

PCL/CS/15692

19<sup>th</sup> June, 2020

The Secretary  
The Bombay Stock Exchange Ltd,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001  
Fax:-022-22723121

**Sub: Outcome of Board Meeting– Audited Financial Results for Quarter/Year ended 31<sup>st</sup> March, 2020**

Dear Sir,

Pursuant to the Regulation 30 (6) read with Part A of Schedule III and Regulation 33 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we would like to inform you that the Audited Quarterly Financial Results of the Company together with Statement of Assets & Liabilities and Cash Flow Statement for the Quarter/Year ended 31<sup>st</sup> March, 2020 has been considered and approved by the Board of Directors in the 202<sup>nd</sup> Board Meeting of the Company held on 19<sup>th</sup> June, 2020.

The Board has also discussed the status of Disinvestment of our Company and took note of appointment of M/s Resurgent India Limited, Gurgaon, Haryana as Transaction Advisor for the Disinvestment of Punjab Communications Limited.

Further, please find enclosed herewith the following information/documents in the prescribed format as given below:

1. The Audited Financial Results of the Company for the Quarter/Year ended 31<sup>st</sup> March, 2020
2. The Statement of Assets & Liabilities of the Company as on the year ended 31<sup>st</sup> March, 2020 as per Regulation 33(3)(f) of SEBI (LODR) Regulations 2015
3. The Cash Flow Statement for year ended 31<sup>st</sup> March, 2020 as per Regulation 33(3)(g) of SEBI (LODR) Regulations 2015
4. The Independent Audit Report on Audited Financial Results for the Year ended 31<sup>st</sup> March, 2020 as provided by our Statutory Auditors -M/s Raj Gupta & Co., Chartered Accountants.
5. Declaration pursuant to Regulation 33(3)(d) on the Audited Financial Results for the period ending 31<sup>st</sup> March, 2020.

This is for your information & records please.

Thanking you.

Yours faithfully  
For Punjab Communications Ltd.

  
Company Secretary

**PUNJAB COMMUNICATIONS LIMITED**

Regd Office : B-91, Phase VIII, Industrial Area, S A S Nagar (Chandigarh)-160071  
(CIN:L32202PB1981SGC004616) (Web:www.puncom.com)



AUDITED FINANCIAL RESULTS FOR THE QUARTER / YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(Rs in Lacs)

