



billion people. One connect.

Movies.



The power of entertainment.



The Corporate Leadership Team

Back Row [Left to Right] Anand Upadhyay, Yatender Verma, Kishor Palkar, Anoop Kumar
Front Row [Left to Right] Ram Kamal Mukherjee, Rangita Pritish Nandy, Pallab Bhattacharya, Mahesh Vyas, Ishita Pritish Nandy



The power of entertainment.



www.pritishnandy.com

Pritish Nandy Communications Ltd
18th Annual Report and Accounts
2010/2011

Board of Directors

Pritish Nandy/ Chairman
Udayan Bose
Nabankur Gupta
Hema Malini
Rina Pritish Nandy
Dr Vishnu Kanhere
Tapan Chaki
Pallab Bhattacharya/ Wholetime Director & CEO
Rangita Pritish Nandy/ Creative Director

Company Secretary

Anand Upadhyay

Auditors

Jaideepsingh P Deore & Co
Chartered Accountants

Principal Bankers

Yes Bank
Nariman Point Mumbai 400021
Standard Chartered Bank
Breach Candy Mumbai 400036

Registered Office

87/88 Mittal Chambers Nariman Point Mumbai 400021

Corporate Leadership Team

Pallab Bhattacharya/ Director and CEO, Chairman Rangita Pritish Nandy/ Creative Director
Anand Upadhyay/ Company Secretary Yatender Verma/ Vice President, Finance, Compliances & Legal Affairs
Ishita Pritish Nandy/ Chief Brand Strategist Ramkamal Mukherjee/ Chief Media Strategist
Anoop Kumar/ Chief Production Officer Mahesh Vyas/ Chief Manager, Accounts Kishor Palkar/ Chief Manager, Accounts

PNC is an equal opportunities employer. There are 9 members in the Corporate Leadership Team that runs the affairs of the Company. The Corporate Leadership Team has an average age of 39, combining youth and experience. Members of the CLT have been with PNC for an average of 8 years, demonstrating continuity and effective HR. Most members of the team have risen from the ranks.

	Year ended									
	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	31.3.11
	in ₹ lakh									
PROFIT AND LOSS ACCOUNT										
Total turnover	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	1,320.09
Total expenditure	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	1,456.68
Profit/ (loss) before taxation	248.46	210.41	449.94	658.59	698.67	583.18	1,034.72	(194.88)	(227.40)	(136.59)
Provision for taxation	9.20	15.05	27.20	53.48	62.58	69.76	172.85	3.29	0.18	(22.83)
Net profit/ (loss)	239.26	195.36	422.74	605.11	636.09	513.42	861.87	(198.17)	(227.58)	(113.76)
Provision for deferred tax	64.12	32.43	162.82	194.06	234.12	236.71	200.66	(26.49)	11.85	4.18
Dividend (%)	10	7.5	10	10	10	10	10	0	0	0
BALANCE SHEET										
Net block	596.55	705.45	705.59	675.87	571.92	221.00	165.09	164.29	177.15	166.21
Investments	1,037.67	973.09	1,275.55	285.10	746.47	405.59	140.18	140.18	140.18	140.18
Current assets (net)	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	10,485.82
Miscellaneous expenditure	233.24	203.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total application of funds	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	10,792.21
Borrowings	118.85	131.98	827.62	188.30	703.35	161.68	139.45	129.88	648.79	543.55
Deferred tax liabilities	229.28	261.71	424.53	614.77	848.88	1,085.61	1,286.27	1,259.78	1,271.64	1,275.81
Paid up capital	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	1,446.70
Reserves	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	7,526.15
Net worth	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	8,972.85

I welcome you all to your Company's 18th AGM.

The world is living through difficult times. One long recession was just about to conclude when everyone started talking about another. And, before long, we found the economies of the Western world, from the US to UK to almost all of Europe once again floundering. In a global economy, it is no longer possible for nations like ours to remain insulated from international trends and, thus, the Indian economy is also under stress. As a natural corollary, like many other businesses, the business of your Company is also facing difficult times though not perhaps in exactly the same way as other Indian businesses are facing. Like others, we are also acquiring the right skills and learning to adapt to the new environment so that, over the next two years, we can hone our expertise in production and distribution in a manner such that we can face the future with greater confidence.

The past year was indeed trying. As were the two preceding years, when the tremors of the first recession were felt by the entertainment business and the motion picture industry, one of the most robust businesses in the sector, began to face rather overwhelming odds. This coincided with a strong technology shift with new platforms emerging for the distribution of content and older ones diminishing in reach or simply folding up. The music industry, for instance, underwent a sea change and packaged music products almost vanished from the retail shelves. Young consumers began to use new technology to directly download music. Now home videos have gone the same way and the last year saw their business halving, according to the KPMG report for FICCI Frames.

Your Company had expected the movie industry to stabilise if not look up this year, as predicted by KPMG in their last year's FICCI Frames report which I had quoted to you. Last year when we met, the motion picture business had seen a de-growth of 14 per cent, with overseas sales falling 30 per cent. These figures reflected the quiet struggle within the industry to find its way forward through difficult times. This year, the fall continues, a bit less sharply perhaps but still deeply concerning all those who are interested in the welfare and growth of India's biggest talent business that survives on the courage and determination of self employed professionals who are constantly looking for the opportunity to realise their true potential. Taxes continue to increase for the industry as a whole and the reliefs asked for from the Government have not yet materialised though assurances have been made to the industry on various Government platforms such as the India International Film Festival in Goa last year.

Your Chairman was privileged to be the Chairman of an Expert Committee set up by the Ministry of Information and Broadcasting to advise it on upgrading what is undoubtedly India's biggest and most successful official festival of films where film makers from all over the world come to share their talent and experience. The Committee Report has been submitted to the Government of India and we look forward to further action on it which will, hopefully, encourage the growth of small and medium budget cinema that India excels in. These are the films that are winning us plaudits and awards from the world's top festivals. What is even more interesting, as a report in Hindustan Times recently stated, these are the films that show us the way forward. These films have consistently outperformed the much vaunted big films that are propelled by star power and big budgets. Given the right tax incentives, they can not only outperform market expectations, they can provide opportunities to new talent and provide thousands of more jobs in the motion picture business.

Regional cinema should be another thrust zone. Viewers are increasingly flocking to see Tamil, Telugu, Bengali, Malayalam films and many of these are now being remade into mainstream Hindi films. The Punjabi, Bhojpuri, Kannada, Marathi film industries are also emerging strong, giving a further growth impetus to the Indian motion picture industry. In fact, given that Indian authors in English are among the most critically acclaimed in the world and Indian newspapers are among the world's most widely read English newspapers, there is no reason why the Indian film industry cannot produce its own English cinema to challenge the best of the West. We have started this in a small way with films like *Bollywood Calling*, *Mumbai Matinee*, *Jhankaar Beats*, *Kaante*, *Hazaaron Khwaishein Aisi*, *Bow Barracks Forever* and others where Hindi and English are used in equal measure. I am pleased to see other producers, including Aamir Khan, taking this trend forward with films like *Delhi Belly*.

So even though the motion picture industry declined by a further 6.7 per cent during the past year and KPMG warns that low success rate and spiralling costs are adding to the turmoil, we share its cautious optimism that by leveraging alternate marketing and distribution platforms we can soon turn the trend. The old order has certainly changed while the new order is yet to fall in place. That is actually why the industry is finding it so difficult to transition despite all the markers for outstanding performance being in place. Technology is constantly changing. It is changing so swiftly in fact that the industry is not always prepared to adapt to it. But adapt it inevitably will and new opportunities to exploit these technology shifts will open up. Traditional distributors may have disappeared. But new distribution mechanisms are slowly falling into place. New media platforms to showcase content are also emerging and once the telecom tangle is solved we hope to exploit the vast opportunities that broadband and 3G will bring in their wake.

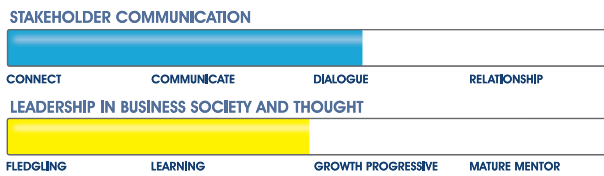
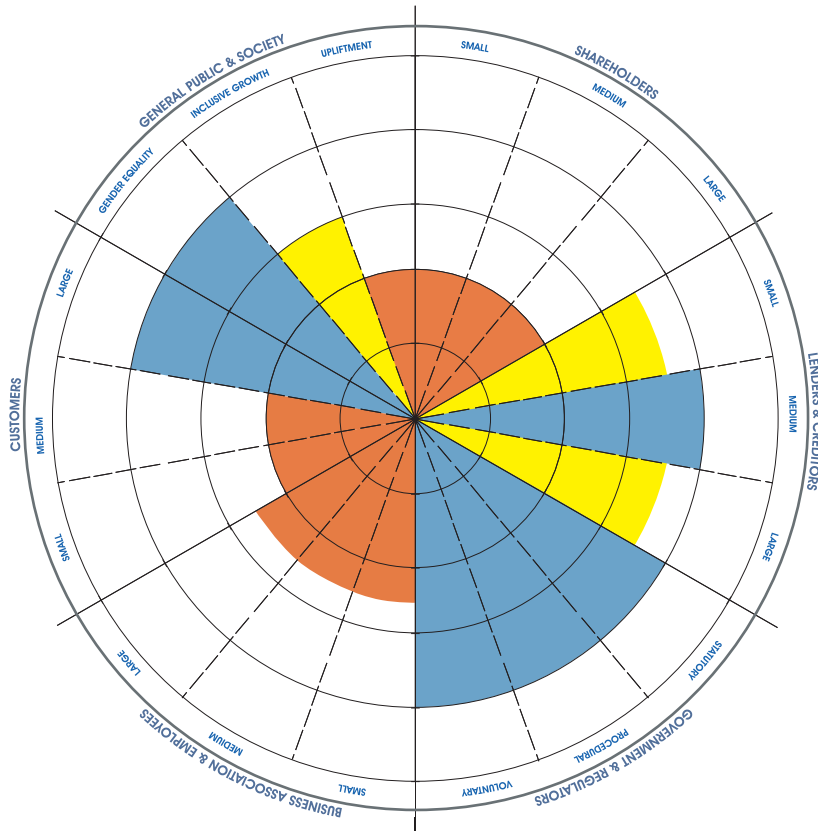
So while things remain difficult in the business in which your company operates today, there is clearly great hope that the world's biggest entertainment industry will soon regain its health and vigour. India is defined by its movies. These movies bring together our finest creative talent, be it in writing, music, acting, dance, fashion, art, design, and ofcourse production skills that can put all of these together and create truly remarkable works of art and entertainment that can enthral millions of people all over the world, bring magic to their life and dreams to their hearts. I feel confident that the industry which has provided so much joy to millions of our countrymen will overcome its current problems and move ahead with the same confident strides it has always shown.

As George Lucas predicted two years ago at USC, the Age of the Blockbuster is over. The secret to the future is a large quantity of small and medium sized movies. Some of these will change the face of theatrical viewing. Others will create an entire distribution system on the web. Still others will capture the imagination of TV viewers. As indeed will the home video market seek its future in the same genre. The Indian motion picture industry is projected to grow at a CAGR of 9.6 per cent to touch Rs 133.5 billion in revenues by 2015. This is certainly a positive trend in overall terms and, if the industry achieves this target, it could well be on its way to becoming a global leader in this business by the end of this decade. That is where your Company will be playing a critical role.

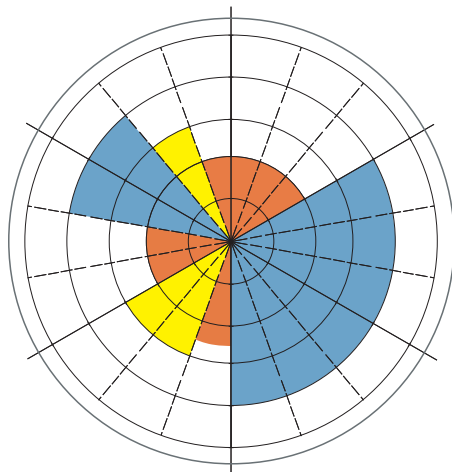
Let me end by thanking all our stakeholders for their patience and wisdom which is what will see your Company through, into the future. I would also like to thank all members of Team PNC and the Corporate Leadership Team who have struggled through a difficult year and yet kept their spirits high. I am confident that with your support and encouragement, they will overcome every adversity and take your Company to new heights in coming years.

We at PNC always try to provide additional information over and above that prescribed by law. We were the first entertainment company in India to provide annual reports attested by key operating staff, before it became a statutory requirement. The report provided here is an attempt in this direction. It is not mandated by law and is not an exact measure. We caution investors that this is additional information and investors should rely on their own judgment in using and interpreting it. The Company is not responsible for any direct, indirect or consequential losses suffered by any person using this data.

