

“We tell *stories.*”

PRITISH NANDY COMMUNICATIONS LTD

THE POWER OF ENTERTAINMENT



VIDYA BALAN
FOR SHAADI KE SIDE/EFFECTS



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COMMUNICATIONS LTD

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FARHAN AKHTAR AND VIDYA BALAN CAPTURED BEHIND THE SCENES IN GOLD COAST, AUSTRALIA
FOR THE SOON TO BE RELEASED SHAADI KE SIDE/EFFECTS

“

Shooting for Shaadi ke Side Effects has been a thoroughly enjoyable process. Vidya is an amazing actress, everybody knows that. Just to work with her and do so many scenes with her has been a great learning for me and has helped me take back a lot from this experience.

**It's been a very
exciting time.”**

FARHAN AKHTAR ON ZOOM TV

Pritish Nandy Communications Ltd
20th Annual Report and Accounts
2012/2013

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
Rupali Vaidya

Auditors
KR Khare & Co
Chartered Accountants

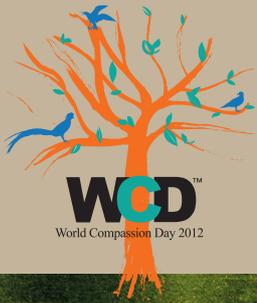
Principal Bankers
Yes Bank
Nariman Point Mumbai 400021
Standard Chartered Bank
Breach Candy Mumbai 400036

Registered Office
87/88 Mittal Chambers Nariman Point Mumbai 400021

Corporate Leadership Team

Pallab Bhattacharya/ Director and CEO, Chairman Rangita Pritish Nandy/ Creative Director
Rupali Vaidya/ Company Secretary Yatender Verma/ Vice President, Finance, Compliances & Legal Affairs
Ishita Pritish Nandy/ Chief Brand Strategist Anoop Kumar/ Chief Production Officer
Mahesh Vyas/ Chief Manager, Accounts Kishor Palkar/ Chief Manager, Accounts
Shakti Mishra/ Senior Manager, Sales and Business Development

PNC is an equal opportunities employer. There are 9 members in the Corporate Leadership Team that run the affairs of the Company. The Corporate Leadership Team has an average age of 40, combining youth and experience. Members of the CLT have been with PNC for an average of 10 years, demonstrating continuity and effective HR. Most members of the team have risen from the ranks.



Today, more than ever before, life must be characterized by a sense of

Universal responsibility.

Not only nation to nation and human to human but also human to other forms of life.

THE DALAI LAMA AT WCD 2012



I welcome you to your Company's 20th Annual General Meeting. It is a great pleasure being here with all of you again.

Last year when we met, I told you that after several difficult years the motion picture industry, which had been facing de-growth for a while, looked all set to improve. You will be happy to know that this has indeed happened. According to the Ficci-KPMG 2013 Report, the Indian media and entertainment industry grew 12.6 per cent last year to touch ₹ 82,000 crore despite overall slowdown in consumer spending. The industry is estimated to achieve a growth of 11.8 per cent in 2013 to touch ₹ 91,700 crore. Going forward, the sector is projected to grow at a healthy CAGR of 15.2 per cent to reach ₹ 1,66,100 crore by 2017. The report attributes this to, among other things, the stellar performance of the film industry during the year.

Your Company has had a busy year too. We have been in production, making one of the biggest films in our portfolio, a sequel to one of the most successful films in the PNC library. Two of the industry's most accomplished actors come together for the first time in this film and the anticipation from the film has been so high that we got a co-producer to underwrite the entire cost of production as well as the A&P costs which, in today's market, can be anything between 30 to 50 per cent of the cost of production. This is a significant achievement for your Company which hopes to release the film, under normal circumstances, in the third or fourth quarter of the current financial year. Your Company is also ready to go on the floor with two new productions in the coming year, both of which have been scripted and are currently in the process of cast finalization.

This has been possible because despite the overall economic slowdown which has hurt market sentiment across the board, the film industry has been able to sustain itself and grow. In fact, statistics claim that we have had more films crossing the ₹ 100 crore target at the box office during the past year than we have had in the past five years. This is a remarkable achievement for an industry that still languishes from the shortage of institutional funding and adequate State support. What has made things even more difficult is the vast array of taxes that strangle its growth potential. While many nations of the world are wooing Indian film makers with financial assistance and tax breaks to go out there and make movies, we continue to face problems here at home. Shooting permissions are required from multiple authorities. Taxes are hurting, and they come in at so many levels that an independent production house like yours finds it difficult to cover input costs and make movies at an affordable price.

The State also appears to ignore the fact that film making is actually a team effort creatively put together and co-ordinated by a production house, not by independent talent. The existing royalty laws are currently being reframed in a manner that will only benefit certain privileged individuals, thereby subverting the notion of creative teamwork that goes into making a film. Individual talent, however brilliant, cannot drive an entire movie. What drives it is the passion of many people working together in perfect synchronicity. This is the task of a production house to ensure, apart from bringing together the creative and financial resources that reach movies to 14 million Indians in the theatres every day. By insisting on rewarding a few individuals and ignoring the collective responsibility of the production house that makes the movie, the Government has misunderstood the very process of film making and made it an unnecessarily complex business in an era in which most nations are trying to encourage the creative arts and allow self employed talent to flourish freely.

Censorship is another issue. Every successive generation wants to be more liberal, and expects movies to be in sync with their beliefs and attitudes. This is not what is happening in this country today. Censorship norms remain far too rigid and outdated. But more worrisome than the censorship norms are what tiny outrage groups attempt to do under the pretext of protecting certain religious, moral, regional, caste interests. The larger vision of India, a great nation with a great liberal tradition, is often subverted under these pressures. So is the creative freedom we all aspire for. It is time more liberal laws were framed, not just to make our movies reach out to larger audiences in India and overseas but also to encourage all forms of creative expression to flourish and grow. The objective of the State should be to provide nurturance to talent and encourage the young generation to seek their livelihood in more creative pursuits. That is how young Indians will grow, mature, become the brave new face of this nation. That is also how future generations will remember us. Not just as another manufacturing nation or as a marketplace for trade but as a nation bustling with original ideas, fresh talent, and creative excellence that can challenge the best in the world.

The spectacular rise of new media has brought many new challenges, many new opportunities. Your Company, like others, is exploring these. The film currently on the floor is probably the last one we will be making on celluloid. The future now lies in digital. We are changing our processes, our creative strategies to accommodate the dramatic change in technology and the many new ways in which our consumers are now buying into entertainment products. Multiplex theatre screens are constantly increasing and we have now reached 11 screens per million Indians. But, if you compare that with 120, as in the US, you will realize that we have much further to go if we want to catch up. Television has gone almost entirely digital high def. Music is being consumed in many new ways today. So are motion pictures. And as cell phone technology rapidly changes and reaches consumers in the deepest interiors of this country, the nature of our products will also transform, the menu card will enlarge every day as new consumers demand new innovations, new products in their own languages, catering to their different cultural needs. As connectivity and bandwidth grows, your Company will find new markets to explore. Your movies will find new platforms to reach newer audiences.

While the year under review may not have been as rewarding as we would have liked it to be, the current year already looks stronger and we are confident coming years will be better.

No Chairman's Statement can be ever complete without thanking all the stakeholders in our business. Those who work for us; those who support us; and those who cheer us on. Our shareholders, our bankers, our clients, our consumers, our business associates, our partners and all members of Team PNC who make it possible to take your Company ahead, towards new goals, new tasks, new aspirations.

Our 21st year is a good time to renew our commitment to all of you.

To
The Members

Your Directors present the 20th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 262.43 lakh as compared to ₹ 586.55 lakh for the preceding year. The Company incurred a loss of ₹ 533.10 lakh before tax as compared to a loss of ₹ 321.61 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Year ended	
	March 31, 2012	March 31, 2013
Revenue from operations	449.35	104.49
Other income	137.20	157.94
Total revenue	586.55	262.43
Total expenditure	908.16	795.53
Profit/ (loss) before taxation	(321.61)	(533.10)
Provision for current tax	Nil	Nil
Profit/ (loss) after current tax	(321.61)	(533.10)
Provision for deferred tax	(13.73)	8.37
Net profit/ (loss) after tax	(307.88)	(541.47)
Dividend (%)	Nil	Nil
Transfer to reserves	Nil	Nil
Balance in statement of profit and loss	277.33	(264.14)
Paid up capital	1,446.70	1,446.70
Earning per share	(2.13)	(3.74)
Book value per share	59.89	56.15

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The year 2012 was a challenging year for the Company. The Company continued its efforts to minimise losses and preserve capital.

The Company's new film project Shaadi Ke Side/ Effects commenced production this year and its principal photography is almost over.

DIVIDEND

Considering the financial results, your Directors do not recommend a dividend for the year ended March 31, 2013.

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 2013-2014 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. As per section 212 of Companies Act, 1956 it is required to include the Directors' Report, Balance Sheet and Statement of Profit and Loss of the subsidiaries in the Annual Report. The Ministry has granted general exemptions vide circular no. 2/2011 dated 08.02.2011 from complying with section 212 of the Companies Act, 1956 subject to fulfillment of certain conditions. Accordingly, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not forming part of this Annual Report. 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 circular is disclosed in this 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 strives to maintain high standards of Corporate Governance. The Board of Directors of the Company has adopted a Corporate governance policy meant to ensure fair and transparent practices and a code of conduct for its Directors and Senior Management. Both the Corporate governance policy and the code of conduct are available on the website of the Company: www.pritishnandycom.com.

Further, the Board has also adopted a code of conduct for prevention of insider trading in the securities of the Company which is in line with the model code of conduct prescribed by SEBI. A separate report on Corporate Governance along with the Auditors' certificate on the compliance of Corporate Governance requirements of clause 49 of the Listing Agreement forms part of this Annual 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 representations 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, 2013 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

Udayan Bose and Tapan Chaki 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 directors retiring by rotation 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

KR Khare & Co, Chartered Accountants, Auditors of the Company, hold office until the ensuing Annual General Meeting and have confirmed their willingness to be re-appointed and that their appointment, if made, would be within the prescribed limits of section 224(1B) of the Companies Act, 1956 and they are not disqualified from such appointment in terms of section 226 of the Companies Act, 1956.

AUDITORS' REPORT

In the Emphasis of Matter, paragraph, the auditors have stated

"We draw attention to note no 33 of the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantee of ₹ 75,050,000. The arbitration proceedings are ongoing since 2008. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note no 41 of the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to ₹ 46,753,181. 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 consequently no provision of any amount is made there against at this stage. Our opinion is not qualified in respect of this matter."

Your Directors confirm that the matters referred to in the segment relating to emphasis of matter by the independent auditors in their report have been clarified in note no 33 and note no 41 of notes to the accounts forming Part of Balance Sheet and Statement of Profit and Loss, which are self explanatory and reproduced below.

Note 33 - 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 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 "Long Term Loans and Advances"

Note 41 - 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 Hon. 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. The Company is showing these amounts as "Long Term Loans and Advances".

COST ACCOUNTING RECORDS

The Company has maintained cost accounting records pursuant to Companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1)(d) of the Companies Act, 1956. The compliance report in respect thereof for the financial year 2012-2013, as specified by the Central Government, shall be filed with the Registrar of Companies within time prescribed.

