Haryana High Court vide its order dated 20th October 2005, has been dissolved and accordingly written off in books of accounts.

For and on behalf of the Board of Directors

FOR RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN: 000203N

RAJAT AGARWAL, IAS
SR. VC & MANAGING DIRECTOR
DIN:07973901

NEENA SINGH
DIRECTOR
DIN: 00233352

(CA. SANDEEP GUPTA)
PARTNER
M.No: 529774
PLACE: S.A.S. Nagar (Mohali)
Date: June 19, 2020

J.S. BHATIA
CHIEF FINANCIAL OFFICER

MADHUR BAIN SINGH
COMPANY SECRETARY

NEHA KAUSHIK
DH- FINANCE

PUNJAB COMMUNICATIONS LIMITED

CIN No: L32202PB1981SGC004616

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

	For the Year Ended 31 st March, 2020	Amount (₹ In Lacs) For the Year Ended 31 st March, 2019
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	-1,236.51	-294.62
Adjustment for :-		
Depreciation & Amortization	44.02	54.62
Long term Provision for Employee Benefits	208.88	96.46
Short term Provision for Employee Benefits	139.92	5.68
Interest & other financial expenses	5.35	31.69
Interest/Rental Income	-841.88	-933.06
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	-1,680.23	-1,039.24
Adjustment for :-		
Trade and Other Receivables	348.33	-881.99
Inventories	428.02	-115.16
Trade and Other Payables	-378.50	276.52
Other current financial liabilities	8.36	1,578.30
Other Non current liabilities	-3.32	-3.32
Other current liabilities	-64.60	-26.66
Short Term Loans and Advances	9.94	34.90
Other Financial assets	219.91	-173.83
Other Non Current Assets	60.13	-137.80
Other Current assets	-0.23	-4.38
CASH FROM/(USED IN) OPERATIONS	-1,052.18	-492.67
Income Tax Paid	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	-1,052.18	-492.67
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-9.30	-21.52
Movement in Non- Current Financial Assets	-2.92	1,085.61
Movement in Non Current financial Liabilities	2.92	3.30
Long Term Loans and Advances	15.39	-33.07
Interest/Rental Income	841.88	933.06
Other Bank Balances	591.88	-1,567.59
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	1,439.84	399.80
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-5.35	-31.69
Movement in Working Capital Borrowings	38.60	-188.82
NET CASH FROM/ (USED) IN FINANCING ACTIVITIES	33.25	-220.51
Net Change in Cash & Cash Equivalents (A+B+C)	420.93	-313.40
Cash & Cash Equivalents at the beginning of the year	102.63	416.03
Cash & Cash Equivalents at the end of the year	523.56	102.63

PLACE: S.A.S. Nagar (Mohali)
Date: June 19, 2020

SR. VC & MD

Director

CFO

CS

DH-FINANCE

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, 2020. The Statement has been prepared by the Company in accordance with the requirements of Regulation 34(2)(c) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and is based on and in agreement with the corresponding Statement of Profit and Loss account and Balance Sheet of the Company covered by our report to the members of the Company.

FOR RAJ GUPTA & CO
CHARTERED ACCOUNTANTS
FRN: 000203N

CA. SANDEEP GUPTA
PARTNER
M No: 529774

PLACE: S.A.S. Nagar (Mohali)
Date: June 19, 2020

PUNJAB COMMUNICATIONS LIMITED

CIN No: L32202PB1981SGC004616

STATEMENT OF CHANGES IN EQUITY

For the period ended 31st March, 2020

A. EQUITY SHARE CAPITAL

		Amount (₹ In Lacs)
Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1204.80	0.00	1204.80

B. OTHER EQUITY

S. No.	PARTICULARS	Reserves & Surplus				Total
		Security Premium Account	Capital Redemption Reserve	General Reserve	Retained Earnings	
(i)	Balance at the beginning of the reporting period (i.e. 01/04/2019)	6909.03	400.79	895.93	-2347.34	5858.41
(ii)	Change in accounting policy or prior period errors	-				
(iii)	Balance at the beginning of the reporting period	-				
(iv)	Total Comprehensive Income for the Year	-				
	Remeasurement of Employee Benefits (Gratuity)	-				
(v)	Dividends	-			-93.47	-93.47
(vi)	Transfer to Retained Earnings	-				
(vii)	Any other change (to be specified)	-			-1143.04	-1143.04
(viii)	Balance at the end of the reporting period (i.e. 31/03/2020)	6909.03	400.79	895.93	-3583.85	4621.89

For the period ended 31st March, 2019

A. EQUITY SHARE CAPITAL

		Amount (₹ In Lacs)
Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
1204.80	0.00	1204.80

B. OTHER EQUITY

S. No.	PARTICULARS	Reserves & Surplus				Total
		Security Premium Account	Capital Redemption Reserve	General Reserve	Retained Earnings	
(i)	Balance at the beginning of the reporting period (i.e. 01/04/2018)	6909.03	400.79	895.93	-2,052.72	6153.03
(ii)	Change in accounting policy or prior period errors	-				
(iii)	Balance at the beginning of the reporting period	-				
(iv)	Total Comprehensive Income for the Year	-				
	Remeasurement of Employee Benefits (Gratuity)	-				
(v)	Dividends	-			-24.43	-24.43
(vi)	Transfer to Retained Earnings	-				
(vii)	Any other change (to be specified)	-			-270.19	-270.19
(viii)	Balance at the end of the reporting period (i.e. 31/03/2019)	6909.03	400.79	895.93	-2347.34	5858.40

SR. VC & M.D.

DIRECTOR

CFO

C.S

DH-FINANCE

INDEPENDENT AUDITOR'S REPORT

To
The Members,
Punjab Communications Limited.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Punjab Communications Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2020, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

1. The Company had invested a sum of Rs. 698.74 Lacs (Face Value Rs. 700 Lacs) net of commission amounting to Rs. 1.26 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd. (UPCSMFL) for a tenure of 18 months, which was duly guaranteed by the UP State Government. The Company approached UPCSML for redemption of bonds on due date i.e. 20th December, 1999. Upon failure of UPCSML to redeem the bonds on due date, the Company invoked the aforesaid Government Guarantee through suit filed on 28th November, 2001 at Lower Court Chandigarh against UPCSML & UP State Govt. for recovery of the aforesaid amount and the Hon'ble Lower Court passed decree in favor of the Company vide its order dated 30th January, 2004.

UP State through Special Secretary filed an application under Order 9 Rule 13 for setting aside the above said Decree being ex parte on 2nd September 2004 and also applied for stay of execution at the Lower Court Chandigarh. Stay application of UP State was dismissed on 13th September 2004 and the application under 9/13 was kept pending.

UP State Govt. filed the Revision Petition, against the order of dismissal of stay by the lower court, at Hon'ble Punjab & Haryana High Court, Chandigarh. In order to admit their Revision Petition, the Court ordered UP State Govt. to deposit a sum of Rs. 735.63 lacs (50% of the Decretal amount). The aforesaid sum of Rs. 735.63 lacs was released to the Company against furnishing of Bank Guarantee of equivalent amount on 22nd April, 2006.

On 12th March 2010 the application filed by UP State under Order 9 Rule 13 was dismissed by the Lower Court Chandigarh. UP State filed an Appeal in the Court of Add. Dist. Judge Chandigarh and got the stay on 21st July 2010. The application of UP State for Stay got dismissed on 10th November, 2012.

UP State filed Civil Revision against the order of Distt. Judge Chandigarh at Punjab and Haryana High Court Chandigarh. The Civil Revision filed by UP State was dismissed by the Hon'ble Punjab and Haryana High Court on 20th September, 2013.

UP State Govt. filed appeal against the aforesaid order of the Hon'ble Punjab & Haryana High Court with the Hon'ble Supreme Court through SLP. The Hon'ble Supreme Court vide its order dated 19th January, 2015 directed the company to refund the aforesaid sum of Rs 735.63 Lacs to the UP-State Government. In compliance with the aforesaid orders of the Hon'ble Supreme Court, the company refunded Rs. 735.63 Lacs by allowing the Hon'ble Court to invoke the Bank Guarantee of the equivalent amount submitted to the court earlier.

In view of the aforesaid order passed by Hon'ble Supreme Court maintaining that the UP State was not a party defended before the trial court, the company was constrained to file a fresh civil suit against the state of U.P at District Court Chandigarh as on 11th March 2016 for recovery of Rs 68,40,31,048/- in order to preserve its right of huge claim. Later on, after aforesaid invocation of the Bank guarantee of Rs 7,35,63,325/- the company filed a revised claim on 30th October 2018 to the tune of Rs. 75,75,94,373/- (Rs 68,40,31,046/- plus Rs 7,35,63,325/-) which is pending.

UPCSML, is presently under liquidation and the company has filed its claim with the Official Liquidator on 23rd May, 2016 at Kanpur and later, on account of invocation of Bank Guarantee, a revised claim was filed on 26th September 2018 to the tune of Rs. 1,10,75,01,023/- with interest as on 28th August, 2018 in order to maintain its valuable rights in future. The revised claim was sent through the authorized representative of the company and was duly acknowledged by the officials of UPCSML. It was also

sent through the Registered Post which has not been received back thus duly served.

In the light of the aforesaid orders of Hon'ble Supreme Court the decree is not maintainable against the State of U.P, therefore the Company filed a fresh execution application against the principal debtor i.e UPCSMFL at the Hon'ble Lucknow Court on 30th January, 2016 (as the Decree was issued against both the parties viz., UPCSMFL and the State of UP).

The company has reflected the value of investment in bonds at cost. Further, the principal amount of bond is fully guaranteed by the UP-State Government, but due to the protracted litigation the time of recovery is indeterminable. (Also Refer note 5 and 42(a) of Balance Sheet for the FY 19-20.

Emphasis of Matters

We would like to draw the attention on the following matters:

1. Accounting Policy 1(b): Regarding certain items of income and expenditure which have been accounted for as and when these are incurred, ascertained or settled. During the year under audit, no entries deviating from accrual basis of accounting were noticed.
2. As per the information and explanations given to us, the company has been selected for disinvestment by Cabinet Committee on Disinvestment, Government of Punjab. During the FY 2019-20, the Directorate of Public Enterprises and Disinvestment, Government of Punjab has appointed M/s Resurgent India Limited, Gurgaon (Haryana) as Transaction Advisor for Puncom Disinvestment.
3. Note no 9 and 21 are subject to confirmation.

Our opinion is not modified on the matters mentioned at item (1) in Key Audit Matters and in item (1) to (3) in Emphasis of Matters hereinabove.

Other matter

The Audit of financial statements of 31/03/2019 was carried out and reported by Grewal & Singh Chartered Accountants whose report has been provided to us by the management and was relied by us for the purpose of our audit.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears

from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations in its financial position and its financial statements - Refer Notes 3, 35 and 38 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

FOR RAJ GUPTA & CO
Chartered Accountants
FRN:000203N

CA Sandeep Gupta
Partner
M.No.-529774

Place: Chandigarh
Dated: June 19, 2020
UDIN : 20529774AAAA8V4873

"ANNEXURE - A" TO THE INDEPENDENT AUDITORS' REPORT

FINANCIAL YEAR 2019-20

1. (a) As per the information and explanations provided to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The company has a regular system of verification of fixed assets at the end of each year which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Fixed assets were verified by the company and no discrepancy was noticed.
- (c) As per the information and explanations provided to us, the title deeds of immovable properties of the company are held in the name of company.
2. The company has a regular system of verification of the inventory at the end of each year which, in our opinion, is reasonable having regard to the size of the company. The inventory was verified and the discrepancies noticed on physical verification between physical stock and book records were not material and have been adequately dealt in the books of account.
3. As per the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act.
4. In our opinion and according to the information and explanations given to us in respect of loans, investments, guarantees and securities, the company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013.
5. According to the information and explanations given to us, we are of opinion that the company has not accepted any deposit in pursuance of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
6. The company was not required to maintain cost records as per the provisions of Section 148(1). Accordingly, this point is not applicable.
7. (a) According to the information and explanations given to us and books and records as produced and examined by us are in accordance with generally accepted auditing practices in India and also based on management representation, the company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, service tax duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Further, we report that no undisputed amount payable in respect to such statutory dues were outstanding as at March 31, 2020 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 are no dues of provident fund, employees state insurance, income-tax, sales tax, service tax duty of customs, duty of excise, value added tax, cess, and any other statutory dues which have not been deposited on account of any dispute. However, the following demands have been raised in respect of disputed dues pending before various statutory authorities:

S. No.	Particulars	Tentative amount involved	Matter / Cases pending since	Forum where dispute is pending	Current Status / Reason for pendency
1	Excise and Custom Duty Demand	Rs.30.20 Lacs	FY 2002-03	Deputy Commissioner of Customs, New Delhi	Reply was submitted in 2002-03. Thereafter, no further communication(s) has been received.
2	Sales Tax Demand	Rs.14.85 Lacs	FY 2011-12	Sales Tax Appellate Tribunal, Andhra Pradesh	Appeal against the Sales Tax Demand for FY 2004-05 was admitted. Matter not listed for hearing yet.
3	Sales Tax Demand	Rs.102.92 Lacs	FY 2019-20	Appeal filed before additional commissioner, Ghaziabad, UP against Ex-parte assessment	Appeal against the Sales Tax Demand for FY 2014-15 was admitted. Matter not listing for hearing yet.

8. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks. We further report that the company has no debenture holders during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under audit.
10. According to the information and explanations given to us, no fraud by or on the company by its officers/employees has been noticed or reported during the course of our audit.
11. The Section 197 read with Schedule V to the Companies Act, in relation to the managerial remuneration is not applicable to Government companies as per Notification No GSR 463E dated 5 June 2015.
12. The company is a manufacturing company and not a chit fund or a Nidhi Company. Therefore, this clause is not applicable to the Company.
13. The company transactions with the related parties are in compliance with section 188 and 177 of Companies Act, 2013 and the details have been disclosed in the financial statement as required by the Indian Accounting Standards and Companies Act, 2013 and amendments thereon.
14. The company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures during the year.
15. As per information and explanation provided to us, no such non cash transactions were entered into by the Company with Directors or persons connected with it.
16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR RAJ GUPTA & CO
Chartered Accountants
FRN:000203N

CA Sandeep Gupta
Partner
M.No.-529774

Place: Chandigarh
Dated: June 19, 2020

"ANNEXURE - B" TO THE INDEPENDENT AUDITORS' REPORT**FINANCIAL YEAR 2019-20**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Punjab Communications Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR RAJ GUPTA & CO
Chartered Accountants
FRN:000203N

CA Sandeep Gupta
Partner
M.No.-529774

Place: Chandigarh
Dated: June 19, 2020

Annual Report 2019-2020

PUNJAB COMMUNICATIONS LIMITED: FINANCIAL YEAR 2019 -20**REPORT ON DIRECTIONS u/s 143(5) of the Companies Act 2013**

As per the directions issued under Section 143 (5) of the Act, we report that:

1. As per information and records produced before us, the company has clear title deeds for immovable properties.
2. As informed to us, there is no case of waiver/write off of debts/loans/interest during the year under review.
3. As informed to us, no such inventories are lying with third parties and no assets have been received by the company as gifts from Government or other authorities during the year under audit.
4. As informed to us, there is no dispute in any contract for supply of hardware or software.
5. As informed to us, the company does not provide manpower services to an agency. Therefore, it is not applicable.
6. As per information and explanations provided to us, no franchise agreement had been entered into by company during the year under audit.
7. As per information and explanations provided to us, no case has come to our notice wherein software, hardware and IT enabled systems are lying redundant /outdated.
8. No grants have been received by the company during the year under audit.

