

PCL/CS/16491

3rd June, 2025

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 31st March, 2025

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 and Annual Financial Results of the Company for the Quarter / Year ended 31st March, 2025 together with Statement of Assets & Liabilities as on report date, Cash Flow Statement for the period ended 31st March, 2025 has been considered and approved by the Board of Directors in the 229th Board Meeting of the Company held on 3rd June, 2025 along with Statutory Auditors' Report thereon and Statement on Impact of Audit Qualifications on Standalone Financial results. The Meeting commenced at 1410 Hrs and concluded at 1730 Hrs.

In this regard, 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 31st March, 2025.
2. The Statement of Assets & Liabilities of the Company as on the year ended 31st March, 2025 as per Regulation 33(3)(f) of SEBI (LODR) Regulations, 2015
3. The Cash Flow Statement for the period ended 31st March, 2025 as per Regulation 33(3)(g) of SEBI (LODR) Regulations, 2015.
4. The Independent Audit Report on Audited Financial Results for the quarter and year ended 31st March, 2025 as provided by our Statutory Auditors - M/s Ashwani & Associates, Chartered Accountants.
5. Statement on Impact of Audit Qualifications on Audited Financial Results for the Year ended 31st March, 2025 as provided by our Statutory Auditors - M/s Ashwani & Associates, Chartered Accountants.

This is for your information & records please.

Thanking you.

Yours faithfully
For Punjab Communications Ltd.

PRATIMA YADAV Digitally signed by PRATIMA YADAV
Date: 2025.06.03 20:07:26 +05'30'

(Company Secretary)

PUNJAB COMMUNICATIONS LIMITED
 Regd Office - B-91, Phase VIII, Industrial Area, S A S Nagar (Mohali)-160071
 (CTIN: L32202PB19R1SGC004616) (Web: www.puncom.com)
AUDITED FINANCIAL RESULTS FOR THE QUARTER/ YEAR ENDED 31ST MARCH, 2025



(Rs in Lacs)

PART I						
Sr. No.	Particulars	Quarter Ended			Year Ended	Year Ended
		31.03.2025	31.12.2024	31.03.2024	31.03.2025	31.03.2024
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations	491.97	354.72	587.80	1721.43	1504.59
2	Other income	254.79	215.61	161.95	858.34	696.13
3	Total Revenue (1+2)	746.76	570.33	749.75	2579.77	2200.72
4	Expenses					
	a) Cost of materials consumed	101.83	73.05	246.31	575.43	556.54
	b) Purchases of Stock-in-Trade	39.83	10.93	125.51	276.19	156.97
	c) Change in inventories of finished goods, Stock-in-Trade and work-in-progress	22.95	48.20	(40.25)	6.60	(104.19)
	d) Employee benefits expense	297.63	338.20	344.49	1,320.77	1,485.86
	e) Finance costs	-	-	1.10	-	49.57
	f) Depreciation and amortisation expense	5.47	5.08	5.14	20.23	19.79
	g) Other expenses	137.89	105.67	113.80	484.18	307.27
	Total expenses (4)	605.60	581.13	796.10	2,683.40	2,471.81
5	Profit/(Loss) before exceptional items and tax (3-4)	141.16	(10.80)	(46.35)	(103.63)	(271.09)
6	Exceptional Items- Employees Expense Please refer Note 5	-	-	-	-	(261.77)
7	Exceptional Items-Interest Income under OTS- Please refer Note 6	-	65.77	1,548.08	65.77	1,548.08
8	Profit/(Loss) before tax (5-6+7)	141.16	54.97	1,501.73	(37.86)	1,015.22
9	Tax Expense					
	(a) Current Tax	-	-	-	-	-
	(b) Deferred Tax	-	-	-	-	-
10	Profit / (Loss) for the period from continuing operations (8-9)	141.16	54.97	1,501.73	(37.86)	1,015.22
11	Profit/(Loss) for the period	141.16	54.97	1,501.73	(37.86)	1,015.22
12	Other Comprehensive Income					
	Items that will not be reclassified to profit or loss					
	(i) Re-measurement gains/(losses) on defined benefit obligations	34.60	17.38	15.95	9.85	3.68
	Other Comprehensive Income/(Expenses)	34.60	17.38	15.95	9.85	3.68
13	Total Comprehensive Income for the period (11+12) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)	175.76	72.35	1,517.68	(28.01)	1,018.90
14	Earnings per Equity Share (EPS) :					
	(a) Basic	1.17	0.46	12.49	(0.31)	8.44
	(b) Diluted	1.17	0.46	12.49	(0.31)	8.44
15	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
16	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year	1,650.26	1,474.49	1,678.26	1,650.26	1,678.26