COVERAGE AND TRANSPARENCY



IN COMPARISON WITH LAST YEAR



- LEVEL 1 - POOR
- LEVEL 2 - LOW
- LEVEL 3 - MEDIUM
- LEVEL 4 - HIGH
- LEVEL 5 - EXCELLENT

360° Corporate Reporting is a performance model developed by IEMAR to evaluate companies on the basis of their scores in key areas usually difficult to measure and on the strength of their stakeholder reporting. This is the fourth year where the Company has been evaluated. The evaluation provides insight into companies in terms of their people, business strategies, brand, linkages, strengths and weaknesses, opportunities that exist and threats they need to ward off. It also conveys to stakeholders the environment in which their companies operate and assesses them on their processes, value of intangibles, transparency and effectiveness of their communication with stakeholders.

It thus conveys to stakeholders a lot of what cannot be precisely measured but needs to be appreciated in order to get the true import of the financial results. In that sense, it makes financial reporting more effective by providing additional information in quick read format.

In the long run, companies that are socio-ecologically progressive do better than those that are solely motivated by profits. This has been empirically proved, leading to the search for a more holistic reporting format. There are a number of initiatives that are currently used by companies. PNC has chosen 360° Corporate Reporting. This gives all round feedback to major stakeholder groups, improves transparency and ensures a shared vision.

To begin with, 360° Corporate Reporting acknowledges the fact that stakeholders, like shareholders, are not homogenous but comprise of different interest groups. It also incorporates crucial factors like creativity and innovation into the reporting framework. It moves from a logical progression of coverage, transparency, compliance, managing risks, managing enterprise to performance and profitability, social responsibility, strategic planning and research, creativity and innovation, ultimately leading to the creation of intangible assets and value.

The reporting is in a diagrammatic format. Different parameters represented by sectors come together in a circle where each sector is divided into subgroups representing detailed components. Each component is rated on a scale of 1 to 5.

The circle of stakeholders deals with coverage and transparency vis-à-vis different groups of stakeholders and is divided into 6 sectors subdivided into 3 segments each. These consist of shareholders, lenders and creditors, Government and regulators, business associates and employees, customers and society at large.

The circle of creation of value covers 7 sectors subdivided into 3 segments each.

These consist of compliance, managing risks and enterprise, performance and profitability, social responsibility, strategic

planning and vision, research, creativity, innovation, intangibles and value creation.

In the bars below the circles, the extent and effectiveness of stakeholder communication and reporting is judged in the context of the Company's ability to connect, communicate, establish dialogue and eventually achieve a sustainable relationship with all stakeholders. The Company's performance on various counts ranging from financial to value creation is judged on the basis of its ability to create ideas for successful projects, products and services and translate these ideas into action, resulting in capitalization and value creation. These assessments are supported by looking at the scope, size and scale of operations, activities and influence of the Company. Ultimately the leadership displayed by the Company in business, society and thought is judged on whether it is at the fledgling, learning, growth or a mature mentoring state.

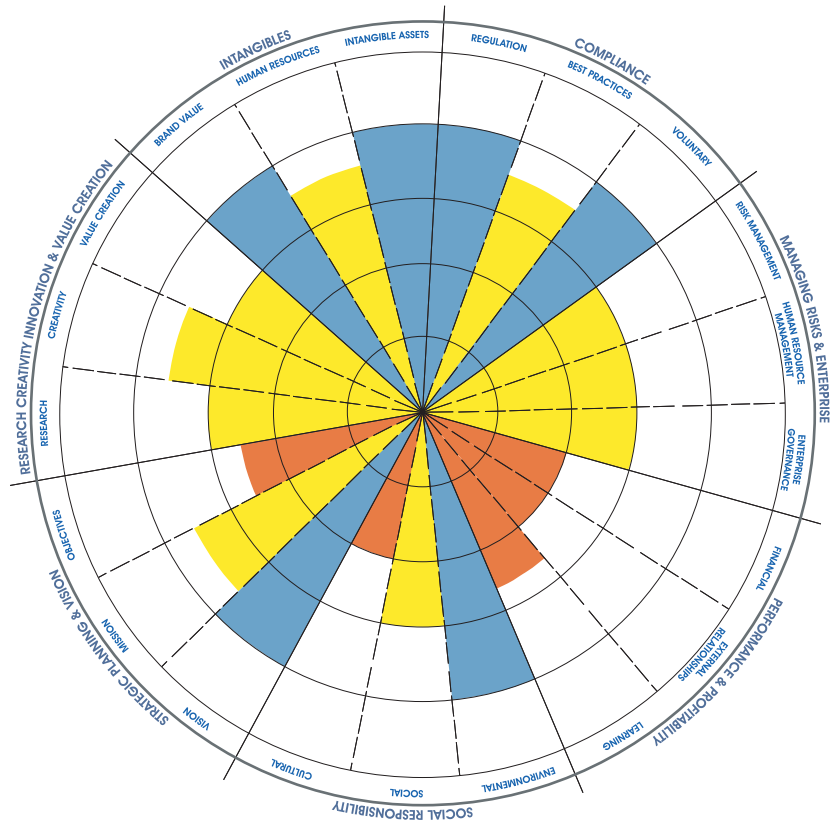
The model enables stakeholders as well as the Company to assess where it has come from and where it is moving, giving its true bearings in its journey towards progress. It is unique in as much as it incorporates seemingly opposite drivers such as transparency, corporate social responsibility on one hand and performance and profitability on the other and presents them in a graphic format that can be easily understood. A filled out shape reflects the best state. Wherever there are gaps and the shape shrinks back to the centre the Company needs to improve its performance. In the bars, values to the right indicate a better position than those to the left. The sectors are also color coded for easy understanding.

360° Corporate Reporting is like a compass that covers learning, growth, creativity and innovation. It is not designed to provide an exact measure of the distance travelled but indicates the direction in which the Company has progressed on its corporate journey.

The change over the last year shows that shareholders had lesser opportunities for growth offered by the stock. The standing in the debt market due to liquidity and solvency has dipped marginally viz-a-viz lenders and creditors. Compliance with government, regulators and statutory authorities continues to be good. Relations with business associates, customers and employees are maintained but there is a dip in visibility. Responsibility towards general public and society is continuously maintained. Company's vision, mission, goals and objectives have the right direction but are not reflected in results, affecting performance and profitability. The Company has built certain new relationships. This together with continued emphasis on social responsibility, strategic planning and vision, research, innovation and value creation, despite adverse conditions have helped the Company to manage in troubled times.

IEMAR (The Institute of Environmental Management Accounting and Research - www.iemar.org) is a non profit research organization that is working in the area of transparent, sustainable reporting and evolving techniques to measure, evaluate report and communicate economic activity and corporate performance in socio economic, environmental and cultural terms integrating with financial growth and other performance aspects. IEMAR can be contacted on iemarindia@yahoo.com.

CREATION OF VALUE



SCOPE OF BUSINESS



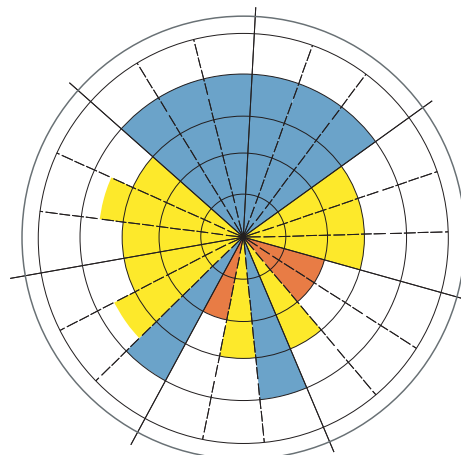
SCALE OF BUSINESS



INNOVATION AND VALUE CREATION



IN COMPARISON WITH LAST YEAR



To
The Members

Your Directors present the 18th Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

Turnover for the year was ₹ 1,320.09 lakh compared to ₹ 1,506.87 lakh for the earlier year. The Company incurred a loss of ₹ 136.59 lakh before tax as compared to a loss of ₹ 227.40 lakh before tax in the preceding year.

in ₹ lakh

Particulars	Year ended				
	31.3.2007	31.3.2008	31.3.2009	31.3.2010	31.3.2011
Income from operations	3,881.82	3,073.20	1,285.39	1,314.03	1,167.60
Other income	68.25	310.91	247.72	192.84	152.49
Total turnover	3,950.07	3,384.11	1,533.11	1,506.87	1,320.09
Total expenditure	3,366.89	2,349.39	1,727.99	1,734.27	1,456.68
Profit/ (loss) before taxation	583.18	1,034.72	(194.88)	(227.40)	(136.59)
Provision for current tax	65.82	170.35	0.39	0.18	(22.83)*
Profit/ (loss) after current tax	517.36	864.37	(195.27)	(227.58)	(113.76)
Fringe benefit tax	3.94	2.50	2.90	Nil	Nil
Provision for deferred tax	236.71	200.66	(26.49)	11.85	4.18
Net profit/ (loss) after tax	276.71	661.21	(171.68)	(239.43)	(117.94)
Dividend (%)	10	10	Nil	Nil	Nil
Transfer to reserves	24.97	65.68	Nil	Nil	Nil
Prior period adjustment (net)	27.02	4.38	1.96	37.11	0.15
Balance in profit and loss account	731.60	1,153.48	979.84	703.30	585.21
Paid up capital	1,446.70	1,446.70	1,446.70	1,446.70	1,446.70
Earning per share	2.36**	4.54	(1.20)	(1.91)	(0.82)
Book value per share	62.54	65.95	64.75	62.84	62.02

*net of mat credit

**weighted average of basic and diluted EPS

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

Year 2010-11 was another difficult year for the global and domestic media industry. The Indian media and entertainment industry continued to suffer.

In such an adverse market scenario, the turnover and profitability of your Company was affected. However, efforts on reducing costs, re-budgeting of projects and controlling payroll expenses resulted in reducing the net loss. The management has endeavored to reduce the impact of the slowdown and tried its best to maximize return.

The entertainment and media industry and PNC, though having potential for enormous growth, has been dealt another blow through the levy of Service Tax on licensing of specified copyrights viz temporary transfer or permitting use or enjoyment of any copyright other than the 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.

The outlook on the media and entertainment industry though is positive and PNC is geared to play a pivotal role.

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 it. 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/ 36/ 2011-CL-III dated January 12, 2011 for the financial year ending on March 31, 2011.

DIVIDEND

Considering the financial results, your Directors do not recommend dividend for the year ended March 31, 2011.

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 2011-2012 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/ 32/ 2011-CL-III dated January 18, 2011 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 and which gives 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.pritishnandy.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 was certified to be ISO 9001:2000 compliant by SGS of UK, the world's biggest inspection company in July 2004. Since then, it has been regularly systems audited every year and has met all its required obligations to obtain the annual renewal of the ISO certification, which is in process.

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, 2011 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

Nabankur Gupta and Pallab Bhattacharya 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.

AUDITORS

Jaideepsingh P Deore & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from Jaideepsingh P Deore & Co, Chartered Accountants, stating that due to their other pre-occupations it would not be possible for them to act as Statutory Auditors. In view of their unwillingness, your Directors have therefore proposed the appointment of KR Khare & Co, Chartered Accountants, as Statutory Auditors of the Company. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

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 marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against and b) note no B(21) of Schedule 19 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181, where 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(21) of Schedule 19: Notes to the accounts forming parts of 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(21)- 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 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, 2011 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.

BRAND PNC

Brand Finance, the UK-based brand valuation experts, last valued the Prithish Nandy Communications brand at ₹ 265.30 crore in January 2007. The Brand Council, the independent authority on branding, named Prithish Nandy Communications as the first Superbrand among motion picture companies putting it within the top 10 per cent of all brands across all segments and all categories. Brand PNC's 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

Mumbai, August 10, 2011

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

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

1.	Total foreign exchange earned	March 31, 2011	March 31, 2010
		Nil	₹ 243,888 (Received in INR)
2.	Total foreign exchange used		
	a. On import of raw material and capital goods	Nil	Nil
	b. Expenditure in foreign currencies on travel, subscription, etc	₹ 313,821 (US\$ 6,811.90)	₹ 248,993 (US\$ 5,100)
		Nil	₹ 268,800
		Nil	(£ 3,500)
		₹ 20,284 (Thailand Baht 14,029)	Nil
	c. Dividend remitted in foreign currencies	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

1.	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
		March 31, 2011 (₹)	March 31, 2011 (₹)
1.	Capital	600,000	5,000,000
2.	Reserves	4,500,000	1,322,168
3.	Total assets	26,483,432	6,322,168
4.	Total liabilities	26,483,432	6,322,168
5.	Details of investments		
	Rural Electrification Bond and interest thereon	Nil	2,607,813
6.	Turnover (including other income)	17,432,454	157,451
7.	Profit/ (loss) before taxation	(1,827,633)	62,228
8.	Provision for taxation and prior year adjustments	(729,167)	20,000
9.	Profit/ (loss) after taxation and prior year adjustments	(1,098,466)	42,228
10.	Proposed/ interim dividend	Nil	Nil

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES

1.	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
		March 31, 2011	March 31, 2011
2.	The financial year of the Company ended/ ending on	April 27, 2006	October 17, 1996
3.	Date from which it became a subsidiary		
4.	Shares of the subsidiary company held by Prithish 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	₹ (1,098,466)	₹ 42,228
	b. Previous year	₹ (1,872,877)	₹ 112,384
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

Mumbai, August 10, 2011

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

The global slowdown continued and the real global economic growth stagnated even in FY 2010-11. Global economy which appeared to have started showing signs of recovery faltered. Supportive actions by the Government helping the country's economic recovery process proved ineffective in a high inflation environment.