FOR RAJ GUPTA & CO
Chartered Accountants
FRN:000203N

CA Sandeep Gupta
Partner
M.No.-529774

Place: Chandigarh
Dated: June19, 2020

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of **PUNJAB COMMUNICATIONS LIMITED** for the year ended **31.03.2020** in accordance with the directions/sub-directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

FOR RAJ GUPTA & CO
Chartered Accountants
FRN:000203N

CA Sandeep Gupta
Partner
M.No.-529774

Place: Chandigarh
Dated: June19, 2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PUNJAB COMMUNICATIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of **Punjab Communications Limited** for the year ended 31 March, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statement under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **19 June, 2020**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statement of **Punjab Communications Limited** for the year ended 31 March, 2020. 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. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-

(Punam Pandey)

Principal Accountant General (Audit),
Punjab, Chandigarh

Place : Chandigarh
Dated : 19/08/2020

BOARDS' REPORT

Your Board have pleasure in presenting the Thirty Ninth Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2020 along with Independent Auditors' Report thereon and Secretarial Audit Report for the financial year under report.

Financial Results

(₹ In Lacs)

Particulars	2019-20	2018-19
Gross Income	3656.38	5411.98
Total expenditure	4799.41	5682.17
Profit before tax	-1143.04	-270.19
Profit/(Loss) after tax	-1143.04	-270.19
Other comprehensive Income/(Loss)	-93.47	-24.43
Total Comprehensive Income/(Loss)	-1236.51	-294.62
Dividend	Nil	Nil
Paid up equity	1202.36	1202.36
Profit/ (Loss)appropriated to General Reserve	0.00	0.00
Profit/(Loss)Account	-3583.85	-2347.34
Reserves (Including Capita Reserves)	4621.89	5858.40
Net Property Plant and Equipment & Investment Property	497.12	531.84
Capital employed	6468.73	7496.77
Earning/(Loss) per share (in Rs.)	-9.51	-2.25
Cash earning/(Loss) per share (in Rs.)	-6.26	-1.67
Book value per share (in Rs.)	48.46	58.74

Web -link of Annual Return

The Extract of Annual Return pursuant to the provisions of sub -section(3) of Section 92 of the Companies Act, 2013 in the prescribed form MGT-9 along with copy of Annual Return (MGT-7) is placed on the website of the company and the web link of annual return is: <http://www.puncom.com/?id=110>

Meetings

During the year, four Board meetings were duly convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period as prescribed under the provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as "Listing Regulations") and SS-1 on Meetings of Board of Directors.

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:

- That in the preparation of the annual accounts for the Financial Year ended 31st March, 2020; the applicable Indian Accounting Standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for the year under review;
- 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, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the annual accounts for the Financial Year ended 31st March, 2020, on a going concern basis; and
- That the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Frauds reported by Auditors u/s 143(12)

Your company has complied with all the provisions of Section 143 of the Companies Act, 2013. Hence, there are no frauds reported by the Auditors other than those which are reportable to the Central Government. Further, no fraud has been reported to the Central Government.

Declaration by Independent Director(s)

All the Independent Directors on the Board of Puncom have given their respective declaration under Section 149(7) that they meet the criteria of independence, as per the provisions of sub-section (5) of Section 149 of Companies Act, 2013 along with Regulation 16 (b) & Regulation 25 of SEBI Listing Regulations. The Board has formed a satisfactory opinion

regarding integrity, expertise and experience of the independent directors after undertaking due assessment of the veracity of the declaration made by them.

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties: Pursuant to MCA notification G.S.R. 463 (E) dated 05th June, 2015, our company, being a government company is exempted from the given requirement. However, the company has in place a nomination & remuneration policy covering the aspects as provided under Section 178(3) of the Companies Act, 2013.

Explanations or comments by the Board on qualification(s), reservation(s) or adverse remark(s) or Matter of Emphasis are as follows:

Management Reply to Auditors' Remarks

M/s Raj Gupta & Co, Chartered Accountants, was appointed as Statutory Auditors of the Company for the Financial Year 2019-20. Notes to accounts forming part of Annual Accounts are self-explanatory and exhaustive to the remarks of Auditors in their report dated 19th June, 2020.

1. The Company had invested a sum of Rs. 698.74 Lacs (Face Value Rs. 700 Lacs) net of commission amounting to Rs.1.26 lacs in the Bonds of UP Co-operative Spinning Mills Federation Ltd. (UPCSMFL) for a tenure of 18 months, which was duly guaranteed by the UP State Government. The Company approached UPCSML for redemption of bonds on due date i.e 20th December, 1999. Upon failure of UPCSML to redeem the bonds on due date, the Company invoked the aforesaid Government Guarantee through suit filed on 28th November, 2001 at Lower Court, Chandigarh against UPCSML & UP State Govt. for recovery of the aforesaid amount and the Hon'ble Lower Court passed decree in favour of the Company vide its order dated 30th January, 2004.

UP State through Special Secretary filed an application under Order 9 Rule 13 for setting aside the above said Decree being ex parte on 2nd September, 2004 and also applied for stay of execution at the Lower Court Chandigarh. Stay application of UP State was dismissed on 13th September, 2004 and the application under 9/13 was kept pending.

UP State Govt. filed the Revision Petition, against the order of dismissal of stay by the lower court, at Hon'ble Punjab & Haryana High Court, Chandigarh. In order to admit their Revision Petition, the Court ordered UP State Govt. to deposit a sum of Rs. 735.63 lacs (50% of the Decretal amount). The aforesaid sum of Rs. 735.63 Lacs was released to the Company against furnishing of Bank Guarantee of equivalent amount on 22nd April, 2006. On 12th March, 2010 the application filed by UP State under Order 9 Rule 13 was dismissed by the Lower Court Chandigarh. UP State filed an Appeal in the Court of Add. Dist. Judge Chandigarh and got the stay on 21st July, 2010. The application of UP State for Stay got dismissed on 10th November, 2012. UP State filed Civil Revision against the order of Distt. Judge Chandigarh at Punjab and Haryana High Court Chandigarh. The Civil Revision filed by UP State was dismissed by the Hon'ble Punjab and Haryana High Court on 20th September, 2013. UP State Govt. filed appeal against the aforesaid order of the Hon'ble Punjab & Haryana High Court with the Hon'ble Supreme Court through SLP. The Hon'ble Supreme Court vide it's order dated 19th January, 2015 directed the company to refund the aforesaid sum of Rs 735.63 Lacs to the UP State Government. In compliance with the aforesaid orders of the Hon'ble Supreme Court, the company refunded Rs. 735.63 Lacs by allowing the Hon'ble Court to invoke the Bank Guarantee of the equivalent amount submitted to the court earlier.

In view of the aforesaid order passed by Hon'ble Supreme Court maintaining that the UP State was not a party defended before the trial court, the company was constrained to file a fresh civil suit against the state of U.P at District Court Chandigarh as on 11th March, 2016 for recovery of Rs 68,40,31,048/- in order to preserve its right of huge claim. Later on after aforesaid invocation of the Bank guarantee of Rs 7,35,63,325/- the company filed a revised claim on 30th October, 2018 to the tune of Rs.75,75,94,373/- (Rs 68,40,31,046/- plus Rs 7,35,63,325/-) which is pending. UPCSML, is presently under liquidation and the company has filed it's claim with the Official Liquidator on 23rd May, 2016 at Kanpur and later, on account of invocation of Bank Guarantee, a revised claim was filed on 26th September, 2018 to the tune of Rs. 1,10,75,01,023/- with interest as on 28th August, 2018 in order to maintain its valuable rights in future. The revised claim was sent through the authorised representative of the company and was duly acknowledged by the officials of UPCSML. It was also sent through the Registered Post which has not been received back thus duly served.

In the light of the aforesaid orders of Hon'ble Supreme Court the decree is not maintainable against the State of U.P, therefore the Company filed a fresh execution application against the principal debtor i.e. UPCSML at the Hon'ble Lucknow Court on 30th January, 2016 (as the Decree was issued against both the parties viz., UPCSML and the State of UP).

The company has reflected the value of investment in bonds at cost. Further, the principal amount of bond is fully guaranteed by the UP State Government, but due to the protracted litigation the time of recovery is indeterminable. (Also Refer note 5 and 42(a) of Financial Statements) [Refer Key Audit Matters of Independent Auditor's Report].

2. Regarding accounting of certain items of income and expenditure as and when they have been incurred, ascertained or settled, the same have been accounted for as per disclosures made in Note 1 Significant Accounting Policies Point 1(b) being followed consistently. [Refer Emphasis of Matters, Para (i) of Independent Auditor's Report]

3. Regarding selection of Company for disinvestment by Cabinet Committee on Disinvestment, Government of Punjab. During the FY 2019-20, the Directorate of Public Enterprises and Disinvestment, Government of Punjab has appointed M/s Resurgent India Limited, Gurgaon, Haryana as Transaction Advisor for Puncom Disinvestment. [Refer Emphasis of Matters, Para (ii) of Independent Auditor's Report]
4. Regarding the matter of balance confirmations w.r.t to Note 9 & 21 of financial statements, the company has sent balance confirmation letter to all parties requesting them to confirm the balances 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 terms of letter. [Refer Emphasis of Matters, Para (iii) of Independent Auditor's Report]

Management's reply to Secretarial Auditors' Remarks

M/s A. Arora & Co., Company Secretaries has carried out the secretarial audit for FY 2019-20 and has reported in his secretarial audit report i.e. MR-3 that the company is yet to file forms IEPF-1A regarding the details of the unpaid dividend transferred to Investor Education and Protection Fund as per Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. The Auditor has also reported that the company is withholding the gratuity amount over and above Rs. 10.00 Lakhs, wherever the same is exceeding, pursuant to the directions of Department of Finance, Government of Punjab dated 13.09.2019 and the approval of the Board of Directors in meeting dated 20.11.2019.

- a) Regarding form IEPF 1-A: your Company has paid the last dividend to its shareholders for FY 2001-02, since then no dividend is recommended by the Board of Directors of the Company. However, the unclaimed dividend amount pertaining to FY 2001-02 was duly transferred to IEPF Authority after being remain unclaimed for period of seven years and requisite filing relating to it was also submitted to Registrar of Companies in PDF mode in year 2009-2010. Now pursuant to recent notification in IEPF Rules, the filing already made is required to be submitted again in Excel template. The information/data being quite old and voluminous in nature, the company is in the process of compiling the same.
- b) Regarding withholding the gratuity amount over and above Rs. 10.00 Lakhs: As advised by Board, a letter was written to Department of Finance to review the matter and till that time it was decided to withhold payment of Gratuity above Rs. 10 lacs, if any. The reply from DoF is still awaited as on the date of this report.

Particulars of Loans and Guarantees under Section 186 of the Companies Act, 2013

The particulars with respect to Loans and Guarantees under Section 186 of the Companies Act, 2013: NIL

Particulars of Related Party Transactions

Under Companies Act, 2013: Puncom has not entered into any Related Party Transaction as per the provisions of Section 188(1) of the Companies Act, 2013 during the financial year under report. The required form AOC-2 has been appended as Annexure 1 to this report.

Further, the disclosures related to Related Party Transactions are also detailed in Note-12 and Note-40 of Notes to Accounts of Financial Statements for the year ended 31st March, 2020. There are no materially significant related party transactions which have potential conflict with the interest of the Company.

Under Regulation 34(3) of Listing Regulations, 2015: Puncom has not entered into any Related Party Transaction as per the Listing regulations and the disclosures as per Schedule V of the said regulations are as follows:

1.	Loans and advances in the nature of loans to subsidiaries	NIL
2.	Loans and advances in the nature of loans to associates	NIL
3.	Loans and advances in the nature of loans to firms/companies in which directors are interested	NIL
4.	Acceptance of any amount in the form of loans and advances in the nature of loans from its holding company	NIL

There are no transactions of the company with any person or entity belonging to promoter/promoter group holding 10% or more shareholding in company during the financial year under review.

State of the Company's Affairs

The Company is making consistent efforts to maintain and increase its market share of its current range of products. Puncom products are mainly used in government organisations such as Indian Railways, PGCIL, State Power Corporations etc. The Sale is basically through simple sale of products where installation is done by the customers itself and also through turnkey projects which involves installation, commissioning, maintenance etc. The demand for PLCC equipment is decreasing as the customers are opting for better network solutions through Optical Ground Wire networks. However, even with the decline in overall demand, Puncom market share in terms of percentage of total market demand in a particular niche area is being maintained. The demand for V-Mux equipment in the coming years may also come down as Indian Railways is planning to set up its communication network through IP based equipments. Puncom is making efforts to

look for products which would be used in such IP networks in order to meet the demands of railways in optical fibre communication network. There has been a dip in the tenders floated by the customers in the beginning of the financial year mainly because of Lok Sabha Elections, code of conduct in place etc. Also towards the end of the financial year, the sales turnover took a hit due to fear of COVID-19 followed by lockdown. The effect of this pandemic on business and economy may be experienced in the coming years as well.

Corporate Plan/ Market Scenario of our products

Puncom has made efforts to increase market share of its PLCC products during last year. Puncom made efforts to bid for PDH tenders from power sector through tie-up with established SDH manufacturers as well as to increase market share of V-Mux in Railways.

Puncom is executing OFC and PLCC turnkey projects for railways and power sector. Puncom has extensive strengths to execute indoor OFC works. However, since most of the railway tenders now are being floated after clubbing both indoor and outdoor OFC works, Puncom is making efforts to strengthen its resources for executing such works as well. This would help Puncom in improving its market share in Railways besides sales turnover. In the last year Puncom received good orders from railways for power plants also.

