	Year ended									
	31.3.01	31.3.02	31.3.03	31.3.04	31.3.05	31.3.06	31.3.07	31.3.08	31.3.09	31.3.10
										in ₹ lakh
PROFIT AND LOSS ACCOUNT										
Total turnover	1,560.62	2,039.21	4,136.54	3,188.08	3,586.43	3,480.25	3,950.07	3,384.11	1,533.11	1,506.87
Total expenditure	1,057.91	1,790.75	3,926.13	2,738.14	2,927.84	2,781.58	3,366.89	2,349.39	1,727.99	1,734.27
Profit/ (loss) before taxation	502.71	248.46	210.41	449.94	658.59	698.67	583.18	1,034.72	(194.88)	(227.40)
Provision for taxation	40.00	9.20	15.05	27.20	53.48	62.58	69.76	172.85	3.29	0.18
Net profit/ (loss)	462.71	239.26	195.36	422.74	605.11	636.09	513.42	861.87	(198.17)	(227.58)
Provision for deferred tax	0.00	64.12	32.43	162.82	194.06	234.12	236.71	200.66	(26.49)	11.86
Dividend (%)	20	10	7.5	10	10	10	10	10	0	0
BALANCE SHEET										
Net block	321.73	596.55	705.45	705.59	675.87	571.92	221.00	165.09	164.29	177.15
Investments	2,209.68	1,037.67	973.09	1,275.55	285.10	746.47	405.59	140.18	140.18	140.18
Current assets (net)	3,235.46	4,388.80	4,466.06	5,159.90	5,866.69	6,539.26	9,668.96	10,661.57	10,452.67	10,694.04
Miscellaneous expenditure	263.24	233.24	203.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total application of funds	6,030.11	6,256.26	6,347.84	7,141.04	6,827.66	7,857.65	10,295.55	10,966.84	10,757.14	11,011.37
Borrowings	16.23	118.85	131.98	827.62	188.30	703.35	161.68	139.45	129.88	648.79
Deferred tax liabilities	0.00	229.28	261.71	424.53	614.77	848.88	1,085.61	1,286.27	1,259.78	1,271.64
Paid up capital	1,046.70	1,046.70	1,046.70	1,046.70	1,046.70	1,046.70	1,446.70	1,446.70	1,446.70	1,446.70
Reserves	4,967.18	4,861.43	4,907.45	4,842.19	4,977.89	5,258.70	7,601.57	8,094.42	7,920.78	7,644.24
Net worth	5,750.64	5,674.89	5,750.91	5,888.89	6,024.59	6,305.40	9,048.27	9,541.12	9,367.48	9,090.94

To
The Members

Your Directors present the 17th Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 1506.87 lakh as compared to ₹ 1533.11 lakh last year and the Company incurred a loss of ₹ 227.40 lakh before tax as compared to a loss of ₹ 194.88 lakh before tax in the preceding year.

in ₹ lakh

Particulars	Year ended				
	31.3.2006	31.3.2007	31.3.2008	31.3.2009	31.3.2010
Income from operations	3,369.00	3,881.82	3,073.20	1,285.39	1314.03
Other income	111.25	68.25	310.91	247.72	192.84
Total turnover	3,480.25	3,950.07	3,384.11	1,533.11	1506.87
Total expenditure	2,781.58	3,366.89	2,349.39	1,727.99	1734.27
Profit before taxation	698.67	583.18	1,034.72	(194.88)	(227.40)
Provision for current tax	60.20	65.82	170.35	0.39	0.18
Profit after current tax	638.47	517.36	864.37	(195.27)	(227.58)
Fringe benefit tax	2.38	3.94	2.50	2.90	Nil
Provision for deferred tax	234.12	236.71	200.66	(26.49)	11.85
Net profit after tax	401.97	276.71	661.21	(171.68)	(239.43)
Dividend (%)	10	10	10	Nil	Nil
Transfer to reserves	40.02	24.97	65.68	Nil	Nil
Prior period adjustment (net)	1.81	27.02	4.38	1.96	37.11
Balance in Profit and Loss account	676.15	731.60	1,153.48	979.84	703.30
Paid up capital	1,046.70	1,446.70	1,446.70	1,446.70	1446.70
Earning per share	3.82	2.36*	4.54	(1.20)	(1.91)
Book value per share	60.24	62.54	65.95	64.75	62.84

*weighted average of basic and diluted EPS

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

2009-2010 has been a difficult year for the global and domestic media and entertainment industry. In India itself, the industry suffered largely due to low overall demand and declining advertising spends. Very few movies succeeded at the box-office during this period and the revenues from non-theatrical streams were also severely affected.

Given the difficult market scenario, the turnover and profitability of your Company was hurt. All efforts on reducing expenditures, re-costing of in-development projects and economizing payroll expenses continued. During this period the management has tried its level best to reduce the impact of this downturn and maximize returns at all levels. The downturn is expected to correct itself soon and your Company is ready to play a leading role in this new period.

APPROVAL FROM THE MINISTRY OF CORPORATE AFFAIRS

The making of content requires various types, qualities and quantities of raw material, talent and inputs in different denominations. Due to the multiplicity and complexities of these items it is not practicable to maintain quantitative records as the process of making content is not amenable to the same. Therefore, the Company made an application to the Ministry of Company Affairs seeking exemption under section 211(4) of the Companies Act, 1956 from giving quantitative details in the financial statements of the Company as required under Para 3 and 4 of part II of schedule VI to the Companies Act, 1956. The Ministry granted the said exemption vide letter number 46/ 16/ 2010-CL-III dated January 20, 2010 for the financial year ending on March 31, 2010.

DIVIDEND

Considering the financial results of your Company, the Directors do not recommend dividend for the year ended March 31, 2010.

LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The listing fees payable to both the stock exchanges for the year 2010-2011 have been paid.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies, Act 1956 and the rules framed thereunder.

SUBSIDIARIES

The Company has two subsidiaries namely PNC Productions Ltd and PNC Wellness Ltd. The Ministry of Corporate Affairs has granted its approval vide letter number 47/ 42/ 2010-CL-III dated February 5, 2010 under section 212(8) of the Companies Act, 1956 exempting the Company from the applicability of section 212(1) of the Companies Act, 1956 in respect of both these subsidiaries. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial statements of the Company have been consolidated with the above referred subsidiaries as required under clause 32 of the listing agreement with the BSE and NSE giving financial information of the entire group for the current fiscal. The financial information of the subsidiary companies, as required by the said approval, is disclosed in the Annual Report. Annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors, on request. Copies of the annual accounts of the subsidiary companies are available for inspection to members at the registered office of the Company.

In compliance with the listing agreement and the Companies Act, 1956, the Directors have reviewed the affairs of the subsidiary companies. Nabankur Gupta, independent Director of the Company, is a Director on the Board of PNC Wellness Ltd. Vishnu Kanhere, independent Director, is a Director on the Board of PNC Productions Ltd.

CORPORATE GOVERNANCE

The Company complies with clause 49 of the listing agreement. The Board of Directors of the Company has adopted a corporate governance policy meant to ensure fair and transparent practices and a code of conduct for its Directors and senior management. Both the corporate governance policy and the code of conduct are available on the website of the Company, www.pritishnandycom.com.

Further, the Board has also adopted a code of conduct for prevention of insider trading in the securities of the Company which is in line with the model code of conduct prescribed by SEBI. A separate report on corporate governance along with the Auditor's certificate on the compliance of corporate governance requirements of clause 49 of the listing agreement is given elsewhere in this report.

QUALITY AND SYSTEMS CONTROL

The Company has set up internal systems to meet and maintain the highest standards of quality in its business and is certified to be ISO 9001:2000 compliant by SGS of UK, the world's biggest inspection company since July 2004. Ever since, the Company's systems have been annually audited, meeting every required obligation, for the annual renewal of this ISO certification.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 and according to the information and explanations provided to them and based on representation received from the operating management, your Directors hereby state

i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

ii. that they have selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the loss of the Company for the year ended on that date;

iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. that they have prepared the accounts on a going concern basis.

DIRECTORS

Tapan Chaki was appointed as additional Director with effect from July 28, 2010. Mr Chaki holds office as an additional Director upto the ensuing Annual General Meeting of the Company. The Company has received notice from a member of the Company signifying his intention to propose the candidature of Mr Chaki for the office of Director.

Udayan Bose and Rangita Pritish Nandy retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the above Directors is furnished in the notice of the ensuing Annual General Meeting and also forms part of the corporate governance report in this annual report.

Harshawardhan Sabale, independent Director of the Company resigned on August 31, 2009.

AUDITORS

The auditors, Jaideepsingh P Deore & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as statutory auditors.

AUDITOR'S REPORT

The auditors have invited reference to a) note no B(7) of Schedule 19 regarding reliance being placed on legal opinion obtained by the Company that the bank guarantee encashed in the year ended March 31, 2001 of ₹ 75,050,000 in respect of the marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against and b) note no B(20) of Schedule 19 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181 where the Company has initiated recovery proceedings. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequent non-provision of any amount there against at this stage.

Your Directors' confirm that the references invited by the auditors in their report have been clarified in note no B(7) and note no B(20) of Schedule 19: Notes to the accounts forming part of the Balance Sheet and Profit and Loss Account, which are self explanatory and reproduced below. Your Directors concur with the non-provisioning of any amount there against.

Note no B(7)- Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January, 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Loans and Advances".

Note no B(20)- Loans and Advances of ₹ 46,753,181 includes: i) ₹ 15,000,000 advanced against the music, Asian and Indian satellite rights of a film where the Company has lien over the exploitation of the said rights and ii) ₹ 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances. i) The Company has filed a Summary Suit with the High Court at Bombay which is pending hearing and disposal and ii) The Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai supports this and consequently no provision has been made in the accounts at this stage.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on management discussion and analysis is enclosed as an annexure to this report.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

Your Directors have taken note of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs (MCA) in December 2009. The Company is committed to maintaining the highest standards of corporate governance and is compliant with all the mandatory standards. The Board would consider adopting the relevant provisions of the said voluntary guidelines at an appropriate time.

PERSONNEL

There were no employees drawing remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956. Therefore, the details as required by the provisions of the aforesaid section of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002 are not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

FILM AWARDS AND FESTIVALS

Your Company has received critical acclaim as well as awards and award nominations for its movies.

During the year, PNC movies have been officially selected at the following film festivals:

HBO's New York South Asian International Film Festival 2009: Raat Gayi Baat Gayi, Fatso
Cairo International Film Festival, Egypt 2009: Saluun
14th International Film Festival of Kerala 2009: Ek Tho Chance
Indian Film Festivals of Los Angeles 2010: Fatso
43rd Annual Worldfest Houston 2010: Ek Tho Chance, Saluun
Tongues on Fire, 12th London Asian Film Festival 2010: Ek Tho Chance
23rd Singapore International Film Festival 2010: Ek Tho Chance
1st London Indian Film Festival 2010: Ek Tho Chance
Las Vegas International Film Festival 2010: Saluun
Mexico International Film Festival 2010: Fatso
13th Shanghai International Film Festival 2010: Fatso
3rd Annual I View International Film Festival, New York 2010: Ek Tho Chance

Awards received:

Best Film Award at HBO's New York South Asian International Film Festival 2009: Raat Gayi Baat Gayi
Special Jury Award for Best Film in Foreign Features at 43rd Worldfest Houston 2010: Ek Tho Chance
Silver Remi Award for Best Film in Comedy Features at 43rd Worldfest Houston 2010: Saluun
Golden Ace Award for Outstanding Film Making by a First Time Director at Las Vegas International Film Festival 2010: Saluun
Golden Palm Award as Special Recognition for Standout Film Making at Mexico International Film Festival 2010: Fatso

BRAND PNC

Brand Finance, the UK-based brand valuation experts, last valued the Pritish Nandy Communications brand at ₹ 265.30 crore in January 2007. The Brand Council, an independent authority on branding, named Pritish Nandy Communications as the first Superbrand among motion picture companies. Brand PNC received an overall average score that puts it within the top 10 per cent of all brands across all segments and categories. The score was arrived at by tabulating consumer responses which were then scrutinized by members of The Brand Council which selects Superbrands in India.

ACKNOWLEDGMENT

The Board thanks all stakeholders in the Company, clients, business associates, bankers and financial institutions, for their continued support during the year. It wishes to record its appreciation of all the efforts put in by the staff and associates of the Company.

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, July 28, 2010

ANNEXURE TO DIRECTORS' REPORT

ADDITIONAL INFORMATION GIVEN AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

FOREIGN EXCHANGE EARNINGS AND OUTGO

		March 31, 2010		March 31, 2009	
		Rupees	Foreign Currency	Rupees	Foreign Currency
1.	Total foreign exchange earned	243,888	Received in ₹	Nil	Nil
2.	Total foreign exchange used				
	a. On import of raw material and capital goods	Nil	Nil	Nil	Nil
	b. Expenditure in foreign currencies on travel, subscription, etc	248,993	US$ 5,100	648,800	US$ 15,000
		Nil	Nil	598,150	€ 10,000
		268,800	£ 3,500	209,150	£ 3,000
	c. Dividend remitted in foreign currencies	Nil	Nil	Nil	Nil

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Considering the nature of the business of this Company, the particulars required under this clause are not applicable.

STATEMENT PURSUANT TO APPROVAL UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
	Financial year ended on	March 31, 2010 (₹)	March 31, 2010 (₹)
1.	Capital	600,000	5,000,000
2.	Reserves	4,500,000	1,279,940
3.	Total assets	25,274,451	6,279,940
4.	Total liabilities	25,274,451	6,279,940
5.	Details of investments		
	Rural Electrification Bond and interest thereon	Nil	2,607,812
6.	Turnover (including other income)	23,004,352	169,232
7.	Profit/ (loss) before taxation	(2,557,248)	70,329
8.	Provision for taxation	(684,371)	24,000
9.	Profit/ (loss) after taxation and priors years adjustments	(1,872,877)	112,384
10.	Proposed/ interim dividend	Nil	Nil

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES

1.	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
2.	The financial year of the Company ended/ ending on	March 31, 2010	March 31, 2010
3.	Date from which it became a subsidiary	April 27, 2006	October 17, 1996
4.	Shares of the subsidiary company held by Pritish Nandy Communications Ltd on the above date		
	a. Number of equity shares	60,000	496,850
	b. Extent of holding in equity Shares	100%	99.37%
5.	The net aggregate amount of the subsidiary's profit/ (losses) not dealt with in holding Company's accounts		
	a. Current year	₹ (1,872,877)	₹ 112,384
	b. Previous year	₹ 1,093,686	₹ 22,983
6.	The net aggregate amount of the subsidiary's profit/ (losses) dealt with in holding Company's accounts		
	a. Current year	Nil	Nil
	b. Previous year	Nil	Nil

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, July 28, 2010

Hit by the global meltdown, the real global economic growth was negative even in FY 2009-10. However, the global economy in the latter part of the year started showing signs of recovery. Supportive actions by the government helped in the country's economic recovery process though uncertainties still prevail.

2009-2010 has been a difficult year for the global and domestic media and entertainment industry. In India itself, the industry suffered largely due to low overall demand and declining advertising spends. Very few movies succeeded at the box-office during this period and the revenues from non-theatrical streams were also severely affected.

Given the difficult market scenario, the turnover and profitability of your Company was hurt. All efforts on reducing expenditures, re-costing of in development projects and economizing payroll expenses continued. During this period the management has tried its level best to reduce the impact of this downturn and maximize returns at all levels.

