



**Independent Auditor's Report**

To the Members of  
Punjab Communications Limited.

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

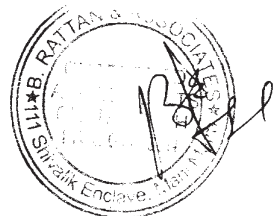
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956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

**Auditors' Responsibility**

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

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

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





### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Matter of Emphasis

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

(b) Attention is invited to Significant Accounting Policy 1(b), certain items of income and expenditure have been accounted for on cash basis. Impact of such treatment on profits of the year has not been ascertained.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of books of accounts;





- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the Books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) In terms of Government of India, Department of Corporate Affairs Notification No. GSR 829(E) dated 21<sup>st</sup> October, 2003, Government companies are exempt from the applicability of provisions of Section 274(1)(g) of the Companies Act, 1956.

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

Place: Chandigarh

Dated: 30 May 14

Bharat Rattan  
(Partner)  
M. No. - 090682





**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

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

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, fixed assets have been physically verified by the management at the end of the year. Considering the size of the Company and nature of its fixed assets, no material discrepancies were noticed on such verification.

c) As explained to us, No fixed assets have been disposed off during the year under review.

2. a) As explained to us, the inventories were physically verified by the management at the end of the year. We have also obtained physical verification report and no major discrepancies noted.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

3. The Company has neither granted any secured/unsecured loans to, nor taken secured/unsecured loans from, any Company, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. The Company has adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of stores, raw material including components, plant and machinery, equipment and other assets and for sale of goods. We have not come across any major weakness in internal control.

5. There are no transactions, which need to be entered in register maintained under section 301 of the Act.

6. The Company has not accepted any deposits from public during the year.

7. In our opinion, the internal audit system prevalent in the Company is commensurate with the size of the Company and the nature of its business.





8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, it is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues, which have remained outstanding as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there were no disputed amounts in respect of income tax, sales tax, custom duty, excise duty, etc which were outstanding in the books of accounts as at 31<sup>st</sup> March 2014. However, the following demands have been raised in respect of disputed dues pending before various statutory authorities:
- (i) The excise and custom duty demand of Rs. 30.20 lacs is disputed with excise and custom department.
- (ii) The Sales Tax demand including interest aggregating to Rs. 14.85 lacs (net of pre-deposit) is disputed and the appeal is pending at the office of Sales Tax Appellate Tribunal, Andhra Pradesh.
10. The Company does not have any accumulated losses. The Company has incurred cash loss amounting to Rs. 592.04 Lacs in the current financial year.
11. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to Chit fund, Nidhi or mutual benefit fund, society are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments. Hence, requirements of paragraph 4(xiv) are not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee in respect of loans taken by others from banks or financial institutions.



**B. Rattan & Associates**  
Chartered Accountants



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16. The Company has not obtained any term loans during the year.
17. According to the cash flow statement and other records examined by us and on the basis of information and explanations given to us, funds raised on short-term basis have not been used for long-term investment.
18. The company has not made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through public issue of shares during the year.
21. Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Place: Chandigarh

Dated: 30-May-14

Bharat Rattan  
(Partner)  
M. No. - 090682