- Notes**
- The aforesaid Audited Financial Results for the Quarter and Year ended 31st March, 2025 have been taken on record by the Board of Directors in their meeting held on June 3, 2025.
 - 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 period includes, a sum of Rs 104.88 lacs being Interest on the Investments made by the company, Rs 140.10 lacs being Rental Income (Other income for the year includes, interest on investments is Rs 375.87 lacs and Rental income of Rs 465.60 lacs).
 - Exceptional Item represents Rs Nil. lacs (Previous year Rs 261.77 Lacs) which the company had paid to its Nil. employees during the year 2024-25 and to 8 employees during the previous year 2023-24, who have opted for the VRS scheme implemented by the Company.
 - Exceptional item represents Rs 65.77 lacs during the year (Previous year Rs 1548.08 lacs) towards the interest income of the company under one time settlement (OTS) from U.P. Co-Operative Spinning Mills Federation Ltd.
 - In compliance of Ind AS 12 on Income Taxes, due to lack of certainty of future taxable profits, as a matter of prudence, the company has decided not to recognise the deferred tax asset (net).
 - 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 31.03.2025 and 31.03.2024 are the balancing figures between audited figures in respect of the respective full financial year and the published figures for the nine months ended 31.12.2024 and 31.12.2023 respectively.

For and on behalf of the Board of Directors

Parminder Pal Singh Sandhu, IAS
 Managing Director
 DIN: 10298745

CA Ramesh Goel
 CFO

UDIN : 25097549 BMB QJA 6920

Dated : 03.06.2025



PUNJAB COMMUNICATIONS LIMITED
CIN No: L32202PB1981SGC004616
STATEMENT OF ASSETS AND LIABILITIES AS ON 31st MARCH 2025

Amount (Rs. in Lacs)

Particulars	Note	Amount (Rs. in Lacs)	
		As on 31 st March 2025	As on 31 st March 2024
ASSETS			
(1) Non-Current Assets			
a) Property Plant & Equipment	2	283.53	287.85
b) Investment Property	2A	106.29	83.61
c) Financial Assets			
Investments	3	-	0.00
Loans and advances	4	12.41	13.37
Other Financial Assets	5	26.42	238.38
d) Deferred tax assets (net)	6	-	-
e) Other non-current assets	7	0.02	8.97
(2) Current Assets			
a) Inventories	8	305.16	302.88
b) Financial Assets			
Trade receivables	9	964.75	1,061.81
Cash and cash equivalents	10	399.52	2,316.74
Other Bank Balances	11	5176.65	3,170.53
Loans and advances	12	1.00	1.22
Other Financial Assets	13	564.17	427.90
c) Other Current Assets	14	247.02	262.48
(3) Non current assets held for sale	14A	0.00	23.41
TOTAL		8,086.94	8,199.15
EQUITY AND LIABILITIES			
Equity			
a) Share Capital	15	1204.80	1,204.80
b) Other Equity	16	1650.26	1,678.26
Liabilities			
(1) Non-Current Liabilities			
a) Financial Liabilities			
Other Financial liabilities	17	91.48	48.82
b) Provisions	18	25.09	0.00
c) Other Non Current Liabilities	19	-	0.35
(2) Current Liabilities			
a) Financial Liabilities			
Borrowings	20	-	-
Trade Payables	21		
(A) Total outstanding dues of micro enterprises and small enterprises		23.57	5.30
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,425.53	1,523.39
Other Financial liabilities	22	3,379.64	3,454.20
b) Other Current Liabilities	23	115.41	156.79
c) Provisions	24	171.16	127.24
TOTAL		8086.94	8,199.15