Year 2010-11 was another difficult year for the global and domestic media industry. The Indian media and entertainment industry continued to suffer. Low overall demand, declining advertisement spends capped revenue inflows. Even fewer movies succeeded at the box office. The revenues from non-theatrical streams reduced further.

In such an adverse market scenario, the turnover and profitability of your Company was affected. Efforts on reducing costs, re-budgeting of projects and controlling payroll expenses were continued. The management has endeavored to reduce the impact of the downturn and tried its best to maximize return.

The entertainment and media industry and PNC, though having potential for enormous growth, has been dealt another blow through the levy of Service Tax on licensing of specified copyrights viz temporary transfer or permitting use or enjoyment of any copyright other than the 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.

The outlook on the media and entertainment industry though is positive and PNC is geared to play a pivotal role.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

a. CONTENT

PNC is maintaining its presence in almost all areas of the content business. With digital technology and telecom sector opening up new delivery systems, PNC's opportunities to create and disseminate new motion picture products grow. Many new platforms that have emerged will redefine the future of the entertainment business. Telecom companies are looking at devising new products for handhelds. Broadband has arrived 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 continues to change. Indian movies have a global following and have become a part of the global mainstream. Hybrid productions have brought in a new kind of cinema which has replaced 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. Releases of completed films were activated beginning with leasing of satellite broadcast rights. To generate revenues PNC entered corporate communications and made corporate promotional films. PNC continued consolidating its production business and also dealt in some content rights.

Content will continue to remain PNC's main focus in coming years with several projects at advance pre production stage likely to move into production shortly. PNC aims to grow its presence in the new emerging platforms for movie content to give brand PNC global reach and visibility.

b. WELLNESS

Moksh, The Wellness Place at Breach Candy, a wholly owned PNC subsidiary, having finalized its expansion plans has moved ahead on its plans for Moksh Zip, their second wellness facility located at Warden Road. Possession of the premises has been taken, architect and contractors have commenced work and orders for the equipment have been placed. The customer service operations will commence on commercial opening. It will continue to look for further expansion possibilities. Options to franchise this well established product into a chain of wellness places nationwide are being planned.

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 it against minimum guarantees paid to PNC for short term leases is facing resistance in the current adverse content market environment. 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 its release. Transferring risks to professional distribution partners is becoming difficult and a substantial part of the commercial risks now remain 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 and people 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 stable and is being trained to take on larger responsibilities and participate actively in the Company's future plans. 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 yet is 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 and 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 and 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.pritishnandy.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 9 Directors as on March 31, 2011, of whom 7 are non-executive and 2 are wholetime Directors. All 7 non-executive Directors are eminent professionals with specialist experience. Wholtime Directors in the Company have grown from the ranks.

During 2010-11, the Board met 4 times: on May 6, 2010, July 28, 2010, November 10, 2010, and February 14, 2011. 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, 2011.

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	3	Yes	1	-	-
Udayan Bose	Independent, Non-Executive Director	2	Yes	2	-	1
Nabankur Gupta	Independent, Non-Executive Director	4	Yes	9	2	2
Hema Malini	Independent, Non-Executive Director	1	No	-	-	-
Tapan Chaki#	Independent, Non-Executive Director	-	Yes	1	1	-
Rina Pritish Nandy**	Promoter, Non-Executive Director	4	Yes	1	-	-
Vishnu Kanhere	Independent, Non-Executive Director	4	Yes	2	1	-
Pallab Bhattacharya (Wholtime Director and CEO)	Executive Director	4	Yes	3	-	-
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	4	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.

#Tapan Chaki was appointed as additional Director on July 28, 2010 and appointed as Director in the Annual General Meeting held on September 30, 2010.

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 member 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

Nabankur Gupta, independent Director of the Company was re-appointed at the Annual General Meeting held on September 17, 2008.

Mr Gupta is a distinguished name in the world of marketing and brands. He has over thirty years of experience in marketing and building multi-purpose brands. An IIT graduate, Mr Gupta spent 19 years with Philips in different senior assignments. In 1989, he joined Videocon International and was Executive Director on the Board till 2000. He was named Marketing Superstar by Advertising Age, New York in 1995. He joined Raymond Ltd in 2000 as Group President and member of the Board. He continues to be on the Raymond Board and, in 2005, started his own brand and strategy consulting practice.

Besides his international recognition, Mr Gupta received several accolades, the more prominent being, UP Ratna from the UP Mahasangh in 1996. IIT Delhi conferred on him the award of "Outstanding Contribution for National Development" in 2003.

As on March 31, 2011, other directorship of Mr Gupta are Blue Ocean Capital and Advisory Services Pvt Ltd, BP Ergo Ltd, Colorplus Fashions Ltd, Cravatex Ltd, JK Investo Trade (India) Ltd, JK Helene Curtis Ltd, Lexicon Public Relations & Corporate Consultants Ltd, Magma Fincorp Ltd, PNC Wellness Ltd and Quantum Advisors Pvt Ltd, Raymond Ltd.

Besides his membership in the Audit Committee of the Company, he is also the Chairman of the Audit Committee and a member of the Remuneration, Shareholders'/ Investors' Grievances Committee, Investment Committee in JK Investo Trade (India) Ltd and also the Chairman of the Shareholders'/ Investors' Grievances Committee and a member of the Audit, Remuneration & Nomination Committee in Raymond Ltd and a member of the Audit Committee in Quantum Advisors Pvt Ltd.

Mr Gupta is the Chairman of the Selection Committee of the Company. He does not hold any shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Pallab Bhattacharya, Wholtime Director and CEO of the Company is associated with the Company since November 1995 and was re-appointed at the Annual General Meeting held on September 17, 2008.

Mr Bhattacharya has a bachelor's degree in arts from Calcutta University as well as a diploma in printing technology from the Regional Institute of Printing Technology, Jadavpur. He has 30 years of experience in media, which includes publishing and printing, television and cinematic content production. Mr Bhattacharya worked in The Times of India from 1983 till 1991, after which he joined The Observer Group of Newspapers as Chief Manager, Operations. He joined PNC in 1995 and is currently Chairman of the Corporate Leadership Team and also looks after the Company's day-to-day affairs and administration.

Other directorships of Mr Bhattacharya are PNC Productions Ltd, PNC Sippy Media Ltd, PNC Wellness Ltd, Artinvest India Pvt Ltd and Ideas.com India Pvt Ltd.

Mr Bhattacharya is a member of the Shareholders'/ Investors' Grievances Committee of the Company. He holds 2,000 shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-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, 2011, the Audit Committee consists of Vishnu Kanhere as Chairman, Udayan Bose, Nabankur Gupta and Tapan Chaki. 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. Anand Upadhyay, Company Secretary, acts as Secretary of the Audit Committee.

During the year 2010-11, the Audit Committee met 4 times: on May 06, 2010, July 28, 2010, November 10, 2010 and February 14, 2011. Attendance of committee members during the year 2010-11 is as under

Name of member	Attendance	May 06, 2010	July 28, 2010	November 10, 2010	February 14, 2011
Vishnu Kanhere (Chairman)	4	Yes	Yes	Yes	Yes
Udayan Bose	2	Yes	No	Yes	No
Nabankur Gupta	4	Yes	Yes	Yes	Yes
Tapan Chaki	-	NA	NA	No	No

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. Remuneration committee consists of Vishnu Kanhere as Chairman and Nabankur Gupta as member. All members of the committee including the Chairman are independent Directors. Anand Upadhyay, Company Secretary, acts as Secretary of the committee.

Directors' Remuneration

- 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.
- Sitting fees: Sitting fees are paid to non-executive directors for attending board meetings. All non-executive Directors are paid sitting fees of ₹ 10,000 for attending Board meetings and Audit Committee meetings.
- Remuneration: Details of current remuneration paid to wholetime Directors are as under

Pallab Bhattacharya, Wholetime Director and CEO was 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 ₹ 1,301,197 including differential for the year ended March 31, 2011.

Rangita Pritish Nandy, Creative Director was 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 ₹ 1,464,416 including differential for the year ended March 31, 2011.

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 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 7 non-executive Directors, only promoter Directors Pritish Nandy and Rina Nandy hold 2,952,197 (20.41%) and 625,000 (4.32%) equity shares of the Company respectively. None of the independent Directors hold any shares of the Company in their individual capacity as on March 31, 2011.

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.

Anand Upadhyay, 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, one investor's request and two investor's complaints were received and processed. There are no investor complaints pending as on March 31, 2011.

6. SELECTION COMMITTEE

Constitution of the Selection Committee and the terms of reference specified by the Board to the committee are as per the requirements of sub-rule (7) of Director's Relatives (Office or Place of Profit) Rules, 2003 read with Section 314 of the Companies Act, 1956. Selection Committee consists of Nabankur Gupta as Chairman, Vishnu Kanhere, Tapan Chaki and Ravi Jasra as members. All members of the Committee including the Chairman are independent Directors. Anand Upadhyay, Company Secretary, acts as Secretary of the committee.

7. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
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
2009-2010	MC Ghia Hall, Mumbai 400001	September 30, 2010 at 3.00 PM

+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 above, no special resolution(s) have been passed in the above Annual General Meetings of the Company or through postal ballots process during the year ended March 31, 2011.

8. DISCLOSURES

- 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.
- 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.
- 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 the non-mandatory requirement of whistle blower policy. However, no personnel has been denied access to the Audit Committee.
- 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 the Remuneration Committee, which is a non-mandatory requirement.

9. MEANS OF COMMUNICATION

- 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.
- The quarterly unaudited and annual audited financial statements are generally published in all editions of 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.
- The Company also makes presentations to investors from time to time.
- Management discussion and analysis forms part of this annual report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date and time	: September 29, 2011 at 3:00 PM
Venue	: MC Ghia Hall, Bhogilal Hargovindas Building, 18/ 20 Kaikhushru Dubhash Marg, Mumbai 400001

10.2 Financial calendar (tentative) for financial year : April 1, 2011 to March 31, 2012

a. Board meetings to consider financial results

Before August 14, 2011	: Results for the first quarter
Before November 14, 2011	: Results for the second quarter
Before February 14, 2012	: Results for the third quarter
Before May 30, 2012	: Results for the fourth quarter and the year ending March 31, 2012

b. Annual General Meeting : September, 2012

10.3 Date of book closure : September 24, 2011 to September 29, 2011 (both days inclusive)

10.4 Dividend payment date : Not applicable

10.5 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 40005110.6 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

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

Period (As on March 31, 2010 and March 31, 2011)	% change in Company's share price	% change in Indices
BSE-SENSEX	-37.52%	10.94%
NSE-NIFTY	-36.90%	11.14%

10.8 Market price data

	NSE		BSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2010	36.75	28.00	36.75	28.40
May 2010	31.75	24.65	31.60	24.80
June 2010	29.00	26.00	28.90	25.85
July 2010	29.90	27.00	29.75	27.00
August 2010	28.90	24.75	28.60	24.60
September 2010	28.30	24.65	32.00	24.60
October 2010	28.90	25.65	29.00	25.50
November 2010	29.50	19.70	29.70	19.65
December 2010	24.00	18.05	23.20	17.75
January 2011	24.25	17.00	24.40	16.75
February 2011	18.80	14.50	18.75	14.15
March 2011	20.35	16.20	19.00	15.60

10.9 Registrar and transfer agents : Link Intime India Pvt Ltd

10.10 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.

10.11 Distribution of shareholding as on March 31, 2011

Shares of nominal value of ₹	Equity shares of face value of ₹ 10 each				
	Number of shareholders	%	Number of shares	Share amount in (₹)	%
Upto 5,000	5,668	80.62	925,984	9,259,840	6.40
5,001 to 10,000	674	9.59	566,425	5,664,250	3.92
10,001 to 20,000	312	4.44	491,307	4,913,070	3.40
20,001 to 30,000	120	1.71	308,979	3,089,790	2.13
30,001 to 40,000	45	0.64	165,085	1,650,850	1.14
40,001 to 50,000	45	0.64	212,982	2,129,820	1.47
50,001 to 100,000	81	1.15	623,342	6,233,420	4.31
100,001 and above	85	1.21	11,172,896	111,728,960	77.23
Total	7,030	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2011 (Category wise)	%
Promoters holding	: 36.31
Banks and financial institutions	: 1.67
Foreign institutional investors	: 20.82
Public and private corporate bodies	: 9.49
NRIs/OCBs	: 3.28
Indian public and others	: 28.43
Total	: 100.00

10.12 Dematerialization of shares and liquidity: About 14,462,619 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, 2011. 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.