The media and entertainment industry and PNC though having potential for enormous growth has been dealt another blow through levy of service tax on licensing of specified copyrights viz temporary transfer or permitting use or enjoyment of any copyright other than original literary, dramatic, musical and artistic work and copyrights of cinematographic films and sounds. Though the constitutional levy of service tax on the above said items is being challenged by industry associations the outcome is presently uncertain.

This downturn is expected to correct itself soon and your Company is ready to play a leading role in this new period.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

   a. CONTENT

      PNC maintains its presence in almost all areas of the content business, continuing to make movies which drive cinema halls and television channels, including new technology platforms like DTH and IPTV, as well as packaged entertainment products like music CDs, cassettes and DVDs. As digital technology and the telecom sector opens up new delivery systems, PNC's opportunities to create and disseminate new motion picture products grow. Over the past few years, many new platforms have emerged and these will redefine the future of the entertainment business. Telecom companies are looking at VAS products for handhelds. Broadband is slowly but surely arriving on the scene, as a serious platform for delivering motion picture content. IPTV has opened up. DTH subscriptions have grown exponentially.

      The profile of the business dynamics is also changing. Indian movies have become a part of the global mainstream. Hollywood Studios are investing in Indian movies and taking them to international markets. Many hybrid productions have taken place and a new kind of cinema has emerged to replace the traditional Bollywood formula film. PNC continues to maintain its presence in this space, reaching out to young and new generation audiences with content that addresses their vision and expectations.

      The year under review was a period of caution. Active content production continued but abundant caution was exercised in every area of the business to ensure that losses were minimized. Acquired content rights were exploited. Releases of completed films were held back to get their right commercial value. To generate revenues content rights of films released in earlier years were re-leased to international broadcasters for global distribution. Apart from consolidating its production business, PNC also dealt in TV content and is developing a new genre of animation movies with global partners.

      Content will continue to remain PNC's main focus in coming years. PNC aims to grow its presence in the new emerging platforms for movie content to give brand PNC global reach and visibility. To achieve this, it has joined hands with a major global sales agent, London-based High Point Films.

   b. WELLNESS

      Moksh, The Wellness Place at Breach Candy, a wholly owned PNC subsidiary, continues to look for expansion possibilities. Options to generate additional financial resources required to grow this unique and well established product into a chain of wellness places nationwide are being examined.

2. RISKS, CONCERNS AND THREATS

   PNC's model of de-risking the content business, dependent on continuously shifting audience tastes, by adopting a business model of allowing others to exploit PNC films against minimum guarantees paid to PNC for short-term leases is facing resistance in the current adverse content market environment as distributors are finding it difficult to pay monies upfront. As a result PNC has had to shift focus from creation of content to first recovering its investment in content prior to or at the time of release. Transferring risks to professional distribution partners is becoming difficult and a substantial part of the commercial risk now remains attached to the producer. PNC however plays a vital role in designing the marketing and release of its films.

   By continuing with its multi-product portfolio approach, the Company is trying to manage the inherent risks of the business. PNC is also constantly researching audience tastes and creating innovative products that can meet the challenge of changing audience expectations through constantly changing technology.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

   The Company has adequate internal control systems in place. These systems constantly assess and vet creative ideas. There is collective responsibility at every stage of decision making and a Corporate Leadership Team, which includes all the department heads, examines and clears each project for implementation.

4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

   The Company's financial performance viewed in the backdrop of the global meltdown is not comparable with past years. It continues to make movies to meet audience expectations. Currently the focus of the Company is to return to growth and profitability.

5. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

   The Company is continuously building its talent base. Its Corporate Leadership Team has qualified and experienced members drawn from different specializations. The middle management cadre is being developed. However, the Company, as a policy, sees its core content making business essentially as project management. It prefers to assemble talent teams for each content project and these teams are disbanded once the project is complete. The talent bank that PNC has access to remains independent and is yet available to PNC at short notice.

   The Company enjoys cordial relations with its employees and the talent that it hires on a project basis.

6. CAUTIONARY STATEMENT

   Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ from those expressed or implied.

The Company is committed to maintaining high standards of corporate governance. It believes in fair dealing, ethical conduct and best practices that recognize the importance of all stakeholders.

This means ensuring accountability, efficiency, compliance. The Company believes that its action must reflect a sense of social responsibility and incorporate the importance of values in all transactions.

Therefore, a systematic approach has been followed for proper internal controls, timely dissemination of information to investors, compliance with listing norms. Information to investors is being provided through the website of the Company and through the stock exchanges, as well as by publication of quarterly financial results in newspapers and through the annual report and accounts to shareholders.

1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy is to maintain high levels of transparency, accountability and equity in all areas of its operations and in all interaction with its stakeholders. It believes that it must attain the objective of enhancing stakeholder value on a continuing and sustainable basis.

At the core of the Company's corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of its stakeholders. Your Company believes an active, well-informed, independent Board is crucial to ensure high standards of corporate governance.

The Company's corporate governance policy is meant to assist the Board in the exercise of its responsibilities. This policy is subject to future changes as may be required in the light of the amendments in various regulations. To ensure that stakeholders are aware of all such changes, these are posted on the Company website, www.pritishnandycom.com.

2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Companies act, 1956 and the listing agreement with the stock exchanges where the securities issued by the Company are listed. The Board has 8 directors as on March 31, 2010, of whom 6 are non-executive and 2 are wholetime Directors. All 6 non-executive Directors are eminent professionals with specialist experience. Wholetime Directors in the Company have grown from the ranks.

During 2009-10, the Board met 5 times: on May 22, 2009, June 29, 2009, July 28, 2009, October 24, 2009 and January 28, 2010. The time gap between any 2 meetings was not more than 4 calendar months. The following table gives details of Directors, their attendance at board meetings and at the last Annual General Meeting, number of memberships held by Directors on the board and committees of various companies as on March 31, 2010.

Director (Designation)	Category	Number of Board meetings attended	Whether last AGM attended	Number of other Company's directorships*, Committee+ memberships and chairmanship		
				Director	Committee Member	Committee Chairman
Pritish Nandy** (Chairman)	Promoter, Non-Executive Director	5	Yes	1	-	-
Udayan Bose	Independent, Non-Executive Director	4	Yes	2	-	1
Nabankur Gupta	Independent, Non-Executive Director	5	Yes	9	2	2
Hema Malini	Independent, Non-Executive Director	1	Yes	-	-	-
Harshawardhan Sabale	Independent, Non-Executive Director	1#	No	NA	NA	NA
Rina Pritish Nandy**	Promoter, Non-Executive Director	5	Yes	1	-	-
Vishnu Kanhere	Independent, Non-Executive Director	5	Yes	2	1	-
Pallab Bhattacharya (Wholetime Director and CEO)	Executive Director	5	Yes	3	-	-
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	5	Yes	2	-	-

**Other company directorships do not include directorship in private limited companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.*

+Committee includes only two committees: Audit Committee and Shareholders/ Investors Grievances Committee of other public companies.

***Relationship among Directors: Pritish Nandy and Rina Pritish Nandy are husband and wife and Rangita Pritish Nandy is their daughter.*

#Resigned w.e.f. 31.08.2009. Participated in 1 meeting out of 3.

All Directors have made necessary disclosures regarding committee positions occupied by them in other companies. The membership and chairmanship of committees of other companies in which the Directors of the Company are members or chairman are in compliance with clause 49 of the listing agreement.

Profile of Directors retiring by rotation/ reappointed/ appointed at the Annual General Meeting

Udayan Bose, independent Director of the Company was re-appointed at the Annual General Meeting held on September 6, 2007.

Mr Bose is a first class Honours Graduate from Presidency College, Calcutta, Fellow of the Chartered Institute of Bankers, UK and he pursued the Advanced Management Program at Harvard Business School. With over 39 years of experience in banking covering commercial banking, investment banking, international finance, project finance and capital markets in India, Singapore, USA, Germany and the UK, he started his career with the National & Grindlays Bank Ltd in 1970 and then joined Deutsche Bank in India as Regional Director, South Asia. Mr Bose founded Lazard India, India's first international Investment Bank. He became the first Indian Global Partner of Lazard, and Managing Director of Lazard Brothers, and continued as Chairman of Lazard India from 1985 to 2005. He was the Chairman of The Calcutta Stock Exchange and Chairman of Thomas Cook India. Presently, he is the Chairman of Kantilal Chhaganlal Group's investment banking arm, KC Corporate Finance.

Other directorships of Mr Bose are JK Paper Ltd, Creditcapital Finance Ltd, Tamara Capital Advisors Private Ltd, Bikrampur Investment & Trading Private Ltd, Earl Investments Private Ltd, Merwanjee Trading Company Private Ltd and KC Corporate Finance Advisors Private Ltd.

Mr Bose is Chairman of the Audit committee of JK Paper Ltd and member of the Audit committee of your Company.

Mr Bose does not hold any share in the Company in his individual capacity. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Rangita Pritish Nandy is Creative Director on the Board of the Company. She was re-appointed as a Director at the Annual General Meeting held on September 6, 2007.

Ms Nandy holds the status of an executive Director in the Company. She is a golden alumni of HR College of Commerce and Economics, Mumbai and has specialised in advertising, sales management and sales marketing from the same college. Prior to joining PNC at an early age, Ms Nandy has trained in advertising and marketing at Ogilvy & Mather and Percept Advertising. She joined PNC in 1999 to design and manage the production of its television shows and events. She also prepared the essential groundwork for the Company's foray into the motion picture business. Currently she heads the Company's creative functions, supervises and manages the in-house production team, greenlights the Company's cinematic projects and oversees strategic PR and marketing for the Company and its products. She is also a member of the Company's Corporate Leadership Team.

Other directorships of Ms Nandy are PNC Productions Ltd, PNC Sippy Media Ltd, Ideas.com India Private Ltd, Sarvakala India Private Ltd and Studio PNC Private Ltd.

Ms Nandy does not hold membership or chairpersonship of any committees.

She holds 93,500 shares in the Company. She is the daughter of Pritish Nandy and Rina Pritish Nandy, directors of the Company. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Tapan Chaki, independent Director, was appointed as an additional Director of the Company at the Board meeting held on July 28, 2010 in terms of Article 121 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Being an additional Director, Mr Chaki will hold office only upto the date of the ensuing Annual General Meeting. He is eligible for appointment. The Company has received a notice in writing from a member alongwith a deposit of ₹ 500 for proposing the candidature of Mr Chaki for the office of Director of the Company as per Section 257 of the Companies Act, 1956.

Mr Chaki is a commerce graduate from Calcutta University and a corporate communications consultant with excellent media relationships. A weekly sports columnist in The Telegraph, Calcutta's largest circulated English daily; he was the Asian Age's publisher in all editions at its inception.

Other directorships of Mr Chaki are Nicco Parks and Resorts Ltd and Meridian Advertising Private Ltd.

Mr Chaki is a member of the Audit and Remuneration committee of Nicco Parks and Resorts Ltd.

Mr Chaki does not hold any shares in the Company in his individual capacity. The Board recommends his appointment.

3. AUDIT COMMITTEE

The constitution of the Audit Committee meets with the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the stock exchanges as amended till date. The terms of reference specified by the Board to the Audit Committee are as per clause 49 of the listing agreement and the same is part of the corporate governance policy adopted by the Board.

As on March 31, 2010, the Audit Committee consists of Vishnu Kanhere as Chairman, Udayan Bose and Nabankur Gupta. All members of the Audit Committee including the Chairman are independent Directors and financially literate. The Chairman, Dr Kanhere is a practicing Chartered Accountant and has extensive expertise in financial management. Nirav Joshi, Company Secretary acts as Secretary of the Audit Committee.

During the year 2009-10, the Audit Committee met 5 times: on May 22, 2009, June 29, 2009, July 28, 2009, October 24, 2009 and January 28, 2010. Attendance of committee members during the year 2009-10 is as under.

Name of member	Attendance	May 22, 2009	June 29, 2009	July 28, 2009	October 24, 2009	January 28, 2010
Vishnu Kanhere (Chairman)	5	Yes	Yes	Yes	Yes	Yes
Udayan Bose	4	Yes	Yes	Yes	Yes	No
Nabankur Gupta	5	Yes	Yes	Yes	Yes	Yes
Harshawardhan Sabale#	1	Yes	No	No	NA	NA

#Resigned w.e.f. 31.08.2009. Participated in 1 meeting out of 3.

4. REMUNERATION COMMITTEE

Constitution of the Remuneration Committee and the terms of reference specified by the Board to the committee are as per the requirements of listing agreement and Schedule XIII of the Companies Act, 1956. During the year 2009-10, the committee met on June 29, 2009 and all members of the committee, consisting of Chairman Vishnu Kanhere and members Nabankur Gupta and Harshawardhan Sabale were present. All members of the committee including the Chairman are independent Directors. Nirav Joshi, Company Secretary acts as Secretary of the committee.

Directors' Remuneration

a. Advisory fees: The Company has paid ₹ 60 lakh per annum as advisory fee to the non-executive Chairman. The payment of this fee is approved under section 309(1) of the Companies Act, 1956 by the Government of India, Ministry of Law, Justice & Company Affairs, Department of Company Affairs.

b. Sitting fees: Sitting fees are paid to non-executive Directors for attending Board meetings. All non-executive Directors are paid a sitting fee of ₹ 10,000 for attending Board meetings and Audit Committee meetings.

c. Remuneration: Details of current remuneration paid to wholetime Directors are as under:

Pallab Bhattacharya, Wholetime Director and CEO was re-appointed for a period of 5 years commencing February 18, 2010. He was entitled to a salary of ₹ 105,000 per month. Mr Bhattacharya has been paid a total remuneration of ₹ 877,685 for the year ended March 31, 2010.

Rangita Pritish Nandy, Creative Director was re-appointed for a period of 5 years commencing January 31, 2010. She was entitled to a salary of ₹ 96,000 per month. Ms Nandy has been paid a total remuneration of ₹ 802,455 for the year ended March 31, 2010.

Wholetime Directors of the Company are entitled to annual increments, as decided by the Board, effective from 1st April every year. Annual increments are merit based and take into account the Company's performance. The Company provides a car with driver to wholetime Directors and gratuity is payable to them as per the rules of the Company at the end of their tenure. Wholetime Directors are entitled to reimbursement of traveling, hotel and other reasonable expenses actually incurred in the performance of their duties. If in any financial year, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the provisions of schedule XIII of the Companies Act, 1956.

Shareholdings of the Non-Executive Directors of the Company

Of the 6 non-executive Directors, only promoter Directors Pritish Nandy and Rina Pritish Nandy holds 3,152,196 (21.79%) and 625,000 (4.32%) equity shares of the Company respectively. Dr Kanhere holds 2,000 shares as a Karta of his HUF. The other 3 independent Directors, Udayan Bose, Nabankur Gupta and Hema Malini do not hold any shares of the Company in their individual capacity as on March 31, 2010.

5. SHAREHOLDERS/ INVESTORS GRIEVANCES COMMITTEE

Shareholders/Investors Grievances Committee is constituted under the chairmanship of independent Director, Vishnu Kanhere and Pallab Bhattacharya is its member.

Nirav Joshi, Company Secretary is the Compliance Officer. The committee reviews and redresses all matters connected with the transfer of securities, dividend and other investor grievances like non-receipt of balance sheet and non-receipt of dividends. The Committee also oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to this Committee.

During the year 12 investor's requests were received and processed. There are no investor complaints pending as on March 31, 2010.

6. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
2006-2007	MC Ghia Hall, Mumbai 400001	September 6, 2007 at 11.00 PM
2007-2008+	MC Ghia Hall, Mumbai 400001	September 17, 2008 at 3.00 PM
2008-2009	MC Ghia Hall, Mumbai 400001	September 16, 2009 at 3.00 PM
Extra-Ordinary General Meeting*		
2006-2007	MC Ghia Hall, Mumbai 400001	February 14, 2007 at 3.30 PM

*Extra-Ordinary General Meeting was held to obtain members approval to authorise the Board of Directors for increasing the authorised share capital of the Company from ₹ 15 crore to ₹ 20 crore and issue of further securities through Qualified Institutional Placement to Qualified Institutional Buyers in terms of Chapter XIIIA of SEBI (DIP) Guidelines, 2000 and subject to necessary compliances and/or approvals as needed in one or more tranches upto an aggregate amount not exceeding ₹ 50 crore, issue of share warrants to entities belonging to promoter group by means of special resolutions. All the special resolutions were unanimously passed at the said EGM.

+At the Annual General Meeting held on September 17, 2008 a special resolution under section 314 of the Companies Act, 1956 for office of Ishita Pritish Nandy, Vice President, Creative Services was passed.

Apart from the above, no special resolution(s) have been passed in the above-mentioned Annual General Meetings of the Company or through postal ballots process during the year ended March 31, 2010.

7. DISCLOSURES

a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. - None of the transactions with any related party were in conflict with the interests of the Company.

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years. - There were no instances of non-compliance on any matter related to the capital markets during the last 3 years.

c. Whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee. - It being a non-mandatory requirement, the Company has not adopted this policy. However, no personnel has been denied access to the Audit Committee.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause. - The Company has complied with all mandatory requirements of clause 49 of the listing agreement. The Company has constituted a Remuneration Committee, which is a non-mandatory requirement.

8. MEANS OF COMMUNICATION

a. The unaudited quarterly financial statements, audited annual financial statements and quarterly shareholding pattern are posted on the website of the Company, www.pritishnandycom.com. The website also carries official news about the Company's upcoming activities.

b. The quarterly unaudited and annual audited financial statements are generally published in all editions of the Financial Express and Dainik Sagar, Mumbai, a vernacular Marathi daily. All the material information(s) about the Company including the financial results are immediately submitted to stock exchanges, where the shares of the Company are listed to enable them to upload the same on their website.

c. The Company also makes presentations to investors from time to time.

d. Management discussion and analysis forms part of this annual report.

9. GENERAL SHAREHOLDER INFORMATION

9.1 Annual General Meeting		
Date and time	:	September 30, 2010 at 3:00 PM
Venue	:	MC Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubhash Marg, Mumbai 400001
9.2 Financial calendar (tentative) for financial year	:	April 1, 2010 to March 31, 2011
a Board meetings to consider financial results		
Held on July 28, 2010	:	Results for the first quarter
Before November 14, 2010	:	Results for the second quarter
Before February 14, 2011	:	Results for the third quarter
Before May 30, 2011	:	Results for the fourth quarter and year ending March 31, 2011
b Annual General Meeting	:	September, 2011
9.3 Date of book closure	:	September 25, 2010 to September 30, 2010 (both days inclusive)
9.4 Dividend payment date	:	Not applicable
9.5 Listing on stock exchanges	:	a. Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400023 b. National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051
9.6 Stock code and other information	:	Bombay Stock Exchange: 532387 National Stock Exchange: PNC Market lot: 1 share ISIN: INE 392B01011 (Equity) Equity shares of the Company are traded only in dematerialized form

9.7 The Company's share price performance in comparison to broad based indices: BSE SENSEX, NSE NIFTY

Period (As on March 31, 2009 and March 31, 2010)	% change in Company's share price	% change in Indices
BSE-SENSEX	106.14%	80.54%
NSE-NIFTY	103.26%	73.76%

9.8 Market price data

	NSE		BSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2009	22.55	13.95	22.85	13.51
May 2009	31.65	15.20	32.35	17.00
June 2009	34.00	22.00	33.00	22.05
July 2009	25.65	17.70	25.90	18.15
August 2009	34.25	22.30	34.35	22.70
September 2009	43.00	29.00	43.15	28.80
October 2009	38.75	27.60	38.50	27.50
November 2009	38.95	25.65	38.35	25.75
December 2009	38.20	31.50	38.25	26.05
January 2010	41.40	29.00	38.90	28.90
February 2010	32.80	24.70	32.70	22.00
March 2010	31.35	26.50	31.25	26.45

9.9 Registrar and transfer agents : Link Intime India Private Ltd

9.10 Share transfer system : Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within an average of 15 days from the date of receipt.

9.11 Distribution of shareholding as on March 31, 2010

	Equity shares of face value of ₹ 10 each				
Shares of nominal value of ₹	Number of shareholders	%	Number of shares	Share amount (₹)	%
Up to 5,000	6,117	81.36	1,015,089	10,150,890	7.02
5,001 to 10,000	715	9.51	608,919	6,089,190	4.21
10,001 to 20,000	304	4.04	489,067	4,890,670	3.38
20,001 to 30,000	124	1.65	316,697	3,166,970	2.19
30,001 to 40,000	41	0.55	147,831	1,478,310	1.02
40,001 to 50,000	52	0.69	246,701	2467010	1.71
50,001 to 100,000	84	1.12	618,298	6,182,980	4.27
100,001 and above	81	1.08	11,024,398	110,243,980	76.20
Total	7,518	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2010 (Category wise)		%
Promoters holding	:	35.82
Banks and financial institutions	:	2.91
Foreign institutional investors	:	21.09
Public and private corporate bodies	:	8.71
NRIs/OCBs	:	3.89
Indian public and others	:	27.59
Total	:	100.00

9.12 Dematerialization of shares and liquidity: About 1,44,62,009 equity shares of the Company are held in dematerialized form which constitutes 99.97% of the total number of equity shares dematerialized as on March 31, 2010. Trading in the equity shares of the Company is permitted only in dematerialized form. The equity shares of the Company are actively traded on BSE and NSE.

9.13 Outstanding GDR/ADRs warrants or convertible instruments : The Company has no outstanding instruments convertible into equity shares.

9.14 Plant locations : The Company has no plant.

9.15 Address for investor correspondence

a. Registrar and share transfer agent
Link Intime India Private Ltd
Unit: Pritish Nandy Communications Ltd
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400078
Tel : 022 2594 69 70
Fax : 022 2596 69 69
email : rnt.helpdesk@linkintime.co.in, isrl@linkintime.co.in
Website : www.linkintime.co.in

b. Company
The Company Secretary
Pritish Nandy Communications Ltd
87/88, Mittal Chambers,
Nariman Point,
Mumbai 400021
Tel : 022 4213 00 00
Fax : 022 4213 00 33
email : investorgrievance@pritishnandycom.com
Website: www.pritishnandycom.com

OTHER INFORMATION

a. Listing fees for the financial year 2010-11 have been paid to both the exchanges.

b. Code of conduct for Board of Directors: The Board has adopted a code of conduct for its Directors and senior management of the Company. This code of conduct has been followed by all. The code is available on the website of the Company.

c. PNC's code for prevention of insider trading: The Board has adopted a code of conduct in accordance with the model code of conduct prescribed by SEBI. The code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary has been appointed as the Compliance Officer for monitoring implementation of the Code. The Code of Conduct is applicable to all employees who have access to unpublished price sensitive information relating to the Company as well as the Directors; they have complied with the code and the Company has received confirmation to that effect. During the time of declaration of results, dividend and other material events, the trading window is closed as per the code.

d. Risk management: The Company has adopted procedures for risk assessment and minimization. The risk management policy is adopted by the Board.

e. CEO/ CFO Certification: A certificate from the wholetime Director and CEO and the Vice President, Finance, Compliances and Legal Affairs on the financial statement of the Company was placed before the Board.

For and on behalf of the Board

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Pritish Nandy Communications Ltd
Mumbai

We have examined the compliance of conditions of corporate governance by Pritish Nandy Communications Ltd, for the year ended on March 31, 2010 as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the "Guidance Note on Certificate of Corporate Governance" issued by The Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of corporate governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above-mentioned listing agreement.

As required by the Guidance Note on certification of Corporate Governance issued by The Institute of Chartered Accountants of India, we state that the Registrar of the Company has certified that as at March 31, 2010, there were no investor grievances pending for a period exceeding one month, and as explained to us by the management, the Registrar have reported to the Shareholders/ Investors Grievance Committee regularly on the status of such grievances.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

AUDITOR'S REPORT

To
The Members
Pritish Nandy Communications Ltd

We have audited the attached Balance Sheet of Pritish Nandy Communications Ltd as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that
   i. 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;
   ii. 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 those books;
   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
   v. On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
   vi. Further reference is invited to
      a. note no B(7) of Schedule 19 regarding reliance being placed on legal opinion obtained by the Company that the bank guarantee encashed in the year ended March 31, 2001 of ₹ 75,050,000 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against; and
      b. note no B(20) of Schedule 19 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181, where the Company has initiated recovery proceedings. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequent non-provision of any amount there against at this stage.

      Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes to the accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
      ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Annexure referred to in paragraph (2) of Auditor's Report to the Members of Pritish Nandy Communications Ltd on the accounts for the year ended March 31, 2010.

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

   b. The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

   c. In our opinion and according to the information and explanations given to us by the management, fixed assets disposals during the year were not substantial and therefore do not affect the going concern assumption.

2. a. As explained to us by the management, the production/ making of content requires various types, qualities and quantities of content related consumable and inputs in different denominations. Due to the multiplicity and complexity of the items, it is not practical to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to the same. All the purchases of content related consumable/ consumables are treated as consumed. In view of this the Company does not maintain stock register and also does not carry out physical verification of stock. However, the management physically verifies the finished content in hand at the end of the year.

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

   c. In view of clause(a) above, this clause is not applicable for content under production. However, in respect of finished content the Company has maintained proper records. As explained to us, there were no material discrepancies noticed on physical verification of finished content as compared to register of finished content.

3. a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 other than the balance consideration receivable on transfer of wellness business segment to its wholly owned subsidiary company which has been considered as interest bearing unsecured loan as per mutual understanding. The details of which are as under

Name of the Company	Relationship	Maximum amount involved	Year end balance
PNC Wellness Ltd	Wholly owned subsidiary		
Unsecured loan including interest		₹ 20,174,451	₹ 20,174,451
Current account		₹ 2,043,516	₹ 2,043,516

   b. In our opinion and according to the information and explanations given to us and on the basis of rescheduled terms and conditions of the above, said unsecured loan are not prima facie prejudicial to the interest of the Company.

   c. According to the information and explanations given to us and on the basis of rescheduled terms and conditions of the above said unsecured loan, repayment of the principal amount and payment of interest have not been stipulated. In view of this, no comments are made on terms of repayment of loan and interest thereon.

   d. In our opinion and according to the information and explanations given to us and on the basis of rescheduled terms and conditions of the above loan granted, there is no overdue amount more than rupees one lakh.

   e. As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the provisions of clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of content, related consumables and fixed assets and for the sale of content. During the course of audit and according to information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the internal control system.

5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956, have been entered.

   b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. As informed to us, the maintenance of the cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.

9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities as applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date of becoming payable except VAT liability amounting to ₹ 11,723,042.

   b. According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess, which have not been deposited on account of any dispute except the following

Name of statute	Nature of dues	Period to which relate	Amount (₹)	Forum where pending
Income Tax Act, 1961	Income Tax	AY 2001-2002	629,204	Rectification pending before ACIT 11(1)
VAT Act, 2005	VAT	FY 2003-2004 FY 2004-2005	1,520,760 355,268	Appeal filed before Dy. Commissioner

10. The Company does not have accumulated losses as at March 31, 2010 and in the immediately preceding financial year. However, the Company has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

14. In our opinion and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

16. In our opinion and according to the information and explanations given to us, generally the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on a short term basis have not been used for long term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by public issue during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company noticed or reported during the year, nor have been informed of such case by the management.

For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

As at March 31, 2010

	Schedule No		March 31, 2010 ₹		March 31, 2009 ₹
SOURCES OF FUNDS					
1. Shareholders' funds					
a. Share capital	1	144,670,000		144,670,000	
b. Reserve and surplus	2	764,424,333	909,094,333	792,078,051	936,748,051
2. Loan funds					
a. Secured loans	3	54,102,786		2,211,306	
b. Unsecured loans	4	10,776,125	64,878,911	10,776,125	12,987,431
3. Deferred taxation (net)	5				
Deferred tax liabilities		127,163,597		125,978,033	
Less: deferred tax assets		0	127,163,597	0	125,978,033
			1,101,136,841		1,075,713,515
APPLICATION OF FUNDS					
1. Fixed assets	6				
a. Gross block		24,751,413		22,938,793	
b. Less: depreciation		7,036,910	17,714,503	6,510,222	16,428,571
2. Investments	7		14,018,200		14,018,200
3. Current assets, loans and advances					
a. Cinematic and television content	8		431,509,881		421,162,715
b. Sundry debtors	9		62,331,378		43,601,381
c. Cash and bank balances	10		178,391,326		188,511,080
d. Loans and advances	11		485,542,692		495,673,274
(A)			1,157,775,277		1,148,948,450
Less: current liabilities and provisions					
a. Liabilities	12		55,231,409		63,960,776
b. Provisions	13		33,139,730		39,720,930
(B)			88,371,139		103,681,706
Net current assets (A-B)			1,069,404,138		1,045,266,744
			1,101,136,841		1,075,713,515
Significant accounting policies and notes to Balance Sheet and Profit and Loss Account	19				

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

For the year ended March 31, 2010

	Schedule No	March 31, 2010 ₹	March 31, 2009 ₹
INCOME			
Sales and services	14	131,402,705	128,539,467
Other income	15	19,283,873	24,771,522
		150,686,578	153,310,989
EXPENDITURE			
Cost of content	16	133,635,545	130,601,758
Administrative and other expenses	17	31,243,177	40,136,270
Depreciation		1,911,503	1,760,071
Financial expenses	18	6,636,340	300,900
		173,426,565	172,798,999
Profit/ (loss) before taxation		(22,739,987)	(19,488,010)
Provision for taxation			
Current tax		0	0
Wealth tax		17,600	38,800
Fringe benefit tax		0	290,000
Deferred tax		1,185,564	(2,648,666)
Net profit/ (loss) after taxes		(23,943,151)	(17,168,144)
Add: prior years adjustments		51,033	0
Less: prior years adjustments		3,761,600	196,032
Net profit/ (loss)		(27,653,718)	(17,364,176)
Balance brought forward from previous year		97,984,087	115,348,263
		70,330,369	97,984,087
APPROPRIATIONS			
Proposed dividend		0	0
Corporate tax on dividend		0	0
Transferred to general reserve		0	0
Balance carried over to Balance Sheet		70,330,369	97,984,087
Significant accounting policies and notes to Balance Sheet and Profit and Loss Account	19		

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE 1		
SHARE CAPITAL		
Authorised share Capital 20,000,000 (LY 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000
Issued, subscribed and fully paid up 14,467,000 (LY 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000
Notes: Of the above shares		
496,000 equity shares of ₹ 10 each were issued as fully paid up bonus shares by capitalisation of ₹ 4,960,000 from retained profits during the year 96-97		
6,250,000 equity shares of ₹ 10 each are issued as fully paid up bonus shares by utilisation of General Reserves and Profit and Loss Account and Share Premium Account during the year 99-00		
4,000,000 equity shares of ₹ 10 each were issued at premium of ₹ 60 through QIP during the year 06-07		
	144,670,000	144,670,000