For and on behalf of the Board of Directors



Parminder Pal Singh Sandhu, IAS
Managing Director
DIN: 10298745

CA Ramesh Goel
CFO

Dated : 03.06.2025



UDIN: 25097549 BMGQJA 6920

PUNJAB COMMUNICATIONS LIMITED CIN No: L32202PB1981SGC004616		
AUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st MARCH, 2025		
(Amount Rs. In Lacs)		
PARTICULARS	For the Year Ended 31 st March, 2025	For the Year Ended 31 st March 2024
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT/(LOSS) BEFORE TAX	-37.86	1,015.22
Adjustment for -		
Depreciation & Amortization	20.23	19.79
Long term Provision for Employee Benefits	34.94	-369.71
Short term Provision for Employee Benefits	43.92	-62.75
Provision for doubtful written back	-	-
Bad Debt written off	-	-
Interest & other financial expenses	0.00	49.57
Fair value changes of financial Instruments	0.21	-12.03
Profit on sale of fixed assets	0.00	-0.23
Other Non Current Financial Assets	10.18	1.84
Interest Rental Income	-841.47	-686.71
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	-769.85	-15.01
Adjustment for -		
Trade and Other Receivables	97.06	-39.59
Inventories	-2.28	-98.80
Short Term Loans and Advances	0.22	1.81
Other Financial assets	-136.27	43.17
Other Non Current Assets	8.95	144.29
Other Current assets	15.46	-251.36
Long Term Loans and Advances	2.15	14.10
Trade and Other Payables	-79.59	111.05
Other current Financial liabilities	-74.56	-33.04
Other Non current liabilities	-0.35	-3.31
Other current Liabilities	-41.38	73.25
Movement in Non Current financial Liabilities	-41.25	2.27
CASH FROM/(USED IN) OPERATIONS	-939.19	-121.13
Income Tax Paid	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	-939.19	-121.13
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-15.17	-3.01
Sale of Fixed Assets	0.00	0.82
Movement in Non- Current Investments	0.00	698.74
Movement in Non- Current Financial Assets	201.78	276.05
Other Bank Balances Increase (+)/Decrease	-2,006.12	875.38
Interest Rental Income	841.47	686.71
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	-978.04	2,534.69
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest/Bank Charges Paid	0.00	-49.57
Movement in Liabilities directly associated with Non current assets classified as held for sale	0.00	-390.00
NET CASH FROM/(USED) IN FINANCING ACTIVITIES	0.00	-439.57
Net Change in Cash & Cash Equivalents (A+B+C)	-1,917.23	1,973.99
Cash & Cash Equivalents at the beginning of the year	2,316.74	312.75
Cash & Cash Equivalents at the end of the year	399.52	2,316.74
For and on behalf of the Board of Directors		
 		
Parminder Pal Singh Sandhu, IAS Managing Director DIN: 10298745		
CA Ramesh Goel CFO		
Dated: 03.06.2025		



UDIN: 25097549 BMGQJA6920

Independent Auditors' Report on the Audit of the Financial results of the company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

To the Board of Directors of Punjab Communications Limited

Adverse Opinion

We have audited the accompanying financial results ("the statement") of **Punjab Communications Limited** ("the company") (CIN:L32202PB1981SGC004616), for the quarter ended 31st March 2025 and its result for the year from 1st April 2024 to 31st March 2025, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the accompanying Statement do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company for the quarter ended 31st March 2025 as well as the for the year from 1st April 2024 to 31st March 2025, its profit, total comprehensive income, changes in equity and its cash flows for the quarter ending 31st March 2025 and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Adverse Opinion