Covid-19 and the resultant lockdown has caused a temporary setback to the industrial climate and Indian economy outlook, and the after effects are likely to remain for sometime. Puncom too has not escaped the setback and with the post lockdown restrictions still in place, is only now gradually returning to pre-Covid levels of activity.

To further increase the market share of its products in railway and power sector networks, Puncom is offering its products to other equipment installers for executing their turnkey projects. This helps in improving sales turnover and also increases the presence of Puncom make equipment in these networks.

Puncom is also undertaking annual maintenance/repair contracts for PLCC, V-Mux and Power Plants from various customers. Undertaking such value added services not only contributes towards sales turnover but also helps in strengthening the performance of Puncom equipment in various networks of Railways, power sector etc.

Puncom is making continuous efforts to add new products to increase its product mix by way of tie-ups with other companies and through in house re-engineering of existing products and new developments. In this direction Puncom has developed another product called Control Communication equipment for OFC (CCEO) which is under type approval. In the coming years it will contribute in improving sales turnover. Puncom is also looking for opportunities to provide services through tie-up with other companies involving installation, erection and commissioning work.

Telecom Scenario in India and Puncom approach

India has seen an exponential growth of telecom network in India for several years and now has more or less universal broadband penetration. Liberal government policies and fierce competition between operators has ensured that India receives latest and best equipments and technologies from MNCs at lowest prices. Additionally, digital revolution and APP based smart technologies have ensured that high speed network availability to one and all is a more or less mandatory requirement for most day to day activities.

Large scale upgrade of main telecom network and IT is also changing the work environment and catalysing other segments like power, railways, defence, government, agriculture, 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 are emerging as new growth segments. The government plans for setting up digital villages by making huge investment. The main objective of digital villages is to transform rural villages of India into smart villages through use of ICT applications. This will create employment opportunities for rural people by way of promoting the IT/ITeS industry and generate new business opportunities for telecom equipment manufacturers.

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 sustenance and growth and preparing itself to meet the emerging challenges in the changing environment. However, the growth in the telecom equipment manufacturing sector is grim except for mobile hand set manufacturing industry.

Reserves

Due to losses in the current year, no amount was carried over to Reserves and Surplus. Instead, the reserves have been utilized to the extent of Rs. 1,236.51 Lacs.

Dividend

Due to losses in the current year, the Board of Directors of your Company have not recommended any dividend for the Financial Year 2019-20.

Material changes and Commitments after the close of the financial year

The particulars with respect to material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year i.e. 31st March, 2020 till the date of this report i.e. 13th August, 2020 under Section 134(3)(l) of the Companies Act, 2013 are: NIL.

Disclosure related to the impact of global health pandemic COVID-19 on financial statements:

The company has estimated from internal sources that there is a decrease of around 10% in turnover due to Covid-19. Further, due to the nation-wide lockdown and curfew in Punjab from 23rd March, 2020, the operations of the company could be resumed in limited manner from 11th May, 2020 onwards.

The projects of the company have a pan-India spread and the nature of project works require the employees to travel across different states for installation of equipments at customer's sites. Keeping in view the continued restriction by the states on inter-state movement, the business operations of the company shall continue to remain affected till the situation is normalised and also lead to delay in realisation from customers in FY 2020-21.

Further, as the major customers of the company are Government departments like Railways and State Power Corporations, therefore no permanent impairment of debtors is estimated and the company expects to recover the carrying amount of these assets in due course. However temporary delay in payment realisations was observed during the 1st Quarter of FY 2020-21 which is likely to continue during 2nd quarter as well. The future impact of the global health pandemic is uncertain at present and may be different from that estimated as at the date of approval of financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

a) Conservation of Energy

i) Steps taken & impact on conservation of energy:

Steps taken:

We have continued with the practice of switching off the supply to the areas where the normal lights are not required or where the production work is not taking place. There are approximately 3000 tube lights in our building-B-01, which we are slowly and steadily changing to LED tubes.

Impact:

The consumption has reduced due to the above measures taken.

ii) Steps taken for utilizing alternate sources of energy:

The systems in place for alternate sources of energy.

iii) Capital investment on energy conservation equipments : NIL

b) Technology Absorption

i) Efforts made towards technology absorption:

Efforts are made from time to time towards technology absorpior , adoption and innovation.

ii) Benefits derived:

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

iii) Technology imported (during the last three years)

: NIL

Details of technology imported

: N/A

Year of Import

: N/A

Whether the technology has been fully absorbed

: N/A

If not absorbed, areas where absorption has not taken place and reasons thereof

: N/A

iv) Expenditure incurred on Research and Development

(₹ In Lacs)

Particulars	2019-20 (Current Year)	2018-19 (Previous Year)
Capital	NIL	NIL
Recurring	NIL	NIL
Total R&D expenditure as a percentage of total turnover	NIL	NIL

c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo during the Financial Year 2019-20 in terms of actual inflows and actual outflows is given as follows:

(₹ In Lacs)

Particulars	2019-20 (Current Year)	2018-19 (Previous Year)
EARNINGS		
F.O.B Value of Exports	NIL	NIL
OUTGO		
i) CIF Value of Import of Raw Materials	174.85	278.35
ii) Components & Spares	NIL	0.00
iii) Capital Goods	NIL	0.00
iv) Repair & Maintenance (P&M) imports	0.65	2.80
v) Foreign travel & others	NIL	NIL

Risk Management Policy

The Risk Management structure conforms to the requirements of Regulation 21 of Listing Regulations. An integrated risk management system identifies, monitors and manages Puncom's risks. The Audit Committee of the Board provides the overall policy guidelines. The requirement of establishing Risk Management Committee is not applicable to our company. However, the Risk Management Policy is still in place and was amended to incorporate the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

Corporate Social Responsibility

As per the provisions of Section 135 of the Companies Act, 2013, every company having net worth of Rupees Five Hundred crore or more or turnover of Rupees One Thousand crore or more or a net profit of Rupees Five crore or more during any financial year is required to spend in every financial year at least 2% of the average net profits made during the three immediate preceding financial years on CSR activities. We would like to inform you that as per applicable provisions of Companies Act, 2013, there is average net loss and accordingly CSR provisions were not applicable during the year under review.

Composition of Committees of the Board

Composition of Audit Committee, Nomination and Remuneration Committee & Stakeholders Relationship Committee is mentioned in the Corporate Governance report annexed herewith.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of Listing Regulations and subsequent government notification G.S.R. 463 (E) dated 5th June, 2015, the Board evaluation procedure is not applicable on us (exempted to Govt. Cos.), however there is a system in place for evaluation of performance of the Board, its committees and individual directors.

The Nomination and Remuneration Committee considered the exemption provided to the Government Companies and decided to take the benefit of the exemption. As a result, Committee decided to not to evaluate the performance of the KMP's and senior management/HODs during Financial Year 2019-2020 except w.r.t. appointment of senior management and other employees. The performance of Independent Directors was evaluated by the entire Board (except by the Director being evaluated) in their 202nd Meeting held on 19th June, 2020.

Moreover, the Nomination and Remuneration Committee considered upon the exemption provided to Government Companies and decided to consider in their next meeting to undertake evaluation of performance of members of Senior Management.

Change in the nature of business

During the year 2019-2020, there was no significant change in the nature of Business of the Company. The company only expanded its operations as per the amended Objects Clause of the Memorandum of Association of the Company.

Directors and Key Managerial Personnel

Pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with related rules, the Key Managerial Personnel of the company as on the date of report are as follows:

1. CA Rajat Agarwal, IAS, Sr. VC & Managing Director
2. CMA Jagdeep Singh Bhatia, Chief Financial Officer
3. Sh. Madhur Bain Singh, Company Secretary

Following changes, in the constitution of Board of Directors, took place during the period under review upto 13th August, 2020;

During the year, CA Rajat Agarwal, IAS was designated/ appointed as Sr. Vice Chairman and Managing Director on the Board of Puncom by way of nomination by Punjab Infotech w.e.f. 13th January, 2020 in place of Sh. Vikas Pratap, IAS. His nomination was withdrawn by Punjab Infotech and accordingly he ceased to be the Sr. V.C. & Managing Director on the Board of Puncom w.e.f. 13th January, 2020.

The name/nomination of Smt. Vini Mahajan, IAS, was withdrawn by Punjab Infotech and accordingly she ceased to be the chairperson on the Board of Puncom w.e.f. 26th June, 2020. In her place, Sh. Alok Shekhar, IAS was appointed as Director in the capacity of Chairman on the Board of Puncom by Punjab Infotech w.e.f. 8th July, 2020.

Sh. S. P. Singh, IAS (Retd), Dr. V. P. Chandan, IRSSE (Retd.) and Sh. Moti Ram Sharma were re-appointed as Independent Directors of the company for a second term in 38th AGM of the Company held on 25th September, 2019.

In terms of Section 152 of the Companies Act, 2013, CMA Jagdeep Singh Bhatia shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Considering the rich experience, knowledge, skills, valuable contribution to the company and overall performance evaluation of Independent Director- Smt. Neena Singh (DIN: 00233352), the Board in 201st Meeting held on 11th February, 2020 has reappointed her as an Independent Director of company for the second term as provided in the appointment letter subject to the approval of members of the company in the ensuing Annual General Meeting.

Details of Puncom's Subsidiaries

Companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the financial year: The immaterial subsidiary of the company namely M/s PCL Telecom Limited was ordered by the Hon'ble Punjab and Haryana High Court to be wound up on 20th October, 2005, the jurisdiction of which was later on transferred from respective High Courts to respective NCLT / NCLAT as per new provisions of Companies Act, 2013. Subsequent to this, the company was dissolved after complying with certain procedures. Accordingly, PCL Telecom Ltd stands "dissolved" as per the status available on MCA portal.

Details of present subsidiary- Puncom has other immaterial subsidiary, namely M/s Punjab Digital Industrial Systems Limited which also has been ordered by the Hon'ble Punjab and Haryana High Court to be wound up on 20th February, 2009. All the formalities in this regard for the company has been completed. However, it is pertinent to point out that with the existence of National Company Law Tribunal (NCLT) / National Company Law Appellate Tribunal (NCLAT), the winding up case has been transferred from Hon'ble Punjab & Haryana High Court to NCLT / NCLAT. The National Company Law Tribunal (NCLT) is yet to issue the dissolution order in respect of subsidiary company namely M/s Punjab Digital Industrial Systems Limited.

Deposits

The particulars with respect to Deposits under Section 73 of the Companies Act, 2013 are: **NIL**.

Details of significant and material orders passed

During the financial year under report, no significant order(s) was/were passed by Courts, Tribunals affecting the going concern status and operations in future of the company.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. A report on the Internal Financial Controls under clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013, as given by the Statutory Auditors of the Company, forms part of the Independent Auditor's Report as Annexure B.

Non-maintenance of Cost Records

The disclosure with respect to maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not required by the Company and accordingly no such accounts and records are made and maintained.

Vigil Mechanism/Whistle Blower Policy

The company has its "Vigil Mechanism/Whistle Blower Policy" in place. In accordance with the requirements of Regulation 4(2)(d)(iv) and Regulation 22 of Listing Regulations and under Section 177 of the Companies Act, 2013, CMA J.S. Bhatia, CFO, heading the Finance Division, has been appointed as Vigilance and Ethics Officer. The web link for the policy is <http://www.puncom.com/?id=107>

Disclosure relating to Remuneration of Directors and KMP:

A. Disclosure under Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- a) Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

S. No.	Name of the Director	Median Remuneration of employees (Rs. In lacs)	Ratio
1.	CA Rajat Agarwal (IAS)	9.82	NIL
2.	CMA Jagdeep Singh Bhatia	9.82	2.7:10

- b) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: There are only two KMP covered under this and they are CMA Jagdeep Singh Bhatia, CFO and Sh. Madhur Bain Singh, CS having increase of 8.73% and 9.95% respectively.

- c) Percentage increase in the median remuneration of employees in the financial year 2019-20: **3.65%**

- d) Number of permanent (regular) employees on rolls of the Company as on 31/03/2020: **203**

- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration is equivalent to the rate of inflation declared by state for the purpose of D.A. The Company, being Public Sector Undertaking (PSU) of Punjab follows applicable pay-scales as per the service rules as amended from time to time through wage revision agreement executed with union from time to time and duly approved by the Board of Directors of the Company, uniformly for all its employees as per the respective designation and tenure of employee with the company.

- f) Affirmation that the remuneration is as per the remuneration policy of the company: **Yes**

B. Disclosure under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 & Companies (Particulars of Employees) Rules, 1975

The list of the top ten employees in terms of remuneration drawn is as follows:

Sr. No	Name	Designation	Remuneration received (in ₹)	Nature of employment (whether contractual or otherwise)	Qualifications and Experience	Date of commencement of employment	Completed Age (in yrs)	Last employment held	Percent age of equity shares held	Whether relative of any director or manager if so, name of such director/manager)
1	Sh. Jagdeep Singh Bhatia	DVP	33,88,495	Regular	BCOM, ICWAI; Over 38 yrs	01.07.88	55	CDIL	Nil	No
2	Sh. Rupinder S Mainee	AVP	30,50,199	Regular	BSc & MBA; Over 34 yrs	09.03.89	54	Delta Hamlin Ltd.	Nil	No
3	Smt. Namita Sharma	GM	22,30,059	Regular	BE; Over 26 yrs	17.11.93	48	Nil	Nil	No
4	Smt. Raminder Kaur	Addl GM.	19,60,308	Regular	BE(Electronics) and PGDOM Over 27 yrs	08.07.93	47	Nil	Nil	No
5	Smt. Amardeep Kaur	DGM	18,71,342	Regular	BE(Electronics); Over 26 yrs	05.10.93	51	Nil	Nil	No
6	Sh. Sanjay Garg	DGM	17,78,730	Regular	MSc(Physics); Over 31 yrs	23.09.91	54	'The Oriental Apparatus Workshops'	Nil	No
7	Sh. Raman Kumar Sharma	AGM	17,80,624	Regular	BE(CS) & MBA (Marketing); Over 23 yrs	02.09.96	46	Nil	Nil	No
8	Sh. Kapil Kumar	AGM	16,12,586	Regular	MCA Over 23 yrs	10.02.97	47	Nil	Nil	No
9	Sh. Madhur Bain Singh	Sr. Manager	18,67,771	Regular	MA (Geography), PGDCA, CS; Over 22 yrs	01.10.04	49	Global Knitfab Ltd.	Nil	No
10	Sh. Sudhir Dhand	Sr. Manager	16,63,468	Regular	B Tech. (ECE); Over 28 yrs	03.09.91	51	Nil	Nil	No

There are no such employees who have been paid annual remuneration of Rs. 102.00 lacs or above and a monthly remuneration of Rs. 8.50 lacs and above in case of employee worked for less than a year.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review as stipulated under the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 34(2)(e) of Listing Regulations is appended as Annexure 2 and is an integral part of this report.