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

10.14 Plant locations : The Company has no plant.

10.15 Address for investor correspondence

a. Registrar and share transfer agent Link Intime India Pvt Ltd Unit: Pritish Nandy Communications Ltd C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400078 Tel : 022 2596 38 38 Fax : 022 2596 26 91 Email : rnt.helpdesk@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@prishnandycom.com Website : www.pritishnandycom.com
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OTHER INFORMATION

a. Listing fees for the financial year 2011-12 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 Wholtime 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
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Anand Upadhyay
Company Secretary

Mumbai, May 27, 2011

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Pritish Nandy Communications Ltd

We have examined the compliance of conditions of Corporate Governance by Pritish Nandy Communications Ltd, for the year ended on March 31, 2011 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 the compliance with the conditions of the 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 the 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, 2011, there were no investor grievances pending for a period exceeding one month, and as explained to us by the management, the Registrar has 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
FRN 103859W
Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 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 wrongful encashment of bank guarantees of ₹ 75,050,000 by Prasar Bharti in the year ended March 31, 2001 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against.*
 - b. *note no B(21) of Schedule 19 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181, where 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, 2011;
- 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
FRN 103859W
Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Annexure referred to in paragraph (2) of Auditor's Report to the Members of British Nandy Communications Ltd on the Accounts for the year ended March 31, 2011.

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 practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to it. All the purchases of content related consumable(s) 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 the 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		₹ 17,910,820	₹ 17,910,820
Interest on above unsecured loan		₹ 3,472,612	₹ 3,472,612
Current account		₹ 2,782,339	₹ 2,782,339

- 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 information and explanations given to us and in the absences of any terms and conditions for the repayment schedule we are unable to comment whether any amounts are overdue for recovery.
- 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, 2011 for a period of more than six months from the date of becoming payable except Vat liability amounting to ₹ 11,723,153.
- 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
VAT Act, 2005	VAT	FY 2003-04	1,520,760	JT Commissioner of sales tax (Appeals) II, Mumbai city division, Mumbai
VAT Act, 2005	VAT	FY 2004-05	355,268	JT Commissioner of sales tax (Appeals) II, Mumbai city division, Mumbai

10. The Company does not have accumulated losses as at March 31, 2011. 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, bank 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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

		As at March 31, 2011			
		Schedule	March 31, 2011	March 31, 2010	
		No	₹	₹	
SOURCES OF FUNDS					
1.	Shareholders' funds				
a.	Share capital	1	144,670,000	144,670,000	
b.	Reserve and surplus	2	752,615,155	764,424,333	909,094,333
2.	Loan funds				
a.	Secured loans	3	54,355,101	54,102,786	
b.	Unsecured loans	4	0	10,776,125	64,878,911
3.	Deferred taxation (net)	5			
	Deferred tax liabilities		127,581,400	127,163,597	
	Less: deferred tax assets		0	0	127,163,597
			127,581,400	0	127,163,597
			1,079,221,656		1,101,136,841
APPLICATION OF FUNDS					
1.	Fixed assets	6			
a.	Gross block		23,138,280	24,751,413	
b.	Less: depreciation		6,517,014	7,036,910	17,714,503
2.	Investments	7	14,018,200		14,018,200
3.	Current assets, loans and advances				
a.	Cinematic and television content	8	456,727,523		431,509,881
b.	Sundry debtors	9	38,498,836		62,331,378
c.	Cash and bank balances	10	162,425,711		178,391,326
d.	Loans and advances	11	446,297,009		485,542,692
	(A)		1,103,949,079		1,157,775,277
	Less: current liabilities and provisions				
a.	Liabilities	12	55,346,589		55,231,409
b.	Provisions	13	20,300		33,139,730
	(B)		55,366,889		88,371,139
	Net current assets	(A-B)	1,048,582,190		1,069,404,138
			1,079,221,656		1,101,136,841
	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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Authenticated by us
For Prithish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 27, 2011

Vishnu Kanhere
Director

Anand Upadhyay
Company Secretary

PROFIT AND LOSS ACCOUNT

PRITISH NANDY COMMUNICATIONS LTD
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For the year ended March 31, 2011

	Schedule No	March 31, 2011 ₹	March 31, 2010 ₹
INCOME			
Sales and services	14	116,760,161	131,402,705
Other income	15	15,248,650	19,283,873
		<u>132,008,811</u>	<u>150,686,578</u>
EXPENDITURE			
Cost of content	16	99,886,123	133,635,545
Administrative and other expenses	17	36,215,288	31,243,177
Financial expenses	18	7,622,705	6,636,340
Depreciation		1,944,007	1,911,503
		<u>145,668,123</u>	<u>173,426,565</u>
Profit/ (loss) before taxation		(13,659,312)	(22,739,987)
Provision for taxation			
Current tax net of mat credit		(2,302,855)	0
Wealth tax		20,300	17,600
Deferred tax		417,803	1,185,564
Net profit/ (loss) after taxes		(11,794,560)	(23,943,151)
Add: prior years adjustments		0	51,033
Less: prior years adjustments		14,618	3,761,600
Net profit/ (loss)		(11,809,178)	(27,653,718)
Balance brought forward from previous year		70,330,369	97,984,087
		<u>58,521,191</u>	<u>70,330,369</u>
APPROPRIATIONS			
Proposed dividend		0	0
Corporate tax on dividend		0	0
Transferred to general reserve		0	0
Balance carried over to Balance Sheet		<u>58,521,191</u>	<u>70,330,369</u>
Basic and diluted earnings per share (refer note B (12) of schedule 19)		(0.82)	(1.91)
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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 27, 2011

Vishnu Kanhere
Director

Anand Upadhyay
Company Secretary

	March 31, 2011 ₹	March 31, 2010 ₹		March 31, 2011 ₹	March 31, 2010 ₹
SCHEDULE 1 SHARE CAPITAL			SCHEDULE 3 SECURED LOANS		
Authorised share Capital 20,000,000 (LY 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000	Term loan (Secured against the hypothecation of vehicles) ICICI Ltd	0	1,070,288
Issued, subscribed and fully paid up 14,467,000 (LY 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000	Kotak Mahindra Tata Capital Ltd Working capital short term loan (Secured against the fixed assets, current assets and film negative)	2,020,129 1,751,068	108,014 2,924,484
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			Yes Bank Ltd Interest on above	50,000,000 583,904	50,000,000 0
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				54,355,101	54,102,786
4,000,000 equity shares of ₹ 10 each were issued at premium of ₹ 60 through QIP during the year 06-07			SCHEDULE 4 UNSECURED LOANS		
	144,670,000	144,670,000	International Communications & Investments Mauritius Ltd	0	10,000,000
SCHEDULE 2 RESERVES AND SURPLUS			Interest payable on above	0	776,125
Capital reserve (as per last Balance Sheet)	36,865	36,865		0	10,776,125
General reserve (as per last Balance Sheet)	22,098,279	22,098,279	SCHEDULE 5 DEFERRED TAXATION		
Add: transferred during current year	0	0	Deferred tax liabilities (Refer note no B(14) to schedule 19) As at April 1, 2010	127,163,597	125,978,033
Profit and Loss account	58,521,191	70,330,369	Add: additional adjustment for current year	417,803	127,163,597
Share premium account (as per last Balance Sheet)	671,958,820	671,958,820		127,581,400	1,185,564
	752,615,155	764,424,333		127,581,400	127,163,597

**SCHEDULE 6
FIXED ASSETS**

(₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At April 1, 2010	Additions	Deductions	As At March 31, 2011	As At April 1, 2010	For the year	Deductions	Total	As at March 31, 2011	As at March 31, 2010
Office premises	723,764	0	0	723,764	448,582	63,329	0	511,911	211,853	275,182
Furniture and fixtures	1,521,635	67,963	262,026	1,327,572	508,887	99,239	181,350	426,776	900,796	1,012,748
Office equipment	8,884,169	761,690	1,274,314	8,371,545	2,537,905	435,009	645,239	2,327,675	6,043,870	6,346,264
Motor car	11,306,438	2,942,874	3,562,010	10,687,302	2,440,699	1,037,915	1,280,364	2,198,250	8,489,052	8,865,739
Computers, printers and software	2,315,407	69,640	356,950	2,028,097	1,100,837	308,515	356,950	1,052,402	975,695	1,214,570
Total	24,751,413	3,842,167	5,455,300	23,138,280	7,036,910	1,944,007	2,463,903	6,517,014	16,621,266	17,714,503
As on March 31, 2010	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	

	March 31, 2011 ₹	March 31, 2010 ₹		March 31, 2011 ₹	March 31, 2010 ₹
SCHEDULE 7 INVESTMENTS			SCHEDULE 8 CINEMATIC AND TELEVISION CONTENT		
Long term investments Unquoted investments			At cost or net realisable value whichever is lower (As valued and certified by the management)		
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	Unamortised content	401,827,530	400,014,194
In wholly owned subsidiary company PNC Wellness Ltd 60,000 (LY 60,000) equity shares of face value ₹ 10 each fully paid up	5,100,000	5,100,000	Unexploited content	48,730,356	26,140,000
Quoted investments Moving Picture Company (India) Ltd 95,000 (LY 95,000) equity shares of face value ₹ 10 each fully paid up Market value ₹ 2.60 (LY ₹ 3.95)	1,919,000	1,919,000	Unfinished content	5,749,692	4,935,742
	14,018,200	14,018,200	Production property and tapes	419,945	419,945
				456,727,523	431,509,881
SCHEDULE 9 SUNDRY DEBTORS			SCHEDULE 9 SUNDRY DEBTORS		
Aggregate value of quoted and unquoted investments			Unsecured		
	Cost	Market Value	Cost	Market Value	
Quoted investments	1,919,000	247,000	1,919,000	375,250	
Unquoted investments	12,099,200	NA	12,099,200	NA	
			Debts outstanding for more than six months		
			Considered good	20,955,690	22,076,575
			Considered doubtful	0	0
				20,955,690	22,076,575
			Less: provision for doubtful debts	0	0
				20,955,690	22,076,575
			Debts outstanding for less than six months		
			Considered good	17,543,146	40,254,803
			Considered doubtful	0	0
				17,543,146	40,254,803
				38,498,836	62,331,378

SCHEDULES FORMING PART OF THE ACCOUNTS

PRITISH NANDY COMMUNICATIONS LTD
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	March 31, 2011	March 31, 2010		March 31, 2011	March 31, 2010
	₹	₹		₹	₹
SCHEDULE 10					
CASH AND BANK BALANCES					
Cash and imprest account (As verified and certified by the management)	15,972	15,133			
Cash at bank	8,009,686	(1,556,336)			
Cash at bank in exchange earners foreign currency account	363,102	0			
Cash at bank - fixed deposits (Includes ₹ 10,000,000 (LY 10,300,000) pledged with banks against guarantees and secured loan)	150,885,013	172,661,206			
Accrued interest on fixed deposits	2,989,557	7,070,349			
Cash at bank - unpaid dividend account	162,381	200,974			
	162,425,711	178,391,326			
SCHEDULE 11					
LOANS AND ADVANCES					
(Unsecured considered good)					
a. Loans					
Wholly owned subsidiary company (inclusive of interest)	21,383,432	20,174,451			
Staff*	271,493	403,493			
Others	14,500	55,000	20,632,944		
	21,669,425	20,632,944			
b. Advances					
(Recoverable in cash or kind or for value to be received)					
Income tax payments	300,000	13,101,505			
Tax deducted at source	13,813,133	39,894,848			
Advances to subsidiary PNC Productions Ltd	58,163,846	59,782,969			
Advances to wholly owned subsidiary PNC Wellness Ltd	2,782,339	2,043,516			
Other advances	341,965,274	341,635,495	456,458,333		
	417,024,592	341,635,495	456,458,333		
c. Deposits					
*Maximum amount outstanding during the period ₹ 403,493 (LY ₹ 1,631,111)	7,602,992	8,451,415			
	446,297,009	485,542,692			
SCHEDULE 12					
CURRENT LIABILITIES					
Sundry creditors					
Total outstanding dues to micro enterprises and small enterprises	0	0			
Total outstanding dues of creditors other than micro enterprises and small enterprises					
For cinematic and television content	23,828,177	24,182,769			
For expenses and other liabilities	1,911,665	1,680,663	25,863,432		
	25,739,842	1,680,663	25,863,432		
Advances and other liabilities	29,444,366	29,167,002			
Unclaimed dividend*	162,381	200,975			
	55,346,589	55,231,409			
*Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due					
SCHEDULE 13					
PROVISIONS					
Provision for taxation	0	33,122,130			
Provision for wealth tax	20,300	17,600			
	20,300	33,139,730			
SCHEDULE 14					
SALES AND SERVICES					
Income from content	116,760,161	131,402,705			
	116,760,161	131,402,705			
SCHEDULE 15					
OTHER INCOME					
Interest on fixed deposits (TDS ₹ 1,089,522 (LY ₹ 1,758,101))	12,360,711	17,581,013			
Miscellaneous income	206,577	40,103			
Interest on advances to subsidiary	1,343,312	1,343,312			
Foreign rate exchange difference	1,982	0			
Gratuity - return on plan asset and actuarial gain	0	319,445			
Interest on income tax refund	1,336,068	0			
	15,248,650	19,283,873			
SCHEDULE 16					
COST OF CONTENT					
Opening balance as on April 1, 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	419,945	431,509,881	419,945	421,162,715
Add: production cost of content incurred during the year	125,103,765	143,982,711			
	556,613,646	565,145,426			
Less: closing balance as on March 31, 2011					
Unamortised content	401,827,530	400,014,194			
Unexploited content	48,730,356	26,140,000			
Unfinished content	5,749,692	4,935,742			
Production property and tapes	419,945	419,945	456,727,523	419,945	431,509,881
	99,886,123	133,635,545			
SCHEDULE 17					
ADMINISTRATIVE AND OTHER EXPENSES					
Annual listing fees	82,725	82,725			
Auditor's remuneration	303,325	303,325			
Advances, deposits and interest written off	42,000	47,114			
Bad debts, rebate and discount	1,598,441	417,128			
Bank charges	17,391	13,994			
Business promotion expenses	1,239,796	733,978			
Rent, rates, taxes and business service centre charges	5,073,524	4,975,958			
Communications expenses	606,292	600,791			
Conveyance and motor car expenses	820,968	695,944			
Directors sitting fees	280,000	400,000			
Impairment of fixed assets	709,750	0			
Foreign exchange rate difference	0	8,300			
Insurance charges	154,032	277,049			
Internet subscription and website expenses	311,563	477,422			
Licenses, registration and processing charges	0	24,000			
Legal, professional and consultancy fees	3,860,127	3,451,952			
Loss on sale of fixed assets	1,043,070	1,455,664			
Membership and subscriptions	96,898	186,922			
Profession tax	2,500	2,500			
General expenses	1,528,919	1,833,854			
Personnel cost	12,774,307	10,500,310			
Printing and stationery	505,488	688,336			
Contribution to provident fund	25,992	32,479			
Group gratuity obligation account	1,053,744	186,547			
Repairs and maintenance - equipments	48,751	29,783			
Repairs and maintenance - others	124,998	77,001			
Research and development expenses	680,778	644,218			
ROC filing fees and stamp duty	296,225	83,617			
Traveling expenses	1,361,306	900,497			
VAT Interest	1,573,378	2,111,769			
	36,215,288	31,243,177			
SCHEDULE 18					
FINANCIAL EXPENSES					
Finance charges	319,617	373,691			
Processing and documentation charges	1,001,670	1,158,150			
Interest on secured loan	6,301,418	5,009,313			
Interest and bank charges	0	95,186			
	7,622,705	6,636,340			