- I. As per the company's stated accounting policy, as per Note 2(vii)(a) to the Financial Statements, inventory is to be valued using the FIFO Method. However, the inventory of raw materials is valued on the basis of "last purchase rate" and is carried in the Balance Sheet at ₹1156.59 lacs (gross) as at 31.03.2025 (Note No. 8). The Management has not provided us the valuation of the inventory as per the FIFO Method. The calculation of raw material of inventory as per the last purchase cost is also not in compliance with the provisions of Ind AS 2 on Inventories. Further, the gross value of inventories of raw material as at 31.03.2025 is being carried out in the Balance Sheet at ₹1156.59 lacs. Whereas, as per the ERP data gross value of inventories of raw material as at 31.03.2025 comes to ₹1663.58 lacs. The resulting difference of ₹506.99 lacs is pending to be reconciled as at 31.03.2025.
- II. As per the Company's accounting policy disclosed at Note No. 2(vii)(b), cost of work in process includes cost of material plus direct labour. However, the inventory of work in process carried in the Balance Sheet at ₹73.26 lacs (Note No. 8 of the Financial Statements) has been valued only at material cost. Further, the material cost is calculated on the basis of last purchase rate method.
- III. As per the Company's accounting policy disclosed at Note No. 2(vii)(c), cost of finished sub-assemblies includes cost of material plus overheads apportioned on the same. However, the inventory of finished sub-assemblies carried in the Balance Sheet at ₹482.75 lacs (Note No. 8 of the Financial Statements) have been valued only at material cost. Further, the material cost is calculated on the basis of last purchase rate method.



- IV. As regards net trade receivables amounting to ₹974.76 lacs as at 31.03.2025, management is of the view that the same are good and recoverable in due course and hence, no further provision is required. Out of the above trade receivables balances to the extent of ₹306.67 lacs are outstanding for more than three years. In the absence of appropriate audit evidences including balance confirmations, correspondence from parties and data in respect of future progressive payments, we are unable to comment on the receivability of balance outstanding trade receivables outstanding for more than three years amounting to Rs. ₹306.67 lacs and the possible impact on the loss for the year ended on that date and on the balance of trade receivables as at 31.03.2025.
- V. As regards net trade payables amounting to ₹1449.10 lacs as at 31.03.2025, management is of the view that the same are undisputed and payable in due course. Out of the above trade payables balances to the extent of ₹1253.76 lacs are outstanding for more than three years. In the absence of appropriate audit evidences including balance confirmations and correspondence from parties, we are unable to comment on the correctness of balance outstanding of trade payables as at 31.03.2025.
- VI. As required by Ind AS 109 Financial Instruments, the company should have an accounting policy to estimate Expected Credit Loss (ECL) for measuring impairment of its trade receivables and other financial assets. However, we observed that the company is not following any accounting policy to estimate ECL. In the absence of estimation of ECL as at 31.03.2025, we are unable to comment on the possible impact on the loss for the year ended on that date.

As a consequence, the above-mentioned material misstatements are deemed to be pervasive to the financial statements. The effect of the misstatements on the financial statements have not been determined because it was not practical to do so.

Accordingly, due to the significance of the matters described above, the financial statements do not present fairly, in all material respects, the financial position of the Company for the quarter ended 31st March 2025 as well as the for the year from 1st April 2024 to 31st March 2025, and its financial performance and cash flows for the year then ended, in accordance with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements 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.

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



Auditor's Responsibilities 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.

As part of our audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- I. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- I. The Statement includes the results for the quarter ended 31st March, 2025 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us and the previous auditor, as required under the LODR Regulations.
- II. The comparative financial information of the Company for the year/quarter ended 31st March 2024 have been audited by the predecessor auditor. The predecessor auditor, Jain & Associates, vide their respective audit reports have expressed unmodified conclusion on comparative financial statements.

Our opinion on the Audit of the statements for the year ended 31st March, 2025 is not modified in respect of the above matters.