Corporate Governance Report

The Corporate Governance Report for the year under review as stipulated under the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended as Annexure 3 and is an integral part of this report.

Secretarial Audit Report

The Board pursuant to the provision of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has appointed M/s A. Arora & Co., Company Secretaries, having Membership No. FCS 2191 to conduct Secretarial Audit for the FY 2019-20. M/s A. Arora & Co, Company Secretaries has carried out the Secretarial Audit for the financial year ended March 31, 2020 and the Secretarial Audit Report in Form No. MR-3 is annexed herewith this report as Annexure 4 and forms part of the report.

Compliance with applicable Secretarial Standards

The Company has duly complied with all applicable secretarial standards as issued by ICSI during the year under review.

Sexual Harassment of Women at Workplace: Internal Committee

In compliance with the provisions of Section 21 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, the Company has constituted Internal Complaints Committees (ICC). During the year, No complaint with allegations of sexual harassment has filed with the Company. As a routine, three workshop or awareness programme against sexual harassment were carried out during the financial year under report.

Cautionary Statement

Certain statements in the Boards' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable laws, rules and regulations. Actual results might differ from those expressed or implied. The statements and figures made in this report is based on the inputs as received from respective divisions of the company.

Important factors that could make a difference to the Company's operations include labour and material availability, prices, cyclical demand and pricing in the company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors. Further, the Disinvestment/Sale of Assets process of the Company is also a major factor that could make a difference to the viability of the Company or Company's operations.

The Company is not under any obligation to publicly amend, modify or revise any such forward looking statements on the basis of any subsequent developments, information or events.

Acknowledgement

The Board places on record its gratitude to various State Transmission Corporations, Department of Railways, PGCIL and other esteemed customers in India and abroad. The Board also places on record its gratitude to various banks associated with the company especially IndusInd Bank & Allahabad Bank (Indian 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 and Communication Technology Corporation Limited (PICTCL/Punjab Infotech), the Holding Company, for its guidance and support.

The Board also places on record its appreciation for continuous support and amicable relations with various government authorities viz. Income Tax Department, Goods and Services Tax Department, Excise and Customs Department, PF & Labour Department and Ministry of Corporate Affairs (Registrar of Companies, Chandigarh), Securities Exchange Board of India, etc.

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.

The Board also places on record its appreciation for the dedication, commitment and hard work of Divisional Heads and 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.

For and on behalf of the Board of Directors

Place: S.A.S. Nagar
Date: August 13, 2020

(ALOK SHEKHAR), IAS
CHAIRMAN

List of Annexures to the Boards' Report

- 1) AOC 2
- 2) Management Discussion and Analysis Report
- 3) Corporate Governance Report
- 4) Secretarial Audit Report
- 5) Auditors' Certificate on Corporate Governance

Form No. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

- | | |
|--|-----|
| (a) Name(s) of the related party and nature of relationship: | NIL |
| (b) Nature of contracts/arrangements/transactions: | NIL |
| (c) Duration of the contracts/arrangements/transactions: | NIL |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | NIL |
| (e) Justification for entering into such contracts or arrangements or transactions | NIL |
| (f) Date(s) of approval by the Board: | NIL |
| (g) Amount paid as advances, if any: | NIL |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: | NIL |

2. Details of material contracts or arrangement or transactions at arm's length basis:

- | | |
|---|-----|
| (a) Name(s) of the related party | NIL |
| (b) Nature of contracts/arrangements/transactions: | NIL |
| (c) Duration of the contracts / arrangements/transactions: | NIL |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | NIL |
| (e) Date(s) of approval by the Board, if any*: | NIL |
| (f) Amount paid as advances, if any: | NIL |

*Not Applicable/Exempted vide Govt Notification G.S.R. 463(E)

INDUSTRY STRUCTURE AND DEVELOPMENTS

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. Despite high premium, the issue was heavily oversubscribed. The company achieved a record Turnover of Rs.157cr. during the year 2001-2002, when its net worth was Rs.181 cr.

Thereafter the turnover of the company was adversely affected due to industry wide shift from landline based narrowband communication to wireless and broadband. 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. Simultaneously, for improving bottom line, the company went about developing its core markets of railways and power sector with own products. The company has developed a new system for railways for communication between control office and way stations and the product is currently under type approval. The company is on look out for additional partners for new products and services for new markets.

OPPORTUNITIES AND THREATS**Opportunities**

- Continuing 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.
- 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, New & Renewable energy, Digital India, Digital villages, Smart cities, Green and clean technologies, etc, 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 optimized high tech products in telecom and IT domains. This is providing new opportunities and markets for domestic industry.
- Being a PSU, Puncom is also exploring potential business from government in emerging areas.

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.
- Fast changing technologies
- 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.
- Continuing uncertainty of disinvestment and other issues is affecting morale and operational difficulties in the functioning of the company.

Segment Reporting

Puncom is engaged in the business of manufacturing of telecom products and these activities are covered by same set of risk and returns. Sales have been grouped as single segment in the accounts as per Ind AS 108- Operating Segments as issued by Ministry of Corporate Affairs.

FINANCIAL POSITION**a) Reserves and Surplus**

The Reserves of the company stands at Rs. 4621.89 Lacs as on 31st March, 2020.

b) Secured / Unsecured Loans

Company has not taken any long term loans and enjoys the status of being a Zero-debt company. However, the working capital limits for meeting the working capital requirements of the company are availed intermittently from its bankers which stands at Rs.38.82 Lacs as on 31st March, 2020

c) Property Plant and Equipment & Investment Property

The gross block of fixed assets of the company increased marginally from Rs. 5669.35 Lacs to Rs. 5678.65 Lacs in the current year.

d) Investments

Non-Current Investments stand to the tune of Rs. 698.74 Lacs as on 31st March, 2020, being investment in bonds of UP Co-operative Spinning Mills Federation Ltd. (UPCSMFL) in year 1998.

Principal amount of Fixed deposits of the company have decreased to Rs. 6149.03 Lacs against Rs. 6541.91 Lacs in the previous year. Fixed deposits include an amount of Rs.3010.21 lacs received by Company through

encashment of Bank Guarantees submitted by VMC Systems Ltd. Fixed deposits having maturity period of more than one year from Balance Sheet date are classified as Non-Current Financial Assets. Fixed deposits having original maturity of 3 months or less are classified as cash & cash equivalents.

e) Inventories

Total inventory has decreased from Rs. 1287.39 Lacs as at 31.03.2019 to Rs. 859.37 Lacs as at 31.03.2020.

f) Receivables

Receivables are Rs. 2428.28 Lacs as at 31.03.2020 as compared to Rs. 2776.61 Lacs as at 31.03.2019 resulting a decrease of Rs. 348.33 Lacs on account of expedited realizations out of past as well as current year turnover. The debtors are considered to be good but there being some doubtful debts, provision to the tune of Rs. 16.77 Lacs has been made this year.

g) Loans and Advances

These consists of both long term and short term loans and advances and have decreased from Rs. 247.22 Lacs as at 31.03.2019 to Rs. 221.88 Lacs as at 31.03.2020.

h) Current Liabilities and Provisions

Total current liabilities have been decreased from Rs. 5891.00 Lacs as at 31.03.2019 to Rs. 5634.78 Lacs as at 31.03.2020. It includes an amount of Rs. 3010.21 Lacs received by company through encashment of Bank Guarantee submitted by VMC Systems Ltd.

i) Other Current Financial Assets

Other current financial assets mainly consist of accrued interest on fixed deposits having maturity within one year and money held in escrow account on behalf of VMC and its associate companies. These have decreased from Rs. 723.70 Lacs as at 31.03.2019 to Rs. 503.79 Lacs as at 31.03.2020.

OUTLOOK

Industrial Outlook

Over the years, the Indian telecommunication sector has seen a radical shift from being a mere carrier of voice and data traffic between users, to being an instrument delivering newer e-based services to Indian population. On the back of ongoing investments flowing into infrastructure through nationwide programmes like Digital India, digital empowerment and e-service delivery, mobile banking and e-commerce etc, the country is projected to witness extensive penetration of Internet, broadband, and mobile subscribers and IT based digital services into deepest corners of India.

Government of India has progressively improved business and manufacturing climate in the country with reforms such as improved ease of doing business, streamlining controls, taxation, increasing FDI limits in most business segments, increased public private participation and so on. This, together with India being among the largest and fastest growing markets of the world, has ensured that most MNCs and domestic companies are making aggressive plans to set up bases in India.

Rapid expansion and availability of telecom and IT networks in the country has also increased demand for telecom, IT and all kinds of equipment and services from related segments like power, transport, education, defence etc for increased automation, safety & security, connectivity etc. In addition, government's increasing focus on green technologies like solar, LEDs, is altering the power space in a major way.

Covid-19 and the resultant lockdown has caused a temporary setback with long lasting impact to the industrial climate and Indian economy outlook, and the after effects are likely to remain for sometime. Puncom too has not escaped the setback and with the post lockdown restrictions still in place, is only now gradually returning to pre-Covid levels of activity. But this may result into irreparable dent into the growth of the company.

It is possible that Covid shall bring about subtle changes in the way industries operate as well as in the way they manage their business environment for the near future to mitigate the ill-effects of virus. The future of the industry however continues to remain in broadband and mobile finding yet newer applications and constant technological innovations in most sectors of Industry and society. Over the past few months, the COVID-19 pandemic has upended many lives and business on an unprecedented scale. However, Covid is a boon to IT sector with flexibility of work from home, online classes, video conferencing and corporate sector switching its operations to digital mode.

Major national projects and market segments where demand is expected to grow include:

- Make in India programs for all business segments especially railways, defence, power, telecom, networking, health, security, automation, especially in view of Prime Minister's call for Self Reliance
- Digital India, DigiGaons and related services
- Renewable and clean energy technologies
- E-Commerce and e-governance
- Smart cities, smart grid and smart metering
- Wireless broadband and cloud
- Network and Information Security
- Water management and agriculture
- Automation using IoT
- EV and EV charging infrastructure

Business Outlook

Puncom has a diversified customer base. Though equipment manufacturing has accounted for a major portion of its sales, service sector including turnkey projects for railways and power sector have contributed significantly towards revenues and bottom line. Puncom is however aware of the emerging significance of service sector and increasing penetration of smart networking and IT applications in all segments of society. Accordingly it is strengthening its value added service activities like turnkey projects, and customer support etc. It is also actively looking at new emerging service sectors for smart application technologies and looking for business opportunities.

RISKS AND CONCERNS

- Products manufactured by Puncom are in its last stage/fag end of their commercial viability.
- Old designs of products and component obsolesce making manufacturing difficult.
- 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.
- The company is exposed to many interferences/ disclosures like information under RTI, a restricted work environment subject to lot of audits etc. This hampers the overall growth and productivity of the organization.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

FINANCIAL REVIEW

Operating Results

a) Sales

During the Financial Year 2019-20, the sales have decreased from Rs. 4466.05 Lacs to Rs. 2759.85 Lacs. The break-up of the sales on the basis of product and customer is as follows:

Product wise sales

(₹In Lacs)

Particulars	Sale Amount	Percentage Sale
PLCC	723.43	26.21%
MUX	867.80	31.44%
Power Plant & Others	193.84	7.02%
Traded items	729.22	26.42%
Services	240.90	8.73%
Training Income & Scrap Sale	4.66	0.17%
Total	2759.85	

Customer wise sales

(₹In Lacs)

Particulars	Sale Amount	Percentage Sale
Railways	1378.24	49.94%
Power Sector	744.23	26.97%
Other Customers	637.38	23.09%
Total	2759.85	

b) Expenditure Analysis

i) Material Consumed

Material consumed during the year under review is Rs. 1530.77 Lacs as against Rs 2363.14 Lacs in the previous year. Material consumption consists of consumption of traded goods as so.

ii) Manufacturing, Administrative & Selling expenses

Manufacturing expenses comprising of stores and spares, power and fuel, freight and installation expenses etc. decreased from Rs. 292.76 Lacs to Rs. 205.68 Lacs in the current year. As a percentage of sales, these increased from 6.56% in the previous year to 7.45% in the current year. The Manufacturing expenses are decreased incidentally due to decrease in production.

Administrative expenses mainly comprising of traveling and conveyance, repair and maintenance, office electricity & water, rent and auditors expenses, decreased from Rs. 305.66 Lacs to Rs. 277.42 Lacs. However as a percentage of sales these increased from 6.84% in the previous year to 10.05% in the current year on account of decreased turnover, being fixed expenses in nature.

Selling and Distribution expenses comprising of advertisement and publicity, sales promotion expenses, packing & forwarding expenses and customer claims and recoveries have decreased from Rs. 62.04 Lacs to Rs. 35.48 Lacs in the current year. As a percentage of sales these decreased from 1.39% in the previous year to 1.29% in the current year as sales are also decreased by 38.20%.

iii) Amount written off / Provisioning

During the current financial year, following amounts have been provided for to present the accounts at the fair value. (₹In Lacs)

Provision for Doubtful debts and advances	16.77
Amount written off	0.01

Thus the overall amount provided for in the accounts during the Financial Year 2019-20 is to the tune of Rs. 16.78 Lacs.

iv) Personnel Cost

The personnel cost increased from Rs. 2486.29 Lacs to Rs. 2695.18 Lacs during the year under report. An increase of Rs. 105.34 Lacs in the personnel cost is due to change in retirement age from 60 to 58 years and corresponding terminal dues and liabilities. Also, an amount of Rs. 55.83 Lacs pertains to liability of leave encashment applied during service by the employees during FY 2019-20. The personnel cost has also experienced an increased change due to significant fluctuations in discount rate to be used for the purpose of actuarial valuation of liabilities.

v) Finance costs and Depreciation

The financial charges decreased from Rs. 31.69 Lacs in the previous year to Rs. 5.35 Lacs in the current year as the interest on FDRs placed on quarterly payout basis is used as working capital during the year under review as against the availment of loan against such FDRs.

Depreciation decreased from Rs.54.62 Lacs to Rs. 44.02 Lacs during FY 2019-20. Further, additions in the capital expenditure was booked to the tune of Rs. 9.30 Lacs during the current financial year.

vi) Net Profit/Loss and Total Comprehensive Income

During the current financial year, the company has incurred Net Loss tax of Rs. 1143.04 Lacs as against Net Loss of Rs. 270.19 Lacs during the last year.