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 and 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.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

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, an independent authority on branding, named Prithish Nandy Communications as the first Superbrand among motion picture companies. Brand PNC received an overall average score that puts it within the top 10 per cent of all brands across all segments and all categories. The score was arrived at by tabulating consumer responses which were then scrutinized by members of The Brand Council which selects Superbrands in India.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 27, 2013

ANNEXURE TO DIRECTORS' REPORT

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	March 31, 2013	March 31, 2012
1. Total foreign exchange earned	₹ 8,119,886 (USD 151,365)	0
2. Total foreign exchange used		
a. On import of raw material and capital goods	0	0
b. Expenditure in foreign currencies on travel, participation fees, subscription, etc	₹ 406,372 (US\$ 7,400)	₹ 101,500 (US\$ 2,000)
	0	₹ 211,840 (GBP 2,800)
	₹ 366,972 (Euro 5,219)	₹ 657,262 (Euro 9,620)
c. Dividend remitted in foreign currencies	0	0

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

	Name of Subsidiary Company	PNC Wellness Ltd	PNC Productions Ltd
	Financial year ended on	March 31, 2013 (₹)	March 31, 2013 (₹)
1.	Capital	6,600,000	5,000,000
2.	Reserves	5,214,374	1,556,662
3.	Total assets	37,987,418	61,889,764
4.	Total liabilities	37,987,418	61,889,764
5.	Details of investments	0	0
6.	Turnover (including other income)	18,833,471	277,416
7.	Profit/ (loss) before taxation	(8,352,488)	182,873
8.	Provision for taxation	(2,580,918)	56,653
9.	Profit/ (loss) after taxation	(5,771,570)	126,220
10.	Proposed/ interim dividend	0	0

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES NAMED BELOW

	Name of Subsidiary	PNC Wellness Ltd	PNC Productions Ltd
2.	The financial year of the Company ended on	March 31, 2013	March 31, 2013
3.	Date from which it became a subsidiary	April 27, 2006	October 17, 1996
4.	Shares of the Subsidiary Company held by Prithish Nandy Communications Ltd on the above date		
a.	Number of Equity shares	660,000	4,96,850
b.	Extent of holding in Equity shares	100%	99.37%
c.	Face value of share	₹ 10	₹ 10
5.	The net aggregate amount of the subsidiary's profit/ (loss) not dealt with in holding Company's accounts		
a.	Current year	₹ (5,771,570)	₹ 126,220
b.	Previous year's figure	₹ (2,595,177)	₹ 108,274
6.	The net aggregate amount of the subsidiary's profit/ (loss) dealt with in holding Company's accounts		
a.	Current year	0	0
b.	Previous year's figure	0	0

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 27, 2013

OVERVIEW

The global economy in FY 2012-13 improved gradually although not to the extent expected. The Media and Entertainment industry in India registered an overall growth in a rather challenging environment. The Management continued its efforts to minimize losses and preserve capital.

The media and entertainment industry and PNC have enormous potential for growth. The outlook on the media and entertainment industry is positive with emerging platforms expected to give a boost to the industry and PNC is well placed to play a significant role. The government too has been supportive by exempting the temporary transfer of copyright relating to original literary, dramatic, musical, artistic work and cinematographic films exhibited in cinema halls from the levy of Service tax in the Finance Bill 2013.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

a. CONTENT

PNC continues to maintain its presence in the content business. With the growth of multiplexes and increase in number of screens providing a larger platform for the first exhibition of cinematic content and with digitization and hand held devices opening up a wide range of new delivery systems, the opportunities available to PNC and media and entertainment industry to create and distribute new content products continues to grow. Emerging platforms are opening up new avenues of revenue for the entertainment business. Broadband, IPTV and DTH subscriptions are growing exponentially. Content consumption on cellular phones is also increasing.

The business dynamics of the entertainment industry continues to change. The revenue model of the industry is highly dependent on audience acceptance and preferences relating to content products. PNC continues to adopt and redesign its content to reflect the vision, dreams and aspirations of Indians all over, including the diaspora. Indian content is finding appreciation and new viewers worldwide. Imported content is also enjoying popular viewership in mainstream Indian cinema.

The year under review was a period of redesigning and consolidating our content strategies. Active content production continued but abundant caution was exercised in every area of the business to ensure that your Company does not continue to suffer losses. The feature film *Fatso!* was released in theatres and was well received although its box office performance was not up to the expectations of the Company. PNC divested a share of the IPR in *Fatso!* to generate revenue and to minimize the risks associated with the theatrical release. PNC also dealt in some content rights. *Rajya Sabha TV's* quickies of 60 and 90 seconds are in the process of being commissioned for production.

In November 2012 PNC along with the Humane Society International, based in Washington DC, USA organized an event called World Compassion Day 2012 in Mumbai. His Holiness the 14th Dalai Lama delivered a dialogue on Ahimsa and compassion focusing on the relationship between human being and other species. The event was widely covered and guests from all over the world attended it.

PNC continues to focus on film content and several projects are at advanced pre production stage being planned to move into production shortly. The Company's new film project *Shaadi Ke Side/ Effects* commenced production and its principal photography is nearing completion. *Balaji Motion Pictures* are its co-producers and will handle marketing and release of the film jointly. 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, expanded with launch of *Moksh Zip*, their new wellness facility located at Warden Road. It is now exploring opportunities to further expand globally in to territories where discretionary spending on wellness and fitness is finding acceptance in several strata of society. PNC will continue to support its wholly owned subsidiary in its endeavors to expand.

2. RISKS, CONCERNS AND THREATS

PNC's model of de-risking the content business by inducting co-producers substantially dilutes the commercial risks associated with film production and exploitation. Shifting audience preferences has made the market fickle and unpredictable with films having shorter windows for garnering revenues at the time of first theatrical release and with distributors reluctant to take risks by paying minimum guarantees upfront. PNC is therefore focusing on strategies for first recovering its investment in content prior to or at the time of release. PNC however continues to play a vital role in designing the marketing strategy and release strategy of its films.

PNC continues its multi-product portfolio approach to minimize and manage the inherent risks of the business. PNC is also constantly researching audience tastes and creating innovative products that can meet and conquer the challenges of changing audience expectations through constantly changing technology.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's financial performance viewed against the backdrop of the global slowdown is not comparable with past years. PNC continues to make movies tailored to meet audience tastes and expectations. The Company is focusing on returning to growth and profitability.

5. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

6. CAUTIONARY STATEMENT

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

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

This means ensuring accountability, efficiency 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 CORPORATE 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's website: www.pritishnandycom.com.

2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges where the securities issued by the Company are listed. The Board has 9 directors as on March 31, 2013, of whom 7 are Non Executive and 2 are Wholetime Directors. All 7 Non Executive Directors are eminent professionals with specialist experience. Wholetime Directors in the Company have grown from the ranks.

During 2012-2013, the Board met 4 times: on May 29, 2012, August 10, 2012, November 12, 2012 and February 12, 2013. 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 previous Annual General Meeting, number of memberships/ chairmanship held by directors on the board and committees of various companies as on March 31, 2013.

Director (Designation)	Category	Number of Board Meetings attended	Whether last AGM attended	Number of Other Company's Directorships*, Committee+ Memberships And Chairmanship			Shareholding# Equity share of ₹ 10 each
				Director	Committee Member	Committee Chairman	
Pritish Nandy** (Chairman)	Promoter, Non Executive Director	3	Yes	1	-	-	2,952,197
Udayan Bose	Independent, Non Executive Director	3	Yes	2	-	1	-
Nabankur Gupta	Independent, Non Executive Director	4	Yes	9	4	2	26,701
Hema Malini	Independent, Non Executive Director	-	No	-	-	-	-
Tapan Chaki	Independent, Non Executive Director	-	No	1	1	-	-
Rina Pritish Nandy**	Promoter, Non Executive Director	4	Yes	1	-	-	625,000
Vishnu Kanhere	Independent, Non Executive Director	4	Yes	2	1	-	-
Pallab Bhattacharya (Wholetime Director and CEO)	Executive Director	4	Yes	2	-	-	23,000
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	4	Yes	1	-	-	193,500

*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.

#Shareholding represent holding in Directors' personal capacity.

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

Udayan Bose, Independent Director of the Company was re-appointed at the Annual General Meeting held on September 30, 2010.

Mr Bose is a first class Hons. Graduate from Presidency College, Calcutta. After completing his Fellowship at the Chartered Institute of Bankers, UK, he pursued the Advanced Management Program at Harvard Business School. He started his career with the National and Grindlays Bank Ltd in 1970 and then joined Deutsche Bank in India as Regional Director, South Asia. Mr Bose founded Lazard India, India's first international investment bank. He became the first Indian global partner of Lazard and Managing Director of Lazard Brothers and continued as Chairman of Lazard India from 1985 to 2005. He has over 42 years of experience in banking covering commercial banking, investment banking, international finance, project finance and capital markets in India, Singapore, USA, Germany and UK. He was the Chairman of The Calcutta Stock Exchange and Chairman of Thomas Cook India. Presently, he is the Chairman and Senior Partner of his boutique finance house, Creditcapital Finance Partners.

Other directorships of Mr Bose are JK Paper Ltd, Creditcapital Finance Ltd, Tamara Capital Advisors Pvt Ltd, Bikrampur Investment and Trading Pvt Ltd and Earl Investments Pvt Ltd.

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

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

Tapan Chaki, Independent Director of the Company was appointed in the Annual General Meeting dated September 30, 2010.

Mr Chaki is a corporate communications consultant based in Kolkata, with over 30 years of experience, having handled a variety of assignments ranging from mergers and acquisitions, corporate takeover battles, public issues and general image building exercises. He has had a close and longstanding personal connection with the media in numerous capacities. Mr Chaki was a weekly sports columnist in The Telegraph, Kolkata's largest circulated English daily, for several years in the late eighties. In the nineties, at the inception of The Asian Age, India's first international daily he was the newspaper's publisher for all its editions. In addition, he was also the newspaper's franchisee in Mumbai.

Other directorship of Mr Chaki is Nicco Parks and Resorts Ltd.

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

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

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, 2013 the Audit Committee consists of Vishnu Kanhere, Chairman, Udayan Bose, Nabankur Gupta and Tapan Chaki as members. 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. Rupali Vaidya, Company Secretary, acts as Secretary of the committee.

During the year 2012-2013, the Audit Committee met 4 times: on May 29, 2012, August 10, 2012, November 12, 2012 and February 12, 2013. Attendance of Committee members during the year 2012-2013 is as under

Name of member	Attendance	May 29, 2012	August 10, 2012	November 12, 2012	February 12, 2013
Vishnu Kanhere (Chairman)	4	Yes	Yes	Yes	Yes
Udayan Bose	3	Yes	Yes	Yes	No
Nabankur Gupta	4	Yes	Yes	Yes	Yes
Tapan Chaki	–	No	No	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 the Listing Agreement and Schedule XIII of the Companies Act, 1956. The Remuneration Committee consists of Vishnu Kanhere as Chairman, Nabankur Gupta and Pallab Bhattacharya as members. Rupali Vaidya, 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 and 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 ₹ 20,000 for attending Board Meetings and Audit Committee Meetings.
- Remuneration: Details of current remuneration paid to wholtime directors are as under

Pallab Bhattacharya, Wholtime Director and CEO was appointed for a period of 5 years commencing February 18, 2010. He is entitled to an annual salary of ₹ 1,560,000 which includes reimbursement of authorized expenses. Mr Bhattacharya has been paid a total remuneration of ₹ 1,410,000 for the year ended March 31, 2013. The balance amount has been voluntarily kept with the Company.

Rangita Pritish Nandy, Creative Director was appointed for a period of 5 years commencing January 31, 2010. She was entitled to an annual salary of ₹ 1,452,000. Ms Nandy has been paid a total remuneration of ₹ 1,452,000 for the year ended March 31, 2013.

Wholtime 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. Company provides car with driver to wholtime directors and Gratuity is payable to them as per the rules of the Company at the end of their tenure. Wholtime 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, Promoter Directors Pritish Nandy and Rina Pritish Nandy hold 2,952,197 (20.41%) and 625,000 (4.32%) equity shares of the Company respectively. Nabankur Gupta, Independent Director holds 26,701 shares of the Company as on March 31, 2013.

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. Rupali Vaidya, 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 Annual Report and non receipt of dividends. The Committee also oversees the performance of the Registrar and Share 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.

No investor's request or complaint received during the year 2012-2013 was remained unresolved.

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 section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Amendment Rules, 2011. The Selection Committee consists of Nabankur Gupta, Independent Director as Chairman, Vishnu Kanhere, Independent Director, Tapan Chaki, Independent Director and Ravi Jasra, expert in the field of design and creative as members of the Committee. Rupali Vaidya, Company Secretary, acts as Secretary of the Committee.

7. GENERAL BODY MEETINGS

Year	Location	Date and Time
2009-2010	MC Ghia Hall, Mumbai 400001	September 30, 2010 at 3.00 PM
2010-2011+	MC Ghia Hall, Mumbai 400001	September 29, 2011 at 3.00 PM
2011-2012	MC Ghia Hall, Mumbai 400001	September 27, 2012 at 2.30 PM

+At the Annual General Meeting held on September 29, 2011 a special resolution under section 314 of the Companies Act, 1956 for office of Ishita Pritish Nandy, Chief Brand Strategist, was passed.