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital reserve (as per last Balance Sheet)		36,865		36,865
General reserve (as per last Balance Sheet)	22,098,279		22,098,279	
Add: transferred during current year	0		0	
Less: utilised during current year	0	22,098,279	0	22,098,279
Profit and Loss Account		70,330,369		97,984,087
Share premium account (as per last Balance Sheet)		671,958,820		671,958,820
		764,424,333		792,078,051

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE 3		
SECURED LOANS		
Term loan		
(Secured against the hypothecation of vehicles)		
ICICI Ltd	1,070,288	1,913,749
Kotak Mahindra	108,014	272,284
Citibank	0	25,273
Tata Capital Ltd.	2,924,484	0
Working capital short term loan		
(Secured against the fixed assets, current assets and film negetive)		
Yes Bank Ltd	50,000,000	0
	54,102,786	2,211,306
SCHEDULE 4		
UNSECURED LOANS		
International Communications & Investments Mauritius Ltd	10,000,000	10,000,000
Interest payable on above	776,125	776,125
	10,776,125	10,776,125

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 5				
DEFERRED TAXATION				
(Refer note no B(13) of schedule 19)				
Deferred tax liabilities				
As at April 1, 2009	125,978,033		128,626,699	
Add: additional adjustment for current year	1,185,564		0	
Less: reversed during current year	0	127,163,597	2,648,666	125,978,033
		127,163,597		125,978,033

SCHEDULE 6
FIXED ASSETS

(₹)

Particulars	GROSS BLOCK As At April 1, 2009	GROSS BLOCK Additions	GROSS BLOCK Deductions	GROSS BLOCK As At March 31, 2010	DEPRECIATION As At April 1, 2009	DEPRECIATION For the year	DEPRECIATION Deductions	DEPRECIATION Total	NET BLOCK As at March 31, 2010	NET BLOCK As at March 31, 2009
Office premises	723,764	0	0	723,764	385,253	63,329	0	448,582	275,182	338,511
Furniture and fixtures	1,308,999	226,636	14,000	1,521,635	431,183	83,390	5,686	508,887	1,012,748	877,816
Office equipment	8,420,861	623,308	160,000	8,884,169	2,182,170	394,369	38,634	2,537,905	6,346,264	6,238,691
Motor car	10,171,318	4,636,875	3,501,755	11,306,438	2,580,527	1,038,167	1,177,995	2,440,699	8,865,739	7,590,791
Computers, printers and software	2,313,851	164,056	162,500	2,315,407	931,089	332,248	162,500	1,100,837	1,214,570	1,382,762
Total	22,938,793	5,650,875	3,838,255	24,751,413	6,510,222	1,911,503	1,384,815	7,036,910	17,714,503	16,428,571
As on March 31, 2009	22,780,732	3,651,454	3,493,393	22,938,793	6,271,665	1,760,071	1,521,514	6,510,222	16,428,571	

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE 7		
INVESTMENTS		
Long term investments		
Unquoted investments		
In subsidiary company PNC Productions Ltd 496,850 (LY 496,850) equity shares of face value of ₹ 10 each fully paid up	6,999,200	6,999,200
In wholly owned subsidiary company PNC Wellness Ltd 60,000 (LY 60,000) equity shares of ₹ 10 each fully paid up	5,100,000	5,100,000
Quoted investments Moving Picture Company (India) Ltd 95,000 (LY 95,000) equity shares of face value ₹ 10 each fully paid up Market value ₹ 3.95 (LY ₹ 4.46)	1,919,000	1,919,000
	14,018,200	14,018,200

Aggregate value of quoted and unquoted investments	March 31, 2010 Cost	March 31, 2010 Market Value	March 31, 2009 Cost	March 31, 2009 Market Value
Quoted investments	1,919,000	375,250	1,919,000	423,700
Unquoted investments	12,099,200	NA	12,099,200	NA

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE 8		
CINEMATIC AND TELEVISION CONTENT		
At cost or net realisable value whichever is lower		
(As valued and certified by the management)		
Unamortised content	400,014,194	395,182,296
Unexploited content	26,140,000	20,000,000
Unfinished content	4,935,742	5,560,474
Production property and tapes	419,945	419,945
	431,509,881	421,162,715

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 9				
SUNDRY DEBTORS				
Unsecured				
Debts outstanding for more than six months				
Considered good	22,076,575		43,348,381	
Considered doubtful	0		0	
	22,076,575		43,348,381	
Less: provision for doubtful debts	0	22,076,575	0	43,348,381
Debts outstanding for less than six months				
Considered good	40,254,803		253,000	
Considered doubtful	0	40,254,803	0	253,000
		62,331,378		43,601,381

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 10 CASH AND BANK BALANCES				
Cash and imprest account		15,133		15,005
(As verified and certified by the management)				
Cash at bank		(1,556,336)		3,555,740
Cash at bank - fixed deposits		172,661,206		176,759,312
(Includes ₹ 10,300,000 (LY 300,000) pledged with banks against guarantees and secured loan)				
Accrued interest on fixed deposits		7,070,349		7,923,702
Cash at bank - unpaid dividend account		200,974		257,321
		178,391,326		188,511,080
SCHEDULE 11 LOANS AND ADVANCES				
(Unsecured considered good)				
a. Loans				
Wholly owned subsidiary company (inclusive of interest)	20,174,451		18,965,470	
Staff*	403,493		246,000	
Others	55,000	20,632,944	3,000	19,214,470
b. Advances (Recoverable in cash or kind or for value to be received)				
Income tax payments	13,101,505		14,782,905	
Tax deducted at source	39,894,848		40,424,343	
Advances to subsidiary PNC Productions Ltd	59,782,969		58,299,085	
Advances to wholly owned subsidiary PNC Wellness Ltd	2,043,516		1,241,108	
Other advances	341,635,495	456,458,333	344,597,665	459,345,106
c. Deposits		8,451,415		17,113,698
*Maximum amount outstanding during the period ₹ 1,631,111 (LY ₹ 504,000)				
		485,542,692		495,673,274
SCHEDULE 12 CURRENT LIABILITIES				
Sundry creditors				
For cinematic and television content	24,182,769		28,461,449	
For expenses and other liabilities	1,680,663	25,863,432	2,608,425	31,069,874
Advances and other liabilities		29,167,002		32,633,581
Unclaimed dividend		200,975		257,321
		55,231,409		63,960,776
SCHEDULE 13 PROVISIONS				
Provision for taxation		33,122,130		39,682,130
Provision for wealth tax		17,600		38,800
		33,139,730		39,720,930
SCHEDULE 14 SALES AND SERVICES				
Income from content		131,402,705		128,539,467
		131,402,705		128,539,467
SCHEDULE 15 OTHER INCOME				
Interest on fixed deposits (TDS ₹ 1,758,101 (LY ₹ 4,513,005))		17,581,013		19,916,177
Miscellaneous income		40,103		1,187,915
Interest on intercorporate deposits		0		300,000
Interest on advances to subsidiary		1,343,312		1,363,654
Foreign exchange rate difference		0		2,003,776
Gratuity - return on plan asset and acturial gain		319,445		0
		19,283,873		24,771,522

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 16 COST OF CONTENT				
Opening balance as on April 1, 2009				
Unamortised content	395,182,296		391,565,518	
Unexploited content	20,000,000		20,000,000	
Unfinished content	5,560,474		5,684,099	
Production property and tapes	419,945	421,162,715	419,945	417,669,562
Add: production cost of content incurred during the year		143,982,711		134,094,911
		565,145,426		551,764,473
Less: closing balance as on March 31, 2010				
Unamortised content	400,014,194		395,182,296	
Unexploited content	26,140,000		20,000,000	
Unfinished content	4,935,742		5,560,474	
Production property and tapes	419,945	431,509,881	419,945	421,162,715
		133,635,545		130,601,758
SCHEDULE 17 ADMINISTRATIVE AND OTHER EXPENSES				
Annual listing fees		82,725		83,127
Auditor's remuneration		303,325		303,325
Advances, deposits and interest written off		47,114		1,080,094
Bad debts, rebate and discount		417,128		5,932,630
Bank charges		13,994		48,337
Business promotion expenses		733,978		2,401,041
Rent, rates, taxes and business service centre charges		4,975,958		5,164,255
Communication expenses		600,791		699,799
Conveyance and motor car expenses		695,944		827,921
Directors sitting fees		400,000		400,000
Foreign exchange rate difference		8,300		0
Insurance charges		277,049		171,426
Internet subscription and website expenses		477,422		571,643
License, registration and processing charges		24,000		0
Legal, professional and consultancy fees		3,451,952		5,233,252
Loss on sale of fixed assets		1,455,664		446,925
Membership and subscriptions		186,922		70,510
Profession tax		2,500		2,500
Provision for tax		0		240,015
General expenses		1,833,854		1,618,759
Personnel cost		10,500,310		12,358,454
Printing and stationery		688,336		661,225
Contribution to provident fund		32,479		47,049
Contribution to group gratuity fund		186,547		59,472
Repairs and maintenance		106,784		271,800
Research and development expenses		644,218		0
ROC filing fees and stamp duty		83,617		357,992
Traveling expenses		900,497		1,084,719
VAT interest		2,111,769		0
		31,243,177		40,136,270
SCHEDULE 18 FINANCIAL EXPENSES				
Finance charges		373,691		300,900
Processing and documentation charges		1,158,150		0
Interest on secured loan		5,009,313		0
Interest and bank charges		95,186		0
		6,636,340		300,900

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010.

A. SIGNIFICANT ACCOUNTING POLICIES

1. General
   a. The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting policies.
   b. Expenses and revenue are generally accounted for on accrual basis, except those associated with significant uncertainties and ex-gratia which are accounted on cash basis.

2. Revenue recognition
   a. In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas.
   b. In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
   c. In respect of cinematic content produced/ acquired, income is recognised on the following basis
      i. In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
      ii. In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries/ realisations/ confirmed contracts bears to the total expected realisations.
      iii. In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause c (ii).
      iv. In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas.
      v. In respect of music rights, income is recognised on its release or exploitation contract.
   d. In respect of consultancy services, income is recognised as and when services are actually rendered resulting in enforceable claim.
   e. Dividend on investments is accounted as and when received.

3. Cinematic content

   The cinematic content has been valued on the following basis

a.	Incomplete cinematic content	: at lower of allocated/ identified cost or net realizable value.
b.	Abandoned/ shelved cinematic content	: at lower of cost or net realisable value.
c.	Completed cinematic content	: at lower of unamortised allocated cost as estimated by the management depending on the genre, nature and contents of the cinematic content or net realizable value.

   The Company allocates cost of production amongst music rights, exhibition rights, other rights and residual rights on an equitable basis.

   Basis of amortisation of allocated costs
   a. Music rights are amortised at 100% on the basis of release of music/ exploitation contract.
   b. All rights other than music and residual rights are amortised as under

First release	Second release	Third release
50%	30%	20%

   c. Residual rights are amortised on an equitable basis.

   The Company estimates useful life of the cinematic content at 20 years.

   Notes
   i. The production/ acquiring costs are amortised on the above basis by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
   ii. No unamortised costs are retained once the entire rights in respect of the cinematic content are sold out on an outright basis.

4. Television content

   The television content has been valued on the following basis

a.	Unexploited television content	: at lower of average of allocated cost or net realizable value.
b.	Unfinished television content	: at lower of average of allocated cost or net realizable value.
c.	Production property	: at lower of allocated cost or net realisable value.
d.	Exploited television content is amortised as under	
	Exploited television content	: at lower of unamortised cost as estimated by the management on the following basis or net realizable value

Particulars	1st Telecast	2nd Telecast	3rd Telecast	Residual value
Entertainment content	50%	30%	15%	5%
Current affairs and news based content	95%	-	-	5%
Commissioned content	100%	-	-	-

   No unamortised costs shall be carried forward beyond a period of 10 years.

   Notes
   i. The Company amortises production costs in respect of television content once telecast and further retelecastable on the basis of the nature and contents of the television content and the expected number of telecasts as per the chart depicted above.
   ii. The production costs are amortised as per the above-referred policy followed by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
   iii. The Company retains one copy of its own television content for record purpose.

5. Fixed assets

   Fixed assets are stated at cost less accumulated depreciation. Cost comprises purchase price including any attributable cost of bringing the asset to its working condition for its intended use and any other identifiable direct expenses.

   All expenditure incurred prior to commencement of project is carried forward as pre-operative expenditure which would be capitalised/ written off on commencement of business.

6. Depreciation

   Depreciation has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 as under
   a. No depreciation has been charged on the assets, which have not been put to use during the period.
   b. Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
   c. Depreciation on improvement to leave and licence premises is calculated over the period of leave and licence.

7. Taxation

   Current tax: Provision for current tax for the year has been made after considering deduction/ allowances claims admissible to the Company under the Income Tax Act, 1961.

   Deferred tax: Deferred tax is recognised, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

   Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

   Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

8. Investments

   Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are stated at lower of cost or market value.

   Investments in subsidiaries being of strategic importance, the Company does not consider it necessary to provide for diminution in the book value of investments, till such relationship continues with the investee company.

9. Writing off preliminary expenses and share issue expenses

   Preliminary expenses have been written off at 10% of the total cost. Share issue expenses shall be adjusted/ written off against share premium account.

10. Writing off deferred revenue expenditures

   Deferred revenue expenditure has been written off at 20% of the total cost.

11. Contingent liabilities

   No provision has been made for liabilities, which are contingent in nature.

12. Foreign currency transactions
   a. Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
   b. Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the balance sheet date; gains/ losses are reflected in the profit and loss account.
   c. Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

13. Retirement benefits
   a. Regular contributions are made to Provident Fund and charged to revenue.
   b. The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity.
   c. The Company does not have any policy for leave encashment.

14. Borrowing costs

   Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

15. Impairment of assets

   At Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds the recoverable amount.

16. Provisions and contingencies

   The Company recognises a provision when there is a present obligation as a result of past events, that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

   Contingent assets are not recognised in the financial statement.

B. NOTES TO ACCOUNTS

		2009-2010 (₹)	2008-2009 (₹)
1.	Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil
2.	Bank guarantee issued by the bankers	300,000	300,000
3.	Contingent liabilities		
	a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
	b. Disputed VAT demand	1,876,028	1,520,760
	c. Disputed Inome Tax liability	629,204	Nil
	Future cash outflow in respect of (a), (b) and (c) above are determinable only on receipt of judgment/ decision pending with authorities.		
4.	Auditors remuneration includes: (inclusive of service tax)		
	Statutory audit fees	259,205	259,205
	Tax audit fees	44,120	44,120
	Fees for certification work	86,500	46,299
5.	Additional information as required by paragraph 3 and 4 of part II of schedule VI of the Companies Act, 1956.		