| Sr. No. | Particulars  | PART I                  |                           |                         |                         |                         |
|---------|--|-------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
|         |  | Quarter Ended           |                           |                         | Year Ended              |                         |
|         |  | 31.03.2020<br>(Audited) | 31.12.2019<br>(Unaudited) | 31.03.2019<br>(Audited) | 31.03.2020<br>(Audited) | 31.03.2019<br>(Audited) |
| 1       | Revenue from operations  | 608.72                  | 914.46                    | 998.88                  | 2759.84                 | 4466.05                 |
| 2       | Other income   | 268.46                  | 231.38                    | 242.31                  | 895.53                  | 945.93                  |
| 3       | <b>Total Revenue (1+2)</b>   | <b>875.18</b>           | <b>1145.84</b>            | <b>1241.19</b>          | <b>3655.37</b>          | <b>5411.98</b>          |
| 4       | Expenses :   |                         |                           |                         |                         |                         |
|         | a) Cost of materials consumed  | 365.00                  | 300.66                    | 233.31                  | 911.37                  | 1,219.12                |
|         | b) Purchases of Stock-in-Trade   | 34.86                   | 149.96                    | 305.02                  | 600.45                  | 1,165.39                |
|         | c) Change in inventories of finished goods, Stock-in-Trade and work-in-progress  | (51.85)                 | 15.50                     | 9.47                    | 12.24                   | 30.54                   |
|         | d) Excise duty   | -                       | -                         | -                       | -                       | -                       |
|         | e) Employee benefits expense   | 711.37                  | 714.15                    | 669.08                  | 2,695.19                | 2,486.29                |
|         | f) Finance costs   | 0.59                    | 0.79                      | 11.26                   | 5.35                    | 31.69                   |
|         | g) Depreciation and amortisation expense   | 8.73                    | 10.14                     | 13.72                   | 44.02                   | 54.62                   |
|         | h) Other expenses  | 112.92                  | 168.59                    | 148.30                  | 530.79                  | 694.52                  |
|         | <b>Total expenses (4)</b>  | <b>1,181.62</b>         | <b>1,359.79</b>           | <b>1,390.16</b>         | <b>4,799.41</b>         | <b>5,682.17</b>         |
| 5       | Profit/(Loss) before exceptional items and tax (3-4)   | (306.44)                | (213.96)                  | (148.97)                | (1,143.04)              | (270.19)                |
| 6       | Exceptional Items  | -                       | -                         | -                       | -                       | -                       |
| 7       | Profit/(Loss) before tax (5-6)   | (306.44)                | (213.96)                  | (148.97)                | (1,143.04)              | (270.19)                |
| 8       | Tax Expense  |                         |                           |                         |                         |                         |
|         | (a) Current Tax  | -                       | -                         | -                       | -                       | -                       |
|         | (b) Deferred Tax   | -                       | -                         | -                       | -                       | -                       |
| 9       | <b>Profit / (Loss) for the period from continuing operations (7-8)</b>   | <b>(306.44)</b>         | <b>(213.96)</b>           | <b>(148.97)</b>         | <b>(1,143.04)</b>       | <b>(270.19)</b>         |
| 10      | <b>Profit / (Loss) for the period</b>  | <b>(306.44)</b>         | <b>(213.96)</b>           | <b>(148.97)</b>         | <b>(1,143.04)</b>       | <b>(270.19)</b>         |
| 11      | Other Comprehensive Income   |                         |                           |                         |                         |                         |
|         | Items that will not be reclassified to profit or loss  |                         |                           |                         |                         |                         |
|         | (i) Re-measurement gains/(losses) on defined benefit obligations   | (48.85)                 | (17.12)                   | (49.02)                 | (93.47)                 | (24.43)                 |
|         | <b>Other Comprehensive Income/(Expenses)</b>   | <b>(48.85)</b>          | <b>(17.12)</b>            | <b>(49.02)</b>          | <b>(93.47)</b>          | <b>(24.43)</b>          |
| 12      | <b>Total Comprehensive Income for the period (10+11) (Comprising Profit(Loss) and Other Comprehensive Income for the period)</b> | <b>(355.29)</b>         | <b>(231.07)</b>           | <b>(197.99)</b>         | <b>(1,236.51)</b>       | <b>(294.62)</b>         |
| 13      | Earnings per Equity Share (EPS) :  |                         |                           |                         |                         |                         |
|         | (a) Basic  | (2.55)                  | (1.78)                    | (1.24)                  | (9.51)                  | (4.03)                  |
|         | (b) Diluted  | (2.55)                  | (1.78)                    | (1.24)                  | (9.51)                  | (4.03)                  |
| 14      | Paid up Equity Share Capital (Face value of the share is Rs 10/-)  | 1,202.36                | 1,202.36                  | 1,202.36                | 1,202.36                | 1,202.36                |
| 15      | Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year  | -                       | -                         | -                       | 4,621.89                | 5,858.40                |

**Notes :**

- The aforesaid Audited Financial Results for the Quarter and Year ended 31st March, 2020 have been taken on record by the Board of Directors in their meeting held on 19th June, 2020.
- The above financial results are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 being mandatory w.e.f. April 1, 2017.
- In terms of Regulation 33(2)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Chief Executive Officer and Chief Financial Officer do hereby certify that financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.
- The company is primarily engaged in the business of telecom and its spares. As the basic nature of these activities are governed by same set of risks and returns, the sales have been grouped as single segment in the accounts as per Ind AS-108 dealing with "Operating Segments". Other income for the year includes a sum of Rs.524.56 Lacs being interest on the investments made by the company.
- 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.
- The figures for the previous period have been regrouped and restated wherever necessary, to make them comparable.
- Further, the figures for the last quarter ended 31.03.2019 & 31.12.2019 are the balancing figures between audited figures in respect of the respective full financial year and the published figures for the nine months ended 31.12.2018 & 31.12.2019 respectively.