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

A. SIGNIFICANT ACCOUNTING POLICIES

1. General

- The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting policies.
- 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

- In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas.
- In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
- In respect of cinematic content produced/ acquired, income is recognised on the following basis
 - In respect of cinematic content, which is not complete ie under production, no income is recognised.
 - 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.
 - 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).
 - 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.
 - In respect of music rights, income is recognised on its release or exploitation contract.
- In respect of consultancy services, income is recognised as and when services are actually rendered resulting in enforceable claim.
- Dividend on investments is accounted as and when received.

3. Cinematic content

The cinematic content has been valued on the following basis

- Incomplete cinematic content : at lower of allocated/ identified cost or net realizable value.
- Abandoned/ shelved cinematic content : at lower of cost or net realisable value.
- 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

- Music rights are amortised at 100% on the basis of release of music/ exploitation contract.
- All rights other than music and residual rights are amortised as under

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

- Residual rights are amortised on an equitable basis

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

Notes

- 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.
- 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

- Unexploited television content : at lower of average of allocated cost or net realizable value.
- Unfinished television content : at lower of average of allocated cost or net realizable value.
- Production property : at lower of allocated cost or net realisable value.
- Exploited television content is amortised as under

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%	-	-	-

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

- 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.
- 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.
- 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

- No depreciation has been charged on the assets, which have not been put to use during the period.
- Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
- 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.

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

- Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- 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.
- Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

13. Retirement benefits

- Regular contributions are made to Provident Fund and charged to revenue.
- The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity.
- 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

	2010-2011 (₹)	2009-2010 (₹)
1. Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil
2. Bank guarantee issued by the bankers	Nil	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	1,876,028
c. Disputed Income Tax liability	Nil	629,204
Future cash outflow in respect of (a), (b) and (c) above are determinable only on receipt of judgment/ decision pending with authorities.		

SCHEDULES FORMING PART OF THE ACCOUNTS

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	2010-2011 (₹)	2009-2010 (₹)
4. Auditors remuneration includes		
Statutory audit fees	259,205	259,205
Tax audit fees	44,120	44,120
Fees for certification work	70,000	86,500
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.		
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 Director	Nil	Nil
ii. Professional fees to Directors	6,000,000	6,000,000
iii. Sitting fees to Directors	280,000	400,000
iv. Payment to Wholetime Directors	2,765,613	1,680,140
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 (equivalent Indian Rupees)	US\$ 5,000 ₹ 227,500	US\$ 4,500 ₹ 219,950
Traveling expenses (equivalent Indian Rupees)	Nil	₹ 3,500
Traveling expenses (equivalent Indian Rupees)	Thai Baht 14,029 ₹ 20,284	Nil
Business promotion expenses (equivalent Indian Rupees)	US\$ 1,811.90 ₹ 86,321	Nil
Professional fees and out of pocket expenses (equivalent Indian Rupees)	Nil	US\$ 600 ₹ 29,043
i. Earning in foreign currency (equivalent Indian Rupees)	Nil	US\$* ₹ 243,888
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/ 36/ 2011-CL-III dated January 12, 2011 for financial year ending on March 31, 2011 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. Hence,

amortization of ₹ 39,819,466 is not required to be provided. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms which are likely to become mandatory from 2014.

The details of cinematic and television content is as under

	Cinematic content (₹)	Television content (₹)	Total (₹)
Gross carrying amount	1,326,270,592	724,851,208	2,051,121,800
Add: additions during the year	38,291,324	86,538,216	124,829,540
Total	1,364,561,916	811,389,424	2,175,951,340
Less: accumulated amortisation	931,142,945	688,888,919	1,620,031,864
Less: amortised during the year	10,046,228	89,565,670	99,611,898
Net carrying amount	423,372,743	32,934,835	456,307,578

The total cost of content as at March 31, 2011 is ₹ 456,307,578. 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 identified certain fixed assets with written down value of ₹ 709,750 as on March 31, 2011 as "impaired assets". The said amount of ₹ 709,750 has been provided for as impairment loss and debited to profit and loss account.

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	<ul style="list-style-type: none"> a. PNC Related Parties Ltd b. PNC Wellness Ltd (wholly owned subsidiary)
ii. Key managerial personnel	<ul style="list-style-type: none"> a. Pallab Bhattacharya, Wholetime Director and CEO b. Rangita Pritish Nandy, Wholetime Director and Creative Director c. Nirav Joshi, Company Secretary (resigned wef February 21, 2011) d. Anand Upadhyay, Company Secretary (appointed wef February 22, 2011)
iii. Non executive Directors and their relatives	<ul style="list-style-type: none"> 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. Tapan Chaki, Non-Executive, Independent Director (appointed wef July 28, 2010) 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	Advances given	3.29
	Balance outstanding as at year end	
Key managerial personnel	Receivables	823.30
	Remuneration	31.66
Non executive Directors and their relatives	Balance outstanding as at year end	
	Payable	2.24
	Remuneration/ sitting fees	73.83
	Balance outstanding as at year end	
	Payable	10.31

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.

	2010-11	2009-10
Net profit/ (loss) after taxes and prior years adjustments for basic and dilutive EPS (₹)	(11,809,178)	(27,653,718)
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 (₹)	(0.82)	(1.91)
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, 2011 is given below

	in ₹ lakh			
	As at April 1, 2010	Created during the year	Reversed during the year	As at March 31, 2011
Deferred tax liabilities				
Unamortised content	(1,322.82)	(14.96)	9.35	(1,328.43)
Depreciation and capital loss	0.02	(0.33)	1.76	1.45
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	<u>(1,271.64)</u>	<u>(15.29)</u>	<u>11.11</u>	<u>(1,275.82)</u>

14. Lease commitments

i. Finance lease

The Company takes vehicles and under finance lease. Future minimum lease payments under finance leases as of March 31, 2011 are as under

Particulars	Principal (₹)	Interest (₹)	Total (₹)
Not later than one year	1,690,784	305,935	1,996,719
Later than one year and not later than five years	2,080,413	367,907	2,448,320
Later than five years	Nil	Nil	Nil
Total minimum payments	<u>3,771,197</u>	<u>673,842</u>	<u>4,445,039</u>

ii. Operating leases

The Company has taken premises under operating lease. Gross rental expenses for the year ended March 31, 2011 aggregated to ₹ 5,073,524. The minimum rental payments to be made in future in respect of these leases are as follows

Particulars	Amount (₹)
Not later than one year	6,362,568
Later than one year and not later than five years	14,134,974
Later than five years	Nil
Total	<u>20,497,542</u>

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

Particulars	in (₹) lakh
Contribution to defined contribution plan, recognised as expense for the year are as under	
Employer's contribution to provident Fund	0.26

b. Defined Benefit Plan

Particulars	Gratuity (Funded)
Reconciliation of opening and closing balances of defined benefit obligation	
Defined benefit obligation at the beginning of the year	11.28
Current service cost	1.10
Interest cost	0.90
Actuarial (gain)/ loss	10.30
Benefit paid	(5.28)
Defined benefit obligation at the end of year	18.30
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	22.42
Expected return on plan assets	1.76
Actuarial gain/ (loss)	0.00
Employers contribution	0.00
Benefit paid	(5.28)
Fair value of plan assets at the end of the year	18.90
Actual return on plan assets	
Expected return on plan assets	1.76
Actuarial gain/ (loss) on plan assets	0
Actual return on plan assets	1.76
Reconciliation of fair value of plan assets and benefit obligation	
Fair value of assets as at March 31, 2011	18.90
Present value of obligation as at March 31, 2011	(18.30)
Amount recognised in Balance Sheet	0.60
Expenses recognised during the year	
Current service cost	1.10
Interest cost	0.90
Expected return on plan assets	(1.76)
Actuarial (gain)/ loss	10.30
Expenses recognised in Profit and Loss Account	(10.54)

• 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.

	2010 – 11 Amount (₹)
a. Managerial remuneration to Wholetime Directors	
Salary	2,185,773
Other perquisites	579,840
Total	<u>2,765,613</u>
b. Directors sitting fees	280,000
Total managerial remuneration	<u>3,045,613</u>
c. Computation of profit in accordance with Section 198/ 349 of the Companies Act, 1956	
Profit/ (loss) before taxes and prior years adjustments	(13,659,312)
Add	
Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	2,765,613
Loss on sale of assets	1,043,070
Impairment of assets	709,750
Advances written off	42,000
Net profit/ (loss) for Section 198/ 349 of the Companies Act 1956.	<u>(9,098,879)</u>

17. The Company has not received any intimation from suppliers regarding the status under The Micro, Small And Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.
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. The entire QIP issue proceeds of ₹ 280,000,000 has been utilised towards cinematic content, QIP expenses, working capital and general corporate purpose etc. as at March 31, 2011.
19. The company has an investment of ₹ 5,100,000 (LY ₹ 5,100,000) in wholly owned subsidiary viz PNC Wellness Limited as at March 31, 2011. Further the Company has 7.5% p.a. interest bearing unsecured loan amounting to ₹ 17,910,820, interest of ₹ 3,472,612 and receivable on current account of ₹ 2,782,339 as at March 31, 2011. The net worth of the wholly owned subsidiary company as per the audited balance sheet has been fully eroded as at March 31, 2011. However, having regard to the continued long term and strategic involvement with the wholly owned subsidiary, no provision is considered necessary in the accounts for probable loss that may arise.
20. In view of loss, no provision has been made for income tax liability during the year.
21. 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.
22. Sundry debtors includes an amount aggregating to ₹ 3,085,000 (LY ₹ 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.
23. Certain sundry debtors, sundry creditors and loans and advances are subject to confirmation by the respective parties.
24. 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.
25. There are no dues payable to the Investor Education and Protection Fund as at March 31, 2011.
26. All known liabilities have been provided in the books of accounts.
27. 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.
28. Refer Annexure for additional information to Part IV of Schedule VI to the Companies Act, 1956.
29. Figures in respect of previous year have been re-grouped, re-arranged and re-cast to correspond with the figures of the current year.
30. 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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 27, 2011

Vishnu Kanhere
Director

Anand Upadhyay
Company Secretary

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	31st March, 2011
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	<u>1,079,222</u>
Total assets	<u>1,079,222</u>
Sources of funds	
Paid up capital	144,670
Reserve and surplus	752,615
Secured loans	54,355
Unsecured loans	0
Deferred tax liabilities	127,582
Total	<u>1,079,222</u>
Application of funds	
Net fixed assets	16,622
Investments	14,018
Net current assets	1,048,582
Miscellaneous expenditure	0
Accumulated losses	0
Total	<u>1,079,222</u>
IV. Performance of Company (Amount in ₹ thousand)	
Turnover (Includes other income)	132,009
Total expenditure	145,668
Profit/ (loss) before tax	(13,659)
Profit/ (loss) after tax and prior year's adjustment	(11,809)
Earning per share (weighted average basic and diluted) in ₹	(0.82)
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
FRN 103859W

