

September 22, 2017

The General Manager  
Department of Corporate Services  
Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400001  
**Scrip Code – 532387**

The Manager  
Listing Department  
National Stock Exchange Limited  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400051  
**Scrip Code – PNC**

Dear Sir/Madam,

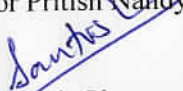
**Re: Soft copy of Annual Report pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 please find enclosed herewith a soft copy of Annual Report for the financial year 2016-17 of Pritish Nandy Communications Limited approved and adopted in the Annual General Meeting of the Company held on Thursday, September 21, 2017 at Walchand Hirachand Hall, 4<sup>th</sup> floor, Indian Merchant Chambers Building, IMC Marg, Churchgate, Mumbai 400 020 at 3.00 pm as per the provisions of Companies Act, 2013.

Request you to kindly take the same on record.

Thanking you,

Yours sincerely,  
For Pritish Nandy Communications Limited

  
Santosh Gharat  
Company Secretary &  
Compliance Officer



Encl: Annual Report 2016-17



# 24 ANNUAL REPORT AND ACCOUNTS 2017

**PRITISH NANDY COMMUNICATIONS LTD**

[www.pritishnandycom.com](http://www.pritishnandycom.com)

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While strong economic fundamentals would continue to drive growth, the Indian M&E industry is on the cusp of rapid transformation with digital media taking centre stage. Digital media, which was earlier being viewed as just another touch point, is rapidly emerging as a core revenue engine.

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**PRITISH NANDY COMMUNICATIONS LTD  
24TH ANNUAL REPORT AND ACCOUNTS 2017**

**BOARD OF DIRECTORS**

**Pritish Nandy | Chairman**  
**Udayan Bose**  
**Nabankur Gupta**  
**Hema Malini**  
**Rina Pritish Nandy**  
**Raghu Palat**  
**Pallab Bhattacharya | Wholetime Director & CEO**  
**Rangita Pritish Nandy | Creative Director**

**COMPANY SECRETARY**

**Santosh Gharat**

**AUDITORS**

**KR Khare & Co**  
**Chartered Accountants**

**PRINCIPAL BANKERS**

**Yes Bank**  
**Nariman Point Mumbai 400021**

**Standard Chartered Bank**  
**Kemps Corner Mumbai 400036**

**HDFC Bank**  
**Marine Drive Mumbai 400020**

**REGISTERED OFFICE**

**87/88 Mittal Chambers Nariman Point Mumbai 400021**

**CORPORATE LEADERSHIP TEAM**

**Pallab Bhattacharya | Director & CEO, Chairman** **Rangita Pritish Nandy | Creative Director**  
**Ishita Pritish Nandy | Chief Brand Strategist** **Santosh Gharat | Company Secretary**  
**Yatender Verma | Vice President, Finance, Compliances & Legal Affairs** **Anoop Kumar | Chief Production Officer**  
**Kishor Palkar | Chief Manager, Accounts** **Imtiaz Chougale | Manager, Accounts**

# THE CHAIRMAN'S STATEMENT

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

I welcome you all to your Company's 24th Annual General Meeting. As always, it is a pleasure to be with you here today and to share the highs and lows of the year that went by. Perhaps a tad more important is to note that this month we have entered the 25th year of your enterprise, which is the perfect opportunity for us to reflect on how much the nature of our content business has changed in India and worldwide and how much more we can expect it to transform in years to come.

Your Company began with making content for news television. Our election shows on Doordarshan were widely appreciated. And so was *The Pritish Nandy Show*, India's first signature show on television. Then, when satellite television came, we grew our repertoire to include news, business and entertainment shows. *Fiscal Fitness* on Zee TV was the first business show on satellite TV. *Maneka's Ark*, an animal rights and environment show, won several awards for its pathbreaking stories.

Around the time we went public in 2000, the opportunity came to corporatize the motion picture business and your Company was one of the first to do so, making in the process some of the most memorable films that are still viewed, telecast and streamed all over the world. Just recently we have renewed the lease for some of our films with Star TV. From *Kaante* to *Chameli* to the cult classic *Hazaaron Khwaishein Aisi*. From *Jhankaar Beats* to *Shabd* to the enormously popular *Pyaar ke Side Effects* and its sequel *Shaadi ke Side Effects*. From *Bollywood Calling* to *Ugly aur Pagli* to *Ek Khiladi Ek Haseena* to even an adult comedy like *Mastizaade*. Our movies covered all genres, largely successfully.

Now, while we continue to make movies, we have also decided to take advantage of the new digital revolution and one of our works in progress is a serialized television show to be streamed as an Original on one of the world's most successful streaming platforms, Amazon. We are also developing shows for other platforms and eventually want to be content providers not only for the motion picture business but also for television studios and streaming services of the future and whatever new twists and turns that technology takes in the coming years to deliver content to avid consumers. Be it on the silver screen, the television box or the constantly upgrading smartphone which the Indian consumer has taken as fish to water. Content is beginning to emerge as the new powerhouse of the future and all the major global players of the new technology scenario, often described as the FAANG economy, are now here in India playing out the future of the very business we had once so humbly stepped into.

What is the FAANG economy? Facebook, Amazon, Apple, Netflix and Google the five global tech stocks that boast a collective market cap of \$2.5 trillion. They are the pillars of new media technology and are opening up windows in artificial intelligence, predictive analytics, machine learning algorithms, cybernetics and robotics, all working to shape a new future for the world of content. All five are now in India and growing apace, offering services and opportunities that are likely to present a strong prospect for your Company to demonstrate its content making expertise acquired proudly over the past 25 years. Hopefully they will also give us a playbook that will extend beyond our traditional audiences limited by language and geography.

And yes, this could make a fundamental impact on the future of your Company's business and lead us into new terrain and new opportunities. With the amazing growth of the digital universe (you may proudly recall that your Company, as a CSR initiative,



opened the first CyberCafe in India at The Leela Kempinski in Mumbai even before the internet actually arrived here, so that people could find out what it was) the whole world will be opening up for quality content and its exploitation. There is a clear shift in the consumption patterns of the feature film business and millions of people are already watching what we have made and continue to make on their cell phones and laptops, tablets and desk computers. Exciting new series and short features are the flavour of the season and the digital marketplace for new age content is rapidly increasing as the millennial generation is unabashedly asserting its own choices. Censorship remains a somewhat contentious issue. But that too will hopefully change as the Government is talking about introducing a rating programme to replace the censor's over-active scissors.