		2009-2010 (₹)	2008-2009 (₹)
a.	The Company is in the business of producing/ acquiring cinematic and television content which is not subject to any license, hence licensed capacity is not given. Further, in this type of business the installed capacity is not quantifiable.	Nil	Nil
b.	Consumption of raw materials, components, spare parts and other inputs	NA (see note 6)	NA (see note 6)
c.	Information pursuant to paragraph 4C of Part II of Schedule VI of the Companies Act, 1956 due to nature of the industry and the multiplicity of contents it is not practicable to quantify actual production.		
d.	Remuneration to Director and Managing Director charged to the accounts		
	i. Remuneration to Managing Directors	Nil	Nil
	ii. Professional fees to Director	6,000,000	6,000,000
	iii. Sitting fees to Directors	400,000	400,000
	iv. Payment to Wholetime Directors	1,680,140	2,257,131
	v. Contribution to Provident Fund and other Funds	Nil	Nil
e.	Dividend remitted in foreign currency	Nil	Nil
f.	CIF value of imports	Nil	Nil
g.	FOB value of imports	Nil	Nil
h.	Expenditure in foreign currency		
	Traveling expenses	US$ 4,500	US$ 15,000
	(equivalent Indian Rupees)	₹ 219,950	₹ 648,800
	Traveling expenses	£ 3,500	£ 3,000
	(equivalent Indian Rupees)	₹ 268,800	₹ 209,150
	Traveling expenses	Nil	€ 10,000
	(equivalent Indian Rupees)	Nil	₹ 598,150
	Professional fees and out of pocket expenses	US$ 600	Nil
	(equivalent Indian Rupees)	₹ 29,043	Nil
i.	Earning in foreign currency	US$*	Nil
	(equivalent Indian Rupees)	₹ 243,888	Nil
	*Received in Indian Rupees		

6. The Company is engaged in the production/ making of cinematic and television content, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of the items it is not practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to the same. Hence quantitative details are not maintained. Physical stock of finished content is taken at the end of year. The Company has received approval from Ministry of Corporate Affairs vide letter number 46/ 16/ 2010-CL-III dated January 20, 2010 for financial year ending on March 31, 2010 under section 211(4) of the Companies Act, 1956 granting exemption from giving quantitative details of para 3(ii)(a)(1) & (2) of Part II, Schedule VI to the Companies Act, 1956.

7. Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January, 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Loans and Advances".

8. Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence that there is presumption that intangible assets have a useful life of 10 years. In respect of cinematic content, the Company has persuasive evidence that the useful life of cinematic content is over 20 years.

The management has considered the following factors viz. the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz. shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the numbers of distribution channels, rapid multiplication of remaking, animation and other new versions etc., is of the view that the useful life of the cinematic content is 20 years. The Company is in line with International Accounting Practices and is a step towards complying with IFRS norms which will become mandatory from 2014.

The details of cinematic and television content is as under

	Cinematic content (₹)	Television content (₹)	Total (₹)
Gross carrying amount	1,226,771,574	680,512,297	1,907,283,871
Add: additions during the year	99,499,018	44,338,911	143,837,929
Total	1,326,270,592	724,851,208	2,051,121,800
Less: accumulated amortisation	843,403,270	643,137,832	1,486,541,102
Less: amortised during the year	87,739,675	45,751,087	133,490,762
Net carrying amount	395,127,647	35,962,289	431,089,936

The total unamortised cost of content as at March 31, 2010 is ₹ 431,089,936. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

9. As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there is any indication that any assets has impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making any provision for impairment.

10. Segment information

During the year, Company operated in only one business segment viz content business.

11. Related party disclosure

In accordance with Accounting Standard (AS) 18 "Related Party Disclosure", the disclosure in respect of transactions with the companies related parties are as given below

i..	Subsidiaries of the Company	a. PNC Productions Ltd
		b. PNC Wellness Ltd (wholly owned subsidiary)
ii.	Key managerial personnel	a. Pallab Bhattacharya, Wholetime Director and CEO
		b. Rangita Pritish Nandy, Wholetime Director and Creative Director
		c. Nirav Joshi, Company Secretary
iii.	Non-Executive Directors and their relatives	a. Pritish Nandy, Non-Executive Chairman
		b. Rina Pritish Nandy, Non-Executive Director
		c. Udayan Bose, Non-Executive, Independent Director
		d. Nabankur Gupta, Non-Executive, Independent Director
		e. Vishnu Kanhere, Non-Executive, Independent Director
		f. Harshawardhan Sabale, Non-Executive, Independent Director (Resigned wef 31.08.2009)
		g. Hema Malini, Non-Executive, Independent Director
		h. Ishita Pritish Nandy, daughter of Non-Executive Chairman

Details relating to parties/ persons referred to in above items are as under

		in ₹ lakh
Subsidiary Companies	Nature of transactions	
	Advances given	26.93
	Balance outstanding as at year end	
	Receivables	820.01
Key managerial personnel	Remuneration	26.48
	Balance outstanding as at year end	
	Payable	1.71
Non-Executive Directors and their relatives		
	Remuneration/ sitting fees	70.00
	Balance outstanding as at year end	
	Payable	11.42

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

12. Earning per share (EPS)

In accordance with Accounting Standard (AS) 20 "Earning Per Share", the numerators and denominators used to calculate basic earning per share.

Particulars	2009-10	2008-09
Net profit/ (loss) after taxes and prior years adjustments for basic and dilutive EPS (₹)	(27,653,718)	(17,364,176)
Weighted average number of equity share outstanding during the year for basic and diluted EPS	14,467,000	14,467,000
Basic and diluted earning per share (₹)	(1.91)	(1.20)
Nominal value of equity shares (₹)	10	10

13. The Company estimates deferred tax charge/ credit using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2010 is given below

in ₹ lakh

	As at April 1, 2009	Created during the year	Reversed during the year	As at March 31, 2010
Deferred tax liabilities				
Unamortised content	(1,309.82)	(43.07)	30.07	(1,322.82)
Depreciation and capital loss	(1.12)	(1.20)	2.34	0.02
Adjustment for change in tax rate	51.16	0.00	0.00	51.16
Deferred tax assets				
Unabsorbed business loss and depreciation	0.00	0.00	0.00	0.00
Net amount	(1,259.78)	(44.27)	32.41	(1,271.64)

14. Lease commitments

i. Finance lease

The Company takes vehicles under finance lease. Future minimum lease payments under finance leases as of March 31, 2010 are as under

Particulars	Principal (₹)	Interest (₹)	Total (₹)
Not later than one year	2,011,302	316,033	2,327,335
Later than one year and not later than five years	2,091,481	133,585	2,225,066
Later than five years	Nil	Nil	Nil
Total minimum payments	4,102,783	449,618	4,552,401

ii. Operating leases

The Company has taken premises under operating lease. Gross rental expenses for the year ended March 31, 2010 aggregated to ₹ 4,975,958. The minimum rental payments to be made in future in respect of these leases are as follows

Particulars	Amount (₹)
Not later than one year	3,362,960
Later than one year and not later than five years	171,000
Later than five years	Nil
Total	3,533,960

15. The disclosures as required under the Accounting Standard (AS) 15 (Revised) in respect of gratuity, a defined benefit scheme (based on Actuarial Valuation) is as follows

During the year, Company has recognised the following amounts in the financial statements

a. Defined contribution Plan

- Contribution to defined contribution plan, recognised as expense for the year are as under

Particulars	in ₹ lakh
Employer's contribution to Provident Fund	0.32

b. Defined benefit plan

Particulars	in ₹ lakh Gratuity (Funded)
• Reconciliation of opening and closing balances of defined benefit obligation	
Defined benefit obligation at the beginning of the year	10.77
Current service cost	1.00
Interest cost	0.86
Actuarial (gain)/ loss	(1.35)
Benefit paid	0.00
Defined benefit obligation at the end of year	11.28
• Reconciliation of opening and closing balances of fair value of plan assets and defined benefit obligation	
Fair value of plan assets at the beginning of the year	17.52
Expected return on plan assets	1.84
Actuarial gain/ (loss)	0.00
Employers contribution	3.06
Benefit paid	0.00
Fair value of plan assets at the end of the year	22.42
• Actual return on plan assets	
Expected return on plan assets	1.84
Actuarial gain/ (loss) on plan assets	0.00
Actual return on plan assets	1.84
• Reconciliation of fair value of plan assets and benefit obligation	
Fair value of assets as at March 31, 2010	22.42
Present value of obligation as at March 31, 2010	(11.28)
Amount recognised in Balance Sheet	11.14
• Expenses recognised during the year	
Current service cost	1.00
Interest cost	0.86
Expected return on plan assets	(1.84)
Actuarial (gain)/ loss	(1.35)
Expenses recognised in Profit and Loss Account	(1.33)

- Investment details

The Company made annual contribution to LIC of India of an amount advised by them. The company was not informed by LIC of the investments made or the break down of plan assets by investment type.

- Actuarial assumptions

Discount rate (per annum)	8%
Salary escalation (per annum)	4%

16. The Company has incurred loss during the year. Managerial remuneration paid/ payable is within the limit of minimum remuneration payable as per Part II of Schedule XIII of the Companies Act, 1956. The payment of remuneration is duly approved by the Remuneration Committee.

		2009-10 Amount (₹)
a.	Managerial remuneration to Wholetime Directors	
	Salary	1,172,300
	Other perquisites	507,840
	Total	1,680,140
b.	Directors' sitting fees	400,000
	Total managerial remuneration	2,080,140
c.	Computation of profit in accordance with Section 198/ 349 of the Companies Act 1956	
	Profit/ (loss) before taxes and prior years adjustments	(22,739,987)
	Add:	
	Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	1,680,140
	Loss on sale of fixed assets	1,455,664
	Advances written off	47,114
	Net profit/ (loss) for Section 198/ 349 of the Companies Act, 1956.	(19,557,069)

17. The Company has not received any intimation from suppliers regarding the status under The Micro, Small And Medium Enterprises Development Act, 2006 and hence disclosures if any relating to the amount unpaid as at year end and together with interest paid/ payable as required under the Act have not been given.

18. During the financial year 2006-2007, the Company concluded its QIP issue, through which 4,000,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 70 per equity share. Out of the total QIP issue proceeds of ₹ 280,000,000, the Company has utilized ₹ 269,313,469 towards cinematic content, QIP expenses, working capital and general corporate purpose etc. as at March 31, 2010.

The balance unutilized amount of ₹ 10,686,531 has been kept in fixed deposits with Banks.

19. The Company is taking necessary steps for repayment of External Commercial Borrowing (ECB) unsecured loan of ₹ 10,000,000 along with interest @ 3% p.a. taken from International Communications & Investments (Mauritius) Ltd for a period of three years with grace period of one year. The repayment period along with grace period of one year has expired in financial year 2005-2006.

20. Loans and Advances of ₹ 46,753,181 includes: i) ₹ 15,000,000 advanced against the music, Asian and Indian satellite rights of a film where the Company has lien over the exploitation of the said rights and ii) ₹ 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances. i) The Company has filed a Summary Suit with the High Court at Bombay which is pending hearing and disposal and ii) The Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai supports this and consequently no provision has been made in the accounts at this stage.

21. Sundry debtors includes an amount aggregating to ₹ 3,385,000 in respect of which legal proceedings have been initiated by the company. The management considers the same are good and fully recoverable, hence no provision has been made in the accounts at this stage.

22. Certain sundry debtors, sundry creditors and loans and advances are subject to confirmation by the respective parties.

23. In the opinion of the management investments, current assets and loans and advances are of the value stated in the financial statements and realisable in the ordinary course of business. The provisions for all known liabilities and depreciation are adequate and are not in excess of the amounts considered reasonably necessary.

24. There are no dues payable to the Investor Education and Protection Fund as at March 31, 2010.

25. All known liabilities have been provided in the books of accounts.

26. There are no claims against the Company, except as stated in point no 3, which are not acknowledged as debts. Further, contingent liability on account of VAT that may arise due to non receipt of necessary declarations amounting to ₹ 610,000.

27. Refer Annexure for additional information to Part IV of Schedule VI to the Companies Act, 1956.

28. Figures in respect of previous year have been re-grouped, re-arranged and re-cast to correspond with the figures of the current year.

29. Schedules referred to above form an integral part of Balance Sheet and Profit and Loss account.

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

BALANCE SHEET ABSTRACT

The Companies Act, 1956 (I of 1956)
Schedule VI part IV

I.	Registration details	
	Registration No	74214
	State code	11
	Balance sheet date	March 31, 2010
II.	Capital raised during the year (Amount in ₹ thousand)	
	Public issue	Nil
	Right issue	Nil
	Bonus issue	Nil
	QIP issue	Nil
	Private placement	Nil
III.	Position of mobilisation and deployment of fund (Amount in ₹ thousand)	
	Total liabilities	1,101,137
	Total assets	1,101,137
	Sources of funds	
	Paid-up capital	144,670
	Reserve and surplus	764,424
	Secured loans	54,103
	Unsecured loans	10,776
	Deferred tax liabilities	127,164
	Total	1,101,137
	Application of funds	
	Net fixed assets	17,715
	Investments	14,018
	Net current assets	1,069,404
	Miscellaneous expenditure	0
	Accumulated losses	0
	Total	1,101,137
IV.	Performance of Company (Amount in ₹ thousand)	
	Turnover (includes other income)	150,687
	Total expenditure	173,427
	Profit/ (loss) before tax	(22,740)
	Profit/ (loss) after tax and prior years adjustment	(27,654)
	Earning per share (weighted average basic and diluted) in ₹	(1.91)
	Dividend @ %	0
V.	Generic name of three principal products of the Company (as per monetary terms)	
	Item code no (ITC Code)	Nil
	Product description	Cinematic and television content
	Item code no (ITC Code)	Nil
	Product description	Consultancy services
	Item code no (ITC Code)	Nil
	Product description	Advertising agency services

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances
and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To
The Board of Directors
Pritish Nandy Communications Ltd

We have examined the attached consolidated Balance Sheet of Pritish Nandy Communications Ltd and its subsidiaries as at March 31, 2010, the Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Pritish Nandy Communications Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material mis-statements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

2. We did not audit the financial statements of the subsidiaries viz. PNC Productions Ltd and PNC Wellness Ltd, whose financial statements reflect total assets of ₹ 6,279,940 and ₹ 25,274,451 as at March 31, 2010 and total revenues of ₹ 169,232 and ₹ 23,004,352 respectively for the year ended on that date. These financial statements have been audited by other auditor, whose report have been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of subsidiaries, is based solely on the report of the other auditor.

3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Pritish Nandy Communications Ltd, and its subsidiaries included in the consolidated financial statements.

4. *Further reference is invited to*

   a. *note no C(7) of Schedule 20 regarding reliance being placed on legal opinion obtained by the Company, that the bank guarantee encashed in the year ended March 31, 2001 of ₹ 75,050,000 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against; and*

   b. *note no C(20) of Schedule 20 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181, where the Company has initiated recovery proceedings. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequent non-provision of any amount there against at this stage.*

   Subject to the above, on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Pritish Nandy Communications Ltd and its subsidiaries, we are of the opinion that the said consolidated financial statements read together with accounting policies and notes thereon, give a true and fair view in confirmity with the accounting principles generally accepted in India.

   i. in the case of consolidated Balance Sheet, of the state of affairs of Pritish Nandy Communications Ltd and its subsidiaries as at March 31, 2010;

   ii. in the case of consolidated Profit and Loss Account, of the consolidated results of operations of Pritish Nandy Communications Ltd and its subsidiaries for the year ended on that date; and

   iii. in the case of consolidated Cash Flow Statement, of the consolidated cash flow of Pritish Nandy Communications Ltd and its subsidiaries for the year ended on that date.