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Vishnu Kanhere
Director

Jaideepsingh P Deore
Proprietor
M No 44055

Yatender Verma
VP, Finance, Compliances
and Legal Affairs

Anand Upadhyay
Company Secretary

Mumbai, May 27, 2011

Mumbai, May 27, 2011

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 Limited and its subsidiaries as at March 31, 2011 and 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 misstatements. 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 ₹ 6,322,168 and ₹ 26,483,432 as at March 31, 2011 and total revenues of ₹ 157,451 and ₹ 17,432,454 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 our opinion, in 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 (19) of Schedule 20 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181, where 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 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 conformity 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, 2011;

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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

CONSOLIDATED BALANCE SHEET

PRITISH NANDY COMMUNICATIONS LTD
THE 18TH ANNUAL REPORT AND ACCOUNTS 2011

As at March 31, 2011

	Schedule No		March 31, 2011 ₹	March 31, 2010 ₹
SOURCES OF FUNDS				
1. Shareholders' funds				
a. Share capital	1	144,670,000	144,670,000	
b. Reserve and surplus	2	739,471,160	884,141,160	897,006,840
2. Minority interest			39,829	39,563
3. Loan funds				
a. Secured loans	3	54,355,101	54,102,786	
b. Unsecured loans	4	0	54,355,101	64,878,911
4. Deferred taxation (net)	5			
Deferred tax liabilities		127,581,400	127,163,597	
Less: deferred tax assets		3,849,622	123,731,778	123,878,713
			1,062,267,868	1,085,804,027
APPLICATION OF FUNDS				
1. Fixed assets	6			
a. Gross block		60,614,298	62,071,448	
b. Less: depreciation		29,316,381	31,297,917	33,135,042
2. Investments	7		4,526,813	4,526,812
3. Current assets, loans and advances				
a. Cinematic and television content	8		453,219,265	428,001,622
b. Sundry debtors	9		38,741,018	62,480,397
c. Cash and bank balances	10		168,518,546	186,919,326
d. Loans and advances	11		427,171,939	468,519,355
	(A)		1,087,650,768	1,145,920,700
Less: current liabilities and provisions				
a. Liabilities	12		61,196,780	64,434,237
b. Provisions	13		40,300	33,379,630
	(B)		61,237,080	97,813,867
Net current assets	(A-B)		1,026,413,688	1,048,106,833
4. Preliminary expenses	14		29,450	35,340
			1,062,267,868	1,085,804,027
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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 27, 2011

Vishnu Kanhere
Director

Anand Upadhyay
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

PRITISH NANDY COMMUNICATIONS LTD
THE 18TH ANNUAL REPORT AND ACCOUNTS 2011

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For the year ended March 31, 2011

	Schedule No	March 31, 2011 ₹	March 31, 2010 ₹
INCOME			
Sales and services	15	133,565,100	153,938,048
Other income	16	14,690,304	18,578,802
		148,255,404	172,516,850
EXPENDITURE			
Cost of content	17	99,886,122	133,314,236
Administrative and other expenses	18	53,327,413	50,495,857
Financial expenses	19	7,622,705	6,636,340
Depreciation		2,843,879	6,976,013
		163,680,119	197,422,446
Profit/ (loss) before taxation		(15,424,715)	(24,905,596)
Provision for taxation			
Current tax net of mat tax credit		(2,282,855)	24,000
Wealth tax		20,300	17,600
Deferred tax		(146,935)	501,193
Net profit/ (loss) after taxes		(13,015,225)	(25,448,389)
Add: Prior year's adjustment		189,506	117,089
Less: Prior years' adjustments		39,695	3,761,600
Net profit/ (loss)		(12,865,414)	(29,092,900)
Share of minority interest		(266)	(708)
Net profit/ (loss) after minority interest		(12,865,680)	(29,093,608)
Balance brought forward from previous year		58,242,876	87,336,484
		45,377,196	58,242,876
APPROPRIATIONS			
Proposed dividend		0	0
Corporate tax on dividend		0	0
Transferred to general reserve		0	0
Balance carried over to Balance Sheet		45,377,196	58,242,876
Basic and diluted earnings per share (refer note B (12) of schedule 20)		(0.89)	(2.01)
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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055

Mumbai, May 27, 2011

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 27, 2011

Vishnu Kanhere
Director

Anand Upadhyay
Company Secretary

	March 31, 2011 ₹	March 31, 2010 ₹		March 31, 2011 ₹	March 31, 2010 ₹
SCHEDULE 1 SHARE CAPITAL			SCHEDULE 3 SECURED LOANS		
Authorised share capital	200,000,000	200,000,000	Term Loan (Secured against the hypothecation of vehicles)		
20,000,000 (LY 20,000,000) equity shares of ₹ 10 each			ICICI Ltd	0	1,070,288
			Kotak Mahindra	2,020,129	108,014
Issued, subscribed and fully paid up			Tata Capital Ltd	1,751,068	2,924,484
14,467,000 (LY 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000	Working capital short term loan (Secured against the fixed assets, current assets and film negatives)		
Notes: Of the above			Yes Bank Ltd	50,000,000	50,000,000
496,000 equity shares of Rs 10 each were issued as fully paid up bonus shares by capitalisation of ₹ 4,960,000 from retained profits during the year 96-97			Interest on above	583,904	0
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				54,355,101	54,102,786
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 4 UNSECURED LOANS		
SCHEDULE 2 RESERVES AND SURPLUS			International Communications & Investments Mauritius Ltd	0	10,000,000
Capital reserve (as per last Balance Sheet)	36,865	36,865	Interest payable on above	0	776,125
General reserve (as per last Balance Sheet)	22,098,279	22,098,279		0	10,776,125
Add: transferred during current year	0	0			
Profit and Loss account	45,377,196	58,242,876	SCHEDULE 5 DEFERRED TAXATION		
Share premium account (as per last Balance Sheet)	671,958,820	671,958,820	Deferred tax liabilities (Refer note no C(13) to schedule 20)		
	739,471,160	752,336,840	As at April 1, 2010	127,163,597	125,978,033
			Add: additional adjustment for current year	417,803	1,185,564
			Deferred tax assets		
			As at April 1, 2010	3,284,884	2,600,513
			Add: adjustment for current year	564,738	684,371
				3,849,622	3,284,884
				123,731,778	123,878,713

**SCHEDULE 6
FIXED ASSETS**

(₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	As at April 1, 2010	For the year	Deductions	Total	As at March 31, 2011	As at March 31, 2010
Office premises	723,764	0	0	723,764	448,582	63,329	0	511,911	211,853	275,182
Lease premises and fixtures	18,368,825	0	0	18,368,825	18,368,825	0	0	18,368,825	0	0
Furniture and fixtures	1,521,634	67,963	262,025	1,327,572	508,887	99,239	181,351	426,775	900,797	1,012,747
Office equipment	27,672,880	917,672	1,274,314	27,316,238	5,906,075	1,334,882	645,239	6,595,718	20,720,520	21,766,805
Motor car	11,306,438	2,942,874	3,562,010	10,687,302	2,440,699	1,037,915	1,280,364	2,198,250	8,489,052	8,865,739
Computers, printers and software	2,477,907	69,640	356,950	2,190,597	1,263,338	308,514	356,950	1,214,902	975,695	1,214,569
Total	62,071,448	3,998,149	5,455,299	60,614,298	28,936,406	2,843,879	2,463,904	29,316,381	31,297,917	33,135,042
As on March 31, 2010	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	

	March 31, 2011 ₹	March 31, 2010 ₹		March 31, 2011 ₹	March 31, 2010 ₹
SCHEDULE 7 INVESTMENTS			SCHEDULE 8 CINEMATIC AND TELEVISION CONTENT		
Long term investments			At cost or net realisable value whichever is lower (As valued and certified by the management)		
Quoted investments			Unamortised content	398,319,271	396,505,935
Moving Picture Company (India) Ltd	1,919,000	1,919,000	Unexploited content	48,730,356	26,140,000
95,000 (LY 95,000) equity shares of face value Rs 10 each fully paid up			Unfinished content	5,749,693	4,935,742
Market value ₹ 2.60 (LY ₹ 3.95)			Production property and tapes	419,945	419,945
Rural Electrification Bond	2,500,000	2,500,000		453,219,265	428,001,622
Accrued interest on above	107,813	107,812			
	4,526,813	4,526,812	SCHEDULE 9 SUNDRY DEBTORS		
			Unsecured		
Aggregate value of quoted and unquoted investments			Debts outstanding for more than six months		
	March 31, 2011	March 31, 2010	Considered good	20,955,690	22,177,859
	Cost	Market Value	Considered doubtful	0	0
Quoted investments	1,919,000	247,000		20,955,690	22,177,859
Unquoted investments	2,607,813	N A	Less: provision for doubtful debts	0	0
				20,955,690	22,177,859
			Debts outstanding for less than six months		
			Considered good	17,785,328	40,302,538
			Considered doubtful	0	0
				17,785,328	40,302,538
				38,741,018	62,480,397

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PRITISH NANDY COMMUNICATIONS LTD
THE 18TH ANNUAL REPORT AND ACCOUNTS 2011

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	March 31, 2011	March 31, 2010		March 31, 2011	March 31, 2010
	₹	₹		₹	₹
SCHEDULE 10			SCHEDULE 16		
CASH AND BANK BALANCES			OTHER INCOME		
Cash and imprest account (As verified and certified by the management)	40,732	40,736	Interest on fixed deposits (TDS ₹ 1,124,516 (LY ₹ 1,787,616))	12,720,151	17,885,186
Cash at bank	8,842,877	1,552,682	Miscellaneous income	208,171	177,411
Cash at bank in exchange earners foreign currency account	363,102	0	Gratuity - return on plan asset and actuarial gain	0	319,445
Cash at bank - fixed deposits (Includes ₹ 10,000,000 (LY ₹ 10,300,000) pledged with banks against guarantees and secured loan)	155,722,069	178,016,196	Interest on income tax refund	1,523,740	47,966
Accrued interest on fixed deposits	3,387,385	7,108,738	Foreign exchange rate difference	1,982	0
Cash at bank - unpaid dividend account	162,381	200,974	Sundry creditors balance written back	92,509	0
	<u>168,518,546</u>	<u>186,919,326</u>	Interest on Rural Electrification Bond	143,751	148,794
				<u>14,690,304</u>	<u>18,578,802</u>
SCHEDULE 11			SCHEDULE 17		
LOANS AND ADVANCES			COST OF CONTENT		
(Unsecured considered good)			Opening balance as on April 1, 2010		
Intercompany deposits			Unamortised content	396,505,935	391,352,727
Interest on above			Unexploited content	26,140,000	20,000,000
a. Loans			Unfinished content	4,935,742	5,560,474
Staff*	271,493	403,493	Production property and tapes	419,945	417,333,146
Others	14,500	55,000	Add: production cost of content incurred during the year	125,103,765	143,982,712
	<u>285,993</u>	<u>458,493</u>	Less: closing balance as on March 31, 2011	553,105,387	561,315,858
b. Advances			Unamortised content	398,319,271	396,505,935
(Recoverable in cash or kind or for value to be received)			Unexploited content	48,730,356	26,140,000
Income tax payments	322,000	13,151,505	Unfinished content	5,749,693	4,935,742
Tax deducted at source	14,637,090	41,658,437	Production property and tapes	419,945	428,001,622
Other advances	403,540,507	404,758,108		<u>99,886,122</u>	<u>133,314,236</u>
Input Credit (S Tax) unutilised	13,367	40,327			
Input Credit (E Cess & HEC) unutilised	250	1,068	SCHEDULE 18		
Income tax refund receivable	769,740	0	ADMINISTRATIVE AND OTHER EXPENSES		
	<u>419,282,954</u>	<u>459,609,445</u>	Annual listing fees	82,725	82,725
c. Deposits	7,602,992	8,451,417	Auditor's remuneration	349,252	386,051
*Maximum amount outstanding during the period ₹ 403,493 (LY ₹ 1,631,111)			Advances, deposits and interest written off	42,000	47,114
	<u>427,171,939</u>	<u>468,519,355</u>	Bad debts, rebate and discount	1,699,725	417,128
			Bank charges	17,391	13,994
SCHEDULE 12			Business promotion expenses	1,256,076	748,978
CURRENT LIABILITIES			Rent, rates, taxes and business service centre charges	13,425,524	13,327,958
Sundry creditors			Communication expenses	606,292	600,791
Total outstanding dues to micro enterprises and small enterprises	0	0	Conveyance and motor car expenses	833,218	706,444
Total outstanding dues of creditors other than micro enterprises and small enterprises			Directors sitting fees	280,000	400,000
For cinematic and television content	23,828,177	24,412,890	Impairment of assets	709,750	0
For expenses and other liabilities	3,853,619	5,463,920	Foreign exchange rate difference	0	8,300
Advances and other liabilities	33,352,603	34,356,452	Insurance charges	154,032	277,049
Unclaimed dividend*	162,381	200,975	Internet subscription and website expenses	311,563	477,422
	<u>61,196,780</u>	<u>64,434,237</u>	Legal, professional and consultancy fees	7,422,367	7,341,584
			License, registration and processing charges	6,178	24,000
			Loss on sale of fixed assets	1,043,070	1,798,114
			Membership and subscriptions	95,898	186,922
*Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due			Profession tax	2,500	2,500
			General expenses	6,340,310	7,705,375
SCHEDULE 13			Personnel cost	12,774,307	10,500,310
PROVISIONS			Printing and stationery	505,488	688,336
Provision for taxation	20,000	33,362,030	Contribution to provident fund	25,992	32,479
Provision for wealth tax	20,300	17,600	Contribution to group gratuity fund	1,053,744	186,547
	<u>40,300</u>	<u>33,379,630</u>	Repairs and maintenance - equipments	245,336	710,644
			Repairs and maintenance - others	124,998	77,001
			Research and development	680,778	644,218
SCHEDULE 14			ROC filing fees and stamp duty	298,325	85,717
MISCELLANEOUS EXPENDITURE			Preliminary expenses written off	5,890	5,890
Preliminary expenditure	58,900	58,900	Traveling expenses	1,361,306	900,497
Less: written off upto last year	23,560	17,670	VAT interest	1,573,378	2,111,769
Less: written off during the year	5,890	5,890		<u>53,327,413</u>	<u>50,495,857</u>
	<u>29,450</u>	<u>35,340</u>			
			SCHEDULE 19		
SCHEDULE 15			FINANCIAL EXPENSES		
SALES AND SERVICES			Finance charges	319,617	373,691
Income from content	116,760,161	131,402,705	Processing and documentation charges	1,001,670	1,158,150
Income from membership and rent	16,804,939	22,535,343	Interest on secured loan	6,301,418	5,009,313
	<u>133,565,100</u>	<u>153,938,048</u>	Interest on overdraft account	0	95,186
				<u>7,622,705</u>	<u>6,636,340</u>

SCHEDULE 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

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 ie year ended March 31, 2011.