Your company is one of the first content makers trying to explore and exploit the opportunities that this digital market offers. We may have been slow in terms of scaling up but we are not slow in assessing and keeping up with the changing demands of the marketplace. As the Prime Minister's dream project of Digital India translates into reality, we are expecting the digital marketplace to grow even larger, reaching out to audiences all over India and the world. The big screen will be supported by all kinds of handheld viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. That indeed is the future: Customized and interactive digital content at an affordable cost to the consumer. The fall in data prices in recent times has helped. More and more people are watching more and more content and that is a good thing.

We recognize it is time to alter the scale of our business and diversify from our core strength as a niche creative content maker and become a versatile, multi-platform player. This will mean a new vision, a new strategy, and developing new talent. If Tesla's worth can be higher than the worth of Ford and General Motors, selling barely 1% of what they sell, it shows that the way the world looks at valuations is also changing. Scale is not everything. Certainly not in this business. Innovation is important. Quality is important.

This statement will be incomplete without thanking all of you, our stakeholders. We are slowly recovering from a difficult phase and it is the management's belief that results will improve as we go along. I thank you, our shareholders. I thank our bankers, our business associates, our clients, our consumers, and all members of Team PNC who have worked hard to keep pace. We look forward to bettering our performance as we go ahead.

Thank you for being here today and for being part of this annual occasion when we meet, talk, share our views. And above all, thank you for being patient with us as we cope with all the change around us and try to adapt to new scenarios. If there is anything more you may want to know, please feel free to contact our Vice President Yatender Verma at [verma@prishnandyc.com](mailto:verma@prishnandyc.com). The company's official internet site will also continue to keep you informed of all developments on a regular basis.

May I also suggest, in keeping with the general shift to online, you provide your Company with your email ID so we can directly inform you from time to time about all the things we do? It will also ensure this Annual Report never gets delayed in reaching you.

To  
The Members  
Pritish Nandy Communications Limited

Your Directors present the 24th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2017.

#### FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 476.46 lakh as compared to ₹ 2,185.29 lakh for the earlier year. The Company made a loss of ₹ 155.30 lakh before tax as compared to profit of ₹ 251.02 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Standalone	
	Year ended March 31, 2017	Year ended March 31, 2016
Income from operations	221.79	2,123.46
Other income	254.67	61.83
<b>Total turnover</b>	<b>476.46</b>	<b>2,185.29</b>
<b>Total expenditure</b>	<b>631.76</b>	<b>1,934.27</b>
<b>Profit/ (loss) before exceptional and extra ordinary items and tax</b>	<b>(155.30)</b>	<b>251.02</b>
Current tax	0.19	44.63
<b>Profit/ (loss) after current tax</b>	<b>(155.49)</b>	<b>206.39</b>
Deferred tax	(18.17)	323.49
Profit/ (loss) after deferred tax	(137.32)	(117.10)
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(617.02)	(479.70)
Paid up capital	1,446.70	1,446.70
Earnings per share	(0.95)	(0.81)
Book value per share	53.71	54.66

#### PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The Indian film industry has a strong potential for growth and has encouraged several innovations in content production backed by a growing acceptance by the audience. Contemporary topical content with well written screenplays is garnering commercial success along with traditional content. Your Company is positioning itself in sync with the audience's new content preferences and focus on good cinema which appeals to discerning audiences as well as mass reach cinema targeting commercial appeal across all categories of audiences. Your Company is working with Amazon Prime Video, the international streaming service which Amazon launched in India in December last year, to develop one of their first bunch of Originals. The Original being discussed is a 10-12 part fiction series set in Mumbai tentatively titled '4 More Shots Please!'. Apart from green lighting three new movie projects, your Company has also signed Remo D'Souza for its forthcoming film project. Your Company also reissued the Satellite broadcast rights of 17 films of its library during the year gone by. Your Directors believe that your Company has the energies, skillset, talent, competence and experience to position itself among the leading companies in this repositioned entertainment industry.

#### DIVIDEND

In view of the loss your Directors do not recommend any dividend for this year.

#### LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the 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 2017-2018 have been paid.

#### TRANSFER TO RESERVES

Your Company has not transferred any amount to the general reserve.

#### DEPOSIT FROM PUBLIC

The Company has not accepted any deposits within the meaning of Sections 73, 74 and 76 of the Companies, Act 2013 (the Act) and the rules framed thereunder.

#### SUBSIDIARIES

The Company has two Subsidiaries viz. PNC Digital Ltd and PNC Wellness Ltd. There are no associate companies within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries.

Pursuant to Section 129(3) of the Act, in addition to the financial statements provided under sub-section (2), consolidated financial statements of the Company and of all its subsidiaries in the same form and manner as that of its own shall also be laid before the Annual General Meeting of the Company. A statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is appended as Annexure 1.

Pursuant to the provisions of Section 136 of the Act the financial statements and consolidated financial statements of the Company along with relevant documents and separate audited accounts in respect of subsidiaries are available on the Company's website.

#### PNC Digital Ltd

There has been no material change in the nature of the business of this Subsidiary. Its principal business is creating content for digital streaming, setting up a delivery system for digital streaming and running the business of content streaming as well as any other technology business using the internet as its primary delivery platform. Your Company has agreed to provide its films to this Subsidiary to explore revenue opportunities across digital platforms and exploit their commercial advantage but this Subsidiary was unable to generate income from its operational activities in the year gone by. This Subsidiary will continue its efforts in future. During the year under review this Subsidiary exited at par from Ogle Technologies Ltd, its overseas subsidiary. Expenses relating to the Ogle technology project were entirely written off and charged to revenue in F Y 2016-17 resulting in a loss for this year.

#### PNC Wellness Ltd

There has been no material change in the nature of the business of this Subsidiary. During the year, this Subsidiary operated only in one business segment, i.e. wellness segment. There was no revenue generation during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its afore said brands. This Subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. Considering that there was no revenue generation during the year under review your Company has made provision for diminution in values of its investments by 1/5th of its book value and will review the value of this investment from time to time. Your Company is facilitating and supporting the revival of this subsidiary's business.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and operating effectively;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and Articles of Associations of the Company, Rangita Pritish Nandy, Creative Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re-appointment.

#### COMPLIANCE ON CRITERIA OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent Director under Section 149(7) of the Act, that he/ she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, except for the sitting fees, the independent Directors of the Company had no other pecuniary relationship or transactions with the Company.