8. DISCLOSURES

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. **None of the transactions with any related party were in conflict with the interests of the Company.**
- b. Details of non compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years. **There were no instances of non compliance on any matter related to the capital markets during the last 3 years.**
- c. Whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee. **The Company has not adopted the non-mandatory requirement of a whistle blower policy. However, no personnel has been denied access to the Audit Committee.**
- d. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause. **The Company has complied with all mandatory requirements of clause 49 of the Listing Agreement. The Company has constituted the Remuneration Committee, which is a non mandatory requirement.**

9. MEANS OF COMMUNICATION

- a. The unaudited quarterly financial statements, audited annual financial statements and quarterly shareholding pattern are posted on the website of the Company at www.pritishnandycom.com. Also the website carries official news about the Company's upcoming activities.
- b. The quarterly unaudited and annual audited financial statements are generally published in Financial Express, all editions and Dainik Sagar, Mumbai, a vernacular Marathi daily. All the material information(s) about the Company including the financial results are immediately submitted to stock exchanges, where the shares of the Company are listed to enable them to upload the same on their website.
- c. The Company also makes presentations to investors from time to time.
- d. Management Discussion and Analysis forms part of this Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date and time : September 27, 2013 at 3.00 P.M.
Venue : MC Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubhash marg, Mumbai 400001

10.2 Financial calendar (tentative) for financial year

: April 1, 2013 to March 31, 2014

a. Board meetings to consider financial results

Before August 14, 2013 : Results for the first quarter
Before November 14, 2013 : Results for the second quarter
Before February 14, 2014 : Results for the third quarter
Before May 30, 2014 : Results for the fourth quarter and year ending March 31, 2014

b. Annual General Meeting

: September, 2014

10.3 Date of book closure

: September 18, 2013 to September 27, 2013 (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 400051

10.6 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 Company's share price performance in comparison to broad based indices – BSE SENSEX and NSE NIFTY

Period (As on March 31, 2012 and March 31, 2013)	% change in Company's share price	% change in Indices
BSE SENSEX	-13.85	8.23
NSE NIFTY	-11.69	7.31

10.8 Market price data

	NSE		BSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2012	14.85	11.50	14.89	11.50
May 2012	14.15	10.10	14.30	11.06
June 2012	13.30	11.15	13.49	11.51
July 2012	13.50	11.30	13.85	11.40
August 2012	12.40	11.60	12.80	10.60
September 2012	13.50	11.20	13.90	11.00
October 2012	13.60	11.60	13.70	12.15
November 2012	18.40	11.60	18.57	11.50
December 2012	15.85	13.00	15.61	13.10
January 2013	14.10	11.65	14.00	11.56
February 2013	13.20	9.90	13.56	10.15
March 2013	12.50	9.65	12.40	09.64

10.9 Registrar and Share 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, 2013

Shares of nominal value	Equity shares of face value of ₹ 10 each				
	Number of shareholders	%	Number of shares	Share amount in (₹)	%
Up to 5,000	5,019	80.39	815,837	8,158,370	5.64
5,001 to 10,000	599	9.59	502,747	5,027,470	3.48
10,001 to 20,000	279	4.47	438,379	4,383,790	3.03
20,001 to 30,000	94	1.51	241,220	2,412,200	1.67
30,001 to 40,000	41	0.66	145,659	1,456,590	1.01
40,001 to 50,000	52	0.83	244,367	2,443,670	1.69
50,001 to 100,000	72	1.15	549,032	5,490,320	3.79
100,001 and above	87	1.40	11,529,759	115,297,590	79.69
Total	6,243	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2013 (Category wise)	%
Promoters holding	: 37.46
Banks and financial institutions	: 1.50
Foreign institutional investors	: 20.82
Public and private corporate bodies	: 8.75
NRIs/ OCBs	: 3.60
Indian public and others	: 27.87
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, 2013. Trading in the equity shares of the Company is permitted only in dematerialized form. The equity shares of the Company are 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 : 022-25963838
Fax : 022-25962691
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 : 022-42130000
Fax : 022-42130033
email : investor grievance@prishnandycom.com
Website : www.pritishnandycom.com

OTHER INFORMATION

a. Listing fees for the financial year 2013-2014 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 for prevention of insider trading in accordance with the model code 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 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 of Directors

Mumbai, May 27, 2013

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Rupali Vaidya
Company Secretary

DECLARATION BY CEO

I, Pallab Bhattacharya, Wholtime Director and CEO of Pritish Nandy Communications Ltd confirm that Company has adopted a code of conduct for its Directors including Non Executive Directors & senior management.

This code is available on Company's website: www.pritishnandycom.com. I further confirm that our Company has received a declaration of compliance with the code of conduct for the year ended March 31, 2013 from members of its Board and senior management personnel.

Mumbai, May 27, 2013

Pallab Bhattacharya
Wholtime Director and CEO

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, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the "Guidance Note on Certificate of Corporate Governance" issued by The Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of 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 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 and share transfer agent of the Company have certified that as at March 31, 2013, there were no investor grievances pending for a period exceeding one month and as explained to us by the management, the Registrar and share transfer agent have reported to the Shareholders'/ Investors' Grievance Committee regularly on the status of such grievances.

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

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

INDEPENDENT AUDITORS' REPORT

To
The Members
Pritish Nandy Communications Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pritish Nandy Communications Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note no 33 of the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantee of ₹ 75,050,000. The arbitration proceedings are ongoing since 2008. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note no 41 of the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to ₹ 46,753,181. 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 consequently no provision of any amount thereagainst is made at this stage. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 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;
 - the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act; and
 - on the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date). On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that

1. a. The company has maintained proper records showing full particulars including, quantitative details and situation of its fixed assets.
- b. As explained to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- 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 consumables 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 consumables are treated as consumed. In view of this the Company does not maintain stock register and also does not carry out physical verification of stock. However, the Management physically verifies the finished content in hand at the end of the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of finished content followed by the Management is 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. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 ("the Act") other than the temporary interest free advances to its wholly owned subsidiary viz PNC Wellness Ltd for meeting its operational expenses amounting to ₹ 5,369,753 as at the year end, (maximum amount involved during the year ₹ 5,369,753).
- b. In our opinion and according to the information and explanations given to us, there are no terms and conditions for repayment of temporary advances.
- c. In our opinion and according to the information and explanations given to us and in the absence of any terms and conditions for the repayment of temporary advances, we are unable to comment on the terms of repayment of the temporary advances.
- d. In our opinion and according to the information and explanations given to us and in the absence of any terms and conditions for the repayment of temporary advances, we are unable to comment whether any amounts are overdue for recovery.
- e. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Act. Thus sub clauses (f) and (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure 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 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. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b. In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered into the register maintained under section 301 of the Act 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 covered under section 58A and 58AA of the Act or any other relevant provisions of the Act and the Rules made there under.
7. In our opinion the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011, prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records.
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, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the aforesaid dues which were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable except VAT liability amounting to ₹ 2,895,034.
- b. According to the information and explanations given to us, there are no dues payable in respect of income tax, wealth tax, service tax, VAT, customs duty, excise duty and cess, which have not been deposited on account of any dispute except the following

Name of statute	Name 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's accumulated losses as at March 31, 2013 are less than 50% of the net worth of the Company. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions and/ or banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in Shares, Mutual funds and other Investments. Therefore the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantee for loan taken by its wholly owned subsidiary company from bank during the year. In our opinion the terms and conditions thereof are not prejudicial to the interest of the Company.
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. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2013, we report that no funds raised on short-term basis have been used for long-term investment and vice versa by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares 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, no instance of fraud on or by the Company was noticed or reported during the year.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

As at March 31, 2013

	Note No		March 31, 2013 ₹	March 31, 2012 ₹
EQUITY AND LIABILITIES				
1. Shareholders' funds				
a. Share capital	2	144,670,000	144,670,000	
b. Reserve and surplus	3	<u>667,680,018</u>	<u>812,350,018</u>	<u>721,827,063</u>
				866,497,063
2. Non current liabilities				
a. Long term borrowings	4	2,084,691	2,289,870	
b. Deferred tax liabilities (net)	5	<u>127,045,724</u>	<u>129,130,415</u>	<u>126,208,747</u>
				128,498,617
3. Current liabilities				
a. Short term borrowings	6	50,000,000	50,000,000	
b. Trade payables	7	22,704,065	26,542,937	
c. Other current liabilities	8	231,282,248	32,414,334	
d. Short term provision	9	<u>16,900</u>	<u>304,003,213</u>	<u>22,200</u>
			<u>1,245,483,646</u>	<u>108,979,471</u>
				<u>1,103,975,151</u>
ASSETS				
1. Non current assets				
a. Fixed assets				
Tangible assets	10	14,963,822	15,848,888	
b. Non current investments	11	36,244,550	38,018,200	
c. Long term loans and advances	12	<u>485,658,717</u>	<u>536,867,089</u>	<u>410,300,648</u>
				464,167,736
2. Current assets				
a. Cinematic and television content	13	430,713,701	443,437,138	
b. Trade receivables	14	8,353,720	50,626,585	
c. Cash and bank balances	15	253,302,638	137,675,414	
d. Short term loans and advances	16	8,870,993	4,135,583	
e. Other current assets	17	<u>7,375,505</u>	<u>708,616,557</u>	<u>3,932,695</u>
			<u>1,245,483,646</u>	<u>639,807,415</u>
				<u>1,103,975,151</u>
Significant accounting policies and notes on financial statements	1 to 46			

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

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, 2013

Vishnu Kanhere
Director
Rupali Vaidya
Company Secretary

STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD
THE 20TH ANNUAL REPORT AND ACCOUNTS 2013

15

For the year ended March 31, 2013

	Note No	March 31, 2013 ₹	March 31, 2012 ₹
INCOME			
Revenue from operations	18	10,448,920	44,935,058
Other income	19	15,793,947	13,720,163
Total income		<u>26,242,867</u>	<u>58,655,221</u>
EXPENSES			
Cost of content	20	23,477,429	10,999
Purchase of traded content		0	18,947,000
Changes in inventories of content	21	12,723,437	13,290,385
Employee benefits expenses	22	8,963,255	9,503,688
Finance cost	23	8,407,237	8,486,330
Depreciation	10	1,841,138	1,918,877
Other expenses	24	24,140,439	38,658,687
Total expenses		<u>79,552,935</u>	<u>90,815,966</u>
Profit/ (loss) before tax		(53,310,068)	(32,160,745)
Tax expense			
Current tax		0	0
Deferred tax		836,977	(1,372,653)
Profit/ (loss) from continuing operations		<u>(54,147,045)</u>	<u>(30,788,092)</u>
Earning per equity share			
Basic and diluted	25	(3.74)	(2.13)
Significant accounting policies and notes on financial statements	1 to 46		

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

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, 2013

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 General

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

1.2 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 i.e. 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 (ii) above.
 - 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. Interest income is recognised on accrual basis.

1.3 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.

1.4 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	1 st Telecast	2 nd Telecast	3 rd 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.

1.5 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.

1.6 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.

1.7 Taxation

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

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

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

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

1.8 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.

1.9 Writing off deferred revenue expenditures

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

1.10 Contingent liabilities

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

1.11 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 statement of profit and loss.
- Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

1.12 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 expense is recognised at the present value of the amount payable determined using actuarial gratuity report.
- The Company does not have any policy for leave encashment.

1.13 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.

1.14 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.

1.15 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 statements.

NOTE 2

SHARE CAPITAL

	March 31, 2013 ₹	March 31, 2012 ₹
Authorised share capital 20,000,000 (L Y 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000
Issued, subscribed and fully paid up 14,467,000 (L Y 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000
	<u>144,670,000</u>	<u>144,670,000</u>

NOTE 2.1

Company has only one class of share referred to as equity share with voting right.