Total Comprehensive Loss for the current financial year is Rs.1236.51 Lacs in comparison to Rs. 294.62 Lacs after considering impact of Other Comprehensive Loss to the tune of Rs. 93.47 Lacs and Rs. 24.43 Lacs in current and previous year respectively.

vii) Dividend

Owing to losses during the FY 19-20, the Directors of the company do not recommend any dividend for the Financial Year 2019-20.

ISO-9001:2015 CERTIFICATION

Making quality equipment & services available to its customers is the motto of Puncom. In pursuit of providing quality equipment & services, Puncom processes and procedures conform to the ISO 9001:2015 standard. These procedures and processes are audited once in three years for the recertification of the standard, followed by yearly Surveillance and half-yearly Internal Audits. Puncom has successfully completed surveillance audit in March, 2020.

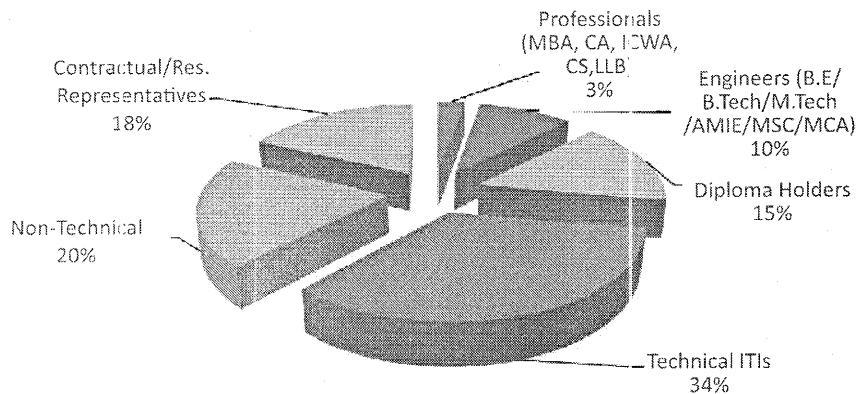
MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

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 and discipline. All the policies concerning the employees are made with an objective of motivating the manpower and considering it as a significant resource for the company. Puncom is relatively renowned company with highly experienced and hardworking employees with an average age of 48 years.

Break-up of work force	As on 31.03.20
Professionals (MBA, CA, ICWA, CS, LLB)	07
Engineers (B.E/ B.Tech /M.Tech /AMIE/MSC/MCA)	24
Diploma Holders	38
Technical ITIs	84
Non-Technical	50
Contractual/ Res. Representatives	44
Total	247

Break-up of Work Force As on 31.03.20



Puncom is equipped with qualified and professional staff. The employees are groomed through effective system of assessment, performance appraisal, training, including sharing of knowledge through training files and on line testing in a 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 in Engineer Campus, ATM, Leave/Home travel concessions, Internet facility, recreational activities, natural environment in the premises, parking facilities 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.

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.

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 also formed the various committees for effective disposal of scrap and waste. Disposal of scrap when handled in an imaginative manner can result in handsome returns to the company. Therefore, the puncom ensures the involvement of employees of the company in this process as they are naturally the best people to suggest improvements in materials, processes and new end users for scrap. Puncom believes that it is they who can minimize the accumulation of scrap through coordination. Being in telecom sector, Puncom is motivated towards e-waste management through coordinated efforts with various authorised agencies.

Pursuant to declaration of curfew and lockdown in the state of Punjab on 23rd March, 2020, PUNCOM has also suspended operation and restarted its operations in the month of May, 2020 as per the Govt. guidelines issued in this regard. At the time of restarting the operations, PUNCOM got the whole factory premises disinfected through an outside agent and thereafter regular cleaning of floor etc by 1% solution of Sodium Hypochlorite is done. Further, initially, the employees were called for duty in staggered way. While working, PUNCOM ensured that the social distancing was maintained by the employees. Also PUNCOM has followed the health & hygiene protocol such as placing of hand sanitizer at the entry and exit points and at various other location inside the factory building so that each and every employee/visitor sanitize his/her hands before entering the factory premises and also during the day, as and when required. Also temperature of each and every employee/visitor is checked at the time of their entry in the factory premises. The adequate facility of hand washing

with water and soap is provided for employees/visitors. It is also ensured that every employee must wear mask while on duty. The advisories in this regard were also issued for the awareness of employees. Circular regarding self home quarantine was also issued in case of any employee go out tricity i.e. Mohali, Chandigarh and Panchkula and an employee submit the self declaration for following the Govt. guidelines during self home quarantine.

The company has also taken tasks of planting trees and maintaining lawns to make the factory dust free. Being an electronic industry, though it does not emit 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.

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 2019-20, the employee management relations remained cordial and positive. During the year under review, the retirement age of employees has been reduced from 60 years to 58 years.

Significant changes in Key Ratios

There is a decrease of 44.54% in Debtors turnover ratio indicating longer time in collection of trade receivables as well as decrease in turnover. The Inventory turnover ratio also decreases by 29.20% due to decrease in turnover of current year as compared to previous year. The decreasing ratio of operating profit margin by 46.67% and net profit margin by 38.21% is due to higher value of fixed expenses (Employee benefits and Administrative expenses) and decreased turnover of the company.

Change in Net Worth

During the year, there is a decrease of 408.77% in return on net worth for the financial year 2019-20, due to increase in losses by Rs. 941.89 Lacs.

Disclosure of Accounting Treatment:

The Company has prepared financial statements in accordance with applicable Indian Accounting Standards. Further, there is no qualification in Independent Auditor's Report. The disclosure w.r.t Auditor's opinion and matter emphasized in Independent Auditor's Report is detailed in the Board's Report and the same has been done as per the past practice.

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 endeavors 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, Secretarial Audit, etc.

2. Board of Directors

The present strength of the Board is Seven directors; one executive director, CA Rajat Agarwal, IAS, being Sr. Vice Chairman-cum-Managing Director, one whole-time director, CMA J.S. Bhatia, being employee/CFO of the Company and five non-executive directors, of which four are independent directors, who are professionals and/or have expertise in their respective functional areas. The Chairman of the company is non-executive. The names and categories of present directors (as on 13th August, 2020) are given here below:

S.No.	Name	Director Identification Number	Category	Position in Board
1	Sh. Alok Shekhar, IAS	02529589	Non-Executive, Nominee*	Chairman
2	CA Rajat Agarwal, IAS	07973901	Executive, Nominee*	Sr.VC & M.D
3	Sh. S. P. Singh, IAS (Retd.)	00297745	Non-Executive, Independent	Director
4	Dr. V. P. Chandan, IRSSE (Retd.)	00225793	Non-Executive, Independent	Director
5	Smt. Neena Singh	00233352	Non-Executive, Independent	Director
6	Sh. Moti Ram Sharma	08250388	Non-Executive, Independent	Director
7	CMA Jagdeep Singh Bhatia	02554023	Executive (Wholetime)	Director

*These Directors are nominees of Punjab Information and Communication Technology Corporation Limited (Punjab Infotech) (Our holding Company having 71.12% equity shares in our Company)

Following changes in the constitution of Board of Directors, took place during the period under review upto 13th August, 2020.

During the year, CA Rajat Agarwal, IAS was designated/ appointed as Sr. Vice Chairman and Managing Director on the Board of Puncom by way of nomination by Punjab Infotech w.e.f. 13th January, 2020 in place of Sh. Vikas Pratap, IAS. His nomination was withdrawn by Punjab Infotech and accordingly he ceased to be the Sr. V.C. & Managing Director on the Board of Puncom w.e.f. 13th January, 2020.

The name/nomination of Smt. Vini Mahajan, IAS, was withdrawn by Punjab Infotech and accordingly she ceased to be the chairperson on the Board of Puncom w.e.f. 26th June, 2020. In her place, Sh. Alok Shekhar, IAS was appointed as Director in the capacity of Chairman on the Board of Puncom by Punjab Infotech w.e.f. 8th July, 2020.

Sh. S. P. Singh, IAS (Retd.), Dr. V. P. Chandan, IRSSE (Retd.) and Sh. Moti Ram Sharma were re-appointed as Independent Directors of the company for a second term in the 38th Annual General Meeting of the Company held on 25th September, 2019.

Board Procedure

Four Board Meetings were held during the financial year under report as detailed below. 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 Listing Regulations and the meetings were conducted in compliance with the procedural provisions of Secretarial Standard on Meetings of the Board of Directors (SS-1).

Board Meeting No.	Day	Date
198 th	Thursday	16 th May, 2019
199 th	Friday	09 th August, 2019
200 th *	Wednesday	20 th November, 2019
201 st	Tuesday	11 th February, 2020

*200th Board Meeting of the directors was scheduled to be held on 13th Nov, 2019, but adjourned to 20th Nov, 2019 on account of want of Quorum.

The attendance of Directors at Board Meeting(s) and General Meeting during the Financial Year 2019-2020 along with the number of Directorships held by them in other companies and number of Board Committees in which they

are Chairman/Member at the end of Financial Year or as per the last disclosure given by them, as the case may be, is given here below. This is being disclosed as per provisions of Secretarial Standard on Meetings of the Board of Directors (SS-1) and Listing Regulations.

Name	Attendance at Board Meeting(s)		Attendance at AGM (25-09-2019)	Number of Directorships in other Companies (as per last disclosure given to Company)***	Number of Committee Chairmanship / Membership	
	Entitled to Attend	Attended			Chairman	Member
Sh. Vikas Pratap, IAS*	3	3	No	5	—	—
Smt. Vini Mahajan, IAS**	4	4	No	5	—	—
CA Rajat Agarwal, IAS, Sr.VC & MD	4	2	No	2	—	—
Sh. S. P. Singh, IAS (Retd.), Director	4	3	Yes	1	—	—
Dr. V. P. Chandan, IRSSE, (Retd.) Director	4	3	Yes	—	2	—
Smt. Neena Singh, Director	4	4	Yes	1	—	4
Sh. Moti Ram Sharma, Director	4	2	No	—	—	—
CMA Jagdeep Singh Bhatia, Director	4	4	Yes	1	—	2

* Sh. Vikas Pratap, IAS, ceased to be the Sr. V.C. & Managing Director/Director on the Board of Puncom w.e.f. 13th January, 2020.

**Smt. Vini Mahajan, IAS ceased to be chairperson of the company w.e.f. 26th June, 2020

***Pursuant to SEBI (LODR) (Amendment) Regulations, 2018, the names of other listed entities out of total no. of directorships along with category of directorship held by directors of company is disclosed as below:

Name	Name of Other Listed Entities in which Directorships exists (as per last disclosure given to Company)	Category of Directorship
Smt. Vini Mahajan, IAS*	Punjab Alkalies and Chemicals Limited	Chairperson
Smt. Neena Singh, Director	Winsome Textiles Limited	Independent Director

*Smt. Vini Mahajan, IAS ceases to be chairperson of Punjab Alkalies and Chemicals Limited w.e.f. 14th July, 2020.

Pursuant to Schedule V(C)(2)(e) of Listing Regulations, the relationship of the present Directors inter-se is as follows:

Name of the Director	Designation	Relationship inter-se
Sh. Alok Shekhar, IAS	Chairman	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
CA Rajat Agarwal, IAS	Sr. Vice Chairman & Managing Director	Director nominated and appointed by holding company is related to other directors appointed by Holding company.
Sh. S. P. Singh, IAS (Retd.)	Director	Independent Director
Dr. V.P. Chandan, IRSSE, (Retd.)	Director	Independent Director
Smt. Neena Singh	Director	Independent Director
Sh. Moti Ram Sharma	Director	Independent Director
CMA Jagdeep Singh Bhatia	Director	being CFO of company, shares a professional relationship with the Sr. V.C & M.D of Punjab Communications Limited.

No shares or convertible instruments are held by non-executive directors.

Independent Directors' Meeting: In accordance with the provisions of Regulation 25(3) of the Listing Regulations, the meeting of Independent Directors during Financial Year 2019-20 was scheduled to be held on 26th March, 2020 but postponed due to nationwide lockdown and curfew imposed in Punjab on account of Covid-19 pandemic. However, the meeting was duly held and conducted in compliance with the procedural provisions of Secretarial Standard on Meetings of the Board of Directors (SS-1) on 18th June, 2020 in spirit of compliance relaxations as provided by SEBI vide Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26.03.20 or any other further relaxations. Also, the relaxation regarding holding of Independent Directors Meeting has been provided by Ministry of Corporate Affairs vide its General Circular No. 11 dated 24th March, 2020. Smt. Neena Singh and Sh. Moti Ram Sharma attended the said meeting. The meeting was conducted for familiarization programme and training of Independent Directors, Review of performance of Non-

Independent directors and Board as a whole, Review of performance of the Chairperson of the company and to assess the quality, quantity and timeliness of flow of information between the company management and the Board. The familiarization programme of independent directors is available at www.puncom.com & the web link for the same is as follows: <http://www.puncom.com/?id=105>

A Chart or Matrix setting out the core skills/expertise/competence of the Board of Directors:

The Board has identified the following skills /expertise /competencies fundamental for effective functioning of the company and which are currently available with the Board, thereby highlighting the area of expertise of Individual Board Members.

Particulars of skills/expertise/competencies	Areas of Expertise*						
	Sh. Alok Shekhar, IAS	CA Rajat Agarwal, IAS	Sh. S.P. Singh, IAS (Retd)	Dr. V.P. Chandan, IRSSE (Retd.)	Smt. Neena Singh	Sh. M.R. Sharma	CMA J.S. Bhatia
Corporate Governance Practices	✓	✓	✓	✓	✓	✓	✓
Corporate Planning & Strategy	✓	✓	✓	✓	✓	✓	✓
Administrative Skills	✓	✓	✓	✓	✓	✓	✓
Legal Expertise	-	-	-	-	-	✓	-
Financial Expertise/ Banking	-	✓	-	-	✓	-	✓
Technical Expertise/ Technology & Development	✓	-	-	✓	-	-	-
Leadership Skills	✓	✓	✓	✓	✓	✓	✓
Commercial Skills	✓	✓	✓	✓	✓	✓	✓
Telecom Sector Domain	✓	-	-	✓	-	-	-

*However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding skill or qualification.

Board's Confirmation on Independency of Directors: The Board of Directors of the Company in their meeting held on 19th June, 2020 took note of declaration of independence by Independent Directors and is of opinion that the Independent Directors of the company fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management. The Board has formed an opinion regarding integrity, expertise and experience of the independent directors after undertaking due assessment of the veracity of the declaration made by them.

3 Audit Committee

The Audit Committee of the company presently comprises of Dr. V. P. Chandan, IRSSE (Retd.) as Chairman & Smt. Neena Singh, Sh. Moti Ram Sharma and CMA Jagdeep Singh Bhatia as Members. Sh. Moti Ram Sharma, Director has been appointed as Member of the Audit Committee of Board of PUNCOM w.e.f. 19th June, 2020.