#### PARTICULARS OF EMPLOYEES

This disclosure required to be furnished pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure II.

#### BOARD MEETINGS HELD DURING THE YEAR

As required under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year 4 meetings of the Board of Directors were held and one meeting of Independent Directors was also held. The details of the meetings of the Board are furnished in Corporate Governance Report.

#### ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors including independent Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by the Securities and Exchange Board of India (SEBI) and the SEBI Listing Regulations.

Further, the Independent Directors, at their exclusive meeting held during the year on March 28, 2017, reviewed the performance of the Board, its Chairman and non-executive Directors and other items as stipulated under the SEBI Listing Regulations.

#### MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE OF REPORT

There has been no material change and commitment, affecting the financial performance of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this report.

#### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this Directors' Report.

#### AUDITORS

The term of existing Statutory Auditors KR Khare & Co, Chartered Accountants (FRN 105104W), is coming to an end at the conclusion of the forthcoming Annual General Meeting. Your Directors recommend the appointment of BD Jekhakar & Co, Chartered Accountants, (FRN 104345W) to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

The Company has received a letter from them to the effect that their appointment, if made, would be within the provision prescribed under Section 139 of the Act. Your Directors recommend their appointment.

#### AUDITOR'S REPORT

The Auditor's Report does not contain any qualifications, reservations or adverse remarks.

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

"We draw attention to Note 33 on the Standalone 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 guarantees of ₹ 75,050,000. The Company has obtained a legal opinion from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, which supports the Company's stand that the amount is fully recoverable and hence no provision is made there against.

We further draw attention to Note 38-i on the Standalone Financial Statements which relates to investment in Subsidiary Company "PNC Wellness Ltd.". The investment in this Subsidiary stands at ₹ 23,280,000 whereas the net worth of the Subsidiary is ₹ 8,590,306 as at March 31, 2017. Considering that the Company has made a provision for diminution in value of investment in this Subsidiary by 1/5th of its book value and considers the balance retained book value as fully realizable no further provision is made for the diminution in book value of investment which is considered as temporary.

We further draw attention to Note 38-ii on the Standalone Financial Statements which relates to investment in Subsidiary Company "PNC Digital Ltd.". The investment in this Subsidiary stands at ₹ 7,019,700 whereas the net worth of the Subsidiary is ₹ 1,218,754 as at March 31, 2017. The Company has agreed to provide its films to this Subsidiary Company to explore revenue opportunities across digital platforms and exploit their commercial advantage. In view of the fact that this Subsidiary has unfettered access to the film content of the holding company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

We further draw attention to Note 39 on the standalone financial statements which describes facts related to the legal proceedings initiated by Company for the recovery of advances amounting to ₹ 15,000,000. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the opinion and consequently the Company has not made provision of any amount there against.

Our opinion is not modified in respect of these matters."

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 Notes 33, 38-i, 38- ii and 39 of the financial statements forming part of the Balance Sheet and Statement of Profit and Loss, and 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 Honorable 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".

#### NOTE 38

##### i. Investment in Subsidiary – PNC Wellness Ltd

The Company has an investment of ₹ 23,280,000 (L Y ₹ 29,100,000) in equity shares of Wholly Owned Subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 8,590,306 as on March 31, 2017. There was no revenue generation by this Subsidiary during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its aforesaid brands. This Subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. The Company is facilitating and supporting the revival of this Subsidiary's business. Considering that there was no revenue generation during the year under review the management has made provision for diminution in value of investment in this Subsidiary by 1/5th of its book value and considers the retained book value as fully realizable.

##### ii. Investment in Subsidiary – PNC Digital Ltd

The Company has an investment of ₹ 7,019,700 (L Y ₹ 7,019,700) in equity shares of Subsidiary viz PNC Digital Ltd. The net worth of this Subsidiary is ₹ 1,218,754 as on March 31, 2017.

The Company has agreed to provide its films to this Subsidiary to explore revenue opportunities across digital platforms and exploit their commercial advantage but this Subsidiary was unable to generate income from its operational activities in the year gone by. This Subsidiary will continue its efforts in future. In view of the fact that this Subsidiary has unfettered access to the film content of the Holding Company and requires no additional substantive capital deployment to generate revenue, no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

#### NOTE 39

"Advance for Content" under Long Term Loans and Advances include ₹ 15,000,000 given against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights. The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending for hearing and disposal. The management of the Company considers the same as 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.

#### SECRETARIAL AUDITOR'S REPORT

VN Deodhar & Company, Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the F Y 2016-17, as required under Section 204 of the Act and rules thereunder.

The Secretarial Auditor's Report is given as Annexure III which forms part of this report. The Secretarial Auditor's report states that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned therein except in the following cases:





## DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

1. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Companies Act, 2013 and the Listing Agreements with Stock Exchanges.
2. The Company has paid remuneration to its Wholetime Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Companies Act, 2013.
3. The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities. The Company has not spent this amount on CSR activity and is accordingly in violation of Section 135(5) of the Companies Act, 2013.

Your Directors state that:

1. Your Company had advertised in newspapers to fill up the vacancy of Chief Financial Officer (CFO). No suitable candidate was found. Hence, appointment of CFO could not be made. Your Company is continuing with its advertisement on the Company's website to identify and appoint a suitably qualified person and is also planning another newspaper advertisement.
2. This year was devoted to finalising and putting in place new content projects to be taken up by the Company for production. Such projects are now in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.
3. The amount of ₹ 68,837 required to be spent on CSR activity was quantified at the conclusion of the last Annual General Meeting held on September 21, 2016. The amount, being a small amount, the Company was unable to identify a suitable CSR activity for spending the same. The Company shall identify a suitable CSR activity shortly and spend this amount.

### MANAGEMENT DISCUSSIONS AND ANALYSIS

A detailed report on Management Discussion and Analysis is enclosed with this report.

### INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the Internal Auditor submits his report to the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Auditor, officers undertake corrective action in their respective areas and thereby strengthen control. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

### RISK MANAGEMENT

The Company has adopted a Risk Management Policy pursuant to the provisions of Section 134 of the Act which enables identification and evaluation of business risks and opportunities. This policy seeks to create transparency, minimize adverse impacts on business objectives and enhance the Company's competitive advantage. The Company has constituted a Business Process and Risk Management Committee to monitor all risks and their mitigating actions continuously.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### TRANSACTIONS WITH RELATED PARTIES

All Related Party Transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business. Details of Related Party Transactions are disclosed in Note 37 of the Audited Financial Statements of the Company.