NOTE 2.2

The reconciliation of the number of shares outstanding is set out below

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2012	14,467,000	144,670,000	14,467,000	144,670,000
Add: Issued during the year	0	0	0	0
Closing balance as at March 31, 2013	14,467,000	144,670,000	14,467,000	144,670,000

NOTE 2.3

The details of share holders holding more than 5% shares

Name of shareholder	As at March 31, 2013		As at March 31, 2012	
	No of share held	%	No of share held	%
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	819,814	5.67	730,593	5.05
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 3

RESERVES AND SURPLUS

	March 31, 2013		March 31, 2012	
	₹		₹	
Capital reserve				
Opening balance as at April 1, 2012	36,865		36,865	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	36,865	36,865	36,865	36,865
General reserve				
Opening balance as at April 1, 2012	22,098,279		22,098,279	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	22,098,279	22,098,279	22,098,279	22,098,279
Surplus as per statement of profit and loss				
Opening balance as at April 1, 2012	27,733,099		58,521,191	
Add: Current years profit/ (loss)	(54,147,045)		(30,788,092)	
Closing balance as at March 31, 2013	(26,413,946)	(26,413,946)	27,733,099	27,733,099
Security premium reserve				
Opening balance as at April 1, 2012	671,958,820		671,958,820	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	671,958,820	671,958,820	671,958,820	671,958,820
		667,680,018		721,827,063
NOTE 4				
LONG TERM BORROWINGS				
Secured long term finance lease obligations (Secured against the hypothecation of vehicles)				
Kotak Mahindra Prime Ltd		1,396,794		2,289,870
ICICI Bank Ltd		687,897		0
		2,084,691		2,289,870

NOTE 4.1

Secured long term finance lease obligations repayable in monthly equitable instalments are as follows

Particulars	As at March 31, 2013		As at March 31, 2012	
	Amount ₹	Rate of interest p a	Amount ₹	Rate of interest p a
Repayable upto March, 2016	611,533	12.10%	1,101,862	12.10%
Repayable upto February, 2016	785,261	11.83%	1,133,422	11.83%
Repayable upto January, 2016	687,897	9.99%	0	-
Repayable upto July, 2012	0	-	54,586	12.91%
Total	2,084,691		2,289,870	

NOTE 4.2

Finance lease commitments

Particulars	As at March 31, 2013		As at March 31, 2012	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	2,084,691	230,892	2,289,870	357,237
Later than five years	0	0	0	0
Total	2,084,691	230,892	2,289,870	357,237

NOTE 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	As at April 1, 2012	For the year	Deductions	Total	As at March 31, 2013	As at March 31, 2012
Improvement to leasehold premises	723,764	0	0	723,764	575,242	63,329	0	638,571	85,193	148,522
Furniture and fixtures	1,327,572	89,777	0	1,417,349	510,810	89,719	0	600,529	816,820	816,762
Office equipment	8,491,754	398,120	16,790	8,873,084	2,720,076	409,257	3,456	3,125,877	5,747,207	5,771,678
Motor car	11,082,357	3,605,212	5,203,158	9,484,411	2,787,762	949,978	1,657,001	2,080,739	7,403,672	8,294,595
Computers, printers and software	2,179,664	500,954	78,500	2,602,118	1,362,333	328,855	0	1,691,188	910,930	817,331
Total	23,805,111	4,594,063	5,298,448	23,100,726	7,956,223	1,841,138	1,660,457	8,136,904	14,963,822	15,848,888
As at March 31, 2012	23,138,280	2,019,911	1,353,080	23,805,111	6,517,014	1,918,877	479,668	7,956,223	15,848,888	

NOTE 5

Deferred tax liabilities

	March 31, 2013		March 31, 2012	
	₹		₹	
Opening balance as at April 1, 2012	126,208,747		127,581,400	
Add: Additional adjustment for current year	836,977	127,045,724	(1,372,653)	126,208,747
		127,045,724		126,208,747

NOTE 5.1

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, 2013 is given below

Particulars	As at April 1, 2012	Created during the year	Reversed during the year	In ₹ lakh	
				As at March 31, 2013	As at March 31, 2012
Deferred tax liabilities					
Unamortised content	(1,315.14)	(29.17)	20.60	(1,323.71)	
Depreciation and capital loss	1.89	(0.94)	1.14	2.09	
Adjustment for change in tax rate	51.16	0.00	0.00	51.16	
Total	(1,262.09)	(30.11)	21.74	(1,270.46)	

NOTE 6

SHORT TERM BORROWINGS

Secured

Working capital short term loan

(Secured against the fixed assets, current assets and film negative)

	March 31, 2013	March 31, 2012
	₹	₹
Yes Bank Ltd	50,000,000	50,000,000
	50,000,000	50,000,000

NOTE 7

TRADE PAYABLES

Total outstanding dues to micro, small and medium enterprises

	March 31, 2013	March 31, 2012
	₹	₹
Others	0	0

	March 31, 2013	March 31, 2012
	₹	₹
For cinematic and television content	20,401,158	23,356,558
For expenses and other liabilities	2,302,907	3,186,379
	22,704,065	26,542,937
	22,704,065	26,542,937

NOTE 7.1

The Company has not received any intimation from suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

NOTE 8

OTHER CURRENT LIABILITIES

Advances and liabilities

	March 31, 2013	March 31, 2012
	₹	₹
Interest on loan from Yes Bank	615,753	605,137

Current maturity of secured long term finance lease obligations

(payable within one year - secured against the hypothecation of vehicles)

	March 31, 2013	March 31, 2012
	₹	₹
ICICI Bank Ltd	327,561	0
Kotak Mahindra Prime Ltd	661,437	433,160
Tata Capital Ltd	0	459,164
Unclaimed dividend*	122,153	151,420
	231,282,248	32,414,334

ICICI Bank Ltd

Kotak Mahindra Prime Ltd

Tata Capital Ltd

Unclaimed dividend*

NOTE 8.1

*This figure does not include any amounts, due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 9

SHORT TERM PROVISION

	March 31, 2013	March 31, 2012
	₹	₹
Provision for wealth tax	16,900	22,200
	16,900	22,200

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 11		
NON CURRENT INVESTMENTS		
Long term investments		
Unquoted investments		
In subsidiary company		
PNC Productions Ltd	6,999,200	6,999,200
496,850 (L Y 496,850) equity shares of face value of ₹ 10 each fully paid up		
In wholly owned subsidiary company		
PNC Wellness Ltd	29,100,000	29,100,000
660,000 (L Y 660,000) equity shares of face value of ₹ 10 each fully paid up		
Quoted investments		
Moving Picture Company (India) Ltd	145,350	1,919,000
95,000 (L Y 95,000) equity shares of face value of ₹ 10 each fully paid up		
Market value ₹ 1.53 (L Y ₹ 1.63) per share		
	<u>36,244,550</u>	<u>38,018,200</u>

NOTE 11.1

	As at March 31, 2013		As at March 31, 2012	
	Cost	Market value	Cost	Market value
Quoted investments	145,350	145,350	1,919,000	154,850
Unquoted investments	36,099,200	N A	36,099,200	N A

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 12		
LONG TERM LOANS AND ADVANCES		
Advances to PNC Productions Ltd - subsidiary	55,272,060	58,086,310
Income tax	15,251,114	17,915,314
Other advances (Refer note no 33 and 41)	130,134,370	133,195,874
Security deposits	5,530,638	6,681,894
Advance for content (Refer note no 41)	279,470,535	194,421,256
	<u>485,658,717</u>	<u>410,300,648</u>

NOTE 13

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 13		
CINEMATIC AND TELEVISION CONTENT		
At cost or net realisable value whichever is lower (As valued and certified by management)		
Unamortised content	401,573,701	397,525,565
Unexploited content	26,140,000	40,823,730
Unfinished content	3,000,000	5,087,843
	<u>430,713,701</u>	<u>443,437,138</u>

NOTE 14

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Over six month	8,353,720	25,280,285
Others	0	25,346,300
	<u>8,353,720</u>	<u>50,626,585</u>

NOTE 14.1

Trade receivables over six months includes an amount aggregating to ₹ 2,985,000 (L Y ₹ 2,985,000) 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.

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 15		
CASH AND BANK BALANCES		
Cash at bank - unpaid dividend account	122,153	151,420
Cash at bank - fixed deposits	215,730,131	65,230,048
(Includes ₹ 10,000,000 (L Y ₹ 10,000,000) kept under lien with Bank against secured loan)		
Cash at bank in exchange earners foreign currency account	0	417,276
Cash at bank - current account	37,417,714	71,858,167
Cash and imprest account	32,640	18,503
	<u>253,302,638</u>	<u>137,675,414</u>

NOTE 16

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 16		
SHORT TERM LOANS AND ADVANCES		
(Unsecured considered good)		
a. Loans		
Staff	195,000	246,493
Others	3,680	15,000
	<u>198,680</u>	<u>261,493</u>
b. Advances		
Advances to - wholly owned subsidiary		
PNC Wellness Ltd	5,369,753	713,510
Other advances	2,779,696	2,926,810
	<u>8,149,449</u>	<u>3,640,320</u>
c. Pre-paid expenses	522,864	233,770
	<u>8,870,993</u>	<u>4,135,583</u>

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 17		
OTHER CURRENT ASSETS		
Accrued interest on fixed deposits	7,375,505	3,932,695
	<u>7,375,505</u>	<u>3,932,695</u>

NOTE 18

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 18		
REVENUE FROM OPERATIONS		
Sales		
Owned content	10,448,920	25,824,058
Traded content	0	19,111,000
	<u>10,448,920</u>	<u>44,935,058</u>

NOTE 18.1

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 18.1		
EARNING IN FOREIGN CURRENCY		
Owned content [USD 151,364.75 (L Y Nil)]	8,119,886	0
	<u>8,119,886</u>	<u>0</u>

NOTE 19

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 19		
OTHER INCOME		
Interest on fixed deposits	14,527,055	13,590,212
[TDS ₹ 1,436,450 (L Y ₹ 1,359,021)]		
Interest on income tax refund	1,156,802	0
Gain on foreign rate exchange difference	26,945	54,174
Miscellaneous income	83,145	75,777
	<u>15,793,947</u>	<u>13,720,163</u>

NOTE 20

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 20		
COST OF CONTENT		
Cost of content - event	5,082,754	0
Cost of content - advertisement and print	18,394,675	10,999
	<u>23,477,429</u>	<u>10,999</u>

NOTE 21

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 21		
CHANGES IN INVENTORIES OF CONTENT		
Opening balance as at April 1, 2012		
Unamortised content	397,525,565	401,827,530
Unexploited content	40,823,730	48,730,356
Unfinished content	5,087,843	5,749,692
Production property	0	419,945
	<u>443,437,138</u>	<u>456,727,523</u>
Less: Closing balance as at March 31, 2013		
Unamortised content	401,573,701	397,525,565
Unexploited content	26,140,000	40,823,730
Unfinished content	3,000,000	5,087,843
Production property and tapes	0	0
	<u>430,713,701</u>	<u>443,437,138</u>
	<u>12,723,437</u>	<u>13,290,385</u>

NOTE 22

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries	8,330,119	9,356,309
Group gratuity obligation	633,136	147,379
	<u>8,963,255</u>	<u>9,503,688</u>

NOTE 22.1

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

Group gratuity liability is recognised on the basis of gratuity report provided by Actuary.