For and on behalf of
Ashwani & Associates
Chartered Accountants
FRN: 000497N
by the hand of

Arvind Jain
Partner

Membership No.:097549

UDIN: 25097549BM6AJA6920

Place: Ludhiana
Dated: 03.06.2025



**STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION)
SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS (Standalone)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2025
(See regulation 33 of the SEBI (LODR) Regulations, 2015)

<i>In Lacs, except earnings per share</i>				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total income	2,579.77	Not ascertainable [Refer notes II(a) below]
	2.	Total Expenditure	2,683.40	Not ascertainable [Refer notes II(a) below]
	3.	Exceptional items	65.77	Not ascertainable [Refer notes II(a) below]
	4.	Net Profit/(Loss)	(37.86)	Not ascertainable [Refer notes II(a) below]
	5.	Earnings Per Share	(0.31)	Not ascertainable [Refer notes II(a) below]
	6.	Total Assets	8,086.94	Not ascertainable [Refer notes II(a) below]
	7.	Total Liabilities	8086.94	Not ascertainable [Refer notes II(a) below]
	8.	Net Worth	2855.06	Not ascertainable [Refer notes II(a) below]
	9.	Any other financial item(s)(as felt appropriate by the management)	-	Not ascertainable [Refer notes II(a) below]

II. Audit Qualifications

a	Details of Audit Qualifications:	<p>I. As per the company's stated accounting policy, as per Note 2(vii)(a) to the Financial Statements, inventory is to be valued using the FIFO Method. However, the inventory of raw materials is valued on the basis of "last purchase rate" and is carried in the Balance Sheet at Rs.1156.59 lacs (gross) as at 31.03.2025 (Note No. 8). The Management has not provided us the valuation of the inventory as per the FIFO Method. The calculation of raw material of inventory as per the last purchase cost is also not in compliance with the provisions of Ind AS 2 on Inventories. Further, the gross value of inventories of raw material as at 31.03.2025 is being carried out in the Balance Sheet at Rs.1156.59 lacs. Whereas, as per the ERP data gross value of inventories of raw material as at 31.03.2025 comes to Rs.1653.58 lacs. The resulting difference of Rs.506.99 lacs is pending to be reconciled as at 31.03.2025.</p> <p>II. As per the Company's accounting policy disclosed at Note No. 2(vii)(b), cost of work in process includes cost of material plus direct labour. However, the inventory of work in process carried in the Balance Sheet at Rs.73.26 lacs (Note No. 8 of the Financial Statements) has been valued only at material cost. Further, the material cost is calculated on the basis of last purchase rate method.</p> <p>III. As per the Company's accounting policy disclosed at Note No. 2(vii)(c), cost of finished sub- assemblies includes cost of material plus overheads apportioned on the same. However, the inventory of finished sub-assemblies carried in the Balance Sheet at Rs.482.75 lacs (Note No. 8 of the Financial Statements) have been valued only at material cost. Further, the material cost is calculated on the basis of last purchase rate method.</p> <p>IV. As regards net trade receivables amounting to Rs.974.76 lacs as at 31.03.2025, management is of the view that the same are good and recoverable in due course and hence, no further provision is required. Out of the above trade receivables balances to the extent of Rs.306.67 lacs are outstanding for more than three years. In the absence of appropriate audit evidences including balance confirmations, correspondence from parties and data in respect of future progressive payments, we are unable to comment on the receivability of balance outstanding trade receivables outstanding for more than three years amounting to Rs. Rs.306.67 lacs and the</p>
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Regd. Office : B-91, Phase VIII, Indl. Area, S.A.S. Nagar, Mohali (Punjab) - 160 071 India

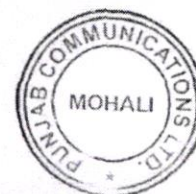
Phone No. : +91-172-2237101 (4 Lines), +91-172-5022901 (4 Lines)
 Fax No. : +91-172-2237125, E-mail : puncom@puncom.com
 CIN: L32202PB1981SGC004616 Website : www.puncom.com