The Constitution of Audit Committee meets the requirements as laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The duly constituted committee met four times during the Financial Year 2019-20 as per details given below:

Audit Committee Meeting No.	Day	Date
71 st	Thursday	16 th May, 2019
72 nd	Friday	09 th August, 2019
73 rd *	Wednesday	20 th November, 2019
74 th	Tuesday	11 th February, 2020

*73rd Audit Committee Meeting was scheduled to be held on 13th Nov, 2019, but adjourned to 20th Nov, 2019 on account of want of Quorum.

The meetings were conducted in compliance with the procedural provisions of Secretarial Standard on Meetings of the Board of Directors (SS-1).

The name of the members, chairman, particulars of the meeting and attendance of the members during the year under review are as follows:

S.No.	Name	Category	Number of meetings entitled to attend	Number of meetings attended
1	Sh. V.P. Chandan, IRSSE(Retd.), Chairman	Independent/Non Executive	4	3
2	CMA Jagdeep Singh Bhatia, Member	Executive (Whole Time)	4	4
3	Smt. Neena Singh, Member	Independent/ Non Executive	4	4
4	CS Madhur Bain Singh, Convener	Compliance Officer	4	4

The terms of reference stipulated by the Board to Audit Committee are as contained in Listing Regulations & Section 177 of the Companies Act, 2013 as on 31.03.2020. The terms of reference stipulated are as follows:

- Internal Control Systems
- Corporate Plans & Project-wise Analysis
- Delegation of Powers to Sr. 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
- Scrutiny of inter-corporate loans & investments
- Valuation of undertakings or assets of the company wherever necessary
- Recommendation for appointment, remuneration & terms of appointment of auditors of the company
- Approval or any subsequent modification of transactions of the company with related parties
- Review and monitor the auditor's independence and performance/and effectiveness of audit process
- Monitoring the end use of funds raised through public offers and related matters
- Other terms of reference/scope of Audit Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

4. Nomination & Remuneration Committee

The Nomination and Remuneration Committee (NRC) was reconstituted in the 186th Meeting of the Board held on 27th May, 2016 to comply with the provisions of the Listing Regulations. Presently, the committee comprises of Dr. V.P. Chandan, IRSSE(Retd.) as Chairman and Smt. Neena Singh & Sh. Moti Ram Sharma as member, all are Independent Directors. The composition of NRC is in consonance with Section 178(1) of Companies Act, 2013 and Regulation 19 of Listing Regulations, which require all members of NRC to be non-executive and at least half of them to be Independent with the Chairman being an Independent Director. The Nomination and Remuneration Committee meeting for FY 2019-20 could not be held on scheduled date of meeting i.e. 26.03.2020 due to curfew and nationwide lockdown on account of Covid -19 virus pandemic. However, the committee met on 18th June, 2020 and the meeting was duly held and conducted in accordance with compliance relaxations as provided by SEBI vide Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26.03.20 or any other further relaxations. The meeting was attended by Smt. Neena Singh and Sh. Moti Ram Sharma. The Meeting was conducted in compliance with the procedural provisions of Secretarial Standard on Meetings of the Board of Directors (SS-1).

The terms of reference stipulated by the Board to the Nomination and Remuneration Committee are as contained under sub-section (2)& (3) of Section 178 of the Companies Act, 2013 and Part D of Schedule II of Listing Regulations.

The terms of reference stipulated are as follows:

- Identification of persons qualified to be directors and in senior management in accordance with the criteria laid down.
- Recommend to the Board appointment and removal of the directors apart from the nominee directors as proposed by the Government of Punjab and in the Senior Management.

- Evaluation of every director's performance.
- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Recommendation of Remuneration policy for the directors, KMP and other employees.
- Other terms of reference/scope of Nomination and Remuneration Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

Performance Evaluation criteria for Independent Directors : The performance of Independent directors is evaluated by the entire Board of Directors other than the director being evaluated, as per the criteria contained in Nomination, Remuneration & Evaluation policy of Puncom. The said policy is available at www.puncom.com.

The Company have Nomination, Remuneration and Evaluation Policy in place. However, vide notification G.S.R 463(E) dated 5th June, 2015 our Company, being a Govt. Company is exempt from the provisions of Section 178 regarding formal annual evaluation of performance of the Directors, Committees and the Board as a whole except w.r.t. appointment of senior management and other employees. Also, the VRC Policy is not required to be disclosed in the Annual Report.

5. Details of Remuneration of Directors

The remuneration package and compensation for Directors (except for Sitting Fee), KMPs and Senior Officials shall be determined as per the service rules/pay scales/ terms and conditions of the appointment letter issued by/of the Company and the limits and statutory requirements as prescribed under the Listing Regulations, 2015 and Companies Act, 2013 and its Schedule from time to time.

- (a) **All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity:** None of the non-executive directors are getting remuneration from the company except for the sitting fee which is within the prescribed limits.
- (b) **Criteria of making payment to non-executive directors:** Not applicable
- (c) **Disclosures with respect to Remuneration to Directors under Schedule V (Part II)(Section II)(B)(iv)(IV) of the Companies Act, 2013 read with Schedule V (C)(5)(c) of Listing Regulations:**
 - (i) **All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension, etc. :** Basic, DA, HRA, Medical Reimbursement, LTA, Conveyance, Driver Allowance, Retention Allowance, Leave Encashment, PF and Gratuity
 - (ii) **Details of fixed component and performance linked incentives, along with the performance criteria:** Only Fixed Component is there and that is as per the terms and conditions of letter of appointment.
 - (iii) **Service contracts, notice period, severance fees:** as per Service Rules of the company and terms and conditions of the respective appointment letters.
 - (iv) **Stock option details, if any- and whether issued at a discount as well as the period over which accrued and over which exercisable:** NIL.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is constituted in accordance with sub section (5) of Section 178 of Companies Act, 2013 and Regulation 20 of the Listing Regulations and the Committee is presently comprises of Dr. V.P. Chandan, IRSE(Retd.), Non Executive Director as Chairman and Smt. Neena Singh & CMA Jagdeep Singh Bhatia as Members. During the Financial Year 2019-20, the Committee met on 16th May, 2019.

The terms of reference as on 31.03.2020 mandated by your Board to this committee, which are also in line with the statutory and regulatory requirements as mentioned under Part D of Schedule II are:

- Redressing Shareholders and Investors complaints/ grievances.
- Approving issue of duplicate share certificates and transmission 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.
- Consider and resolve the grievances of security holders of the Company.
- Other terms of reference/ scope of Stakeholder's Relationship Committee shall be as notified by the appropriate authority from time to time or as directed by the Board of Directors of the Company from time to time.

The name of the members, chairman, particulars of the meeting and attendance of the members during the year under review are as follows:

S.No.	Name	Category	Number of meetings entitled to attend	Number of meetings attended
1	Dr. V.P. Chandan, IRSE(Retd.), Chairman	Independent/Non Executive	1	1
2	Smt. Neena Singh, Member	Independent/ Non Executive	1	1
3	CMA Jagdeep Singh Bhatia, Member	Executive (Whole Time)	1	1
4	CS Madhur Bain Singh, Convener	Compliance Officer	1	1

The status of redressal of complaints received from 1st April, 2019 to 31st March, 2020 is as under :

Number of complaints pending as on 1 st April, 2019	Nil
Number of complaints received during the year	Nil
Number of complaints redressed during the year	Nil
Number of complaints not solved to the satisfaction of Shareholders	Nil
Number of complaints pending as on 31 st March, 2020	Nil

7. General Body Meetings

The details of the General Meetings of the company held during last three years are as follows:

Date	Particulars	Time	Location	Special Resolution Passed
28.01.20	Extra-Ordinary General Meeting	11.00 AM	B-91, Phase-VIII, Industrial Area, S.A.S Nagar, Mohali	Yes
25.09.19	38 th AGM in respect of the Financial Year 2018- 2019	03.00 PM	B-91, Phase-VIII, Industrial Area, S.A.S Nagar, Mohali	Yes
21.09.18	37 th AGM in respect of the Financial Year 2017- 2018	11.00 AM	B-91, Phase-VIII, Industrial Area, S.A.S Nagar, Mohali	Yes
25.09.17	36 th AGM in respect of the Financial Year 2016- 2017	11.00 AM	B-91, Phase-VIII, Industrial Area, S.A.S Nagar, Mohali	No

No Special Resolution was passed in the last AGM through Postal Ballot and no special resolution is proposed to be conducted through postal ballot in the forthcoming AGM.

8. Means of Communication

Quarterly results and presentations: The quarterly financial results are made available on the company's web-site (www.puncom.com) and simultaneously submitted to BSE through its portal of BSE Listing Centre within the time limit specified. Also, all periodical compliance filings are filed electronically on the Listing Centre and Shareholding Pattern and Corporate Governance Report, Financial Results, Reconciliation of Share Capital Audit, Voting Results are filed through XBRL. The website also includes official news releases.

Publishing of Quarterly Results

Quarter No.	Date of Publishing	Newspaper
1 st	10.08.19	Desh Sewak (Vernacular) Financial Express (English)
	10.08.19	
2 nd	21.11.19	
	21.11.19	
3 rd	12.02.20	
	12.02.20	
4 th	SEBI has provided exemption in respect of publication in newspapers till June 30, 2020 on account of Covid-19 pandemic vide Circular No: SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020	

Notice Board Meeting

Meeting Date	Date of Publishing	Newspaper
09.08.19	29.07.19	Desh Sewak (Vernacular) Financial Express (English)
	29.07.19	
20.11.19	14.11.19	
	14.11.19	
11.02.20	04.02.20	
	04.02.20	
19.06.20	SEBI has provided exemption in respect of publication in newspapers till June 30, 2020 on account of Covid-19 pandemic vide Circular No: SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020	

Notice of Book Closure & AGM/EGM

Annual General Meeting- 25 th September, 2019		
Book Closure Period	Date of Publication of notice of Book Closure & AGM	Newspaper
19.09.19	31.08.19	Desh Sewak(Vernacular) Financial Express (English)
25.09.19	31.08.19	

Extra-Ordinary General Meeting- 28 th January, 2020		
Book Closure Period	Date of Publication of notice of Book Closure & EGM	Newspaper
22.01.20 28.01.20	03.01.20 03.01.20	Desh Sewak(Vernacular) Financial Express(English)

9 General Shareholder Information:

(AGM of Company will be convened as per the recent guidelines/ amendments in this regard as applicable on the date of meeting)

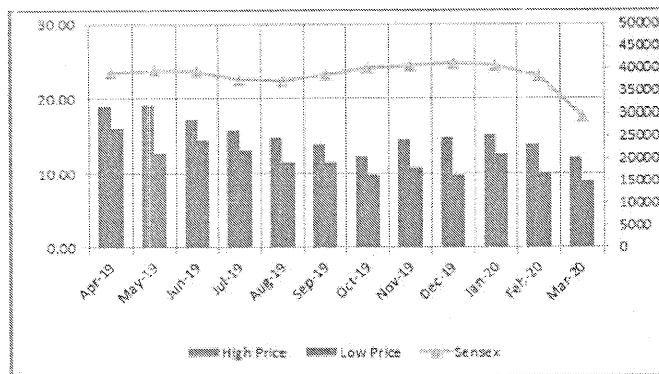
- A. Annual General Meeting** : Date: 29th September, 2020
 (Date, time and venue) : Time: 11:00 AM
 Venue: AGM through Video Conferencing/
 Other Audio Visual Means Facility (VC/OAVM)
 (Deemed Venue for Meeting: B-91, Phase VIII,
 Indl.Area, SAS Nagar, (Mohali) - 160 071)
- B. Financial Calendar** : 1st April, 2019 to 31st March, 2020
- C. Date of Book Closure/ Record Date** : 23rd September, 2020 to 29th September, 2020
 (Both days inclusive)
- D. Dividend Payment Date** : N.A.
- E. 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 2020-21 has been paid to the Stock Exchange, Mumbai;

- F. Stock Code** : 500346
- G. Market Price Data (BSE)**

Month	High Price (₹)	Low Price (₹)
April, 2019	19.00	16.05
May, 2019	19.20	12.80
June, 2019	17.20	14.50
July, 2019	15.85	13.05
August, 2019	14.80	11.60
September, 2019	13.95	11.52
October, 2019	12.30	9.76
November, 2019	14.54	10.70
December, 2019	14.83	9.71
January, 2020	15.21	12.60
February, 2020	13.90	10.01
March, 2020	12.12	9.00

H. Graph showing Stock Performance of Puncom on BSE vis a vis BSE Sensex during the year 2019-20



I. Securities suspended from trading: N.A.

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

Alankit Assignments Limited
DP & RTA, Alankit House
4E/2, Jhandewalan Extension,
New Delhi - 110055.

K. Share Transfer System

For expeditious processing of share transfers, the Board of Directors of the Company has delegated the power of share transmission/splitting/consolidation/issue of fresh certificate/issue of duplicate certificate to Share Transfer Committee. However, the newly amended Regulation 40 of SEBI (LODR) Regulations, 2015 provides that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository with effect from 01st April, 2019. Thus, the shares for transmission or transposition of securities received in physical mode by the company are considered/ approved by the committee at required intervals and transferred promptly and ratified by the Board in the subsequent Board Meeting.