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

	March 31, 2013 ₹	March 31, 2012 ₹
NOTE 22.1		
a. Defined contribution plan		
Particular		
• Contribution to defined contribution plan, recognised as expense for the year are as under		
Employer's contribution to provident fund	0	0
b. Defined benefit plan		
Particular		
• Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined benefit obligation at the beginning of the year	2,300,802	1,829,636
Current service cost	216,889	182,387
Interest cost	195,568	146,371
Actuarial (gain)/ loss	463,295	20,734
Benefit paid	(112,200)	0
Defined benefit obligation at the end of year	<u>3,064,354</u>	<u>2,179,128</u>

NOTE 22.1(Contd)	March 31, 2013 ₹	March 31, 2012 ₹	NOTE 24.2	March 31, 2013 ₹	March 31, 2012 ₹
• Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation			Expenditure in foreign currency		
Fair value of plan assets at the beginning of the year	2,454,744	1,890,085	Traveling expenses	406,418	667,840
Expected return on plan assets	211,108	202,113	Business promotion	15,522	302,762
Actuarial gain/ (loss)	31,508	0	Acquisition of content rights	351,404	0
Employers contribution	371,040	362,546		773,344	970,602
Benefit paid	(112,200)	0	NOTE 24.3		
Fair value of plan assets at the end of the year	2,956,200	2,454,744	Operating lease		
			Not later than one year	5,692,800	6,347,568
• Actual return on Plan Assets			Later than one year and not later than five years	21,995,820	2,776,820
Expected return on plan assets	211,108	202,113	Later than five years	2,118,645	0
Actuarial gain/ (loss) on plan assets	31,508	0		29,807,265	9,124,388
Actual return on Plan Assets	242,616	202,113			
			NOTE 25	March 31, 2013 ₹	March 31, 2012 ₹
• Reconciliation of fair value of plan assets and benefit obligation			Earning per share (EPS)		
Fair value of assets as at March 31, 2013	2,956,200	2,454,744	Net profit/ (loss) after tax a per statement of profit and loss attributable to equity share holders	(54,147,045)	(30,788,092)
Present value of obligation as at March 31, 2013	(3,064,354)	(2,179,128)	Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Amount recognised in Balance Sheet	(108,154)	275,616	Basic and diluted earning per share	(3.74)	(2.13)
			Face value per equity share	10	10
• Expenses recognised during the year			NOTE 26		
Current service cost	216,889	182,387	Estimated amount of contracts to be executed on capital account.		
Interest cost	195,568	146,371	Net of capital advances	Nil	Nil
Expected return on plan assets	(211,108)	(202,113)	NOTE 27		
Actuarial (gain)/ loss	431,787	20,734	Bank guarantee issued by the bankers	Nil	Nil
Expenses recognised in Statement of Profit and Loss	633,136	147,379	NOTE 28		
			CONTINGENT LIABILITIES		
• Investment details			a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
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.			b. VAT Liability	1,876,028	1,876,028
• Actuarial Assumptions	March 31, 2013 ₹	March 31, 2012 ₹	Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.		
Discount rate (per annum)	8.5%	8%	NOTE 29	March 31, 2013 ₹	March 31, 2012 ₹
Salary escalation (per annum)	7%	4%	Remuneration to Director and Managing Director charged to the accounts		
			a. Remuneration to Managing Director	Nil	Nil
			b. Professional fees to Director	6,000,000	6,000,000
			c. Sitting fees to Directors	500,000	340,000
			d. Payment to Wholtime Directors	2,862,000	2,862,000
			e. Contribution to Provident Fund and other Funds	Nil	Nil
			NOTE 30		
			Dividend remitted in foreign currency	Nil	Nil
			NOTE 31		
			a. CIF value of imports	Nil	Nil
			b. FOB value of imports	Nil	Nil
			NOTE 32		
			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.		
			NOTE 33		
			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 Hon. 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 "Long Term Loans and Advances".		
NOTE 23	March 31, 2013 ₹	March 31, 2012 ₹			
FINANCE COST					
Finance charges	283,746	432,158			
Processing and documentation charges	921,779	918,965			
Interest on secured loan	7,201,712	7,127,796			
Interest and bank charges	0	7,411			
	8,407,237	8,486,330			
NOTE 24					
OTHER EXPENSES					
Advances, deposits and interest written off	0	20,000			
Auditors' remuneration	455,058	361,233			
Bad debts and amount written off	0	11,503,221			
Business promotion expenses	799,913	1,495,590			
Communications expenses	395,999	525,947			
Contract service expenses	3,369,190	3,144,151			
Conveyance and motor car expenses	1,982,332	2,015,023			
Diminution in value of investment	1,773,650	0			
Directors sitting fees	500,000	340,000			
General expenses	2,016,734	2,015,257			
Insurance charges	248,127	240,496			
Interest on VAT, Service tax and Stamp duty	0	2,682,242			
Internet subscription and website expenses	346,709	413,368			
Electricity charges	653,098	433,541			
Legal, professional and consultancy fees	1,640,953	2,125,129			
Loss on sale of fixed assets	1,922,881	516,790			
Printing and stationery	349,415	365,601			
Rent, rates, taxes and business service centre charges	5,604,700	6,258,756			
Research and development expenses	396,031	824,504			
Traveling expenses	1,685,649	3,377,838			
	24,140,439	38,658,687			
NOTE 24.1					
Auditors' remuneration includes					
a. Statutory audit fees	264,046	259,205			
b. Tax audit fees	44,944	44,120			
c. Certification and VAT audit fees	146,068	57,908			
	455,058	361,233			

NOTE 34

Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence, 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 number of distribution channels, rapid multiplication of remaking, animation and other new versions etc, and hence is of the view that the useful life of the cinematic content is 20 years. Hence, amortisation of ₹ 112,075,738 is not required to be made. The Company is in line with International Accounting Practices and is a step towards complying with IFRS norms which will become mandatory from 2014.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April 1, 2012	1,383,519,915	811,389,424	2,194,909,339
Add: Additions during the year	23,477,429	0	23,477,429
Total	1,406,997,344	811,389,424	2,218,386,768
Less: Amortised upto March 31, 2012	969,748,074	781,724,127	1,751,472,201
Less: Amortised during the year	29,535,569	6,665,297	36,200,866
Net carrying amount as at March 31, 2013	407,713,701	23,000,000	430,713,701

The total cost of content as at March 31, 2013 is ₹ 430,713,701. 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 will be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

There is no individual content that is material to the financial statements of the Company as a whole. There is no content whose title is restricted. The content is pledged to Yes Bank Ltd as security for working capital loan of ₹ 50,000,000.

NOTE 35

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

NOTE 36

Segment information

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

NOTE 37

Related party disclosure

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

i. Subsidiaries of the Company	a. PNC Productions Ltd
	b. PNC Wellness Ltd (wholly owned subsidiary)
ii. Key managerial personnel	a. Pallab Bhattacharya – Wholetime Director and CEO
	b. Rangita Pritish Nandy – Wholetime Director and Creative Director
	c. Rupali Vaidya – Company Secretary
iii. Non executive Directors and their relatives	a. Pritish Nandy – Non Executive Chairman
	b. Rina Pritish Nandy – Non Executive Director
	c. Udayan Bose – Non Executive, Independent Director
	d. Nabankur Gupta – Non Executive, Independent Director
	e. Vishnu Kanhere – Non Executive, Independent Director
	f. Tapan Chaki – Non Executive, Independent Director
	g. Hema Malini – Non Executive, Independent Director
	h. Ishita Pritish Nandy – Daughter of Non Executive Chairman

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

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

Nature of transaction	In ₹ lakh	
	March 31, 2013	March 31, 2012
Subsidiary companies	48.06	65.43
Advances given		
Advance/ loan received back	29.64	300.73
Balance outstanding as at year end		
Receivable	606.42	588.00
Key management personnel	32.37	32.58
Remuneration/ Reimbursement		
Balance outstanding as at year end		
Payable	2.41	2.41
Non-executive directors and their relatives		
Remuneration/ Reimbursement/ sitting fees	77.00	79.65
Balance outstanding as at year end		
Payable	10.46	10.46

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

NOTE 38

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.

	March 31, 2013 ₹
a. Managerial remuneration to Wholetime Directors	2,862,000
Salary	
b. Directors' sitting fees	500,000
Total Managerial remuneration	3,362,000
c. Computation of profit in accordance with Section 198/ 349 of the Companies Act, 1956	
Profit/ (loss) before taxes	(53,310,068)
Add	
Remuneration to Directors	2,862,000
(excluding provision of Gratuity as separate actuarial valuations are not available)	
Loss on sale of assets	1,922,881
Net profit/ (loss) for Section 198/ 349 of the Companies Act, 1956.	(48,525,187)

NOTE 39

The company has an investment of ₹ 29,100,000 (L Y ₹ 29,100,000) in wholly owned subsidiary viz PNC Wellness Ltd as at March 31, 2013. Further temporary advances of ₹ 5,369,753 were receivable as at March 31, 2013.

NOTE 40

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

NOTE 41

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 Hon. 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. The Company is showing these amounts as "Long Term Loans and Advances".

NOTE 42

In the opinion of the management investments, current assets and loans and advances are of the value stated in the financial statements are 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.

NOTE 43

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2013.

NOTE 44

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

NOTE 45

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

NOTE 46

The previous year figures have been regrouped/ reclassified, wherever necessary to bring conformity to the current year's presentation.

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, 2013

Vishnu Kanhere
Director
Rupali Vaidya
Company Secretary

STANDALONE CASH FLOW STATEMENT

	For the year ended March 31, 2013	
	March 31, 2013	March 31, 2012
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	(53,310,068)	(32,160,745)
Bad debts and rebate and discount	0	11,503,221
Depreciation	1,841,138	1,918,877
Finance cost	8,407,237	8,486,330
Loss on sale of assets	1,922,881	516,790
Advances written off	0	20,000
Diminution in value of investments	1,773,650	0
Provision of wealth tax	16,900	20,300
Sundry creditors balances written back	(526,054)	(172,058)
Foreign exchange rate difference - expenses	82,440	0
Interest on fixed deposit	(14,527,055)	(13,590,212)
Foreign exchange rate difference - income	(26,945)	(54,174)
Operating cash flow before working capital changes	(54,345,876)	(23,511,671)
Adjusted for		
Cinematic and television content	12,723,438	13,290,385
Trade receivables	42,272,865	(23,630,970)
Long term loan and advances	(108,432,656)	4,365,229
Short term loans and advances	28,339,177	27,475,548
Other current assets	(3,442,811)	(943,137)
Trade payables	(3,312,818)	975,153
Other current liabilities	199,738,038	1,333,259
Cash generated from operations before taxes paid	113,539,357	(646,204)
Direct taxes paid	(22,200)	(20,300)
Net cash from/ (used in) operating activities	<u>113,517,157</u>	<u>(666,504)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,515,564)	(2,019,911)
Sale of fixed assets	1,636,611	356,622
Changes in Investments	0	(24,000,000)
Interest on fixed deposit	14,527,055	13,590,212
Foreign exchange rate difference expenses	(82,440)	0
Foreign exchange rate difference income	26,945	54,174
Net cash from/ (used in) investing activities	<u>11,592,607</u>	<u>(12,018,903)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowing	1,079,000	1,292,470
Repayment of borrowing	(2,154,303)	(1,881,473)
Finance and other charges paid	(8,407,237)	(8,486,330)
Net cash used in financing activities	<u>(9,482,540)</u>	<u>(9,075,333)</u>
Net changes in cash and cash equivalents (A+B+C)	<u>115,627,224</u>	<u>(21,760,740)</u>
Cash and cash equivalents- opening balance	<u>137,675,414</u>	<u>159,436,154</u>
Cash and cash equivalents- closing balance	<u>253,302,638</u>	<u>137,675,414</u>

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 figures have been regrouped wherever necessary

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Kishor R Khare
Proprietor
M No 032993

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Rupali Vaidya
Company Secretary

Mumbai, May 27, 2013

Mumbai, May 27, 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Pritish Nandy Communications Ltd

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Financial Statements of Pritish Nandy Communications Ltd ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note no 33 to the consolidated financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantee of ₹ 75,050,000. The arbitration proceedings are ongoing since 2008. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note no 40 to the consolidated financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to ₹ 46,753,181. 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 consequently no provision of any amount there against is made at this stage. Our opinion is not qualified in respect of this matter.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

As at March 31, 2013

	Note No	March 31, 2013 ₹	March 31, 2012 ₹
EQUITY AND LIABILITIES			
1. Shareholders' funds			
a. Share capital	2	144,670,000	144,670,000
b. Reserves and surplus	3	646,402,244	706,195,433
		791,072,244	850,865,433
2. Minority Interest		41,357	40,562
3. Non current liabilities			
a. Long term borrowings	4	9,209,691	12,264,870
b. Deferred tax liabilities (net)	5	119,447,361	121,191,302
		128,657,052	133,456,172
4. Current liabilities			
a. Short term borrowings	6	50,000,000	50,000,000
b. Trade payables	7	24,013,659	27,320,539
c. Other current liabilities	8	243,709,150	42,408,460
d. Short term provision	9	19,737	36,292
		317,742,546	119,765,291
		1,237,513,199	1,104,127,458
ASSETS			
1. Non current assets			
a. Fixed assets			
Tangible assets	10	38,062,485	38,659,550
b. Non current investments	11	145,350	1,919,000
c. Long term loans and advances	12	492,461,452	417,474,575
		530,669,287	458,053,125
2. Current assets			
a. Cinematic and television content	13	427,205,442	439,928,879
b. Trade receivables	14	8,794,920	51,183,681
c. Cash and bank balances	15	259,270,880	147,081,502
d. Short term loans and advances	16	3,815,480	3,676,589
e. Other current assets	17	7,757,190	4,203,682
		706,843,912	646,074,333
		1,237,513,199	1,104,127,458
Significant accounting policies and notes on financial statements	1 to 44		