### EXTRACT OF ANNUAL RETURN

Under Section 92(3) of the Act, the extract of annual return is given in Annexure IV in the prescribed form MGT-9, which forms part of the report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR policy is aimed at demonstrating care for the community through its focus on education, skill development, health, wellness and research on content.

Further in accordance with the provisions of Section 135 of the Act and rules framed thereunder, the Company has adopted and constituted a CSR Committee of Directors comprising of the following:

1. Nabankur Gupta (Chairman)
2. Pallab Bhattacharya
3. Hema Malini

The detailed policy and constitution of the committee is available on the Company's website.

The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities.

This amount was quantified at the conclusion of last Annual General Meeting held on September 21, 2016. The amount, being a small amount, the Company has been unable to identify a suitable CSR activity for deploying the same. The Company shall identify a suitable CSR activity shortly and spend this amount.

### DISCLOSURE REQUIREMENT

As per SEBI Listing Regulations, Corporate Governance Report with Auditor's certificate thereon and Management Discussion and Analysis are attached, which form part of this report.

Details of the familiarization programme of the independent Directors are available on the website of the Company.

Policy for determining material subsidiaries of the Company is available on the website of the Company.

Policy on dealing with related party transactions is available on the website of the Company.

The website of the Company is [www.pritishnandycom.com](http://www.pritishnandycom.com).

The Company has formulated and published a Whistle Blower Policy to provide vigil mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of Section 177(9) of the Act and the SEBI Listing Regulations with stock exchanges.

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

As per Section 134(3) (m) of the Act, the particulars of Energy Conservation, Research and Development and Technology Absorption are not applicable to your Company.

Foreign Exchange Earnings and Outgo during the year are given in note 12.1 and 18.1 of the Financial Statements of the Company.

### TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts which remained unclaimed and unpaid for a period of 7 years from the date of declaration of dividend.

### ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN: 00008277

Udayan Base  
Director  
DIN: 00004533

Mumbai, May 24, 2017

## ANNEXURE I

STATEMENT PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF COMPANIES ACT, 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IN THE PRESCRIBED FORM AOC – 1 RELATING TO SUBSIDIARY COMPANIES

PARTICULARS			
Sr. No.	Name of Subsidiary Company	PNC Wellness Ltd	PNC Digital Ltd
1.	Reporting currency	INR	INR
2.	Exchange rate	NA	NA
3.	Share capital	6,600,000	50,00,000
4.	Reserves and surplus	1,990,306	(3,781,246)
5.	Total assets	9,662,159	2,040,352
6.	Total liabilities (except share capital and reserve and surplus)	1,071,853	821,598
7.	Investments	0	0
8.	Turnover (including other income)	0	8,006
9.	Profit/ (loss) before taxation	(577,198)	(4,106,122)
10.	Provision for taxation (including deferred tax)	1,600,856	0
11.	Profit/ (loss) after taxation	(2,178,054)	(4,106,122)
12.	Proposed dividend	Nil	Nil
13.	% of shareholding	100%	99.78%

Notes: 1. Reporting period for all the Subsidiaries is March 31, 2017.

## ANNEXURE II

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Description	Ratio of median remuneration
Wholetime Directors	
Pallab Bhattacharya	7.18
Rangita Pritish Nandy	7.01

b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Name	% increase in remuneration in the financial year
Pallab Bhattacharya, (Wholetime Director and CEO)	Nil
Rangita Pritish Nandy (Creative Director)	Nil
Vikas Shaw, Company Secretary (up to November 9, 2016)	Nil
Santosh Gharat, Company Secretary (w.e.f. November 9, 2016)	Nil

c. The percentage increase in the median remuneration of employees in the financial year: (15.69)%.

The number of permanent employees on the rolls of Company: 18

d. The explanation on the relationship between average increase in remuneration and Company Performance:

There were no increments during 2016-2017.

e. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (KMP): F Y 2016-2017	Amount (In ₹ lakh)
Revenue	476.46
Remuneration of KMP (as % of revenue)	12.91%
Profit/ (loss) before tax (PBT)	(155.30)
Remuneration of KMP (as % of PBT)	NA

f. Variations in the market capitalisation of the Company and price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2017	March 31, 2016	% Change
Market Capitalization (in ₹ lakh)	3,052.54	2,003.68	52.35
Price Earnings Ratio	(21.75)	(17.10)	(27.22)

g. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31, 2017	IPO	% Change
Market Price (BSE)	21.10	155	(86.39)
Market Price (NSE)	21.65	155	(86.03)

h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was no increase in the salaries of employees during the year.

i. Comparison of remuneration of each Key Managerial Personnel against the performance of the Company:

This year was devoted to finalising and putting in place new projects to be taken up by the Company. Such projects are in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

j. The key parameters for any variable component of remuneration availed by the Directors: The Company does not have any variable component of remuneration availed by the Directors.

k. The ratio of the remuneration of the highest paid Director to that of the employees who are not Director but receive remuneration in excess of the highest paid Director during the year:

There is no employee drawing remuneration which exceeds the highest paid Director.

l. Affirmation that the remuneration is as per the Remuneration Policy of the Company: The Company affirms remuneration is as per the Remuneration Policy of the Company.

m. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

There was no employee drawing remuneration of sixty lakh rupees per annum or rupees five lakh per month.