L. Distribution of Shareholding as on 30th June, 2020

Category	30.06.20				30.06.19			
	No. of share holders	% of share holders	Amount in Rs.	% of total equity	No. of share holders	% of share holders	Amount in Rs.	% of total equity
0001-5000	10210	99.464	17087920	14.212	9955	95.318	11262840	9.367
5001-10000	35	0.340	2566250	2.134	234	2.241	1827910	1.520
10001-20000	10	0.097	1519790	1.264	136	1.302	2040100	1.697
20001-30000	1	0.009	271340	0.022	38	0.364	930620	0.774
30001-40000	1	0.009	333330	0.277	13	0.124	459250	0.382
40001-50000	2	0.019	975000	0.810	13	0.124	596510	0.496
50001-100000	1	0.009	561000	0.466	34	0.326	2518260	2.094
100001& Above	5	0.048	96921020	80.060	21	0.201	100600160	83.669
Total	10265	100	120235650	100	10444	100	120235650	100

Category	Category of Shareholder	30.06.20			30.06.19		
		No of share holders	Total No. of shares	Shareholding as a % of total No. of shares	No of share holders	Total No. of shares	Shareholding as a % of total No. of shares
A	Promoter & Promoter Group						
	:Indian Promoter						
	1 Central Govt./State Govt.	3	8570676	71.283	3	8570676	71.283
	TOTAL	3	8570676	71.283	3	8570676	71.283
B	Public Shareholding						
	:Institutions						
	: Mutual Fund						
	1 Mutual Fund (MF)	5	1100	0.008	5	1100	0.008
	2 UTI	1	100	0.001	1	100	0.001
	TOTAL	6	1200	0.009	6	1200	0.009
	:Banks						
	1 Bank Cooperative	1	600	0.005	1	600	0.005
	2 Bank Nationalised	7	28034	0.233	7	28034	0.233
	TOTAL	8	283634	0.238	8	283634	0.238
	:Insurance Companies						
	1 Insurance Companies	1	5800	0.048	1	5800	0.048
	TOTAL	1	5800	0.048	1	5800	0.048
	: Central Govt./State Govt						
	1 Corporate Body (State Govt.)	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0
	: Foreign Portfolio Investor (Corporate)						
	1 Foreign Portfolio Investor (Corp) Category II	1	575000	4.782	1	575000	4.782
	TOTAL	1	575000	4.782	1	575000	4.782
	TOTAL	16	610634	5.079	16	610634	5.079

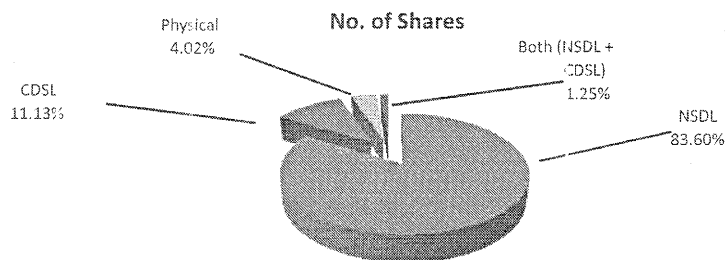
NON INSTITUTION							
Corporate Body							
1 Body Corporate	203	369469	3.072	236	511126	4.251	
2 Clearing Member	10	2351	0.020	1	76	0.001	
TOTAL	213	371820	3.092	237	511202	4.252	
Individual Shareholders							
1 Resident Ordinary	9860	2369331	19.706	10009	2230695	18.553	
TOTAL	9860	2369331	19.706	10009	2230695	18.553	
Resident (HUF)							
1. HUF	145	93439	0.777	149	93823	0.780	
TOTAL	145	93439	0.777	149	93823	0.780	
Non Resident Indian							
1 NRI-Repatriable	12	5882	0.049	15	4732	0.039	
2 NRI (Non Repatriable)	16	1783	0.015	15	1803	0.015	
TOTAL	28	7665	0.064	30	6535	0.054	
TOTAL	10246	2842255	23.639	10425	2842255	23.639	
TOTAL	10262	3452889	28.718	10441	3452889	28.718	
GRAND TOTAL	10265	12023565	100.00	10444	12023565	100.00	

- Notes:** 1. The shareholding of PSIDC, being another corporation of Govt. of Punjab, has been consolidated with the shareholding of "Promoter & Promoter Group".
2. None of the shareholding of Promoters' has been pledged or otherwise encumbered.

M. Dematerialization of Shares and Liquidity

Details of paid up capital of the Company as on June 30, 2020 is as under:

Depository	No. of Shares	No. of shareholders	% of shareholding
NSDL	10052014	4118	83.60
CDSL	1337515	1899	11.13
Physical	483548	4226	4.02
Both (NSDL + CDSL)	150488	22	1.25
Total	12023565	10265	100.00



N. Details of Investors complaints received during 2019-20 are as follows :

The Company has received NIL investor complaint with respect to loss of share certificate/duplicate share certificate and others (transmission procedure) during the year under report. However, all complaints/correspondence are usually dealt within 10 days and are completely resolved except in cases where litigation is involved. No investor complaint was pending as on date of this report.

O. Details of share transfers in physical form lodged for transfer/ transmission during 2019-20 are as follows:

Lodged for transfer/transmission	Transferred and returned	Rejected & Returned	Pending
16	8	8	Nil
(1800 Shares)	(800 Shares)	(800 Shares)	(Nil)

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

P. Outstanding GDRs/ADRs or any Convertible instruments

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

Q. Disclosure of Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: Nil

R. Puncom's Building Locations

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

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

Madhur Bain Singh

Company Secretary

B-91, Phase VIII,

Industrial Area, S.A.S. Nagar,

Mohali, 160071

Phone : +91-0172-2237142

Fax : +91-0172-2237125

Email : cosecy@puncom.com

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

T. List of all Credit Rating obtained by the Company: Nil as our Company has not issued any debt instruments or any Fixed deposit programme or any scheme involving mobilization of funds either in India or abroad.

U. Proceeds from public issues, rights issues, preferential issues etc.: The Company has not raised any public money since its public issue in 1994.

V. 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 Rs. 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. Other Disclosures

a) Related Party Disclosure

The Company has a "Policy on Related Party Transactions and Materiality of Related Party Transactions" in place. The policy takes into account various provisions on related party transactions mentioned in Regulation 23 of Listing Regulations and also in the Companies Act, 2013.

There is no Related Party Transaction, as required to be disclosed u/s 188(2), read with notification no G.S.R. 463 (E) dated 5th June, 2015 and Regulation 23 of Listing Regulations.

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.

b) Compliance by Listed Entity

All compliances have been made by the company and no significant 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.

c) Vigil Mechanism/Whistle Blower Policy

The company has its "Vigil Mechanism/Whistle Blower Policy" in place. In accordance with the requirements of Regulation 4(2)(d)(iv) and Regulation 22 of Listing Regulations and under Section 177 of the Companies Act, 2013, Sh. J.S. Bhatia, CFO, heading the Finance Division, has been appointed as Vigilance and Ethics Officer.

No personnel were denied access to the Audit Committee during the Financial Year 2019-2020.

d) Mandatory/Non-mandatory requirements

Your company is complying with all the mandatory requirements as per Schedule V of Listing Regulations. Compliance with discretionary requirements is covered under the point covering the same.

e) Material Subsidiary

The company has no material subsidiary as defined in Regulation 16(1)(c) and thus no policy has been formulated to determine 'material' subsidiaries.

f) Web link on dealing with Related Party Transactions

The web link for the policy on dealing with related party transactions is

<http://www.puncom.com/downloads/2020/Policies-Code/POLICY%20ON%20RELATED%20PARTY%20TRANSACTION%20AND%20MATERIALITY.pdf>

- g) **Disclosures of commodity price risks and commodity hedging activities**
Your company is not engaged in any commodity price risks and commodity hedging activities.
- h) **Details of Utilisation of funds raised through preferential allotment or qualified institutional placement:** The Company has not raised any public money through preferential allotment or qualified institutional placement as specified under Regulation 32(7A).
- i) **Certificate from Practicing Company Secretary on debarment or disqualification of Board Members:** A Certificate has been issued by Mr. Vishal Arora, Practicing Company Secretary dated 30th May, 2020 certifying that none of the Directors on the Board of Company have been debarred or disqualified from being appointing or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.
- j) **Recommendations of committee not accepted by Board which is mandatorily required to be accepted by the Board:** The Board has considered and accepted the recommendations given by the various committees of the company, as and when submitted to the Board for approval during the year under review.
- k) **Total Fees paid for all services by the listed entity on consolidated basis to the Statutory Auditor and all entities in the network firm/ network entity of which Statutory Auditor is a part:** M/s Raj Gupta & Co., Chartered Accountants (Firm Registration No. 000203N) have been appointed as Statutory Auditors of the company during the year under consideration and the total fees of Rs. 2.75 Lacs has been paid to Statutory Auditor for all services such as statutory audit, tax audit, quarterly results, cash flow statement, sales tax and other certification charges.
- l) **Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**
a) Number of complaints filed during the Financial Year 2019-20: NIL
b) Number of complaints disposed of during the Financial Year 2019-20: NIL
c) Number of complaints pending as on end of the Financial Year 2019-20: NIL

11. Code of Conduct for Prevention of Insider Trading

The Company has adopted revised Code of Conduct for Prevention of Insider Trading which is effective since 01st April, 2019 in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The said code is available at www.puncom.com.

12. Compliance with Mandatory requirements: All corporate governance requirements as mentioned in Schedule V(C)(2) to (10) of Listing Regulations are complied with by the Company.

13. Compliance with Discretionary requirements:

Your Company has adopted the following discretionary requirements as given in Part E of Schedule II of Listing Regulations:

- The Company is moving towards a regime of financial statements with unmodified audit opinion.
- The Internal Auditor submits the Internal Audit Report directly to the Audit Committee.

14. The Company is complying with all the provisions of corporate governance as specified in Regulation(s) 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

Declaration signed by Chief Executive Officer stating that the members of Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct of Board of Directors and senior management has been obtained.

Auditors' Certificate on Corporate Governance

Mr. Vishal Arora, Practicing Company Secretary conducted the Corporate Governance Audit and Compliance Certificate as obtained from auditors regarding compliance of conditions of corporate governance are annexed with the Board's report at Annexure -5.

CEO/CFO Certification under Regulation 17(8):

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

Disclosures with respect to demat suspense account/unclaimed suspense account under Regulation 39(4) read with Schedule VI of Listing Regulations: Following information is being provided with respect to the provisions of Listing Regulations. The information asked for in the said regulation is for shares issued pursuant to Public Issues or any other issue which remains unclaimed & is 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, as required in the Buy-back guidelines, with M/s Karvy Computershare Pvt. Ltd., Hyderabad. As a good Corporate Governance practice 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

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Punjab Communications Limited,
B-91, Phase- VIII, Industrial Area,
S.A.S. Nagar, Mohali, Punjab.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PUNJAB COMMUNICATIONS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the PUNJAB COMMUNICATIONS LIMITED'S books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by PUNJAB COMMUNICATIONS LIMITED ("the Company") for the financial year ended on March 31, 2020 under the provisions of below mentioned regulations, which were shared with me. It is informed that due to prevailing nationwide lockdown in light of COVID-19, I was not able to carry out physical inspection of the said records:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- Not applicable as the company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review.
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946, The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956 except to the extent that pursuant to the directions of Department of Finance, Government of Punjab dated 13.09.2019 and the approval of the Board of Directors in meeting dated

20.11.2019, the company is withholding the gratuity amount over and above Rs. 10.00 Lakhs, wherever the same is exceeding.

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the financial year under review:

- a. the company passed a special resolution under Section 180(1)(a) of the Companies Act, 2013 for sale of an undertaking belonging to the company.
- b. As per the information provided by the company and the statements made in the Annual Report, the promoter shareholding of the company comprise of 85,51,501 (71.12%) equity shares held by Punjab Information and Communication Technology Corporation Limited and 9,475 (0.08%) equity shares held by Punjab State Industrial Development Corporation Limited which is held in dematerialised form. The company has further informed that 9,800 equity shares held by Punjab State Electronics Development & Production Corporation Limited (PSEDPCL) have been sold somewhere in the year 2000 but the same has not been submitted to company for registration of transfer by the buyers in his/her name except 100 shares registered for transfer during FY 2018-19.

It is pertinent to mention that, on account of non-submission of transfer requisition from the buyers, in the quarterly shareholding patterns filed, the company discloses the name of PSEDPCL as one of the promoters of the company holding 9700 equity shares, which are held in physical form. However, PSEDPCL do not make any disclosures or compliances as applicable to the promoter of a listed entity.

- c. The resolution for appointment of Shri. Rajat Agarwal, IAS as the Managing Director (Key Managerial Personnel) has been passed by circulation by the Board of Directors. The said resolution was confirmed in the subsequent meeting and the relevant return in Form MGT-14 was filed after confirmation of resolution by circulation.
- d. The company is yet to file forms IEPF-1A regarding the details of the unpaid dividend transferred to Investor Education and Protection Fund as per Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Apart from the business stated above, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Chandigarh

Date : 04.08.2020

UDIN: F002191B000549551

For **A. ARORA & CO.**

AJAY K. ARORA

(Proprietor)

FCS No. 2191

C P No.: 993

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

To,

The Members,
Punjab Communications Limited,
B-91, Phase- VIII, Industrial Area,
S.A.S. Nagar, Mohali, Punjab.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records, based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the extent of verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chandigarh

Date : 04.08.2020

UDIN: F0021918000549551

For A. ARORA & CO.

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The members
Punjab Communications Limited,
Mohali

I have examined the compliance of the conditions of Corporate Governance by Punjab Communications Limited for the year ended 31st March, 2020, as stipulated in Schedule V of Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable, subject to the following:

The company is yet to file forms IEPF-1A regarding the details of the unpaid dividend transferred to Investor Education and Protection Fund as per Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

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

Vishal Arora

Company Secretary

Membership No: 4566

CP No: 3645

UDIN: F004566B000607443

Place: Chandigarh
Date : 24.08.2020

PCL TELECOM LTD.**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.

Earlier, it was informed that the matter was 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.

Further, pursuant to provisions of Companies Act, 2013, the National Company Law Tribunal (NCLT) was established in 2016 and all proceedings including winding up proceedings has been transferred from respective Hon'ble High Court's to jurisdiction of NCLT's. Subsequent to this, the companies were dissolved after complying with certain procedures. Accordingly, PCL Telecom Ltd. who stands "dissolved" as per the status available on MCA portal.

PUNJAB DIGITAL INDUSTRIAL SYSTEMS LTD. (UNDER 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.