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

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, 2013

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD
THE 20TH ANNUAL REPORT AND ACCOUNTS 2013

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For the year ended March 31, 2013

	Note No	March 31, 2013 ₹	March 31, 2012 ₹
INCOME			
Revenue from operations	18	28,842,759	63,217,220
Other income	19	16,500,995	14,132,653
Total income		45,343,754	77,349,873
EXPENSES			
Cost of content	20	23,477,429	10,999
Purchase of traded content		0	18,947,000
Changes in inventories of content	21	12,723,437	13,290,386
Employee benefits expenses	22	8,963,255	9,660,785
Finance cost	23	10,035,090	9,247,562
Depreciation	10	3,385,174	3,123,174
Other expenses	24	48,239,051	58,830,436
Total expenses		106,823,436	113,110,342
Profit/ (loss) before tax		(61,479,682)	(35,760,469)
Tax expense			
Current tax		56,653	55,000
Deferred tax		(1,743,941)	(2,540,475)
Profit/ (loss) from continuing operations		(59,792,394)	(33,274,994)
Share of minority interest		(795)	(733)
Net profit/ (loss) after minority interest		(59,793,189)	(33,275,727)
Earning per equity share			
Basic and diluted	25	(4.13)	(2.30)
Significant accounting policies and notes on financial statements	1 to 44		

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 27, 2013

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, 2013

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTE 1 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF CONSOLIDATION

- The consolidated financial statements relate to Pritish Nandy Communications Ltd and its Subsidiaries.
- Basis of Accounting**
The financial statements of the Subsidiaries Company viz PNC Productions Ltd and PNC Wellness Ltd, used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2013. 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 subsidiary companies

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

- 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 i.e. 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 (ii) above.
 - 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.
- In respect of wellness business, income from membership fee is recognised over the period of membership.
- In respect of services rendered in wellness business, income is recognised as and when services are rendered.
- In respect of PNC Productions Ltd, income from professional/ supervision activity is recognised as and when services are actually rendered resulting in enforceable claim.
- Dividend from investments is recognised when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists. Interest income is recognised on accrual basis.

3. Cinematic content

The cinematic content has been valued on the following basis

- Incomplete cinematic content : at lower of allocated/ identified cost or net realisable 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 over 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
- 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

- 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.
- 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.
 - 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.
 - Taxation**
Current tax: Provision for current tax for the year has been made after considering deductions/ allowances/ claims admissible to the Company under the Income Tax Act, 1961.
Deferred tax: Deferred tax is recognised, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.
Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.
 - 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.
 - Writing off deferred revenue expenditures**
Deferred revenue expenditure has been written off at 20% of the total cost.
 - Contingent liabilities**
No provision has been made for liabilities, which are contingent in nature.
 - 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 statement of profit and loss.
 - Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.
 - 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.
 - 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.
 - 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.
 - 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.

NOTE 2

SHARE CAPITAL

	March 31, 2013	March 31, 2012
	₹	₹
Authorised share capital 20,000,000 (L Y 20,000,000) equity shares of ₹ 10 each	200,000,000	200,000,000
Issued, subscribed and fully paid up 14,467,000 (L Y 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000
	<u>144,670,000</u>	<u>144,670,000</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 2.1

Company has only one class of share referred to as equity share with voting right.

NOTE 2.2

The reconciliation of the number of shares outstanding is set out below

Particulars	March 31, 2013		March 31, 2012	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2012	14,467,000	144,670,000	14,467,000	144,670,000
Add: Issued during the year	0	0	0	0
Closing balance as at March 31, 2013	14,467,000	144,670,000	14,467,000	144,670,000

NOTE 2.3

The details of share holders holding more than 5% shares

Name of shareholder	March 31, 2013		March 31, 2012	
	No of share held	%	No of share held	%
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	819,814	5.67	730,593	5.05
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 3

RESERVES AND SURPLUS

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Capital reserve				
Opening balance as at April 1, 2012	36,865		36,865	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	36,865	36,865	36,865	36,865
General reserve				
Opening balance as at April 1, 2012	22,098,279		22,098,279	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	22,098,279	22,098,279	22,098,279	22,098,279
Surplus as per statement of profit and loss				
Opening balance as at April 1, 2012	12,101,469		45,377,196	
Add: Current years profit/ (loss)	(59,793,189)		(33,275,727)	
Closing balance as at March 31, 2013	(47,691,720)	(47,691,720)	12,101,469	12,101,469
Security premium reserve				
Opening balance as at April 1, 2012	671,958,820		671,958,820	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2013	671,958,820	671,958,820	671,958,820	671,958,820
		646,402,244		706,195,433

NOTE 4

LONG TERM BORROWINGS

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Secured term loan				
Secured long term finance lease obligation				
YES Bank Ltd	7,125,000		9,975,000	
(Secured against the hypothecation of gym equipments and fixed deposit of ₹ 2,140,937 kept under lien)				
(Term loan is repayable in quarterly installments of ₹ 712,500 beginning from November 2012 till August 2016 bearing interest rate @ 14.75% p a)				
(Secured against the hypothecation of vehicles)				
Kotak Mahindra Prime Ltd	1,396,794		2,289,870	
ICICI Bank Ltd	687,897		0	
	9,209,691		12,264,870	

NOTE 4.1

Secured long term finance lease obligations repayable in monthly equitable instalments are as follows

Particulars	March 31, 2013		March 31, 2012	
	Amount (₹)	Rate of interest pa	Amount (₹)	Rate of interest pa
Repayable upto March, 2016	611,533	12.10%	1,101,862	12.10%
Repayable upto February, 2016	785,261	11.83%	1,133,422	11.83%
Repayable upto January, 2016	687,897	9.99%	0	0
Repayable upto July, 2012	0	0	54,586	12.91%
Total	2,084,691		2,289,870	

NOTE 4.2

Finance lease commitments

Particulars	March 31, 2013		March 31, 2012	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	2,084,691	230,892	2,289,870	357,237
Later than five years	0	0	0	0
Total	2,084,691	230,892	2,289,870	357,237

NOTE 5

DEFERRED TAXATION

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Deferred tax liabilities				
Opening balance as at April 1, 2012	126,208,747		127,581,400	
Add: Additional adjustment for current year	836,977	127,045,724	(1,372,653)	126,208,747
Deferred tax assets				
Opening balance as at April 1, 2012	5,017,445		3,849,623	
Add: Additional adjustment for current year	2,580,918	7,598,363	1,167,822	5,017,445
		119,447,361		121,191,302

NOTE 5.1

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, 2013 is given below

Particulars	In ₹ lakh			
	As at April 1, 2012	Created during the year	Reversed during the year	As at March 31, 2013
Deferred tax liabilities				
Unamortised content	(1,315.14)	0.00	0.00	(1,315.14)
Depreciation and capital loss	1.89	(8.36)	0.00	(6.47)
Adjustment for change in tax rate	51.16	0.00	0.00	51.16
Deferred tax asset				
Depreciation	14.25	(6.05)	0.00	8.20
Unabsorbed business loss	35.93	31.85	0.00	67.78
Net deferred tax liabilities	(1,211.91)	17.44	0.00	(1,194.47)

NOTE 6

SHORT TERM BORROWINGS

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Secured				
Working capital short term loan (Secured against the fixed assets, current assets and film negative)				
Yes Bank Ltd	50,000,000		50,000,000	
	50,000,000		50,000,000	

NOTE 7

TRADE PAYABLES

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Total outstanding dues to micro, small and medium enterprises		0		0
Others				
For cinematic and television content	20,401,158		23,356,558	
For expenses and other liabilities	3,612,501	24,013,659	3,963,981	27,320,539
		24,013,659		27,320,539

NOTE 7.1

The Company has not received any intimation from suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

NOTE 8

OTHER CURRENT LIABILITIES

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Advances and liabilities		234,397,794		34,540,188
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)				
ICICI Bank Ltd		327,561		0
Kotak Mahindra Prime Ltd		661,437		433,160
Tata Capital Ltd		0		459,164
Current maturity of secured term loan (payable within one year - secured against the hypothecation of gym equipments)				
YES Bank Ltd		2,850,000		1,425,000
Interest on loan from Yes Bank		740,714		747,949
Unclaimed dividend*		122,153		151,420
Deposits from associates		3,513,000		3,513,000
Other liabilities		1,096,491		1,138,579
		243,709,150		42,408,460

NOTE 8.1

*These figures does not include any amounts, due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 9

SHORT TERM PROVISION

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Provision for wealth tax	16,900		22,200	
Provision for income tax (net)	2,837		14,092	
	19,737		36,292	

NOTE 10

TANGIBLE ASSET

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions	As at	As at	For the year	Deductions	Total	As at	As at
	April 1, 2012			March 31, 2013	April 1, 2012				March 31, 2013	March 31, 2013
Improvement to leasehold premises	723,764	0	0	723,764	575,240	63,329	0	638,569	85,195	148,524
Lease premises and fixtures	21,322,132	0	0	21,322,132	18,516,490	295,331	0	18,811,821	2,510,311	2,805,642
Furniture and fixtures	1,913,176	89,777	0	2,002,953	529,344	126,787	0	656,131	1,346,822	1,383,832
Office and gym equipment	33,235,844	3,109,136	1,288,369	35,056,611	8,026,216	1,620,894	396,056	9,251,054	25,805,557	25,209,628
Motor car	11,082,357	3,605,212	5,203,158	9,484,411	2,787,763	949,978	1,657,001	2,080,740	7,403,671	8,294,594
Computers, printers and software	2,342,164	500,954	78,500	2,764,618	1,524,834	328,855	0	1,853,689	910,929	817,330
Total	70,619,437	7,305,079	6,570,027	71,354,489	31,959,887	3,385,174	2,053,057	33,292,004	38,062,485	38,659,550
As at March 31, 2012	60,614,298	11,358,219	1,353,080	70,619,437	29,316,381	3,123,174	479,668	31,959,887	38,659,550	

	March 31, 2013	March 31, 2012
	₹	₹
NOTE 11		
NON CURRENT INVESTMENTS		
Long term investments		
Unquoted investments	0	0
Quoted investments		
Moving Picture Company (India) Ltd	145,350	1,919,000
95,000 (L Y 95,000) equity shares of face value Rs 10 each fully paid up		
Market value ₹ 1.53 (L Y ₹ 1.63) per share		
	<u>145,350</u>	<u>1,919,000</u>

NOTE 11.1

Aggregate value of quoted and unquoted investments	As at March 31, 2013		As at March 31, 2012	
	Cost	Market Value	Cost	Market Value
Quoted investments	145,350	145,350	1,919,000	154,850
Unquoted investments	N A	N A	N A	N A

	March 31, 2013	March 31, 2012
	₹	₹
NOTE 12		
LONG TERM LOANS AND ADVANCES		
Income tax	15,669,231	18,615,626
Other advances (Refer note no 33 and 40)	130,134,371	133,195,877
Security Deposits	8,530,638	9,681,894
Advance for content (Refer note no 40)	338,127,212	255,981,178
	<u>492,461,452</u>	<u>417,474,575</u>

NOTE 13

CINEMATIC AND TELEVISION CONTENT
At cost or net realisable value whichever is lower
(As valued and certified by management)

	March 31, 2013	March 31, 2012
Unamortised content	398,065,442	394,017,306
Unexploited content	26,140,000	40,823,730
Unfinished content	3,000,000	5,087,843
	<u>427,205,442</u>	<u>439,928,879</u>
NOTE 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Over six month	8,353,720	25,280,285
Others	441,200	25,903,396
	<u>8,794,920</u>	<u>51,183,681</u>

NOTE 14.1

Trade receivables over six months includes an amount aggregating to ₹ 2,985,000 (L Y ₹ 2,985,000) 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.