Place : S. A. S. Nagar  
Dated : June 19, 2020



for and on behalf of the Board of Directors  
(Rajal Agarwal), IAS  
Sr. vice Chairman & MD

(J. S. Bhatia)  
CFO

**PUNJAB COMMUNICATIONS LIMITED**

CIN No: L32202PB1981SGC004616

**STATEMENT OF ASSETS AND LIABILITIES AS ON 31<sup>st</sup> MARCH, 2020**

Amount (Rs. in Lacs)

| Particulars                        | As on<br>31 <sup>st</sup> March 2020 | As on<br>31 <sup>st</sup> March 2019 |
|------------------------------------|--------------------------------------|--------------------------------------|
| <b>ASSETS</b>                      |                                      |                                      |
| <b>(1) Non-Current Assets</b>      |                                      |                                      |
| a) Property Plant & Equipment      | 420.27                               | 453.98                               |
| b) Investment Property             | 76.85                                | 77.86                                |
| c) Financial Assets                |                                      |                                      |
| Investments                        | 698.74                               | 698.74                               |
| Loans and advances                 | 145.89                               | 161.28                               |
| Other Financial Assets             | 35.03                                | 32.11                                |
| d) Deferred tax assets (net)       | -                                    | -                                    |
| e) Other non-current assets        | 331.47                               | 391.61                               |
| <b>(2) Current Assets</b>          |                                      |                                      |
| a) Inventories                     | 859.37                               | 1,287.39                             |
| b) Financial Assets                |                                      |                                      |
| Trade receivables                  | 2428.28                              | 2,776.61                             |
| Cash and cash equivalents          | 523.56                               | 102.63                               |
| Other Bank Balances                | 5926.01                              | 6,517.89                             |
| Loans and advances                 | 75.99                                | 85.94                                |
| Other Financial Assets             | 503.79                               | 723.70                               |
| c) Other Current Assets            | 78.27                                | 78.04                                |
| <b>TOTAL</b>                       | <b>12103.52</b>                      | <b>13,387.78</b>                     |
| <b>EQUITY AND LIABILITIES</b>      |                                      |                                      |
| <b>Equity</b>                      |                                      |                                      |
| a) Share Capital                   | 1204.80                              | 1,204.80                             |
| b) Other Equity                    | 4621.89                              | 5,858.40                             |
| <b>Liabilities</b>                 |                                      |                                      |
| <b>(1) Non-Current Liabilities</b> |                                      |                                      |
| a) Financial Liabilities           |                                      |                                      |
| Other Financial liabilities        | 35.32                                | 32.41                                |
| b) Provisions                      | 593.08                               | 384.21                               |
| c) Other Non Current Liabilities   | 13.64                                | 16.96                                |
| <b>(2) Current Liabilities</b>     |                                      |                                      |
| a) Financial Liabilities           |                                      |                                      |
| (i) Borrowings                     | 38.82                                | 0.22                                 |
| (ii) Trade Payables                | 1591.49                              | 1,969.98                             |
| (iii) Other Financial liabilities  | 3607.05                              | 3,598.68                             |
| b) Other Current Liabilities       | 190.62                               | 255.22                               |
| c) Provisions                      | 206.81                               | 66.90                                |
| <b>TOTAL</b>                       | <b>12103.52</b>                      | <b>13,387.78</b>                     |



*July*  
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**PUNJAB COMMUNICATIONS LIMITED**