Further, all books of accounts/ records and store items have been handed over to the liquidator. 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 the Thirty Ninth (39th) Annual General Meeting of Punjab Communications Limited will be held on Tuesday, 29th September, 2020 at 1100 Hrs through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business. The venue of the meeting shall deemed to be the registered office of the Company i.e. B-91, Phase VIII, Industrial Area, S.A.S. Nagar (Mohali), Punjab -160071.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on 31st March, 2020 and Balance Sheet as on that date together with Boards' Report, Auditors' Report, CAG comments thereon and Secretarial Auditors' Report thereto.
2. To appoint Director in place of CMA Jagdeep Singh Bhatia (DIN: 02554023) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors of the company for the Financial Year 2020-2021 (from the conclusion of this AGM till the conclusion of next AGM) and to fix their remuneration and to pass the following resolution as an Ordinary Resolution thereof:
 "Resolved that pursuant to the provisions of Section 139, 142 and all other applicable provisions, if any, of Companies Act, 2013 and the Rules made thereunder, as amended from time to time, consent of the members of the company be and is hereby accorded to appoint M/s Raj Gupta & Co., Chartered Accountants as Statutory Auditors of the Company, from the conclusion of this AGM till the conclusion of next AGM and to do the Statutory Audit of Financial Statements for FY 2020-21 at the remuneration as fixed by the Board of Directors and at such terms and conditions as provided in the CAG letter to be issued in this regard and as approved by the Board."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
 "RESOLVED THAT pursuant to the provisions of Section 2(54), 196 and 203 of the Companies Act, 2013 (Act) and other applicable provisions, if any and Rules made thereunder, CA Rajat Agarwal, IAS (DIN 07973901) be and is hereby appointed as Sr. Vice Chairman & Managing Director of the Company with effect from 13th January, 2020 as per Article 128 & 171 of the Articles of the Association of the Company and in respect of whom the company has received notice in writing, pursuant to Section 160 of the Companies Act, 2013, proposing his candidature for the office of Sr. VC & Managing Director, upon the terms and conditions as set out in explanatory statement annexed hereto".
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
 "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1A) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Smt. Neena Singh (DIN: 00233352), who was appointed as an Independent Director and who holds office of Independent Director up to date of 30th March, 2020, and being eligible for re-appointment for a second term in accordance with the provisions of the Companies Act, 2013, rules made thereunder, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term as provided in the appointment letter."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
 "RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules framed there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with SEBI (LODR) Regulations, 2015 and the enabling provisions in the Memorandum of Association and Articles of Association of the Company, the approval and consent of the members of the Company be and is hereby granted to sell and transfer any one of the fixed assets belonging to Punjab Communications Limited comprising of all land & building situated at Phase VIII, Industrial Area, SAS Nagar (Mohali) -160071 on such terms and conditions as the Board may deem fit, provided that such transfer/sale procedure to be held in fair and transparent manner, and for meeting the working capital requirement of the company.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to deeds of conveyance/ transfer and other ancillary documents, with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above resolution and to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the aforesaid Undertaking as they may in their absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or Committee of HOD's or any combination thereof, along with power to delegate any such power further to any Officers of the Company, to take all such steps as may be necessary, proper and expedient to give effect to this resolution".

Date: 28th August, 2020
Place: Registered Office
B-91, Phase VIII, Industrial Area,
SAS Nagar (Mohali) - 160071
CIN: L32202PB1981SGC004616

By order of the Board
(Madhur Bain Singh)
Sd/-
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 to the Notice** and forms integral part of this notice.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the forthcoming AGM of the Company will be held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The procedure for participating in the meeting through VC/ OAVM is explained at Note No. 14.
3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed during the Book Closure period, i.e. from 23rd September, 2020 to 29th September, 2020, both days inclusive.
5. 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.
6. 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 124 of Companies Act, 2013. No dividend has been recommended and declared since Feb 2002-2003.
7. 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.
8. In compliance with the aforesaid MCA circulars and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Notice of 39th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with the Annual Report 2019-20 containing Board's Report, Auditors' Report, Audited Financial Statements and other documents, **is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.** Members may note that the Notice calling the AGM along with Annual Report FY 2019-20 has been uploaded on the website of the Company at www.puncom.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
9. Further, pursuant to the proviso to the Rule 18(3)(i) of the Companies (Management and Administration) Rules, 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. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the 39th Annual General Meeting ("AGM") of the company to be held on Tuesday, 29th September, 2020 at 1100HRS. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the

AGM through VC/OAVM shall be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

12. The attendance of the Members attending the AGM through VC/OAVM shall be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
13. The Notice of the 39th 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. 28th August, 2020.
14. The Instructions to members for E-Voting (AGM resolution) are as under :
 - (i) The remote e-voting period begins on 25th September, 2020 (9.00 am) and ends on 28th September, 2020 (5.00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 22nd September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The member should log on to the e-voting website www.evotingindia.com
 - (iv) Click on "Shareholders" module.
 - (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login-Myeasi](http://www.evotingindia.com) using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat members as well as physical members) <ul style="list-style-type: none"> • members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number as mentioned in the email received for notice along with Annual Report, in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then 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 their login password 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.
- (xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Select "EVSN :200828060" for voting on AGM Resolution(s) of Punjab Communications Limited.
- (xiii) 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 you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES /COMPANY FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical members - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to ramap@alankit.com and cc to shareholders@puncom.com
2. For Demat members - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to ramap@alankit.com and cc to shareholders@puncom.com

INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops/ iPads for better experience.
3. Further members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting i.e. during the period from 14th September, 2020 (9:00 a.m.) to 20th September, 2020 (5:00 p.m.) mentioning their name, DP ID and Client ID/folio number, PAN, email id, mobile number at shareholders@puncom.com. The members who do not wish to speak during the AGM but have queries may send their queries in advance mentioning their name, DP ID and Client ID/folio number, PAN, email id, mobile number at shareholders@puncom.com. These queries will be replied to by the company suitably by email.
6. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be

considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.

4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporate” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and 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.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address at shareholders@puncom.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) **General Instructions**

- (a) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
 - (b) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
 - (c) 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. 22nd September, 2020 for AGM Resolution(s).
 - (d) **M/s S.K. Sikka & Associates, Company Secretary in practice, has been appointed as the Scrutinizer to scrutinize the entire e-voting process in a fair & transparent manner.**
 - (e) The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
 - (f) As per Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the results of e-voting are to be communicated to the BSE Limited, where the shares of the Company are listed, within 48 hours of the conclusion of the Annual General Meeting. The results declared along with the Scrutinizer’s Report shall also be placed on the Company’s website www.puncom.com and on the website of CDSL.
- 15 Information pursuant to Regulation 36(3) of the Listing Regulations requires disclosure on the appointment/reappointment of the Directors, which is annexed as part of Annexure to this notice.
 - 16 The persons who have acquired shares and become members after the dispatch of notice and before cut-off date shall have same “Login ID and Password” as mentioned at Sr. No. 14 of Notes to AGM Notice. The Notice of AGM is displayed on our website www.puncom.com, for your reference please.
 - 17 If you have received this Annual Report, but you are not a member as on the cut-off date, this document is for information purpose only.
 - 18 Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice
 - 19 The members may contact Mr. Naresh Kumar Mehandru (Assistant Manager-Secretarial) at B-91, Phase-VIII, Industrial Area, SAS Nagar, Mohali-160071. The concerned person may also be contacted at shareholders@puncom.com or at +911 722237142

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013
(For Item No. 3 to 6)**Item No. 3**

The Company, being a Government Company, its Statutory Auditors are appointed by the Comptroller and Auditor-General of India (CAG) by virtue of Section 139(5) of Companies Act, 2013. The Board of Directors of the Company on the recommendation of the Audit Committee, proposed to pay to the CAG recommended Statutory Auditor, an annual fee of Rs 1,60,000/- plus (OPE and GST) or the fees as proposed by the CAG in its letter, whichever is higher. The CAG vide its letter dated 10th August, 2020 has appointed M/s Raj Gupta & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2020-21 at a fee of Rs 1,60,000/- plus (OPE and GST). The Board of Directors recommends the Ordinary Resolution as set out at Item No. 3 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 3

Item No. 4

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. 6/01/2020-IAS(3)/17 dated 11th January, 2020, has appointed CA Rajat Agarwal, IAS (DIN 07973901) as 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/SECTL/4299 dated 13th January, 2020, has appointed CA Rajat Agarwal, IAS as director in the capacity of Sr. Vice Chairman & Managing Director of the Company. The appointment of CA Rajat Agarwal, IAS as director in the capacity of Sr. Vice Chairman & Managing Director was further ratified and recommended by the Board of Directors of the Company in its 201st Meeting held on 11th February, 2020, to the Members of the Company for their approval by way of Ordinary Resolution.

The Company has received a notice in writing from a member of the company along with requisite deposit as required under Section 160 of Companies Act, 2013 proposing the candidature of CA Rajat Agarwal, IAS as Sr. Vice Chairman & Managing Director of the Company.

The terms and conditions of his appointment provides that all or any of the powers delegated by the Articles of Association of the Company and/or by Shareholders of the Company in General Meeting and/or by Board of Directors jointly or severally to him or any of the previous MD, since the inception of the company is delegated mutatis-mutandis to CA Rajat Agarwal, IAS on his appointment as Sr. VC & Managing Director in the letter & spirit of the delegation along with the powers delegated in the 78th BOD Meeting held on May 29, 1996, 106th BOD Meeting held on June 13, 2001, 138th BOD Meeting held on January 30, 2006, powers for operation of bank accounts delegated in 85th BOD Meeting held on November 28, 1997 with any subsequent amendment(s) thereof and such other powers delegated to the previous MD from time to time. It also provides for his authority to sub-delegate these powers to any other director or officer/employee of the Company.

Brief Profile, Qualifications, Experience, Date of Appointment on Board, Shareholding in the Company along with Directorship, Membership / Chairmanship of Committees held in other Listed Companies of CA Rajat Agarwal, IAS is enclosed along with explanatory statement.

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 4 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except CA Rajat Agarwal, IAS, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5

In the light of newly amended Listing Agreement, with the purpose to comply with recent provisions of Companies Act, 2013, Smt. Neena Singh (DIN: 00233352) was appointed as an Independent Woman Director of the company w.e.f 31st March, 2015, whose appointment was later regularized in 34th Annual General Meeting of the Company held on 29th September, 2015.

Pursuant to Section 149 (10) of the Companies Act, 2013 read with relevant rules, any Independent director shall hold office only for a term up to five consecutive years on the Board of Company and shall be eligible for re-appointment on passing of a special resolution by the members of the Company.

Since, the tenure of Smt. Neena Singh, as an Independent Director expires on 30th March, 2020, it is required to re-appoint an Independent Director for a second term in compliance with Regulation 17 of SEBI (LODR) Regulations, 2015 and other applicable provisions of Companies Act, 2013.

Smt. Neena Singh, (DIN:00233352) aged about 64 years, is Trustee and Chief Functionary, Bharat Prakarsh Foundation-NGO working in Education and Health interventions for underprivileged children. She is Former Executive Vice President of HDFC Bank. While working in Banking Sector for around 29 years, she was designated as Key Performer of the Bank. She has also been as Adviser in Mahatma Gandhi State Institute of Public Administration, Punjab and President of Rotary Club of Chandigarh. Besides this, She has also remained director on the board of CITCO for 9 years. At present, She is member of Ethics Committee-Max Hospital, UT State Council of Senior Citizens, UT Child Protection Society, State Legal Service Authority and committee member of various Govt Dept. and Institutions for prevention of Sexual Harassment of Women at Workplace.

She is also the member of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of your Company. The Company has benefited a lot from her wide experience and knowledge.

Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of an Independent Director- Smt. Neena Singh, the Board of Directors of the Company in its 201st meeting held on 11th February, 2020 had approved and recommended the re-appointment of Smt. Neena Singh, as an Independent Director for a second term as provided in its appointment letter, to the Members of the Company for their approval.

Smt. Neena Singh, has already given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. Hence, in the opinion of the Board, she fulfills the conditions specified in the Act and the Rules framed thereunder for re-appointment as an Independent Director.

The Company has received a notice in writing from a member proposing the candidature of Smt. Neena Singh to be re-appointed as an Independent Director of the Company in accordance with the provisions of the Companies Act, 2013.

Brief Profile, Qualifications, Experience, Date of Appointment on Board, Shareholding in the Company along with Directorship, Membership / Chairmanship of Committees held in other Listed Companies of Smt. Neena Singh is enclosed along with explanatory statement.

The Board of Directors recommends the Special Resolution as set out at Item No. 5 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Smt. Neena Singh, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5

Item No. 6

Pursuant to provisions of Section 180 (1)(a) of the Companies Act, 2013, the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose off the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special resolution.

Therefore, Members of the Company are requested to note that their consent to the Board's being sought by way of a Special Resolution to sell and transfer the fixed assets belonging to Punjab Communications Limited comprising of all land & building situated at Phase VIII, Industrial Area, SAS Nagar (Mohali)-160071 on such terms and conditions as the Board may deem fit with the purpose to meet with the urgent working capital requirements of the Company. However, the Board may proceed to sell and transfer any one of the land & building, situated at A-39/C135A, B-91, B-93, C-134 & C-135 in Phase VIII, Industrial Area, SAS Nagar (Mohali)-160071.

The sale of such fixed asset comprising of all or any of land & building as mentioned above, belonging to Punjab Communications Limited, may deemed to be considered as sale or disposal of an undertaking under the provisions of Section 180 (1) (a) of the Companies Act, 2013.

The Board of Directors of the Company ("the Board") at its Meeting held on 11th February, 2020 has given its consent for the sale of undertaking. The Board is of the opinion that the proposed sale is in the overall best interest of the PUNCOM and recommends the passing of the resolution as set out at item no. 6 as a special resolution by the members of the Company. Accordingly, your approval is solicited.

Memorandum of Interest:

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 6.

Information Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/re-appointment in the Annual General Meeting

Name of the Director	CMA Jagdeep Singh Bhatia	CA Rajat Agarwal, IAS	Smt. Neena Singh
Designation	Whole-time Director (CFO)	Sr V.C & Managing Director	Independent Director
Date of Birth	27.08.1964	27.03.1978	08.11.1956
Date of Appointment	24.05.2018	25.04.2018	31.03.2015
Qualification	B.Com , Cost Accountant (ICWA)	B.Com (Hons.), C.A.	Master of Education
Expertise in specific functional area	Rich experience in the field of Accounts, Costing, Finance, Sales and Audit.	Indian Administrative Service Officer- General Management and Administration	Rich experience in the field of Finance & Banking
Directorships in Other Listed Companies as on 31 st March, 2020	Nil	Nil	1. Winsome Textiles Limited
Chairman/Member of Committees of Other Listed Companies as on 31 st March, 2020	Nil	Nil	1. Winsome Textiles Limited • Audit Committee-Member • Stakeholders Relationship Committee-Member
No. of Shares held	Nil	Nil	Nil
Relationship with other Director(s)	being CFO of company, shares a professional relationship with the Sr. V.C & M.D of Punjab Communications Limited.	Related to other directors appointed by holding company	Not related to any director

Date: 28th August, 2020
Place: Registered Office
B-91, Phase VIII, Industrial Area,
SAS Nagar (Mohali) - 160071
CIN: L32202PB1981SGC004616

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

Our Website :
www.puncom.com

FOR THE KIND ATTENTION OF SHAREHOLDERS

- In case of Demat shares, shareholders are requested to provide their PAN to their respective DPs. In case of physical shares, shareholders are requested to provide their PAN to the company's RTA i.e. M/s Alankit Assignments Ltd or to the Company.
- As a step towards the Government's initiative towards greener and paperless India, the shareholders are requested to send their updated e-mail ids to the Company.
- Kindly register your mobile numbers with the Company for easy correspondence.
- In case of any grievances, shareholders may contact the Company at shareholders@puncom.com
- Shareholders having shares in Physical Form are requested to get their shares converted in Demat Form.

COURIER / REGISTERED

If undelivered, please return to :

PUNJAB COMMUNICATIONS LIMITED

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