## ANNEXURE TO DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

### ANNEXURE III

FORM No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO. 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

To

The Members  
Pritish Nandy Communications Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pritish Nandy Communications Ltd (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- vi. We have been informed that the management has identified and confirmed the following law as specifically applicable to the Company:

- a. The Cinematograph Act, 1952

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange in respect of Issue and Listing of Securities;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in the following cases:

1. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Act and the Listing Agreement with Stock Exchanges.
2. The Company has paid remuneration to its Wholtime Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Act.
3. The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities. The Company has not spent this amount on CSR activity and is accordingly in violation of Section 135(5) of the Act.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VN Deodhar & Co

Vinayak N Deodhar  
Proprietor  
FCS NO.1880  
C P No. 898

Mumbai, May 24, 2017

### ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,

The members  
Pritish Nandy Communications Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.
5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VN Deodhar & Co

Vinayak N Deodhar  
Proprietor  
FCS NO.1880  
C P No. 898

Mumbai, May 24, 2017

## ANNEXURE IV

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

## I. REGISTRATION AND OTHER DETAILS:

- i. CIN - L22120MH1993PLC074214
- ii. Registration Date - September 28, 1993
- iii. Name of the Company – Pritish Nandy Communications Ltd
- iv. Category/ sub-Category of the Company – Company limited by Shares
- v. Address of the registered office and contact details  
Pritish Nandy Communications Ltd  
87/88 Mittal Chambers, Nariman Point, Mumbai 400021  
Tel : 91-22-42130000  
Fax : 91-22-42130033  
Website :www.pritishnandycom.com
- vi. Whether listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any  
Link Intime India Private Ltd  
C-101, 247 Park, LBS Marg  
Vikhroli (West)  
Mumbai 400 083  
Tel.: 91-22-49186000  
Fax: 91-22-49186060  
Website: www.linkintime.co.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Film production and media consultancy	921	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	PNC Digital Ltd Address: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021	U22110MH1994PLC076934	Subsidiary	99.78	2(87)
2.	PNC Wellness Ltd Address: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021	U55100MH1999PLC120196	Subsidiary	100.00	2(87)

## IV. STATEMENT SHOWING SHAREHOLDING PATTERN

## a. Category-wise share holding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e as on April 1, 2016)				No. of Shares held at the end of the year (i.e as on March 31, 2017)				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
1.										
a.	Individual/ HUF	3,896,307	0	3,896,307	26.93	3,896,307	0	3,896,307	26.93	0
b.	Central Govt	0	0	0	0	0	0	0	0	0
c.	State Govt (s)	0	0	0	0	0	0	0	0	0
d.	Bodies Corp.	2,098,232	0	2,098,232	14.51	2,098,232	0	2,098,232	14.51	0
e.	Banks/ FI	0	0	0	0	0	0	0	0	0
f.	Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)		5,994,539	0	5,994,539	41.44	5,994,539	0	5,994,539	41.44	0
2.										
a.	NRIs – Individuals	0	0	0	0	0	0	0	0	0
b.	Others – Individuals	0	0	0	0	0	0	0	0	0
c.	Bodies Corp.	0	0	0	0	0	0	0	0	0
d.	Banks/ FI	0	0	0	0	0	0	0	0	0
e.	Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)		0	0	0	0	0	0	0	0	0
Total Shareholding of Promoters/ Promoter Group (A) = (A)(1)+(A)(2)		5,994,539	0	5,994,539	41.44	5,994,539	0	5,994,539	41.44	0

Category of Shareholders			No. of Shares held at the beginning of the year (i.e as on April 1, 2016)				No. of Shares held at the end of the year (i.e as on March 31, 2017)				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.		Public Shareholding									
I.	a.	Institutions									
	b.	Mutual Funds	0	0	0	0	0	0	-	0	
	c.	Banks/ FI	217,334	0	217,334	1.50	217,334	0	1.50	0	
	d.	Central Govt	0	0	0	0	0	0	-	0	
	e.	State Govt (s)	0	0	0	0	0	0	-	0	
	f.	Venture Capital Funds	0	0	0	0	0	0	-	0	
	g.	Insurance Companies	25,000	0	25,000	0.17	25,000	0	0.17	0	
	h.	FIIIs	3,000,000	0	3,000,000	20.74	1,424,239	0	9.84	(10.89)	
	i.	Foreign Venture Capital Funds	0	0	0	0	0	0	-	0	
	j.	Others (specify)	0	0	0	0	0	0	-	0	
Sub-total (B)(1)			3,242,334	0	3,242,334	22.41	1,666,573	0	11.52	(10.89)	
2.		Non-Institutions									
	a.	Bodies Corporate									
	1.	Indian	408,002	1	408,003	2.82	424,399	1	2.93	0.11	
	2.	Overseas	475,000	0	475,000	3.28	475,000	0	3.28	-	
	b.	Individuals				-			-	-	
	1.	Individual shareholders holding nominal share capital upto ₹ 1 Lakh	2,729,454	4,280	2,733,734	18.90	2,719,020	4,280	18.82	(0.08)	
	2.	Individual shareholders holding nominal share capital in excess ₹ 1 Lakh	1,565,472	0	1,565,472	10.82	3,048,620	0	21.07	10.25	
	c.	Others (specify)				-			-	-	
	1.	Trusts	3,000	0	3,000	0.02	3,000	0	0.02	-	
	2.	Clearing members	44,918	0	44,918	0.31	131,568	0	0.91	0.60	
Sub-total (B)(2)			5,225,846	4,281	5,230,127	36.15	6,801,607	4,281	47.04	10.89	
Total Shareholding (B)=(B)(1)+(B)(2)			8,468,180	4,281	8,472,461	58.56	8,468,180	4,281	58.56	0	
Total (A) + (B)			14,462,719	4,281	14,467,000	100	14,462,719	4,281	100	0	
C.		Share held by Custodian for GDRs & ADRs Public	0	0	0	0	0	0	0	0	
Grand total (A+B+C)			14,462,719	4,281	14,467,000	100	14,462,719	4,281	100	0	

## b. Shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (i.e. as on April 1, 2016)			Shareholding at the end of the Year (i.e. as on March 31, 2017)			% Change in Share holding during the years
		No. of Shares	% of total shares of the Company	% of Share Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Share Pledged / encumbered to total shares	
1.	Pritish Nandy	2,952,197	20.41	0	2,952,197	20.41	0	0
2.	Artinvest India Pvt Ltd	1,394,789	9.64	0	1,394,789	9.64	0	0
3.	Ideas.com India Pvt Ltd	703,443	4.86	0	703,443	4.86	0	0
4.	Rina Pritish Nandy	625,000	4.32	0	625,000	4.32	0	0
5.	Rangita Pritish Nandy	193,500	1.34	0	193,500	1.34	0	0
6.	Ishita Pritish Nandy	125,610	0.87	0	125,610	0.87	0	0
	Total	5,994,539	41.44	0	5,994,539	41.44	0	0

## c. Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year (i.e. as on April 1, 2016)		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year				
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	No Change			
At the end of the year				