	March 31, 2013	March 31, 2012
	₹	₹
NOTE 15		
CASH AND BANK BALANCES		
Cash at bank - unpaid dividend account	122,153	151,420
Cash at bank - fixed deposits	220,548,672	73,048,589
(Includes ₹ 12,140,937 (L Y ₹ 12,140,937) kept under lien with bank against secured loan)		
Cash at bank in exchange earners foreign currency account	0	417,276
Cash at bank - current account	38,537,803	73,420,659
Cash and imprest account	62,252	43,558
	<u>259,270,880</u>	<u>147,081,502</u>

NOTE 16

SHORT TERM LOANS AND ADVANCES
(Unsecured considered good)

	March 31, 2013	March 31, 2012
	₹	₹
a. Loans		
Staff	195,000	246,493
Others	3,680	15,000
b. Advances	304,565	247,652
c. Input credit (Service Tax) unutilised	2,782,196	2,926,811
d. Pre-paid expenses	530,039	240,633
	<u>3,815,480</u>	<u>3,676,589</u>

NOTE 17

OTHER CURRENT ASSETS
(Unsecured considered good)

	March 31, 2013	March 31, 2012
Accrued interest on fixed deposits	7,757,190	4,180,122
Unamortised expenditures	0	23,560
	<u>7,757,190</u>	<u>4,203,682</u>

NOTE 18

REVENUE FROM OPERATIONS

	March 31, 2013	March 31, 2012
Sales		
Owened content	10,448,920	25,824,058
Traded content	0	19,111,000
Income from services	18,023,901	13,246,737
Other operating revenue	369,938	5,935,425
	<u>28,842,759</u>	<u>63,217,220</u>

NOTE 18.1

EARNING IN FOREIGN CURRENCY

	March 31, 2013	March 31, 2012
Owened content [USD 151,364.75 (L Y Nil)]	8,119,886	0
	<u>8,119,886</u>	<u>0</u>

NOTE 19

OTHER INCOME

	March 31, 2013	March 31, 2012
Interest on fixed deposits [TDS ₹ 1,494,207 (L Y ₹ 1,388,931)]	15,108,337	13,887,200
Interest on income tax refund	1,156,802	54,375
Interest on Rural Electrification Bond	0	24,122
Sundry creditors balance written back	46,953	0
Gain on foreign rate exchange difference	26,945	54,174
Miscellaneous income	161,958	112,782
	<u>16,500,995</u>	<u>14,132,653</u>

NOTE 20

COST OF MATERIAL CONSUMED

	March 31, 2013	March 31, 2012
Cost of content - event	5,082,754	0
Cost of content - advertisement and print	18,394,675	10,999
	<u>23,477,429</u>	<u>10,999</u>

NOTE 21

CHANGES IN INVENTORIES

	March 31, 2013	March 31, 2012
Opening balance as at April 1, 2012		
Unamortised content	394,017,306	398,319,271
Unexploited content	40,823,730	48,730,356
Unfinished content	5,087,843	5,749,693
Production property	0	439,928,879
Less: Closing balance as at March 31, 2013		
Unamortised content	398,065,442	394,017,306
Unexploited content	26,140,000	40,823,730
Unfinished content	3,000,000	5,087,843
Production property and tapes	0	427,205,442
	<u>12,723,437</u>	<u>13,290,386</u>

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NOTE 22	March 31, 2013	March 31, 2012	NOTE 24	March 31, 2013	March 31, 2012
	₹	₹		₹	₹
EMPLOYEE BENEFITS EXPENSES			OTHER EXPENSES		
Salaries	8,330,119	9,513,406	Advances, deposits and interest written off	0	20,000
Group gratuity obligation account	633,136	147,379	Auditors' remuneration	505,620	411,795
	<u>8,963,255</u>	<u>9,660,785</u>	Bad debts and amount written off	0	11,503,221
			Business promotion expenses	1,390,547	1,763,773
NOTE 22.1			Communications expenses	395,999	525,947
The disclosures as required under the Accounting Standard (AS) 15 (Revised) in respect of gratuity, a defined benefit scheme is as follows			Contract service expenses	3,377,190	3,150,151
Group gratuity liability is recognised on the basis of gratuity report provided by Actuary.			Conveyance and motor car expenses	1,993,542	2,026,513
During the year, Company has recognised the following amounts in the financial statements			Diminution in value of investment	1,773,650	0
	March 31, 2013	March 31, 2012	Directors sitting fees	500,000	340,000
	₹	₹	General expenses	4,514,804	4,047,741
a. Defined contribution plan			Insurance charges	248,127	240,496
Particulars			Interest on VAT, Service tax and Stamp duty	0	2,682,242
• Contribution to defined contribution plan, recognised as expense for the year as under Employer's contribution to Provident Fund	0	0	Internet subscription and website expenses	430,709	648,321
			Electricity charges	4,107,713	3,097,671
b. Defined benefit plan			Legal, professional and consultancy fees	7,938,764	7,059,309
Particulars			Loss on sale of fixed assets	2,765,860	516,790
• Reconciliation of opening and closing balances of Defined Benefit obligation			Printing and stationery	668,892	652,346
Defined benefit obligation at the beginning of the year	2,300,802	1,829,636	Preliminary expenses written off	23,560	5,890
Current service cost	216,889	182,387	Rent, rates, taxes and business service centre charges	15,522,394	15,935,888
Interest cost	195,568	146,371	Research and development expenses	396,031	824,504
Actuarial (gain)/ loss	463,295	20,734	Traveling expenses	1,685,649	3,377,838
Benefit paid	(112,200)	0		<u>48,239,051</u>	<u>58,830,436</u>
Defined Benefit obligation at the end of year	<u>3,064,354</u>	<u>2,179,128</u>			
• Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation			NOTE 24.1	March 31, 2013	March 31, 2012
Fair value of plan assets at the beginning of the year	2,454,744	1,890,085	Auditors' remuneration includes	₹	₹
Expected return on plan assets	211,108	202,113	a. Statutory audit fees	303,372	298,531
Actuarial gain/ (loss)	31,508	0	b. Tax audit fees	56,180	55,356
Employers contribution	371,040	362,546	c. Certification and VAT audit fees	146,068	57,908
Benefit paid	(112,200)	0		<u>505,620</u>	<u>411,795</u>
Fair value of plan assets at the end of the year	<u>2,956,200</u>	<u>2,454,744</u>			
• Actual return on plan assets			NOTE 24.2		
Expected return on plan assets	211,108	202,113	Expenditure in foreign currency		
Actuarial gain/ (loss) on plan assets	31,508	0	Traveling expenses	406,418	667,840
Actual return on Plan Assets	<u>242,616</u>	<u>202,113</u>	Business promotion	15,522	302,762
• Reconciliation of fair value of plan assets and benefit obligation			Acquisition of content rights	351,404	0
Fair value of assets as at March 31, 2013	2,956,200	2,454,744		<u>773,344</u>	<u>970,602</u>
Present value of obligation as at March 31, 2013	(3,064,354)	(2,179,128)	NOTE 24.3		
Amount recognised in Balance Sheet	<u>(108,154)</u>	<u>275,616</u>	Operating lease		
• Expenses recognised during the year			Not later than one year	15,529,800	16,184,568
Current service cost	216,889	182,387	Later than one year and not later than five years	24,455,070	15,073,070
Interest cost	195,568	146,371	Later than five years	2,118,645	0
Expected return on Plan Assets	(211,108)	(202,113)		<u>42,103,515</u>	<u>31,257,638</u>
Actuarial (gain)/ loss	431,787	20,734			
Expenses recognised in Statement of Profit and Loss	<u>633,136</u>	<u>147,379</u>	NOTE 25	March 31, 2013	March 31, 2012
• Investment details			Earning per share (EPS)	₹	₹
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.			Net profit/ (loss) after tax a per statement of profit and loss attributable to equity share holders	(59,792,394)	(33,274,994)
	March 31, 2013	March 31, 2012	Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
	₹	₹	Basic and diluted earning per share	(4.13)	(2.30)
• Actuarial Assumptions			Face value per equity share	10	10
Discount rate (per annum)	8.5%	8%	NOTE 26		
Salary escalation (per annum)	7%	4%	Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil
NOTE 23	March 31, 2013	March 31, 2012	NOTE 27		
	₹	₹	Bank guarantee issued by the bankers	Nil	Nil
FINANCE COST			NOTE 28		
Finance charges	283,746	432,157	CONTINGENT LIABILITIES		
Processing and documentation charges	921,779	1,445,249	a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
Interest on secured loan	8,829,565	7,362,745	b. VAT Liability	1,876,028	1,876,028
Interest and bank charges	0	7,411	Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.		
	<u>10,035,090</u>	<u>9,247,562</u>	Legal proceedings relating to dispute in respect of compliance and performance of the conditions of the license for the use of the premises from where Moksh Zip is operating have begun between the Subsidiary Company, PNC Wellness Ltd and the Licensor of the premises. Pending the outcome of the aforesaid legal proceedings the impact of the outcome on the financial statements cannot be ascertained.		

NOTE 29	March 31, 2013 ₹	March 31, 2012 ₹
Remuneration to Director and Managing Director charged to the accounts		
a. Remuneration to Managing Director	Nil	Nil
b. Professional fees to Directors	6,000,000	6,000,000
c. Sitting fees to Directors	500,000	340,000
d. Payment to Wholtime Directors	2,862,000	2,862,000
e. Contribution to Provident Fund and other Funds	Nil	Nil

NOTE 30	March 31, 2013 ₹	March 31, 2012 ₹
Dividend remitted in foreign currency	Nil	Nil

NOTE 31	March 31, 2013 ₹	March 31, 2012 ₹
a. CIF value of imports	Nil	Nil
b. FOB value of imports	Nil	Nil

NOTE 32
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.

NOTE 33
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 VV 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 "Long Term Loans and Advances".

NOTE 34
Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence there is a 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 over 20 years. Hence, amortisation of ₹ 112,075,738 is not required to be made. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms which will become mandatory from 2014.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April 1, 2012	1,394,233,046	811,389,423	2,205,622,469
Add: Additions during the year	23,477,429	0	23,477,429
Total	1,417,710,475	811,389,423	2,229,099,898
Less: Amortised upto March 31, 2012	988,548,850	777,144,740	1,765,693,590
Less: Amortised during the year	29,535,570	6,665,296	36,200,866
Net carrying amount as at March 31, 2013	399,626,055	27,579,387	427,205,442

There is no individual content that is material to the financial statements of the Company as a whole. There is no content whose title is restricted. The content is pledged to Yes Bank Ltd as security for working capital loan of ₹ 50,000,000.

The total cost of content as at March 31, 2013 is ₹ 427,205,242. 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 will be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

NOTE 35
As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there are any indications that any assets have impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making any provision for impairment.

NOTE 36
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 expenditures, which are not directly identifiable to the individual segment as well as expenses, which relate to the Company as whole.