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 assets, 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

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 ie 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 realisable 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 rereleasable 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

	2010-2011 (₹)	2009-2010 (₹)
1. Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil
2. Bank guarantee issued by the bankers	Nil	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	1,876,028
c. Disputed Income Tax liability	Nil	629,204
Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.		
4. Auditors remuneration includes		
Statutory audit fees	294,102	3,30,901
Tax audit fees	55,150	55,150
Fees for certification work	70,000	86,500

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PRITISH NANDY COMMUNICATIONS LTD
THE 18TH ANNUAL REPORT AND ACCOUNTS 2011

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	2010-2011 (₹)	2009-2010 (₹)		Content (₹)	Wellness (₹)	Total (₹)	
5. Additional information as required by Paragraph 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.			Revenue				
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	External	116,760,161	16,804,939	133,565,100	
b. Consumption of raw materials, components, spare parts and other inputs	NA (see note 6)	NA (see note 6)	Inter segment	0	0	0	
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.			Total revenue	116,760,161	16,804,939	133,565,100	
d. Remuneration to Director and Managing Director charged to the accounts			Expenditure				
i. Remuneration to Managing Directors	Nil	Nil	Direct cost	99,886,122	0	99,886,122	
ii. Professional fees to Directors	6,000,000	6,000,000	Administrative expenses	36,310,511	17,016,902	53,327,413	
iii. Sitting fees to Directors	280,000	400,000	Depreciation	1,944,007	899,872	2,843,879	
iv. Payment to Wholetime Directors	2,765,613	1,680,140	Finance expenses	7,622,705	0	7,622,705	
v. Contribution to Provident Fund and other Funds	Nil	Nil	Total expenditure	145,763,345	17,916,774	163,680,119	
e. Dividend remitted in foreign currency	Nil	Nil	Result	(29,003,184)	(1,111,835)	(30,115,019)	
f. CIF value of imports	Nil	Nil	Add: other income	14,062,789	627,515	14,690,304	
g. FOB value of imports	Nil	Nil	Segment results	(14,940,395)	(484,320)	(15,424,715)	
h. Expenditure in foreign currency			Profit/ (loss) before tax	(14,940,395)	(484,320)	(15,424,715)	
Traveling expenses (equivalent Indian Rupees)	US\$ 5,000 ₹ 227,500	US\$ 4,500 ₹ 219,950	Current tax net of mat credit	(2,262,555)	0	(2,262,555)	
Traveling expenses (equivalent Indian Rupees)	Nil	₹ 3,500	Profit/ (loss) before deferred tax	(12,677,840)	(484,320)	(13,162,160)	
Traveling expenses (equivalent Indian Rupees)	Thai Baht 14,029	Nil	Provision for deferred tax	417,803	(564,738)	(146,935)	
Traveling expenses (equivalent Indian Rupees)	₹ 20,284	Nil	Profit/ (loss) before prior year adjustment	(13,095,643)	80,418	(13,015,225)	
Business promotion expenses (equivalent Indian Rupees)	US\$ 1,811.90	Nil	Less: prior year adjustment (net)	14,618	(164,429)	(149,811)	
Professional fees and out of pocket expenses (equivalent Indian Rupees)	₹ 86,321	Nil	Net profit/ (loss) after prior year adjustment	(13,110,261)	244,847	(12,865,414)	
i. Earning in foreign currency (equivalent Indian Rupees)	Nil	US\$ 600 ₹ 29,043	Other information				
Received in Indian Rupees	Nil	US\$ ₹ 243,888	Segment assets	1,101,196,389	22,279,107	1,123,475,496	
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/ 36/ 2011-CL-III dated January 12, 2011 for financial year ending on March 31, 2011 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.			Segment liabilities	237,362,291	1,961,668	239,323,959	
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".			Depreciation	1,944,007	899,872	2,843,879	
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.			11. Related party disclosure				
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. Hence, amortization of ₹ 39,819,466 is not required to be provided. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms which are likely to become mandatory from 2014.			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				
The details of cinematic and television content is as under			Related Party Disclosure				
	Cinematic content (₹)	Television content (₹)	Total (₹)				
Gross carrying amount	1,330,519,722	724,851,207	2,055,370,929				
Add: additions during the year	38,291,324	86,538,216	124,829,540				
Total	1,368,811,046	811,389,423	2,180,200,469				
Less: accumulated amortisation	943,479,721	684,309,531	1,627,789,252				
Less: amortised during the year	10,046,227	89,565,670	99,611,897				
Net carrying amount	415,285,098	37,514,222	452,799,320				
The total unamortised cost of content as at March 31, 2011 is ₹ 452,799,320. 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 identified certain fixed assets with written down value of ₹ 709,750 as on March 31, 2011 as "impaired assets". The said amount of ₹ 709,750 has been provided for as impairment loss and debited to profit and loss account.							
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.							
				As at April 1, 2010	Created during the year	Reversed during the year	As at March 31, 2011
			Deferred tax liabilities				
			Unamortised content	(1,322.82)	(14.96)	9.35	(1,328.43)
			Depreciation and capital loss	0.02	(6.27)	1.76	(4.49)
			Adjustment for change in tax rate	51.16	0	0	51.16
			Deferred tax assets				0.00
			Unabsorbed business loss and depreciation	32.85	11.59	0	44.44
			Net amount	(1,238.79)	(9.64)	11.11	(1,237.32)

14. Lease commitments

i. Finance lease

The Company takes vehicles and under finance lease. Future minimum lease payments under finance leases as of March 31, 2011 are as under

Particulars	Principal (₹)	Interest (₹)	Total (₹)
Not later than one year	1,690,784	305,935	1,996,719
Later than one year and not later than five years	2,080,413	367,907	2,448,320
Later than five years	Nil	Nil	Nil
Total payments	3,771,197	673,842	4,445,039

ii. Operating leases

The Company has taken premises under operating lease. Gross rental expenses for the year ended March 31, 2011 aggregated to Rs 13,425,524. The minimum rental payments to be made in future in respect of these leases are as follows

Particulars	Amount (₹)
Not later than one year	8,450,568
Later than one year and not later than five years	14,134,974
Later than five years	Nil
Total	22,585,542

15. The disclosures as required under the Accounting Standard 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

Particulars	in ₹ lakh
Contribution to defined contribution plan, recognised as expense for the year are as under	
Employer's contribution to Provident Fund	0.26

b. Defined benefit plan

Particulars	Gratuity (Funded)
Reconciliation of opening and closing balances of defined benefit obligation	
Defined benefit obligation at the beginning of the year	11.28
Current service cost	1.10
Interest cost	0.90
Actuarial (gain)/ loss	10.30
Benefit paid	(5.28)
Defined Benefit obligation at the end of year	18.30
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	22.42
Expected return on plan assets	1.76
Actuarial gain/ (loss)	0.00
Employers contribution	0.00
Benefit paid	(5.28)
Fair value of plan assets at the end of the year	18.90
Actual return on plan assets	
Expected return on plan assets	1.76
Actuarial gain/ (loss) on plan assets	0
Actual return on plan assets	1.76
Reconciliation of fair value of plan assets and benefit obligation	
Fair value of assets as at March 31, 2011	18.90
Present value of obligation as at March 31, 2011	(18.30)
Amount recognised in Balance Sheet	0.60
Expenses recognised during the year	
Current service cost	1.10
Interest cost	0.90
Expected return on plan assets	(1.76)
Actuarial (gain)/ loss	10.30
Expenses recognised in Profit and Loss Account	(10.54)
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.

	2010 - 11 Amount (₹)
a. Managerial remuneration to Wholtime Directors	
Salary	2,185,773
Other perquisites	579,840
Total	2,765,613
b. Directors sitting fees	280,000
Total managerial remuneration	3,045,613
c. Computation of profit in accordance with Section 198/ 349 of the Companies Act 1956	
Profit/ (loss) before taxes and prior years adjustments	(15,424,715)
Add	
Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	2,765,613
Loss on sale of assets	1,043,070
Impairment of assets	709,750
Advances written off	42,000
Net profit/ (loss) for Section 198/ 349 of the Companies Act 1956.	(10,864,282)

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. The entire QIP issue proceeds of ₹ 280,000,000 has been utilised towards cinematic content, QIP expenses, working capital and general corporate purpose etc. as at March 31, 2011.

19. 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.

20. In view of loss, no provision has been made for income tax liability during the year.

21. Sundry debtors includes an amount aggregating to ₹ 3,085,000 (LY ₹ 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, 2011.

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
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055
Mumbai, May 27, 2011

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO
Yatender Verma
VP, Finance,
Compliances and Legal Affairs
Mumbai, May 27, 2011

Vishnu Kanhere
Director
Anand Upadhyay
Company Secretary

STANDALONE CASH FLOW STATEMENT

	For the year ended March 31, 2011	
	March 31, 2011	March 31, 2010
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes and prior years adjustments	(13,659,312)	(22,739,987)
Bad debts, rebate and discount	1,598,441	417,128
Depreciation	1,944,007	1,911,503
Finance charges	7,622,705	6,636,340
Loss on sale of assets	1,043,070	1,455,664
Impairment of assets	709,750	0
Advances written off	42,000	47,114
Foreign exchange rate difference - expense	0	8,300
Sundry creditors balances written back	(523,887)	(1,958,590)
Interest on fixed deposit	(12,360,711)	(17,581,013)
Foreign exchange rate difference - income	(1,982)	0
Operating cash flow before working capital changes	(13,585,919)	(31,803,541)
Adjusted for		
Cinematic and television content	(25,217,642)	(10,347,167)
Sundry debtors	22,234,101	(19,147,125)
Current liabilities	639,067	(6,770,776)
Changes in loans and advances	8,664,096	3,823,465
Cash used in operations before prior period items	(7,266,297)	(64,245,144)
Net prior year adjustments	(14,618)	(3,710,566)
Direct taxes paid	(17,600)	(338,800)
Net cash from/ (used in) operating activities	(7,298,515)	(68,294,510)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,842,167)	(5,650,875)
Sale of fixed assets	958,889	997,778
Changes in investments	0	0
Interest on fixed deposit	12,360,711	17,581,013
Foreign exchange rate difference - expense	0	(8,300)
Foreign exchange rate difference - income	1,982	0
Net cash from/ (used in) investing activities	9,479,415	12,919,616
C. CASH FLOW FROM FINANCING ACTIVITIES		
Additional borrowings	3,848,429	53,566,880
Repayment of borrowings	(14,372,239)	(1,675,400)
Finance and other charges paid	(7,622,705)	(6,636,340)
Net cash from/ (used in) financing activities	(18,146,515)	45,255,140
Net changes in cash and cash equivalents (A+B+C)	(15,965,615)	(10,119,754)
Cash and cash equivalents - opening balance	178,391,326	188,511,080
Cash and cash equivalents - closing balance	162,425,711	178,391,326

Notes

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

As per our attached Report of even date
For Jaideepsingh P Deore & Co
Chartered Accountants
FRN 103859W