## d. Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Kamal M Morarka	0	0	1,495,659	10.34
2.	APMS Investment Fund Ltd	1,000,000	6.91	924,239	6.39
3.	Elara India Opportunities Fund Ltd	1,000,000	6.91	500,000	3.46
4.	Eriska Investment Fund Ltd	1,000,000	6.91	0	0
5.	MCPI Holdings Ltd	475,000	3.28	475,000	3.28
6.	Naminder Singh Dhir	142,433	0.98	142,433	0.98
7.	Parag Suresh Kamat	131,378	0.91	54,368	0.38
8.	Sushma Daga	127,000	0.88	127,000	0.88
9.	Mustafa Rajkotwala	90,631	0.63	83,331	0.58
10.	Sonal Parag Kamat	86,683	0.60	88,460	0.61
11.	Bank of Maharashtra TIBD	82,653	0.57	82,653	0.57
12.	Hemali Prakash Mehta	0	0	81,906	0.57

## e. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Folio/Beneficiary Account no	Name of the Shareholders	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	IN300126-10509983	Pallab Bhattacharya	At the beginning of the year	50,000	0.34	50,000	0.34
			At the end of the year	50,000	0.34	50,000	0.34
2.	IN301151-23126481	Nabankur Gupta	At the beginning of the year	26,702	0.18	20,000	0.14
			At the end of the year	26,702	0.18	20,000	0.14

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	5,912,118	0	0	5,912,118
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	5,912,118	0	0	5,912,118
Change in Indebtedness during the financial year				
i. Addition	55,467,704	0	0	55,467,704
ii. Reduction	3,635,094	0	0	3,635,094
Net change	51,832,610	0	0	51,832,610
Indebtedness at the end of the financial year				
i. Principal Amount	57,744,728	0	0	57,744,728
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	57,744,728	0	0	57,744,728

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## a. Remuneration to Managing Director, whole-time Directors and/ or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Pallab Bhattacharya WTD and CEO	Rangita Nandy Creative Director	
1.	Gross salary			
	a. Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	2,105,640	2,043,000	4,148,640
	b. Value of perquisites under Section 17(2) Income-tax Act, 1961	0	0	0
	c. Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit			
	- others, specify...			
5.	Others, please specify	792,360	813,000	1,605,360
	Total (A)	2,898,000	2,856,000	5,754,000
	Ceiling as per the Act	The Company has made inadequate profit during the year. In view of the inadequate profit and based on effective capital of the Company, managerial remuneration as prescribed under Schedule V read with Section 197 of the Companies Act, 2013 is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 5,754,000 which is in excess of the limits prescribed by ₹ 1,554,000. The excess remuneration paid is subject to approval of the shareholders of the Company by a special resolution in the forthcoming Annual General Meeting.		

## b. Remuneration to other directors:

₹

Sr. No.	Particulars of Remuneration	Name of Directors		Amount
		Fee for attending Board/ Committee Meetings	Commission/ Others, please specify	
1.	Independent, Non-Executive Directors			
	a. Vishnu Kanhere	80,400	0	80,400
	b. Udayan Bose	361,800	0	361,800
	c. Nabankur Gupta	361,800	0	361,800
	d. Hema Malini	40,200	0	40,200
	e. Raghu Palat	201,000	0	201,000
	Total (1)	1,045,200	0	1,045,200
2.	Other Non-Executive Directors			
	a. Pritish Nandy	160,800	0	160,800
	b. Rina Pritish Nandy	160,800	0	160,800
	Total (2)	321,600	0	321,600
	Total (b)=(1+2)	1,366,800	0	1,366,800
	Total Managerial Remuneration	1,366,800	0	1,366,800
	Overall Ceiling as per the Act	Ceiling as is not applicable since only sitting fees are paid to Independent and Non-executive director		

## c. Remuneration to key managerial personnel other than Managing Director/ Manager/ Wholetime Director

₹

Sr. No.	Particulars of Remuneration	Company Secretary
1.	Gross salary	
	a. Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	283,002
	b. Value of perquisites under Section 17(2) Income-tax Act, 1961	0
	c. Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission	0
	- as % of profit	
	- others, specify...	
5.	Others, please specify	113,876
	Total	396,878

## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment, or compounding of offence during the year ended March 31, 2017.

## OVERVIEW

The Indian film industry has a strong potential for growth and has encouraged several innovations in content production backed by a growing acceptance by the audience. Contemporary topical content with well written screenplays is garnering commercial success along with traditional content. Your Company is positioning itself in sync with the audience's new content preferences and focus on good cinema which appeals to discerning audiences as well as mass reach cinema targeting commercial appeal across all categories of audiences. Your Directors believe that your Company has the energies, skillset, talent, competence and experience to position itself among the leading companies in this repositioned entertainment industry.

## 1. INDUSTRY, SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

## a. CONTENT

With a growth oriented global economic environment and a reform focused central government, the country's financial outlook and business sentiment appears encouraging. With a young demographics profile enhancing consumer base, a strong macro-economic outlook, business friendly regulatory environment, the requisite ingredients are in place to power the Indian entertainment industry to greater heights. Given this strong fundamental backdrop, the medium and long term outlook for the entertainment sector is optimistic.

Our aim is to leverage Company's competitive strengths to create entertainment products across multiple exploitation platforms. We are focusing on innovating ideas and storylines that are appealing and cater to the constantly changing audiences' choices. With the growth of multiplexes 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 entertainment industry and the Company's opportunities to create and distribute new content products continues to grow. Emerging media are opening up new avenues of revenue. Broadband, IPTV and DTH subscriptions are growing exponentially. Depending on the opportunities available, the Company will seek to enhance and/ or diversify its focus on multiple content platforms.

The Company continues to focus on film content and several projects are at advanced pre-production stage being planned to move into production in the days to come. The Company has the capability, skill sets and experience to emerge as a leader in the entertainment industry. Your Company is working with Amazon Prime Video, the international streaming service which Amazon launched in India in December last year, to develop one of their first bunch of Originals. The Original being discussed is a 10-12 part fiction series set in Mumbai tentatively titled '4 More Shots Please!'. Apart from green lighting several content projects like Pragaash your Company has also signed Remo D'Souza for its forthcoming film project. Your Company also reissued the satellite broadcast rights of 17 of its films to Star India during the year gone by. Your Directors believe that your Company has the energies, skillset, talent, competence and experience to position itself among the leading companies in this repositioned entertainment industry.