For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

As at March 31, 2010

	Schedule No		March 31, 2010 ₹		March 31, 2009 ₹
SOURCES OF FUNDS					
1. Shareholders' funds					
a. Share capital	1	144,670,000		144,670,000	
b. Reserve and surplus	2	752,336,840	897,006,840	781,430,448	926,100,448
2. Minority interest			39,563		38,855
3. Loan funds					
a. Secured loans	3	54,102,786		2,211,306	
b. Unsecured loans	4	10,776,125	64,878,911	10,776,125	12,987,431
4. Deferred taxation (net)	5				
Deferred tax liabilities		127,163,597		125,978,033	
Less: deferred tax assets		3,284,884	123,878,713	2,600,513	123,377,520
			1,085,804,027		1,062,504,254
APPLICATION OF FUNDS					
1. Fixed assets	6				
a. Gross block		62,071,448		60,467,312	
b. Less: depreciation		28,936,406	33,135,042	23,259,833	37,207,479
2. Investments	7		4,526,812		8,533,583
3. Current assets, loans and advances					
a. Cinematic and television content	8		428,001,622		417,333,146
b. Sundry debtors	9		62,480,397		43,979,300
c. Cash and bank balances	10		186,919,326		198,064,254
d. Loans and advances	11		468,519,355		476,316,780
(A)			1,145,920,700		1,135,693,480
Less: current liabilities and provisions					
a. Liabilities	12		64,434,237		78,727,688
b. Provisions	13		33,379,630		40,243,830
(B)			97,813,867		118,971,518
Net current assets (A-B)			1,048,106,833		1,016,721,962
4. Preliminary expenses	14		35,340		41,230
			1,085,804,027		1,062,504,254
Significant accounting policies and notes to Balance Sheet and Profit and Loss Account	20				

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

For the year ended March 31, 2010

	Schedule No	March 31, 2010 ₹	March 31, 2009 ₹
INCOME			
Sales and services	15	153,938,048	156,014,637
Other income	16	18,578,802	24,015,379
		172,516,850	180,030,016
EXPENDITURE			
Cost of content	17	133,314,236	130,601,759
Administrative and other expenses	18	50,495,857	59,091,636
Depreciation		6,976,013	7,594,463
Financial expenses	19	6,636,340	305,770
		197,422,446	197,593,628
Profit/ (loss) before taxation		(24,905,596)	(17,563,612)
Provision for taxation			
Current tax		24,000	215,900
Wealth tax		17,600	38,800
Fringe benefit tax		0	290,000
Deferred tax		501,193	(2,059,942)
Net profit/ (loss) after taxes		(25,448,389)	(16,048,370)
Add: prior years adjustments		117,089	2,621
Less: prior years adjustments		3,761,600	210,778
Net profit/ (loss)		(29,092,900)	(16,256,527)
Share of minority interest		(708)	(145)
Net profit after minority interest		(29,093,608)	(16,256,672)
Balance brought forward from previous year		87,336,484	103,593,156
		58,242,876	87,336,484
APPROPRIATIONS			
Proposed dividend		0	0
Corporate tax on dividend		0	0
Transferred to general reserve		0	0
Balance carried over to Balance Sheet		58,242,876	87,336,484
Significant accounting policies and notes to Balance Sheet and Profit and Loss Account	20		

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 1				
SHARE CAPITAL				
Authorised share capital 20,000,000 (LY 20,000,000) equity shares of ₹ 10 each		200,000,000		200,000,000
Issued, subscribed and fully paid up 14,467,000 (LY 14,467,000) equity shares of ₹ 10 each		144,670,000		144,670,000
Notes: Of the above shares				
496,000 equity shares of ₹ 10 each were issued as fully paid up bonus shares by capitalisation of ₹ 4,960,000 from retained profits during the year 96-97				
6,250,000 equity shares of ₹ 10 each were issued as fully paid up bonus shares by utilisation of General Reserves and Profit and Loss Account and Share Premium Account during the year 99-00				
4,000,000 equity shares of ₹ 10 each were issued at premium of ₹ 60 through QIP during the year 06-07				
		144,670,000		144,670,000
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital reserve (as per last Balance Sheet)		36,865		36,865
General reserve (as per last Balance Sheet)	22,098,279		22,098,279	
Add: transferred during current year	0		0	
Less: utilised during current year	0	22,098,279	0	22,098,279
Profit and Loss account		58,242,876		87,336,484
Share premium account (as per last Balance Sheet)		671,958,820		671,958,820
		752,336,840		781,430,448

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 3				
SECURED LOANS				
Term Loan				
(Secured against the hypothecation of vehicles)				
ICICI Ltd		1,070,288		1,913,749
Kotak Mahindra		108,014		272,284
Citi Bank		0		25,273
Tata Capital Ltd		2,924,484		0
Working capital short term loan				
(Secured against the fixed assets, current assets and film negatives)				
Yes Bank Ltd		50,000,000		0
		54,102,786		2,211,306
SCHEDULE 4				
UNSECURED LOANS				
International Communications & Investments Mauritius Ltd		10,000,000		10,000,000
Interest payable on above		776,125		776,125
		10,776,125		10,776,125
SCHEDULE 5				
DEFERRED TAXATION				
(Refer note no C(13) to schedule 20)				
Deferred tax liabilities				
As at April 1, 2009	125,978,033		128,626,699	
Add: additional adjustment for current year	1,185,564		0	
Less: reversed during current year	0	127,163,597	2,648,666	125,978,033
Deferred tax assets				
As at April 1, 2009	2,600,513		3,189,237	
Less: adjustment for current year	0		588,724	
Add: adjustment for current year	684,371	3,284,884	0	2,600,513
		123,878,713		123,377,520

SCHEDULE 6
FIXED ASSETS

(₹)

Particulars	GROSS BLOCK As at April 1, 2009	Additions	Deductions	As at March 31, 2010	DEPRECIATION As at April 1, 2009	For the year	Deductions	Total	NET BLOCK As at March 31, 2010	As at March 31, 2009
Office premises	723,764	0	0	723,764	385,253	63,329	0	448,582	275,182	338,511
Lease premises and fixtures	18,368,825	0	0	18,368,825	14,211,463	4,157,362	0	18,368,825	0	4,157,362
Furniture and fixtures	1,308,999	226,635	14,000	1,521,634	431,183	83,390	5,686	508,887	1,012,747	877,816
Office equipment	27,580,555	675,902	583,577	27,672,880	4,720,317	1,301,518	115,760	5,906,075	21,766,805	22,860,238
Motor car	10,171,318	4,636,875	3,501,755	11,306,438	2,580,527	1,038,166	1,177,994	2,440,699	8,865,739	7,590,791
Computers, printers and software	2,313,851	164,056	0	2,477,907	931,090	332,248	0	1,263,338	1,214,569	1,382,761
Total	60,467,312	5,703,468	4,099,332	62,071,448	23,259,833	6,976,013	1,299,440	28,936,406	33,135,042	37,207,479
As on March 31, 2009	59,232,418	4,728,287	3,493,393	60,467,312	17,186,883	7,594,463	1,521,513	23,259,833	37,207,479	

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE 7		
INVESTMENTS		
Long term investments		
Quoted investments		
Moving Picture Company (India) Ltd 95,000 (LY 95,000) equity shares of face value ₹ 10 each fully paid up	1,919,000	1,919,000
Market value ₹ 3.95 (LY ₹ 4.46)		
In Preference Shares		
Malpani Industries Ltd Nil (LY 400,000) non-cumulative redeemable preference shares of ₹ 10 each fully paid up (intially redeemable at the end of five years with an option to extend redemption twice by further period of five years each)	0	4,000,000
Rural Electrification Bond	2,500,000	2,500,000
Accrued interest on above	107,812	114,583
	4,526,812	8,533,583

Aggregate value of quoted and unquoted investments	March 31, 2010 Cost	March 31, 2010 Market Value	March 31, 2009 Cost	March 31, 2009 Market Value
Quoted investments	1,919,000	375,250	1,919,000	423,700
Unquoted investments	2,607,812	NA	6,614,583	NA

		March 31, 2010 ₹		March 31, 2009 ₹
SCHEDULE 8				
CINEMATIC AND TELEVISION CONTENT				
At cost or net realisable value whichever is lower				
(As valued and certified by the management)				
Unamortised content		396,505,935		391,352,727
Unexploited content		26,140,000		20,000,000
Unfinished content		4,935,742		5,560,474
Production property and tapes		419,945		419,945
		428,001,622		417,333,146
SCHEDULE 9				
SUNDRY DEBTORS				
Unsecured				
Debts outstanding for more than six months				
Considered good	22,177,859		43,449,665	
Considered doubtful	0		0	
	22,177,859		43,449,665	
Less: provision for doubtful debts	0	22,177,859	0	43,449,665
Debts outstanding for less than six month				
Considered good	40,302,538		529,635	
Considered doubtful	0	40,302,538	0	529,635
		62,480,397		43,979,300

SCHEDULE 10
CASH AND BANK BALANCES

		March 31, 2010 ₹		March 31, 2009 ₹
Cash and imprest account		40,736		41,607
(As verified and certified by the management)				
Cash at bank		1,552,682		11,846,092
Cash at bank - fixed deposits		178,016,196		176,909,507
(Includes ₹ 10,300,000 (LY 300,000) pledged with banks against guarantees and secured loan)				
Cheques on hand		0		850,000
Accrued interest on fixed deposits		7,108,738		8,159,727
Cash at bank - unpaid dividend account		200,974		257,321
		186,919,326		198,064,254

SCHEDULE 11
LOANS AND ADVANCES

		March 31, 2010 ₹		March 31, 2009 ₹
(Unsecured considered good)				
Intercorporate deposits				
Interest on above				
a. Loans				
Staff*	403,493		246,000	
Others	55,000	458,493	3,000	249,000
b. Advances (Recoverable in cash or kind or for value to be received)				
Income tax payments	13,151,505		15,018,015	
Tax deducted at source	41,658,437		42,257,325	
Other advances	404,758,108		401,678,740	
Input Credit (S Tax) unutilised	40,327		0	
Input Credit (E Cess & HEC) unutilised	1,068	459,609,445	0	458,954,080
c. Deposits		8,451,417		17,113,700
*Maximum amount outstanding during the period ₹ 16,31,111 (LY ₹ 504,000)				
		468,519,355		476,316,780

SCHEDULE 12
CURRENT LIABILITIES

		March 31, 2010 ₹		March 31, 2009 ₹
Sundry creditors				
For cinematic and television content	24,412,890		30,081,014	
For expenses and other liabilities	5,463,920	29,876,810	5,824,530	35,905,544
Advances and other liabilities		34,356,452		42,564,824
Unclaimed dividend		200,975		257,320
		64,434,237		78,727,688

SCHEDULE 13
PROVISIONS

		March 31, 2010 ₹		March 31, 2009 ₹
Provision for taxation		33,362,030		40,205,030
Provision for wealth tax		17,600		38,800
		33,379,630		40,243,830

SCHEDULE 14
MISCELLANEOUS EXPENDITURE

		March 31, 2010 ₹		March 31, 2009 ₹
Preliminary expenditure	58,900		58,900	
Less: written off upto last year	17,670		11,780	
Less: written off during the year	5,890	35,340	5,890	41,230
		35,340		41,230

SCHEDULE 15
SALES AND SERVICES

	March 31, 2010 ₹	March 31, 2009 ₹
Income from content	131,402,705	128,539,467
Income from membership and rent	22,535,343	27,475,170
	153,938,048	156,014,637

SCHEDULE 16
OTHER INCOME

	March 31, 2010 ₹	March 31, 2009 ₹
Interest on fixed deposits (TDS ₹ 1,787,616 (LY ₹ 4,599,769))	17,885,186	20,299,071
Miscellaneous income	177,411	1,297,949
Interest on intercorporate deposits	0	300,000
Gratuity - return on plan asset and acturial gain	319,445	0
Interest on income tax refund	47,966	0
Foreign exchange rate difference	0	2,003,776
Interest on Rural Electrification Bond	148,794	114,583
	18,578,802	24,015,379

SCHEDULE 17
COST OF CONTENT

		March 31, 2010 ₹		March 31, 2009 ₹
Opening balance as on April 1, 2009				
Unamortised content	391,352,727		387,735,950	
Unexploited content	20,000,000		20,000,000	
Unfinished content	5,560,474		5,684,099	
Production property	419,945	417,333,146	419,945	413,839,994
Add: production cost of content incurred during the year		143,982,712		134,094,911
		561,315,858		547,934,905
Less: closing balance as on March 31, 2010				
Unamortised content	396,505,935		391,352,727	
Unexploited content	26,140,000		20,000,000	
Unfinished content	4,935,742		5,560,474	
Production property and tapes	419,945	428,001,622	419,945	417,333,146
		133,314,236		130,601,759

SCHEDULE 18
ADMINISTRATIVE AND OTHER EXPENSES

	March 31, 2010 ₹	March 31, 2009 ₹
Annual listing fees	82,725	83,127
Auditor's remuneration	386,051	393,325
Advances, deposits and interest written off	47,114	1,119,929
Bad debts, rebate and discount	417,128	5,932,630
Bank charges	13,994	48,457
Business promotion expenses	748,978	2,425,293
Rent, rates, taxes and business service centre charges	13,327,958	13,504,481
Communication expenses	600,791	699,799
Conveyance and motor car expenses	706,444	828,421
Directors sitting fees	400,000	400,000
Foreign exchange rate difference	8,300	0
Insurance charges	277,049	171,426
Internet subscription and website expenses	477,422	571,643
Legal, professional and consultancy fees	7,341,584	9,045,792
License, registration and processing charges	24,000	0
Loss on sale of fixed assets	1,798,114	446,925
Membership and subscriptions	186,922	70,510
Profession tax	2,500	2,500
Provision for tax	0	240,015
General expenses	7,705,375	7,912,188
Personnel cost	10,500,310	12,365,252
Printing and stationery	688,336	661,225
Contribution to provident fund	32,479	47,049
Contribution to group gratuity fund	186,547	59,472
Repairs and maintenance	787,645	609,656
Research and development	644,218	0
ROC filing fees and stamp duty	85,717	361,912
Prelimnery expenses written off	5,890	5,890
Traveling expenses	900,497	1,084,719
VAT interest	2,111,769	0
	50,495,857	59,091,636

SCHEDULE 19
FINANCIAL EXPENSES

	March 31, 2010 ₹	March 31, 2009 ₹
Finance charges	373,691	305,770
Processing and documentation charges	1,158,150	0
Interest on secured loan	5,009,313	0
Interest on overdraft account	95,186	0
	6,636,340	305,770

SCHEDULE 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010.

A. BASIS OF CONSOLIDATION

1. The consolidated financial statements relate to Pritish Nandy Communications Ltd and its subsidiaries.
2. Basis of Accounting

   The financial statements of the Subsidiaries Company viz. PNC Productions Ltd and PNC Wellness Ltd, used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2010.

   The financial statements of the Company and its Subsidiaries have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.
3. Principles of consolidation

   The consolidated financial statements have been prepared on the following basis

   The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of basis, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated in accordance with Accounting Standard (AS) – 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
4. Information on subsidiaries Company

   The following subsidiaries are considered in the consolidated financial statements

Name of the Company	% of holding
a. PNC Productions Ltd	99.37
b. PNC Wellness Ltd	100.00

B. SIGNIFICANT ACCOUNTING POLICIES

1. General
   a. The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting policies.
   b. Expenses and revenue are generally accounted for on accrual basis, except those associated with significant uncertainties and ex-gratia which are accounted on cash basis.
2. Revenue recognition
   a. In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas.
   b. In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
   c. In respect of cinematic content produced/ acquired, income is recognised on the following basis
      i. In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
      ii. In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries/ realisations/ confirmed contracts bears to the total expected realisations.
      iii. In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause c (ii).
      iv. In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas.
      v. In respect of music rights, income is recognised on its release or exploitation contract.
   d. In respect of consultancy services, income is recognised as and when services are actually rendered resulting in enforceable claim.
   e. In respect of wellness business, income from membership fee is recognised over the period of membership.
   f. In respect of services rendered in wellness business, income is recognised as and when services are rendered.
   g. In respect of PNC Productions Ltd, income from professional/ supervision activity is recognised as and when services are actually rendered resulting in enforceable claim.
   h. Dividend on investments is accounted as and when received.
3. Cinematic content

   The cinematic content has been valued on the following basis

a. Incomplete cinematic content	:	at lower of allocated/ identified cost or net realizable value.
b. Abandoned/ shelved cinematic content	:	at lower of cost or net realisable value.
c. Completed cinematic content	:	at lower of unamortised allocated cost as estimated by the management depending on the genre, nature and contents of the cinematic content or net realizable value.