CIN No: L32202PB1981SGC004616

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020**

(Amount Rs. in Lacs)

|   | For the Year Ended<br>31 <sup>st</sup> March, 2020 | For the Year Ended<br>31 <sup>st</sup> March 2019 |
|---|--|---|
| <b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>                |  |   |
| <b>PROFIT BEFORE TAX</b>                                      | <b>-1,236.51</b>                                   | <b>-294.62</b>                                    |
| 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   |
| <b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b> | <b>-1,680.23</b>                                   | <b>-1,039.24</b>                                  |
| 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   |
| <b>CASH FROM/(USED IN) OPERATIONS</b>                         | <b>-1,052.18</b>                                   | <b>-492.67</b>                                    |
| Income Tax Paid   | -  | -   |
| <b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>           | <b>-1,052.18</b>                                   | <b>-492.67</b>                                    |
| <b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>                |  |   |
| Purchase of Fixed Assets                                      | -9.30  | -21.52  |
| Sale of Fixed Assets  | -  | 0.00  |
| 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   |
| <b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>           | <b>1,439.84</b>                                    | <b>399.80</b>                                     |
| <b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>                |  |   |
| Interest paid   | -5.35  | -31.69  |
| Movement in Working Capital Borrowings                        | 38.60  | -188.82   |
| <b>NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>          | <b>33.25</b>                                       | <b>-220.51</b>                                    |
| 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  |



  
  
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## **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 UPSCMFL to redeem the bonds on due date, the Company invoked the aforesaid Government Guarantee through suit filed on 28<sup>th</sup> November, 2001 at Lower Court, Chandigarh against UPSCMFL & 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 30<sup>th</sup> 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 2<sup>nd</sup> September 2004 and also applied for stay of execution at the Lower Court Chandigarh. Stay application of UP State was dismissed on 13<sup>th</sup> 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 22<sup>nd</sup> April, 2006.

On 12<sup>th</sup> 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 21<sup>st</sup> July 2010. The application of UP State for Stay got dismissed on 10<sup>th</sup> 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 20<sup>th</sup> 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 19<sup>th</sup> 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 11<sup>th</sup> 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 30<sup>th</sup> 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.

UPSCMFL, is presently under liquidation and the company has filed its claim with the Official Liquidator on 23<sup>rd</sup> May, 2016 at Kanpur and later, on account of invocation of Bank Guarantee, a revised claim was filed on 26<sup>th</sup> September 2018 to the tune of Rs. 1,10,75,01,023/- with interest as on 28<sup>th</sup> 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 UPSCMFL. 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 UPSCMFL at the Hon'ble Lucknow Court on 30<sup>th</sup> January, 2016 (as the Decree was issued against both the parties viz., UPSCMFL 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 of 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 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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.

Place: Chandigarh

Dated: 19/06/20

UDIN : 20529774AAAA8V4873

FOR RAJ GUPTA & CO.  
Chartered Accountants

FRN: 000203N



CA Sandeep Gupta  
Partner

M. No. - 529774

**"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 listed 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: 19/06/20**

**"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 31<sup>st</sup> 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 31<sup>st</sup> 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.

Place: Chandigarh  
Dated: 19/06/20



CA Sandeep Gupta  
Partner  
M. No. 529774

**PUNJAB COMMUNICATIONS LIMITED: FINANCIAL YEAR 2019 -20**

**REPORT ON DIRECTIONS u/s 143(5) of the Companies Act 2013**

As per the directions issued u/s 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 any 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**



**Place: Chandigarh  
Dated: 19/06/20**

## 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.

**Place: Chandigarh**

**Dated: 19/06/20**

**For RAJ GUPTA & CO.**

**Chartered Accountants**

**ERN: 000203N**



**CA SANDEEP GUPTA**

**Partner**

**M. No. - 529774**



Date:- 19<sup>th</sup> June, 2020

**Subject:- Declaration pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 and SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27.05.2016**

In compliance of Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016 as amended by Circular No. CIR/CFD/CMD/56/2016 dated 27.05.2016, we hereby declare that the Statutory Auditors of the Company, M/s Raj Gupta & Co. Chartered Accountants (FRN: 000203N) have issued Audit Report with unmodified opinion in respect of the standalone audited financial results for the financial year ended 31<sup>st</sup> March, 2020.

Thanking You,  
Yours faithfully  
For Punjab Communications Limited

  
J.S. Bhatia  
Chief Financial Officer