		<p>possible impact on the loss for the year ended on that date and on the balance of trade receivables as at 31.03.2025.</p> <p>V. Out of the above trade payables balances to the extent of Rs.1253.76 lacs are outstanding for more than three years. In the absence of appropriate audit evidences including balance confirmations and correspondence from parties, we are unable to comment on the correctness of balance outstanding of trade payables as at 31.03.2025.</p> <p>VI. As required by Ind AS 109 Financial Instruments, the company should have an accounting policy to estimate Expected Credit Loss (ECL) for measuring impairment of its trade receivables and other financial assets. However, we observed that the company is not following any accounting policy to estimate ECL. In the absence of estimation of ECL as at 31.03.2025, we are unable to comment on the possible impact on the loss for the year ended on that date.</p> <p>As a consequence, the above-mentioned material misstatements are deemed to be pervasive to the financial statements. The effect of the misstatements on the financial statements have not been determined because it was not practical to do so.</p>
b	Type of Audit Qualifications: (Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion)	Adverse Opinion
c	Frequency of qualifications: (Whether appeared first time/ repetitive/ since how long continuing)	Qualification II (a)-I, II, III, IV, V & VI, For the first time in the quarter and year ended 31 st March 2025;
d	For Audit Qualifications where the impact is quantified by the auditor, Management's Views:	Not applicable as the impact is unquantified
e	For Audit Qualifications where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualifications:	Not ascertainable
	(ii) If management is unable to estimate the impact, reasons for the same:	<p>The Management is of the strong view that the "Adverse Opinion" given by the Statutory Auditor is erroneous, based both upon the facts as well as the principles laid down in Ind AS 109 and SA 705 and 706, laying down certain grounds for the Auditor's Opinion according to which an auditor can provide an "Adverse Opinion" on the audited financial results only after obtaining the sufficient appropriate audit evidence with a conclusion which is both material and pervasive to the Financials. The relevant provisions are reproduced hereunder:</p> <p>"SA 705</p> <p><u>Adverse Opinion</u></p> <p>8. The Auditor shall express an Adverse Opinion when the Auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the Financial Statements.</p> <p><u>Disclaimer of Opinion</u></p> <p>9. The Auditor shall Disclaim an Opinion when the Auditor is unable to obtain sufficient appropriate audit evidence on which to base the Opinion, and the Auditor concludes that the possible effects on the Financial Statements of undetected misstatements, if any, could be both material and pervasive.</p> <p>10. The Auditor shall Disclaim an Opinion when, in extremely rare circumstances involving multiple uncertainties, the Auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an Opinion on the Financial Statements due to the potential interaction of the uncertainties and their possible cumulative effect on the Financial Statements."</p> <p>As clearly evident, as per SA 705 in case an Auditor fails to determine the impact of his qualifications, it cannot be a ground for Adverse Opinion. At the best it can be a case of Disclaimer of Opinion on such items. However, all the points from I to VI in Basis for Adverse Opinion of the Statutory Auditor's Report ultimately express inability of the Statutory Auditor to determine the impact of such items. Unless a Statutory Auditor is able to quantify and</p>