   The Company allocates cost of production amongst music rights, exhibition rights, other rights and residual rights on an equitable basis.

   Basis of amortisation of allocated costs
   a. Music rights are amortised at 100% on the basis of release of music/ exploitation contract.
   b. All rights other than music and residual rights are amortised as under

First release	Second release	Third release
50%	30%	20%

   c. Residual rights are amortised on an equitable basis.

   The Company estimates useful life of the cinematic content at 20 years.

   Notes
   i. The production/ acquiring costs are amortised on the above basis by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
   ii. No unamortised costs are retained once the entire rights in respect of the cinematic content are sold out on an outright basis.
4. Television content

   The television content has been valued on the following basis

a. Unexploited television content	:	at lower of average of allocated cost or net realizable value.
b. Unfinished television content	:	at lower of average of allocated cost or net realizable value.
c. Production property	:	at lower of allocated cost or net realisable value.

   d. Exploited television content is amortised as under

Exploited television content	:	at lower of unamortised cost as estimated by the management on the following basis or net realizable value

Particulars	1st Telecast	2nd Telecast	3rd Telecast	Residual value
Entertainment content	50%	30%	15%	5%
Current affairs and news based content	95%	-	-	5%
Commissioned content	100%	-	-	-

   No unamortised costs shall be carried forward beyond a period of ten years.

   Notes
   i. The Company amortises production costs in respect of television content once telecast and further retelecastable on the basis of the nature and contents of the television content and the expected number of telecasts as per the chart depicted above.
   ii. The production costs are amortised as per the above-referred policy followed by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
   iii. The Company retains one copy of its own television content for record purpose.
5. Fixed assets

   Fixed assets are stated at cost less accumulated depreciation. Cost comprises purchase price including any attributable cost of bringing the asset to its working condition for its intended use and any other identifiable direct expenses.

   All expenditure incurred prior to commencement of project is carried forward as pre-operative expenditure which would be capitalised/ written off on commencement of business.
6. Depreciation

   Depreciation has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 as under
   a. No depreciation has been charged on the assets, which have not been put to use during the period.
   b. Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
   c. Depreciation on improvement to leave and licence premises is calculated over the period of leave and licence.
7. Taxation

   Current tax: Provision for current tax for the year has been made after considering deduction/ allowances claims admissible to the Company under the Income Tax Act, 1961.

   Deferred tax: Deferred tax is recognised, on timing differences, being difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

   Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

   Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.
8. Investments

   Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are stated at lower of cost or market value.
9. Writing off preliminary expenses and share issue expenses

   Preliminary expenses have been written off at 10% of the total cost. Share issue expenses shall be adjusted/ written off against share premium account.
10. Writing off deferred revenue expenditures

    Deferred revenue expenditure has been written off at 20% of the total cost.
11. Contingent liabilities

    No provision has been made for liabilities, which are contingent in nature.
12. Foreign currency transactions
    a. Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
    b. Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the balance sheet date; gains/ losses are reflected in the profit and loss account.
    c. Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.
13. Retirement benefits
    a. Regular contributions are made to Provident Fund and charged to revenue.
    b. The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity.
    c. The Company does not have any policy for leave encashment.
14. Borrowing costs

    Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
15. Impairment of assets

    At Balance Sheet Date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds, the recoverable amount.
16. Provisions and contingencies

    The Company recognises a provision when there is a present obligation as a result of past events, that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

    Contingent assets are not recognised in the financial statement.

C. NOTES TO ACCOUNTS

		2009-2010 (₹)	2008-2009 (₹)
1.	Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil
2.	Bank guarantee issued by the bankers	300,000	300,000
3.	Contingent liabilities		
	a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
	b. Disputed VAT demand	1,876,028	1,520,760
	c. Disputed Income Tax liability	629,204	Nil
	Future cash outflow in respect of (a), (b) and (c) above are determinable only on receipt of judgment/ decision pending with authorities.		
4.	Auditors remuneration includes: (inclusive of service tax)		
	Statutory audit fees	330,901	329,205
	Tax audit fees	55,150	64,120
	Fees for certification work	86,500	46,299

		2009-2010 (₹)	2008-2009 (₹)
5.	Additional information as required by paragraph 3 and 4 of part II of schedule VI of the Companies Act, 1956.		
a.	The Company is in the business of producing/ acquiring cinematic and television content which is not subject to any license, hence licensed capacity is not given. Further, in this type of business the installed capacity is not quantifiable.	Nil	Nil
b.	Consumption of raw materials, components, spare parts and other inputs	NA (see note 6)	NA (see note 6)
c.	Information pursuant to paragraph 4C of Part II of Schedule VI of the Companies Act, 1956 due to nature of the industry and the multiplicity of contents it is not practicable to quantify actual production.		
d.	Remuneration to Director and Managing Director charged to the accounts		
	i. Remuneration to Managing Directors	Nil	Nil
	ii. Professional fees to Directors	6,000,000	6,000,000
	iii. Sitting fees to Directors	400,000	400,000
	iv. Payment to Wholetime Directors	1,680,140	2,257,131
	v. Contribution to Provident Fund and other Funds	Nil	Nil
e.	Dividend remitted in foreign currency	Nil	Nil
f.	CIF value of imports	Nil	Nil
g.	FOB value of imports	Nil	Nil
h.	Expenditure in foreign currency		
	Traveling expenses	US$ 4,500	US$ 15,000
	(equivalent Indian Rupees)	₹ 219,950	₹ 648,800
	Traveling expenses	£ 3,500	£ 3,000
	(equivalent Indian Rupees)	₹ 268,800	₹ 209,150
	Traveling expenses	Nil	€ 10,000
	(equivalent Indian Rupees)	Nil	₹ 598,150
i.	Earning in foreign currency	US$ 600	Nil
	(equivalent Indian Rupees)	₹ 29,043	Nil
	Earning in foreign currency	US$*	Nil
	(equivalent Indian Rupees)	₹ 243,888	Nil
	*Received in Indian Rupees		

6. The Company is engaged in the production/ making of cinematic and television content, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of the items it is not practical to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to the same. Hence quantitative details are not maintained. Physical stock of finished content is taken at the end of year. The Company has received approval from Ministry of Corporate Affairs vide letter number 46/ 16/ 2010-CL-III dated January 20, 2010 under section 211(4) of the Companies Act, 1956 granting exemption from giving quantitative details of para 3(ii)(a)(1) & (2) of Part II, Schedule VI to the Companies Act, 1956.

7. Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January, 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Loans and Advances".

8. Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence that there is presumption that intangible assets have a useful life of 10 years. In respect of cinematic content, the Company has persuasive evidence that the useful life of cinematic content is over 20 years.

   The management has considered the following factors viz. the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz. shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the numbers of distribution channels, rapid multiplication of remaking, animation and other new versions etc., is of the view that the useful life of the cinematic content is 20 years. The Company is in line with International Accounting Practices and is a step towards complying with IFRS norms which will become mandatory from 2014.

   The details of cinematic and television content is as under

	Cinematic content (₹)	Television content (₹)	Total (₹)
Gross carrying amount	1,231,020,704	680,512,296	1,911,533,000
Add: additions during the year	99,499,018	44,338,911	143,837,929
Total	1,330,519,722	724,851,207	2,055,370,929
Less: accumulated amortisation	856,061,355	638,558,444	1,494,619,799
Less: amortised during the year	87,418,366	45,751,087	133,169,453
Net carrying amount	387,040,001	40,541,676	427,581,677

   The total unamortised cost of content as at March 31, 2010 is ₹ 427,581,677. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

9. As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there is any indication that any assets has impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making any provision for impairment.

10. Segment information

    The consolidated financial statements are divided into two business segment viz. content and wellness. This business segments have been identified in line with Accounting Standard (AS) 17 "Segment Reporting". Segment revenue results include amounts identifiable to each segment for consolidated purpose. Other un-allocable expenditure includes revenues and expenditure, which are not directly identifiable to the individual segment as well as expenses, which relate to the Company as a whole.

	Content (₹)	Wellness (₹)	Total (₹)
Revenue			
External	131,402,705	22,535,343	153,938,048
Inter segment	0	0	0
Total revenue	131,402,705	22,535,343	153,938,048
Expenditure			
Direct cost	133,314,236	0	133,314,236
Administrative expenses	31,342,080	19,153,777	50,495,857
Depreciation	1,911,503	5,064,510	6,976,013
Finance expenses	6,636,340	0	6,636,340
Selling and distribution expenses			
Total expenditure	173,204,159	24,218,287	197,422,446
Result	(41,801,454)	(1,682,944)	(43,484,398)
Add: other income	18,109,793	469,009	18,578,802
Segment results	(23,691,661)	(1,213,935)	(24,905,596)
Profit before tax	(23,691,661)	(1,213,935)	(24,905,596)
Provision for current tax	41,600	0	41,600
Profit before deferred tax	(23,733,261)	(1,213,935)	(24,947,196)
Provision for deferred tax	1,185,564	(684,371)	501,193
Profit/ (loss) before prior year adjustment	(24,918,825)	(529,564)	(25,448,389)
Less: prior year adjustment (net)	3,644,511	0	3,644,511
Net profit/ (loss) after prior year adjustment	(28,563,336)	(529,564)	(29,092,900)
Other information			
Segment assets	1,158,324,499	25,258,055	1,183,582,554
Segment liabilities	278,732,130	7,839,361	286,571,491
Depreciation	1,911,503	5,064,510	6,976,013

11. Related party disclosure

    In accordance with Accounting Standard (AS) 18 "Related Party Disclosure", the disclosure in respect of transactions with the companies related parties are as given below

    i. Key managerial personnel
       a. Pallab Bhattacharya, Wholetime Director and CEO
       b. Rangita Pritish Nandy, Wholetime Director and Creative Director
       c. Nirav Joshi, Company Secretary

    ii. Non-Executive Directors and their relatives
       a. Pritish Nandy, Non-Executive Chairman
       b. Rina Pritish Nandy, Non-Executive Director
       c. Udayan Bose, Non-Executive, Independent Director
       d. Nabankur Gupta, Non-Executive, Independent Director
       e. Vishnu Kanhere, Non-Executive, Independent Director
       f. Harshawardhan Sabale, Non-Executive, Independent Director (resigned wef 31.8.2009)
       g. Hema Malini, Non-Executive, Independent Director
       h. Ishita Pritish Nandy, daughter of Non-Executive Chairman

    Details relating to parties/ persons referred to in above items are as under

	Nature of transactions	in ₹ lakh
Key managerial personnel	Remuneration	26.48
	Balance outstanding as at year end	
	Payable	1.71
Non-Executive Directors and their relatives	Remuneration/ sitting fees	70.00
	Balance outstanding as at year end	
	Payable	11.42

    Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

12. Earning per share (EPS)

    In accordance with Accounting Standard (AS) 20 "Earning Per Share", the numerators and denominators used to calculate basic earning per share.

Particulars	2009-10	2008-09
Net profit/ (loss) after taxes and prior years adjustments for basic and dilutive EPS (₹)	(29,092,900)	(16,256,527)
Weighted average number of equity share outstanding during the year for basic and diluted EPS	14,467,000	14,467,000
Basic and diluted earning per share (₹)	(2.01)	(1.12)
Nominal value of equity shares (₹)	10	10

13. The Company estimates deferred tax charge/ credit using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2010 is given below

    in ₹ lakh

	As at April 1, 2009	Created during the year	Reversed during the year	As at March 31, 2010
Deferred tax liabilities				
Unamortised content	(1,309.82)	(43.07)	30.07	(1,322.82)
Depreciation and capital loss	(1.12)	(1.2)	2.34	0.02
Adjustment for change in tax rate	51.16	0.00	0.00	51.16
Deferred tax assets				
Unabsorbed business loss and depreciation	26.01	6.84	0.00	32.85
Net amount	(1,233.77)	(37.43)	32.41	(1,238.79)

14. Lease commitments

    i. Finance lease

       The Company takes vehicles under finance lease. Future minimum lease payments under finance leases as of March 31, 2010 are as under

Particulars	Principal (₹)	Interest (₹)	Total (₹)
Not later than one year	2,011,302	316,033	2,327,335
Later than one year and not later than five years	2,091,481	133,585	2,225,066
Later than five years	Nil	Nil	Nil
Total minimum payments	4,102,783	449,618	4,552,401

ii. Operating leases

The Company has taken premises under operating lease. Gross rental expenses for the year ended March 31, 2010 aggregated to ₹ 13,327,958. The minimum rental payments to be made in future in respect of these leases are as follows

Particulars	Amount (₹)
Not later than one year	11,714,960
Later than one year and not later than five years	2,259,000
Later than five years	Nil
Total	13,973,960

15. The disclosures as required under the Accounting Standard (AS) 15 (Revised) in respect of gratuity, a defined benefit scheme (based on Actuarial Valuation) is as follows

During the year, Company has recognised the following amounts in the financial statements

a. Defined Contribution Plan

- Contribution to defined contribution plan, recognised as expense for the year are as under

Particulars	in ₹ lakh
Employer's contribution to Provident Fund	0.32

b. Defined benefit plan

Particulars	in ₹ lakh Gratuity (Funded)
• Reconciliation of opening and closing balances of defined benefit obligation	
Defined benefit obligation at the beginning of the year	10.77
Current service cost	1.00
Interest cost	0.86
Actuarial (gain)/ loss	(1.35)
Benefit paid	0
Defined benefit obligation at the end of year	11.28
• Reconciliation of opening and closing balances of fair value of plan assets and defined benefit obligation	
Fair value of plan assets at the beginning of the year	17.52
Expected return on plan assets	1.84
Actuarial gain/ (loss)	0.00
Employers contribution	3.06
Benefit paid	0
Fair value of plan assets at the end of the year	22.42
• Actual return on plan assets	
Expected return on plan assets	1.84
Actuarial gain/ (loss) on plan assets	0.00
Actual return on plan assets	1.84
• Reconciliation of fair value of plan assets and benefit obligation	
Fair value of assets as at March 31, 2010	22.42
Present value of obligation as at March 31, 2010	(11.28)
Amount recognised in Balance Sheet	11.14
• Expenses recognised during the year	
Current service cost	1.00
Interest cost	0.86
Expected return on plan assets	(1.84)
Actuarial (gain)/ loss	(1.35)
Expenses recognised in Profit and Loss Account	1.33

- Investment details

The Company made annual contribution to LIC of India of an amount advised by them. The company was not informed by LIC of the investments made or the break down of plan assets by investment type.

- Actuarial assumptions

Discount rate (per annum)	8%
Salary escalation (per annum)	4%

16. The Company has incurred loss during the year. Managerial remuneration paid/ payable is within the limit of minimum remuneration payable as per Part II of Schedule XIII of the Companies Act, 1956. The payment of remuneration is duly approved by the Remuneration Committee.

	2009-10 Amount (₹)
a. Managerial remuneration to Wholetime Directors	
Salary	1,172,300
Other perquisites	507,840
Total	1,680,140
b. Directors' sitting fees	400,000
Total managerial remuneration	2,080,140
c. Computation of profit in accordance with Section 198/ 349 of the Companies Act 1956	
Profit/ (loss) before taxes and prior years adjustments	(24,905,596)
Add:	
Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	1,680,140
Loss on sale of fixed assets	1,798,114
Advances written off	47,114
Net Profit/ (loss) for Section 198/ 349 of the Companies Act 1956.	(21,380,228)

17. The Company has not received any intimation from suppliers regarding the status under The Micro, Small And Medium Enterprises Development Act, 2006 and hence disclosures if any relating to the amount unpaid as at year end and together with interest paid/ payable as required under the Act have not been given.