## b. DIGITAL AND WELLNESS: The Company has two Subsidiaries viz. PNC Digital Ltd and PNC Wellness Ltd.

## PNC Digital Ltd

There has been no material change in the nature of the business of this Subsidiary. Its principal business is creating content for digital streaming, setting up a delivery system for digital streaming and running the business of content streaming as well as any other technology business using the internet as its primary delivery platform, including any further innovations in the broad field of web technology. Your Company has agreed to provide its films to this Subsidiary Company to explore revenue opportunities across digital platforms and exploit their commercial advantage but this Subsidiary Company was unable to generate income from its operational activities in the year gone by. Such efforts will be continued in the future.

## PNC Wellness Ltd

There has been no material change in the nature of the business of this Subsidiary. During the year, this Subsidiary operated only in one business segment, i.e. wellness segment. There was no revenue generation during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its afore said brands. This Subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties.

## 2. RISKS, CONCERNS AND THREATS

The content business is risk-prone. Shifting audience tastes and likes/dislikes has made the market unpredictable with films having shorter windows for generating revenues at the time of their first theatrical release. Distributors are risk averse and are reluctant to pay minimum guarantees upfront. The Company is therefore focusing on strategies for recovering its investment in content prior to or at the time of a film release. The Company however plays a vital role in designing, the marketing and distribution of its films.

Digital Piracy suddenly has become a serious risk in this business.

The Company continues its multi-product portfolio approach to minimize and manage the inherent risks of the business. The Company is also constantly researching audience likes and dislikes by creating innovative products that can meet the challenge of audience preferences and expectations through ever changing technology.

## 3. INTERNAL CONTROL SYSTEMS, THEIR ADEQUACY AND RISK MANAGEMENT

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 including all the department heads examines and clears each project for implementation. Your Company has in place an adequate system of internal controls with documented procedures covering all corporate functions. Systems of internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

Adequate internal control measures are in the form of various policies and procedures issued by the management covering all critical and important activities viz. revenue management, production operations, purchase, finance, compliances, human resources, safety, etc. These policies and procedures are updated from time to time and compliance is monitored by internal audit. The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational activity. The focus of these reviews is as follow:

- Identify weakness and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes
- Compliance with the Company's Code of Conduct

The Business Process and Risk Management Committee under the supervision of the Audit Committee of the Board oversees the adequacy of internal control environment through regular reviews of the Internal Audit Report and monitoring implementations of internal audit recommendations through the compliance reports submitted to them. Your Company is faced with different types of risks which need different approaches for mitigation.

On a primary basis your Company has identified and categorized the following risks: Operational risks like injury to lead actor/s and/ or workmen, loss by fire, high personnel turnover ratio, piracy, delay in production cycle, censor certification, litigation, negative public perception, box office failure and realization of payments due, environment risks like technological changes, new emerging trends and statutory and legal compliances. Financial risks like shortage of working capital, diminution of asset values, data loss, inventory loss, bad debts and theft/ loss of cash and valuables. Intangible asset risks such as misuse of intellectual property rights and deterioration of brand image.

Depending on the nature, impact and probability of the risk your Company has devised various mitigating solutions like: providing for contingencies, taking insurance cover wherever necessary, making quality films, devising appropriate marketing strategies, aligning pay scale with industry standards, training staff and offering growth opportunities, maintaining work life balance, providing for leisure, installing proper payment systems, maintaining good relations, carrying out raids, lodging complaints with anti-piracy organizations, making audiences aware of the benefit of original print quality, reducing CD/ DVD prices, ensuring proper project management, forming multiple teams with experienced team leaders, ensuring film content complies with guidelines, ensuring proper contractual documentation of rights to copyright and other film rights, ensuring clarification/ true facts are disseminated swiftly, identifying new platforms, acquiring sponsors, tying up with distributors and exhibitors, dealing with established and reputed dealers, ensuring staff familiarity with latest technology, identifying trends, carrying out research, ensuring proper filling of statutory documents/ returns, etc., ensuring proper budgetary planning and cash flow, complying with proper depreciation accounting policy, complying with dividend payout policy, ensuring timely replacement of equipment/ technology at best prices, maintaining, proper inward and outward register for films, checking library periodically, initiating legal action whenever applicable, monitoring cash levels and installing cash safe, investing in liquid funds or fixed deposits, registering intellectual property with appropriate authorities and monitoring and managing brand imaging continuously.

## 4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's financial performance is not comparable to last year and it 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 has been developed and strengthened. 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 Company has access to remains independent and is yet available to the Company 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 the stock exchanges, as well as by publication of quarterly financial results in newspapers and through the annual report and accounts to Shareholders.

## 1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

The Company is in compliance with the requirements stipulated under regulation 27 and Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, with regards to Corporate Governance.

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

The Company's Corporate Governance policy is meant to assist the Board in the exercise of its responsibilities. This policy is subject to future changes as may be required in the light of the amendments in various regulations. To ensure that Stakeholders are aware of all such changes, these are posted on the Company website: [www.pritishnandy.com](http://www.pritishnandy.com).

## 2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Act and the listing agreement with the Stock Exchanges where the securities issued by the Company are listed. The Board has 8 Directors as on March 31, 2017, of whom 2 are Promoter Non-Executive Directors, 2 are Wholetime Directors and 4 are Independent, Non-executive Directors. All the Directors are eminent professionals with specialist experience. Wholetime Directors in the Company have grown from the ranks.

None of the Directors on the Board hold directorships\* in more than 10 Public Companies. Further, none of them is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Public Companies in which he is a Director. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2017 have been made by the Directors.

During 2016-2017, the Board met 4 times: on May 26, 2016, August 9, 2016, November 9, 2016, and February 13, 2017. The time gap between any 2 meetings was not more than 120 days or more than 4 calendar months. The following table gives details of Directors, their attendance at Board Meetings and at the last Annual General Meeting, number of memberships held by Directors on the Board and Committees of various Companies as on March 31, 2017.

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	4	Yes	-	-	-	2,952,197
Udayan Bose	Independent, Non-Executive Director	4	Yes	2	-	01	-
Nabankur Gupta	Independent, Non-Executive Director	4	Yes	6	9	7	20,000
Hema Malini	Independent, Non-Executive Director	1	Yes	-	-	-	-
Rina Pritish Nandy**	Promoter, Non-Executive Director	4	Yes	-	-	-	625,000
Vishnu Kanhere***	Independent, Non-Executive Director	1	Yes	-	-	-	-
Pallab Bhattacharya (Wholetime Director and CEO)	Executive Director	4	Yes	2	-	-	50,000
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	3	Yes	1	-	-	193,500
Raghu Palat#	Independent, Non-Executive Director	3	Yes	-	-	-	-

\*Other Company directorships do not include directorship in private limited companies, foreign companies and companies registered under Section 8 of the Act.