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		<p>ascertain the impact of his observations on the Financial Statements, no Adverse Opinion can be expressed. In case of an Adverse Opinion the Statutory Auditor has to bring out precisely the impact of his observations on the various components of Revenue Statement and/or Balance Sheet of the entity. Further, principles laid down in Ind As 109 with regard to ECL model lays down that in case of trade receivables simplified approach with regard to provision can be adopted and no complicated model of ECL may be required. Hence, provision in respect of trade receivables can be worked out looking at the conduct of various accounts and legal cases if any in such cases. Non receipt of confirmations from the trade receivables and the trade payables can be a subject matter of qualification but not for an Adverse Opinion. All the above remarks were presented to the Statutory Auditor for his consideration. Lastly, such qualifications given by the Auditor have been given for the first time. Thus, the management hereby expresses its reservations/ dissent on the audit report dated 3rd June, 2025 on Audited Financial Results for the period ended 31st March, 2025. However, the management shall pursue the matter and will look into the probable causes & corrective actions to be taken by the company internally, in this regard.</p>
	<p>(iii) Auditors' Comments on (i) or(ii)above:</p>	<p>The management has not provided reasons for its inability to ascertain the impact of the qualifications, as required by clause II(e)(i) above. Furthermore, the management has not disputed the auditors' findings (except regarding the applicability of Ind AS 109) but has instead commented on distinguishing between an adverse opinion and a disclaimer of opinion.</p> <p>The management argues that an adverse opinion is inappropriate when the auditor cannot quantify the impact of qualifications, suggesting a disclaimer of opinion instead. We respectfully disagree. An auditor must exercise professional judgment and maintain professional scepticism when forming an opinion. If the auditor concludes that deviations or non-compliances are material and pervasive, an adverse opinion is warranted, as per SA 705 (Revised). Para 21 of SA 705 states:</p> <p><u>"If there is a material misstatement of the financial statements that relates to specific amounts in the financial statements (including quantitative disclosures in the notes to the financial statements), the auditor shall include in the Basis for Opinion section a description and quantification of the financial effects of the misstatement unless impracticable. If it is not practicable to quantify the financial effects, the auditor shall so state in this section (Ref. Para A22)."</u></p> <p>As noted in our audit report, we have stated where quantification was impracticable due to the lack of appropriate information provided by the management. SA 705 defines 'pervasive' to include situations where insufficient audit evidence prevents quantification of the impact, which may still justify an adverse opinion (Para A16-A18). Contrary to the management's assertion, SA 705 does not preclude an adverse opinion when the impact cannot be fully quantified. Moreover, the management's reliance on SA 705 to argue for a disclaimer is misplaced. A disclaimer is warranted only when the auditor cannot obtain sufficient appropriate audit evidence due to management-imposed limitations or other circumstances (SA 705, Para 9). Here, the auditors identified clear non-compliances with Ind AS 2 and Ind AS 109, supported by evidence such as the use of the last purchase rate method and the absence of an ECL policy.</p> <p>The unreconciled inventory difference of Rs. 506.99 lakhs represents 166% of the reported inventory balance (Rs. 305.16 lakhs) and 1339% of the reported loss (Rs. 37.86 lakhs). This significant discrepancy, combined with non-compliance with Ind AS 2 (inventory valuation) and Ind AS 109 (ECL), is both material and pervasive, as it affects the overall reliability of the financial statements and users' decision-making, as outlined in Para A16-A18 of SA 705. These aspects alone are sufficient to justify an adverse opinion, without considering the other observations, which the management has not disputed.</p>



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Regarding Ind AS 109, the management claims that a simplified approach for trade receivables negates the need for a complex ECL model. However, even the simplified approach requires a systematic assessment of expected credit losses based on historical data, aging analysis, or other evidence of recoverability. The company has neither established such a policy nor provided relevant information (e.g., aging schedules or recovery plans) to support its assertion that no further provision is required for trade receivables of Rs. 306.67 lakhs outstanding for over three years. The non-receipt of confirmations for trade receivables and payables is not the sole basis for our opinion; it is the absence of other evidence, such as correspondence, data on future progressive payments, or a defined ECL policy, that contributes to the qualification.

The fact that these qualifications were raised for the first time in the current period does not negate their validity. The auditors' findings are based on the evidence available (or unavailable) for the year ended 31 March 2025, including significant non-compliances with Ind AS and unresolved discrepancies in inventory, receivables, and payables. The combined effect of these issues creates a pervasive impact on the financial statements, undermining their overall fairness and reliability.

In a nutshell, the auditors concluded that the possible effects of the misstatements were material and pervasive, justifying the issuance of an adverse opinion. To address these qualifications, we recommend that the management reconciles the inventory discrepancy of Rs. 506.99 lakhs, adopts the FIFO method as per the stated policy, establishes a clear ECL policy compliant with Ind AS 109, and obtains confirmations or alternative evidence for trade receivables and payables. These steps will enhance the reliability of future financial statements and mitigate the risk of recurring adverse opinions.

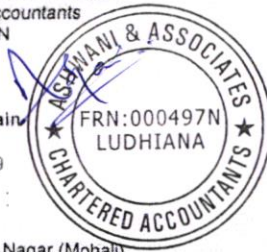
III.

Signatories:

For Ashwani & Associates
Chartered Accountants
FRN: 000497N

CA Arvind Jain
Partner
M.No. 097549

Place: S.A.S. Nagar (Mohali)
Date: 03.06.2025



For and on behalf of the Board of Directors

Parminder Pal Singh Sandhu, IAS
Managing Director
DIN: 10298745

CA Ramesh Goel
Chief Financial Officer

CA D.K. Singla
Chairman-Audit Committee
DIN: 01430327