18. During the financial year 2006-2007, the Company concluded its QIP issue, through which 4,000,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 70 per equity share. Out of the total QIP issue proceeds of ₹ 280,000,000, the Company has utilized ₹ 269,313,469 towards cinematic content, QIP expenses, working capital and general corporate purpose etc. as at March 31, 2010.

The balance unutilized amount of ₹ 10,686,531 has been kept in fixed deposits with Banks.

19. The Company is taking necessary steps for repayment of External Commercial Borrowing (ECB) unsecured loan of ₹ 10,000,000 along with interest @ 3% p.a. taken from International Communications & Investments (Mauritius) Ltd for a period of three years with grace period of one year. The repayment period along with grace period of one year has expired in financial year 2005-2006.

20. Loans and Advances of ₹ 46,753,181 includes: i) ₹ 15,000,000 advanced against the music, Asian and Indian satellite rights of a film where the Company has lien over the exploitation of the said rights and ii) ₹ 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances. i) The Company has filed a Summary Suit with the High Court at Bombay which is pending hearing and disposal and ii) The Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai supports this and consequently no provision has been made in the accounts at this stage.

21. Sundry debtors includes an amount aggregating to ₹ 3,385,000 in respect of which legal proceedings have been initiated by the company. The management considers the same are good and fully recoverable, hence no provision has been made in the accounts at this stage.

22. Certain sundry debtors, sundry creditors and loans and advances are subject to confirmation by the respective parties.

23. In the opinion of the management investments, current assets and loans and advances are of the value stated in the financial statements and realisable in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amounts considered reasonably necessary.

24. There are no dues payable to the Investor Education and Protection Fund as at March 31, 2010.

25. All known liabilities have been provided in the books of accounts.

26. There are no claims against the Company, except as stated in point no 3, which are not acknowledged as debts. Further, contingent liability on account of VAT that may arise due to non receipt of necessary declarations amounting to ₹ 610,000.

27. Figures in respect of previous year have been re-grouped, re-arranged and re-cast to correspond with the figures of the current year.

28. Schedules referred to above form an integral part of Balance Sheet and Profit and Loss account.

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

STANDALONE CASH FLOW STATEMENT

		For the year ended March 31, 2010	
		March 31, 2010 ₹	March 31, 2009 ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/(loss) before taxes and prior years adjustments	(22,739,987)	(19,488,010)
	Bad debts, rebate and discount	417,128	5,932,630
	Depreciation	1,911,503	1,760,071
	Advances written off	47,114	1,080,094
	Finance charges	6,636,340	300,900
	Loss on sale of assets	1,455,664	446,925
	Foreign exchange rate difference - expense	8,300	0
	Foreign exchange rate difference - income	0	(2,003,776)
	Sundry creditors balances written back	(1,958,590)	(1,326,417)
	Interest on fixed deposit	(17,581,013)	(19,916,177)
	Operating cash flow before working capital changes	(31,803,541)	(33,213,760)
	Adjusted for		
	Cinematic and television content	(10,347,167)	(3,493,153)
	Sundry debtors	(19,147,125)	102,357,934
	Current liabilities	(6,770,776)	(25,341,437)
	Changes in loans and advances	3,823,465	(87,474,027)
	Cash used in operations before prior period items	(64,245,144)	(47,129,443)
	Net prior year adjustments	(3,710,566)	(196,032)
	Direct taxes paid	(338,800)	(690,000)
	Net cash from/ (used in) operating activities	(68,294,510)	(48,050,475)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(5,650,875)	(3,651,454)
	Sale of fixed assets	997,778	706,800
	Changes in investments	0	0
	Interest on fixed deposit	17,581,013	19,916,177
	Foreign exchange rate difference - expense	(8,300)	0
	Foreign exchange rate difference - income	0	2,003,776
	Net cash from/ (used in) investing activities	12,919,616	18,975,299
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Additional borrowings	53,566,880	1,752,235
	Repayment of borrowings	(1,675,400)	(2,709,845)
	Dividend paid	0	(14,467,000)
	Corporate tax on dividend paid	0	(2,459,390)
	Finance and other charges paid	(6,636,340)	(300,900)
	Net cash from/ (used in) financing activities	45,255,140	(18,184,900)
	Net changes in cash and cash equivalents (A+B+C)	(10,119,754)	(47,260,076)
	Cash and cash equivalents- opening balance	188,511,080	235,771,156
	Cash and cash equivalents- closing balance	178,391,326	188,511,080

Notes
i. The above cash flow statement has been prepared as per indirect method.
ii. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
iii. Figures in brackets represents deductions/ outflows.
iv. Previous year's figures have been regrouped wherever necessary.

CONSOLIDATED CASH FLOW STATEMENT

		For the year ended March 31, 2010	
		March 31, 2010 ₹	March 31, 2009 ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit/ (loss) before taxes and prior years adjustments	(24,905,596)	(17,563,612)
	Bad debts, rebate and discount	417,128	5,932,630
	Depreciation	6,976,013	7,594,464
	Advances written off	47,114	1,119,929
	Finance charges	6,636,340	305,770
	Loss on sale of assets	1,798,114	446,925
	Foreign exchange rate difference - expenses	8,300	0
	Foreign exchange rate difference - income	0	(2,003,776)
	Sundry creditors balances written back	(1,958,590)	(1,326,417)
	Interest on fixed deposit	(17,885,186)	(20,299,071)
	Preliminary expenses written off	5,890	5,890
	Operating cash flow before working capital changes	(28,860,473)	(25,787,268)
	Adjusted for		
	Cinematic and television content	(10,668,476)	(3,493,152)
	Sundry debtors	(18,918,225)	112,306,958
	Current liabilities	(12,334,861)	(31,231,671)
	Changes in loans and advances	1,183,311	(95,691,861)
	Cash used in operations before prior period items	(69,598,724)	(43,896,994)
	Net prior year adjustments	(3,644,511)	(208,157)
	Direct taxes paid	(338,800)	(740,000)
	Net cash from/ (used in) operating activities	(73,582,035)	(44,845,151)
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(5,703,468)	(4,728,287)
	Sale of fixed assets	1,001,778	706,800
	Changes in investments	4,006,771	(1,614,583)
	Interest on fixed deposit	17,885,186	20,299,071
	Foreign exchange rate difference - income	0	2,003,776
	Foreign exchange rate difference - expenses	(8,300)	0
	Net cash from/ (used in) investing activities	17,181,967	16,666,777
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Additional borrowings	53,566,880	1,752,235
	Repayment of borrowings	(1,675,400)	(2,934,490)
	Dividend paid	0	(14,467,000)
	Corporate tax on dividend paid	0	(2,459,390)
	Finance and other charges paid	(6,636,340)	(305,770)
	Net cash from/ (used in) financing activities	45,255,140	(18,414,415)
	Net changes in cash and cash equivalents (A+B+C)	(11,144,928)	(46,592,789)
	Cash and cash equivalents- opening balance	198,064,254	244,657,043
	Cash and cash equivalents- closing balance	186,919,326	198,064,254

Notes
i. The above cashflow statement has been prepared as per indirect method.
ii. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
iii. Figures in brackets represents deductions/ outflows.
iv. Previous year figures have been regrouped wherever necessary.

As per our attached report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, July 28, 2010

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Nirav Joshi
Company Secretary

Mumbai, July 28, 2010

Notice is hereby given that the 17th Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD will be held on Thursday, September 30, 2010 at 3.00 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date along with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Udayan Bose who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Rangita Pritish Nandy who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution

   "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Jaideepsingh P Deore & Co, Chartered Accountants (ICAI Registration number 103859W), the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors in consultation with the Audit Committee of the Company."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

   "RESOLVED THAT Tapan Chaki, who was appointed by the Board of Directors, as an Additional Director of the Company with effect from July 28, 2010, pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in whose respect the Company has received, pursuant to Section 257 of the Companies Act, 1956 a notice in writing alongwith requisite deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

Nirav Joshi
Company Secretary
Mumbai, August 27, 2010

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member of the Company. The instrument appointing a proxy, in order to be valid, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Company has already announced closure of register of members and share transfer books of the Company from Saturday, September 25, 2010 to Thursday, September 30, 2010 (both days inclusive) for the purpose of annual book closure.
5. Members desirous of seeking any information at the Annual General Meeting are requested to send in their request(s) so as to reach the registered office of the Company atleast 10 days before the Annual General Meeting so that the same can be suitably replied.
6. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays, between 11 am and 1 pm upto the date of the Annual General Meeting.
7. As a measure of economy, copies of annual reports will not be distributed at the venue of the Annual General Meeting. Members are therefore requested to bring their own copies of the annual reports to the meeting.
8. The dividend for the financial years 2002-03 and 2003-04 declared at the Annual General Meeting held on September 19, 2003 and September 17, 2004 respectively can be claimed on or before September 18, 2010 and September 16, 2011 respectively. Members who have not yet encashed their dividend warrants may send the same to the Company's registrar & share transfer agent for revalidation and encash it before the said date. Members are requested to note that no claims shall lie against the Company or the Investor Education and Protection Fund in respect of any amounts which were unpaid or unclaimed for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
9. The information required to be provided under the listing agreement entered into with the stock exchanges regarding the Directors who are proposed to be appointed/re-appointed and the explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business are given hereinbelow.
10. At the ensuing Annual General Meeting, Udayan Bose and Rangita Pritish Nandy shall retire by rotation and being eligible, offer themselves for re-appointment. Their brief profiles are given below:

    Udayan Bose, independent Director of the Company was re-appointed at the Annual General Meeting held on September 6, 2007.

    Mr Bose is a first class Honours Graduate from Presidency College, Calcutta, Fellow of the Chartered Institute of Bankers, UK and he pursued the Advanced Management Program at Harvard Business School. With over 39 years of experience in banking covering commercial banking, investment banking, international finance, project finance and capital markets in India, Singapore, USA, Germany and the UK, he started his career with the National & Grindlays Bank Ltd in 1970 and then joined Deutsche Bank in India as Regional Director, South Asia. Mr Bose founded Lazard India, India's first international Investment Bank. He became the first Indian Global Partner of Lazard, and Managing Director of Lazard Brothers, and continued as Chairman of Lazard India from 1985 to 2005. He was the Chairman of The Calcutta Stock Exchange and Chairman of Thomas Cook India. Presently, he is the Chairman of Kantilal Chhaganlal Group's investment banking arm, KC Corporate Finance.

    As on March 31, 2010, other directorships of Mr Bose are JK Paper Ltd, Creditcapital Finance Ltd, Tamara Capital Advisors Private Ltd, Bikrampur Investment & Trading Private Ltd, Earl Investments Private Ltd, Merwanjee Trading Company Private Ltd and KC Corporate Finance Advisors Private Ltd.

    Mr Bose is Chairman of the Audit Committee of JK Paper Ltd and member of the Audit Committee of your Company.

    Mr Bose does not hold any share in the Company in his individual capacity. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Except Mr Bose, none of the Directors of the Company is in any way concerned orinterested in this resolution. The Board of Directors recommends for your approval the re-appointment of Mr Bose as Director of the Company liable to retire by rotation.

    Rangita Pritish Nandy is Creative Director on the Board of the Company. She was re-appointed as a Director at the Annual General Meeting held on September 6, 2007.

    Ms Nandy holds the status of an executive Director in the Company. She is a golden alumni of HR College of Commerce and Economics, Mumbai and has specialised in advertising, sales management and sales marketing from the same college. Prior to joining PNC at an early age, Ms Nandy has trained in advertising and marketing at Ogilvy & Mather and Percept Advertising. She joined PNC in 1999 to design and manage the production of its television shows and events. She also prepared the essential groundwork for the Company's foray into the motion picture business. Currently she heads the Company's creative functions, supervises and manages the in-house production team, greenlights the Company's cinematic projects and oversees strategic PR and marketing for the Company and its products. She is also a member of the Company's Corporate Leadership Team.

    As on March 31, 2010, other directorships of Ms Nandy are PNC Productions Ltd, PNC Sippy Media Ltd, Ideas.com India Private Ltd, Sarvakala India Private Ltd and Studio PNC Private Ltd.

    Ms Nandy does not hold membership or chairpersonship of any committees.

    She holds 93,500 shares in the Company. She is the daughter of Pritish Nandy and Rina Pritish Nandy, directors of the Company. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. No other directors except Rangita Pritish Nandy, Pritish Nandy and Rina Pritish Nandy are, in any way, concerned or interested in this resolution. The Board of Directors recommends for your approval the re-appointment of Ms Nandy as a Director of the Company liable to retire by rotation.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

For item no 5: Appointment of Tapan Chaki as Director

Tapan Chaki, independent Director, was appointed as an additional Director of the Company at the Board meeting held on July 28, 2010 in terms of Article 121 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Being an additional Director, Mr Chaki will hold office only upto the date of the ensuing Annual General Meeting. He is eligible for appointment. The Company has received a notice in writing from a member alongwith a deposit of ₹ 500 for proposing the candidature of Mr Chaki for the office of Director of the Company as per Section 257 of the Companies Act, 1956.

Mr Chaki is a commerce graduate from Calcutta University and a corporate communications consultant with excellent media relationships. A weekly sports columnist in The Telegraph, Calcutta's largest circulated English daily; he was the Asian Age's publisher in all editions at its inception.

Other directorships of Mr Chaki are Nicco Parks and Resorts Ltd and Meridian Advertising Private Ltd.

Mr Chaki is a member of the Audit and Remuneration Committee of Nicco Parks and Resorts Ltd.

Mr Chaki does not hold any shares in the Company in his individual capacity. The Board recommends his appointment. Except Mr Chaki, none of the Directors of the Company is in any way concerned or interested in this resolution.

By Order of the Board

Nirav Joshi
Company Secretary
Mumbai, August 27, 2010

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021

PRITISH NANDY COMMUNICATIONS LTD

Registered Office: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021

ATTENDANCE SLIP

Folio No:	
DP ID:	
Client ID:	
Number of Shares held:	

I/ We hereby record my/our presence at the Seventeenth Annual General Meeting of the Company held on Thursday, September 30, 2010 at 3.00 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment thereof.

_________________________ _________________________

Signature of the Shareholder/s Signature of the Proxy

____ ____

Name of the Shareholder/s (in block letters) Name of the Proxy

Note : 1. You are requested to sign and handover this slip at the entrance of the meeting venue.

2. The proxy form signed across revenue stamp of ₹ 1 should reach the Registered Office of the Company not less than 48 hours before the meeting.

PRITISH NANDY COMMUNICATIONS LTD

Registered Office: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021

PROXY FORM

Folio No:	
DP ID:	
Client ID:	
Number of Shares held:	

I/ We ____ of ________________________ in the district of ____________________

being a member/members of the above named Company, hereby appoint ____

_________________________ of _________________ in the district of _________________or failing him _________________

____ of _________________ in the district of __________________

to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday, September 30, 2010 at 3.00 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment thereof.

Affix Revenue Stamp of ₹ 1.00

Signed this _________day of _________________ 2010 _________________________

Signature of the Shareholder/s

Note : 1. The proxy need not be a member.

2. The proxy form signed across revenue stamp of ₹ 1 should reach the Registered Office of the Company not less than 48 hours before the meeting.