Jaideepsingh P Deore
Proprietor
M No 44055
Mumbai, May 27, 2011

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended March 31, 2011	
	March 31, 2011	March 31, 2010
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes and prior years adjustments	(15,424,715)	(24,905,596)
Bad debts, rebate and discount	1,699,725	417,128
Depreciation	2,843,879	6,976,013
Preliminary expenses written off	5,890	5,890
Advances written off	42,000	47,114
Finance charges	7,622,705	6,636,340
Loss on sale of assets	1,043,070	1,798,114
Impairment of fixed assets	709,750	0
Foreign exchange rate difference - expenses	0	8,300
Foreign exchange rate difference - income	(1,982)	0
Sundry creditors balances written back	(523,887)	(1,958,590)
Interest on fixed deposit	(12,720,151)	(17,885,186)
Operating cash flow before working capital changes	(14,703,716)	(28,860,473)
Adjusted for		
Cinematic and television content	(25,217,643)	(10,668,476)
Sundry debtors	22,039,654	(18,918,225)
Current liabilities	(2,433,884)	(12,334,861)
Changes in loans and advances	10,268,240	1,183,311
Cash used in operations before prior period items	(10,047,349)	(69,598,724)
Net prior year adjustments	149,811	(3,644,511)
Direct taxes paid	(39,600)	(338,800)
Net cash from/ (used in) operating activities	(9,937,138)	(73,582,035)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,998,149)	(5,703,468)
Sale of fixed assets	958,889	1,001,778
Changes in investments	0	4,006,771
Interest on fixed deposit	12,720,151	17,885,186
Foreign exchange rate difference - income	1,982	0
Foreign exchange rate difference - expenses	0	(8,300)
Net cash from/ (used in) investing activities	9,682,873	17,181,967
C. CASH FLOW FROM FINANCING ACTIVITIES		
Additional borrowings	3,848,429	53,566,880
Repayment of borrowings	(14,372,239)	(1,675,400)
Finance and other charges paid	(7,622,705)	(6,636,340)
Net cash from/ (used in) financing activities	(18,146,515)	45,255,140
Net changes in cash and cash equivalents (A+B+C)	(18,400,780)	(11,144,928)
Cash and cash equivalents - opening balance	186,919,326	198,064,254
Cash and cash equivalents - closing balance	168,518,546	186,919,326

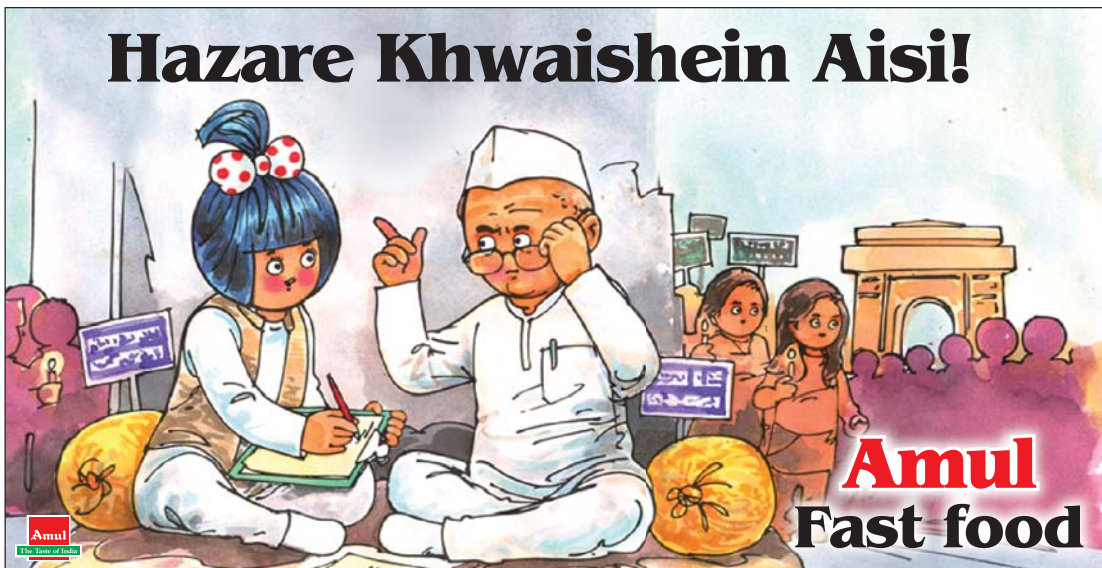
Notes

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

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO
Yatender Verma
VP, Finance,
Compliances and Legal Affairs
Mumbai, May 27, 2011

Vishnu Kanhere
Director
Anand Upadhyay
Company Secretary



These 3 Amul hoardings celebrate 3 of the most popular PNC films.
Kaante, Chameli and Hazaaron Khwaishein Aisi.
Courtesy: GCMME, Anand

The 18th Annual Report and Accounts 2011



The power of entertainment.

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD will be held on Thursday, September 29, 2011 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, 2011 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 Nabankur Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Pallab Bhattacharya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and consider, if thought fit, to pass the following resolution as an ordinary resolution relating to the appointment of the Auditors of the Company
"RESOLVED THAT KR Khare & Co, Chartered Accountants, (FRN 105104W) (in place of Jaideepsingh P Deore & Co, Chartered Accountants, retiring Auditors, who have sent a letter stating that due to their other pre-occupations it would not be possible for them to act as Statutory Auditors and their unwillingness to be re-appointed as Auditors of the Company), be and are hereby appointed as the Statutory Auditors of the Company under Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, 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 of the Company 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 a Special Resolution
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force) and based on the approval of the Board of Directors and Selection Committee, the consent of the Company be and is hereby accorded to Ishita Pritish Nandy, who is daughter of Pritish Nandy and Rina Pritish Nandy and sister of Rangita Pritish Nandy, Directors of the Company, to hold and continue to hold office in the Company as Chief Brand Strategist for the period November 1, 2010 to March 31, 2011 on a monthly remuneration of ₹ 100,000 (Rupees One Lakh only) plus other perquisites and benefits as per the Company's rules.
RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, desirable or expedient to give effect to this Resolution."
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution
"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force) and based on the approval of the Board of Directors and Selection Committee, the consent of the Company be and is hereby accorded to Ishita Pritish Nandy, who is daughter of Pritish Nandy and Rina Pritish Nandy and sister of Rangita Pritish Nandy, Directors of the Company, to hold and continue to hold office in the Company as Chief Brand Strategist with effect from April 1, 2011 on a monthly remuneration of ₹ 100,000 (Rupees One lakh only) plus other perquisites and benefits as per the Company's rules.
RESOLVED FURTHER THAT the consent of the Company be and is hereby further accorded to the Board to alter and vary the terms of appointment and quantum of remuneration within the limits permitted by the provisions of Section 314(1-A) of the Companies Act, 1956 and the Companies (Central Government's) General Rules & Forms, 1956.
RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, desirable or expedient to give effect to this Resolution."

By Order of the Board

Anand Upadhyay
Company Secretary

Mumbai, August 10, 2011

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 such 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 authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing 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 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 24, 2011 to Thursday, September 29, 2011 (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 at least 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 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 requested to bring their copy of the Annual Report to the Annual General Meeting.
8. Your Company has implemented the Green Initiative as per the Ministry of Corporate Affairs ("MCA") Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, which allows the Company to serve all notices/ documents and Annual Reports to its shareholders through an electronic mode. Henceforth, the email addresses registered by the shareholders: (a) in respect of shareholding in demat mode- with the respective Depository Participant which will be periodically downloaded from NSDL/CDSL, and (b) in respect of physical holding- through a written request letter to the Registrar and Transfer Agent of the Company, Link Intime India Private Limited; will be deemed to be the registered email address for serving all notices/ documents including those covered under Section 219 read with Section 219 read with Section 53 of the Companies Act. Members are therefore requested to keep their email addresses updated in case of electronic holding with their respective Depository Participant and in case of physical holding with the Registrar and Transfer Agent of the Company. The Annual Report of your Company for the Financial Year 2010-11 will also be displayed on the website of the Company i.e. www.pritishnandycom.com. As a member of the Company you will be entitled to be furnished, free of cost, an Annual Report of the Company upon receipt of a written request from you at any time.

9. The dividend for the financial years 2003-04 and 2004-05 declared at the Annual General Meeting held on September 17, 2004 and September 27, 2005 respectively can be claimed on or before September 16, 2011 and September 26, 2012 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 Educations 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.
10. 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 are given herein below.

At the ensuing annual general meeting, Nabankur Gupta and Pallab Bhattacharya shall retire by rotation and being eligible, offer themselves for re-appointment. Their brief profiles are given below:

Nabankur Gupta, independent Director of the Company was re-appointed at the Annual General Meeting held on September 17, 2008.

Mr Gupta is a distinguished name in the world of marketing and brands. He has over thirty years of experience in marketing and building multi-purpose brands. An IIT graduate, Mr Gupta spent 19 years with Philips in different senior assignments. In 1989, he joined Videocon International and was Executive Director on the Board till 2000. He was named Marketing Superstar by Advertising Age, New York in 1995. He joined Raymond Ltd in 2000 as Group President and member of the Board. He continues to be on the Raymond Board and, in 2005, started his own brand and strategy consulting practice.

Besides his international recognition, Mr Gupta received several accolades, the more prominent being, UP Ratna from the UP Mahasangh in 1996. IIT Delhi conferred on him the award of "Outstanding Contribution for National Development" in 2003.

As on March 31, 2011, other directorship of Mr Gupta are Blue Ocean Capital and Advisory Services Pvt Ltd, BP Ergo Ltd, Colorplus Fashions Ltd, Cravatex Ltd, JK Investo Trade (India) Ltd, JK Helene Curtis Ltd, Lexicon Public Relations & Corporate Consultants Ltd, Magma Fincorp Ltd, PNC Wellness Ltd and Quantum Advisors Pvt Ltd, Raymond Ltd.

Besides his membership in the Audit Committee of the Company, he is also the Chairman of the Audit Committee and a member of the Remuneration, Shareholders'/ Investors' Grievances Committee, Investment Committee in JK Investo Trade (India) Ltd and also the Chairman of the Shareholders'/ Investors' Grievances Committee and a member of the Audit, Remuneration & Nomination Committee in Raymond Ltd and a member of the Audit Committee in Quantum Advisors Pvt Ltd.

Mr Gupta is the Chairman of the Selection Committee of the Company. He does not hold any shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Pallab Bhattacharya, Wholtime Director and CEO of the Company is associated with the Company since November 1995 and was re-appointed at the Annual General Meeting held on September 17, 2008.

Mr Bhattacharya has a bachelor's degree in arts from Calcutta University as well as a diploma in printing technology from the Regional Institute of Printing Technology, Jadavpur. He has 30 years of experience in media, which includes publishing and printing, television and cinematic content production. Mr Bhattacharya worked in The Times of India from 1983 till 1991, after which he joined The Observer Group of Newspapers as Chief Manager, Operations. He joined PNC in 1995 and is currently Chairman of the Corporate Leadership Team and also looks after the Company's day-to-day affairs and administration.

Other directorships of Mr Bhattacharya are PNC Productions Ltd, PNC Sippy Media Ltd, PNC Wellness Ltd, Artinvest India Pvt Ltd and Ideas.com India Pvt Ltd.

Mr Bhattacharya is a member of the Shareholders'/ Investors' Grievances Committee of the Company. He holds 2,000 shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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

Item No 5

Ishita Pritish Nandy was appointed in the capacity of Vice President, Creative Services on a monthly remuneration of ₹ 75,000 (Rupees Seventy Five Thousand only) which was duly approved by the Board of Directors, Selection Committee and by the members at the 15th Annual General Meeting.

The Company had made an application to the Ministry of Corporate Affairs for appointment of Ishita Pritish Nandy as Chief Brand Strategist and for her remuneration with effect from November 1, 2010. The Central Government has given its approval upto March 31, 2011 subject to approval of members in the Annual General Meeting by passing of Special Resolution.

She is the daughter of Pritish Nandy and Rina Pritish Nandy and sister of Rangita Pritish Nandy, Directors of the Company.

Your approval is therefore sought for the appointment and payment of remuneration to Ishita Pritish Nandy. No other Directors except Pritish Nandy, Rina Pritish Nandy and Rangita Pritish Nandy are in any way concerned or interested in this resolution.

Item No 6

Ishita Pritish Nandy will continue to hold office in the Company as Chief Brand Strategist with effect from April 1, 2011 on the same remuneration with an authority to the Board to alter and vary the terms of appointment and quantum of remuneration.

Considering her experience and performance on the job, the Board of Directors and Selection Committee has approved her remuneration in the Resolution at Item No 6 of the Notice.

She is the daughter of Pritish Nandy and Rina Pritish Nandy and sister of Rangita Pritish Nandy, Directors of the Company.

Your approval is therefore sought for the appointment and payment of remuneration to Ishita Pritish Nandy. No other Directors except Pritish Nandy, Rina Pritish Nandy and Rangita Pritish Nandy are in any way concerned or interested in this resolution.

By Order of the Board

Anand Upadhyay
Company Secretary

Mumbai, August 10, 2011

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 Eighteenth Annual General Meeting of the Company held on Thursday, September 29, 2011 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:	

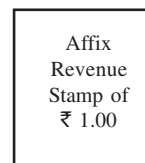
I/ We _____ of _____ in the district of _____

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 Eighteenth Annual General Meeting of the Company to be held on Thursday, September 29, 2011 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.



Signed this _____ day of _____ 2011

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.