	Content (₹)	Wellness (₹)	Total (₹)
Revenue			
External	10,448,920	18,393,839	28,842,759
Inter segment	0	0	0
Total revenue	10,448,920	18,393,839	28,842,759
Expenditure			
Cost of content	23,477,429	0	23,477,429
Changes in inventories of finished goods	12,723,437	0	12,723,437
Employee benefit expense	8,963,255	0	8,963,255
Finance cost	8,407,237	1,627,853	10,035,090
Depreciation and amortisation expense	1,841,137	1,544,037	3,385,174
Other expenses	24,224,982	24,014,069	48,239,051
Total expenditure	79,637,477	27,185,959	106,823,436
Result	(69,188,557)	(8,792,120)	(77,980,677)
Add: Other income	16,061,363	439,632	16,500,995
Segment results	(53,127,194)	(8,352,488)	(61,479,682)
Profit before tax	(53,127,194)	(8,352,488)	(61,479,682)
Current tax	56,653	0	56,653
Profit before deferred tax	(53,183,847)	(8,352,488)	(61,536,335)
Deferred tax	836,977	(2,580,918)	(1,743,941)
Profit after tax	(54,020,824)	(5,771,570)	(59,792,394)
Other information			
Segment assets	1,207,124,144	30,389,055	1,237,513,199
Segment liabilities	433,194,670	13,204,928	446,399,598
Depreciation	1,841,137	1,544,037	3,385,174

NOTE 37
Related party disclosure
In accordance with Accounting Standard (AS) 18 "Related Party Disclosure", the disclosure in respect of transactions with the companies related parties are as given below

i. Key managerial personnel	a. Pallab Bhattacharya – Wholtime Director and CEO
	b. Rangita Pritish Nandy – Wholtime Director and Creative Director
	c. Rupali Vaidya – Company Secretary
ii. Non executive Directors and their relatives	a. Pritish Nandy – Non Executive Chairman
	b. Rina Pritish Nandy – Non Executive Director
	c. Udayan Bose – Non Executive, Independent Director
	d. Nabankur Gupta – Non Executive, Independent Director
	e. Vishnu Kanhere – Non Executive, Independent Director
	f. Tapan Chaki – Non Executive, Independent Director
	g. Hema Malini – Non Executive, Independent Director
	h. Ishita Pritish Nandy – daughter of Non Executive Director

Details relating to parties/ persons referred to in above items are as under		In ₹ lakh	
	Nature of transaction	March 31, 2013	March 31, 2012
Key managerial personnel	Remuneration/ Reimbursement	32.37	32.58
	Balance outstanding as at year end		
	Payable	2.41	2.41
Non Executive Directors and their relatives	Remuneration/ Reimbursement/ sitting fees	77.00	79.65
	Balance outstanding as at year end		
	Payable	10.46	10.46

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

NOTE 38

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.

	March 31, 2013
	₹
a. Managerial remuneration to Wholtime Directors	
Salary	2,862,000
b. Directors' sitting fees	500,000
Total Managerial remuneration	<u>3,362,000</u>
c. Computation of profit in accordance with section 198/ 349 of the Companies Act, 1956	
Profit/ (loss) before taxes	(61,479,682)
Add	
Remuneration to Directors	2,862,000
(excluding provision of Gratuity as separate actuarial valuations are not available)	
Loss on sale of assets	2,765,860
Net profit/ (loss) for section 198/ 349 of the Companies Act, 1956	<u>(55,851,822)</u>

NOTE 39

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

NOTE 40

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 Hon 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. The Company is showing these amounts as "Long Term Loans and Advances".

NOTE 41

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.

NOTE 42

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2013.

NOTE 43

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

NOTE 44

The previous year figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended March 31, 2013	
	March 31, 2013	March 31, 2012
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	(61,479,682)	(35,760,469)
Bad debts and rebate and discount	0	11,503,221
Depreciation	3,385,174	3,123,174
Diminution in value of investments	1,773,650	0
Preliminary expenses written off	23,560	5,890
Advances written off	0	20,000
Finance charges	10,035,090	9,247,562
Loss on sale of assets	2,765,860	516,790
Provision of wealth tax	16,900	20,300
Foreign exchange rate difference - income	(26,945)	(54,174)
Foreign exchange rate difference - expense	82,440	0
Sundry creditors balances written back	(526,054)	(172,058)
Interest on fixed deposit	(15,108,337)	(13,887,200)
Operating cash flow before working capital changes	(59,058,344)	(25,436,964)
Adjusted for		
Cinematic and television content	12,723,437	13,290,386
Trade receivable	42,388,761	(23,945,884)
Changes in long term loans and advances	(74,986,879)	(53,848,639)
Changes in short term loans and advances	(138,891)	59,849,417
Changes in other current assets	(3,553,508)	(708,484)
Trade payables	(2,780,826)	635,778
Other current liabilities	201,300,690	7,484,594
Cash generated from operations	115,894,440	(22,679,796)
Taxes paid	(113,666)	(55,750)
Net cash from/ (used) operating activities	<u>115,780,774</u>	<u>(22,735,546)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7,226,580)	(11,358,219)
Sale of fixed assets	1,672,611	356,622
Changes in investments	0	2,500,000
Interest on fixed deposit	15,108,337	13,887,200
Foreign exchange rate difference - income	26,945	54,174
Foreign exchange rate difference - expense	(82,440)	0
Net cash used in investing activities	<u>9,498,873</u>	<u>5,439,777</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,079,000	11,001,604
Repayment of borrowings	(4,134,179)	(2,507,932)
Finance and other charges paid	(10,035,090)	(9,247,562)
Net cash used in financing activities	<u>(13,090,269)</u>	<u>(753,890)</u>
Net changes in cash and cash equivalents (A+B+C)	<u>112,189,378</u>	<u>(18,049,659)</u>
Cash and cash equivalents- opening balance	<u>147,081,502</u>	<u>165,131,161</u>
Cash and cash equivalents- closing balance	<u>259,270,880</u>	<u>147,081,502</u>

Notes

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

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993
Mumbai, May 27, 2013

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, 2013

Vishnu Kanhere
Director
Rupali Vaidya
Company Secretary

Notice is hereby given that the 20th Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD will be held on 27th day of September, 2013 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, 2013, the Statement of Profit and Loss for the year ended on that date along with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Udayan Bose who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Tapan Chaki who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and fix their remuneration and to pass with or without modification(s) the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, KR Khare & Co, Chartered Accountants (FRN 105104W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors in consultation with the Audit Committee of the Company.

By Order of the Board of Directors

Rupali Vaidya
Company Secretary

Mumbai, May 27, 2013

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021

NOTES

1. **A member entitled to attend and vote at the Annual General Meeting (the ‘Meeting’) is entitled to appoint a proxy to attend and vote on 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 to the Company 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 September 18, 2013 to September 27, 2013 (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 to.
6. All documents referred to in the accompanying notice 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 Share 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 53 of the Companies Act, 1956. 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 share transfer agent of the Company. Members who have not registered their email addresses so far are requested to register their email address so that they can receive Annual Report and other communications from the Company electronically. The Annual Report of your Company for the Financial Year 2012-2013 will also be displayed on the website of the Company i e www.pritishnandy.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 2005-06 and 2006-07 declared at the Annual General Meeting held on September 30, 2006 and September 6, 2007 respectively can be claimed on or before September 29, 2013 and September 5, 2014 respectively. Members who have not yet encashed their dividend warrants may send the same to the Company’s Registrar and 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

Udayan Bose, Independent Director of the Company was re-appointed at the Annual General Meeting held on September 30, 2010.

Mr Bose is a first class Hons. Graduate from Presidency College, Calcutta. After completing his Fellowship at the Chartered Institute of Bankers, UK, he pursued the Advanced Management Program at Harvard Business School. He started his career with the National and Grindlays Bank Ltd in 1970 and then joined Deutsche Bank in India as Regional Director, South Asia. Mr Bose founded Lazard India, India's first international investment bank. He became the first Indian global partner of Lazard and Managing Director of Lazard Brothers and continued as Chairman of Lazard India from 1985 to 2005. He has over 42 years of experience in banking covering commercial banking, investment banking, international finance, project finance and capital markets in India, Singapore, USA, Germany and UK. He was the Chairman of The Calcutta Stock Exchange and Chairman of Thomas Cook India. Presently, he is the Chairman and Senior Partner of his boutique finance house Creditcapital Finance Partners.

Other directorships of Mr Bose are JK Paper Ltd, Creditcapital Finance Ltd, Tamara Capital Advisors Pvt Ltd, Bikrampur Investment and Trading Pvt Ltd and Earl Investments Pvt Ltd.

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

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

Tapan Chaki, Independent Director of the Company was appointed in the Annual General Meeting dated September 30, 2010.

Mr Tapan Chaki is a Corporate Communication consultant based in Kolkata, with over 30 years of experience, having handled a variety of assignments ranging from mergers and acquisitions, corporate takeover battles, public issues, to general image building exercises. He has had a close and longstanding personal connection with the media in numerous capacities. Mr Chaki was a weekly sports columnist in The Telegraph, Kolkata's largest circulated English daily, for several years in the late eighties. In the nineties, at the inception of The Asian Age, India's first international daily, he was the newspaper's publisher for all its editions. In addition, he was also the newspaper's franchisee in Mumbai.

Other directorship of Mr Chaki is Nicco Parks and Resorts Ltd.

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

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

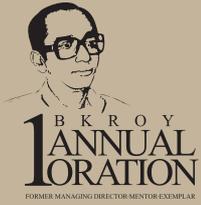
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and share transfer agent.

By Order of the Board of Directors

Rupali Vaidya
Company Secretary

Mumbai, May 27, 2013

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021



To truly trace the political and economic history of modern India one needs to follow our popular culture. Movies in particular. Our Hindi movies. They offer you

**the right clues,
the right insights.**

LORD MEGHNAD DESAI AT THE
1ST BK ROY ANNUAL ORATION 2013



LORD MEGHNAD DESAI SPEAKS ON ECONOMICS, POLITICS, POPULAR CULTURE: EMERGENCE OF A NEW INDIA
AT THE 1ST BK ROY ANNUAL ORATION IN KOLKATA, A PRITISH NANDY COMMUNICATIONS EVENT

“

It's wonderful
working with
Farhan.”

VIDYA BALAN IN STARDUST

He is a multi talented person--a director, singer, writer, actor, social activist and what not. In fact, I would jokingly ask him if there is anything he can't do! I like the way he gives his inputs and uplifts our scenes together. He has a great sense of humour and has me in splits most of the time.



FARHAN AKHTAR AND VIDYA BALAN CAPTURED ON LOCATION IN GOLD COAST, AUSTRALIA
FOR THE SOON TO BE RELEASED SHAADI KE SIDE/EFFECTS



FARHAN AKHTAR
FOR SHAADI KE SIDE/EFFECTS





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 20th Annual General Meeting of the Company held on Friday, September 27, 2013 at 3.00 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment(s) 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 _____ being a member/ members of the above named Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/ our proxy to attend and vote for me/ us and on my/ our behalf at the 20th Annual General Meeting of the Company to be held on Friday, September 27, 2013 at 3.00 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment(s) thereof.

Affix
Revenue
Stamp of
₹ 1

Signed this _____ day of _____ 2013

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.

FORM A
Format of covering letter of the annual audit report to be filed with the
Stock Exchanges

Sr. No.	Pratish Nandy Communications Limited
1.	Annual Financial Statement for the year ended March 31, 2013
	<p>Emphasis of Matter:</p> <p>1. Auditor has drawn attention to note no 33 of the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantee of Rs 75,050,000. The arbitration proceedings are ongoing. The Company has obtained legal opinion from Justice AM Ahmadi, former Chief Justice of Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against at this stage. The opinion of Auditor is not qualified in respect of this matter.</p> <p>Board of Directors Response: Directors of the Company in the Directors' Report have stated that the matter referred to in segment relating to emphasis of matter by the independent auditors in their report have been clarified in note no 33 of financial statements is self explanatory and reproduced below.</p> <p>Note no 33 to the financial statements: Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of Rs 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 Hon. 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 Bharati as "Long Term Loans and Advances"</p> <p>This arbitration proceeding originally commenced in the financial year 2000-2001.</p> <p>2. Auditor has drawn attention to note 41 of the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to Rs 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this.</p> <p>Auditors refer on the same and consequently no provision of any amount there against is made at this stage. The opinion of Auditor is not qualified in respect of this matter.</p> <p>Board of Directors Response: Directors of the Company in the Directors' Report have stated that the matter referred to in segment relating to emphasis of matter by the independent auditors in their report have been clarified in note no 41 of financial statements is self explanatory and reproduced below.</p> <p>Note no 41 to the financial statements: Loans and advances of Rs 46,753,181 includes: i) Rs 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) Rs 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 Hon. 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. The Company is showing these amounts as "Long Term Loans and Advances".</p> <p style="text-align: right;">This legal proceeding commenced in 2004.</p>

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3.	Frequency of observation	1. Observation in point 1 above appears since 2001 2. Observation in point 2 above appears since 2004
4.	Signed by	
	Pallab Bhattacharya Wholetime Director and CEO	
	Valender Verma Vice president Finance, Compliances and Legal Affairs	
	Mishru Kanhere Independent Director Chairman of the Audit Committee	
	Kishore R Khare Proprietor K R Khare & Co Auditor of the Company	