

The Board of Directors
Punjab Communications Limited,
Mohali.

Report on limited review of Unaudited Financial Results of Punjab Communications Limited for the period ended 30.09.2011

We have reviewed the accompanying statement of Unaudited Financial Results of Punjab Communications Limited for the period ended 30.09.2011 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/committee of board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2400, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The Company has recognized revenue of Rs 54.50 lacs in respect of sales for which risk and rewards of ownership have remained with the company. This is contrary to Accounting Standard-9 "Revenue Recognition" issued by the Institute of Chartered Accountants of India. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. As per its accounting policy the company is accounting certain items of income and expenditure on cash basis i.e. Additional liability/refunds of taxes arising on completion of assessments, Refund on account of excise duty, custom duty and insurance claims, customer claims and recoveries, liquidated damages and penal interest, ex-gratia payments to the employees, claims for price escalation on sales, expenditure on warranty and guarantee of satisfactory performance of equipment and interest on calls in arrears. Impact of revenue cannot be ascertained in respect of these items. The suit for recovery of investment of Rs. 700 lacs and interest of Rs. 293.44 lacs due thereon in the case of investment in UP Co-operative Spinning Mills Federation Ltd (UPSMFL), along with future interest has been decided ex parte in favour of the company. On 12.07.2005, U.P. State Government (Guarantor) has deposited Rs. 735.63 lacs in the Civil Court, Lucknow in compliance of the orders of the Hon'ble Punjab & Haryana High Court, Chandigarh. The execution of the ex parte decree is pending for execution before the Executing Court at Lucknow. The company has not recognized the accrued interest amounting to Rs. 880.81 lacs upto 31.3.2005 and Rs.87.62 lacs (12.7.2005), till the date of deposit of Rs.735.63 lacs by the U.P. Govt., keeping in view the contingency in realization of interest in near future, which is in conformity with the Accounting Standard on Revenue recognition AS-9 issued by The Institute of Chartered Accountants of India. Further an amount of Rs. 735.63 lacs deposited with the Executing Court has been released to the Company (decree holder) on 24.04.2006 against furnishing bank guarantee of the equivalent amount.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For RAJ GUPTA & CO
CHARTERED ACCOUNTANTS

(CA Raj Gupta)
PARTNER
Membership No 017039

Place of Signature

Dated: NOV. 2. 2011