+Committee includes only four committees: Audit Committee and Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee of other Public Companies.

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

\*\*\*Resigned with effects from end of business hours on May 26, 2016.

# Appointed on the Board with effect from August 9, 2016.

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 the applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 3. AUDIT COMMITTEE

The constitution of the Audit Committee meets with the requirements of Section 177 of the Act, and the SEBI Listing Regulations with the stock exchange. The terms of reference specified by the Board to the Audit Committee are as per SEBI Listing Regulations and the same is part of the Corporate Governance policy adopted by the Board.

As on March 31, 2017, the Audit Committee consists of Udayan Bose, Chairman, Nabankur Gupta and Raghu Palat as members. All members of the Audit Committee including the Chairman are Independent Directors and financially literate. Santosh Gharat, Company Secretary acts as Secretary of the Audit Committee.

During the year 2016-2017, the Audit Committee met 4 times: on May 26, 2016, August 9, 2016, November 9, 2016 and February 13, 2017. Attendance of Committee members during the year 2016-2017 is as under:

Name of member	Attendance	May 26, 2016	August 9, 2016	November 9, 2016	February 13, 2017
Udayan Bose (Chairman)	4	Yes	Yes	Yes	Yes
Nabankur Gupta	4	Yes	Yes	Yes	Yes
Vishnu Kanhere*	1	Yes	NA	NA	NA
Raghu Palat**	3	NA	Yes	Yes	Yes

\*Resigned with effects from end of business hours on May 26, 2016.

\*\*Appointed on the Board of the Company w.e.f. August 9, 2016.

## 4. HUMAN RESOURCES, NOMINATION AND REMUNERATION COMMITTEE (HRNR Committee)

The HRNR Committee has been established with the duty to assist the Board of Directors in fulfilling their roles and responsibility involving human resources as defined under the Act.

To rationalize all employees related issues, while adhering to the requirements of the Act, SEBI Listing Regulations as amended from time to time, the Board of the Company has constituted the HRNR Committee.

Constitution of the HRNR Committee and the terms of reference specified by the Board to the Committee are as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 and Schedule V of the Act. Remuneration Committee consists of Nabankur Gupta as Chairman, Udayan Bose and Hema Malini as members. Santosh Gharat, Company Secretary acts as Secretary of the Committee.

### Directors' Remuneration

- Advisory fees- The Company has paid ₹ 9,600,000 per annum as advisory fee to the Non-Executive Chairman. The payment of this fee is approved under Section 197(1) of the Act, 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 ₹ 40,000 for attending Board Meetings and Audit Committee Meetings.
- Remuneration- Details of current remuneration paid to Wholetime Directors are as under:

Pallab Bhattacharya, was re-appointed as Wholetime Director and CEO of the Company for further period of 5 years with effect from February 18, 2015 to February 17, 2020 on the remuneration and other terms and conditions as set out in the agreement executed with him, the broad terms whereof are given herein below:

- Salary: Not exceeding ₹ 241,500 per month, subject to annual increment.
- Perquisite: Mr Bhattacharya is entitled to a Company car with a driver.
- Gratuity is payable as per rules of the Company at the end of service.
- Reimbursement of traveling, hotel and other reasonable expenses actually incurred by Mr Bhattacharya for Company work.

Rangita Pritish Nandy, was re-appointed as Creative Director of the Company for a further period of 5 years with effect from January 31, 2015 to January 30, 2020 on the remuneration and other terms and conditions as set out in the agreement executed with her, the broad terms whereof are given herein below:

- Salary: Not exceeding ₹ 238,000 per month, subject to annual increment.
- Perquisite: Ms Nandy is entitled to a Company car with a driver.
- Gratuity is payable as per rules of the Company at the end of service.
- Reimbursement of traveling, hotel and other reasonable expenses actually incurred by Ms Nandy for Company work.

Wholetime Directors of the Company are entitled to annual increments, as decided by the Board. Annual increments are merit based and taking into account the Company's performance. 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 V of the Act.

The Company has made inadequate profit during the year. In view of this inadequate profit and based on effective capital of the Company, managerial remuneration as prescribed under Schedule V read with Section 197 of the Act, is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 5,754,000 which is in excess of the limits prescribed by ₹ 1,554,000. The excess remuneration paid is subject to approval of the shareholders of the Company by a special resolution in the forthcoming Annual General Meeting.

Shareholdings of the Non-Executive Directors of the Company:

Of the 2 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 Non-Executive Director holds 20,000 shares of the Company as on March 31, 2017.

#### 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Your Company has a Stakeholders' Relationship Committee in accordance with the provisions of the Act and SEBI Listing Regulations.

This Stakeholders' Relationship Committee is constituted under the chairmanship of Independent Director, Nabankur Gupta, Udayan Bose and Pallab Bhattacharya are its members. Santosh Gharat, Company Secretary acts as Secretary of this Committee.

This Committee reviews and redresses the grievances related to securities such as transfer of securities, dividend and any 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 was received during the year 2016-2017.

#### 6. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
2013-2014	Walchand Hirachand Hall, Mumbai 400020	September 19, 2014 at 2.00 PM
2014-2015	Walchand Hirachand Hall, Mumbai 400020	September 21, 2015 at 3.00 PM
2015-2016	Walchand Hirachand Hall, Mumbai 400020	September 21, 2016 at 3.00 PM

#### 7. OTHER COMMITTEES

**RISK MANAGEMENT COMMITTEE:** The Risk Management Policy which includes procedures for assessment and minimization is adopted by the Board. The said policy is also put up on the website of the company: [www.pritishnandy.com](http://www.pritishnandy.com).

During the year, the Committee met once and was attended by all the members.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:** The Company has constituted a CSR Committee as required under Section 135 of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company has framed the CSR Policy and also put it up on the website of Company: [www.pritishnandy.com](http://www.pritishnandy.com).

#### 8. DISCLOSURES

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large - None of the transactions with any related party were in conflict with the interests of the Company.
- Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years - There were no instances of non-compliance on any matter related to the capital markets during the last 3 years.
- The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and Directors to report concerns about unethical behavior. No person has been denied access to the chairman of the Audit Committee. The said policy is also put up on the website of the Company.
- The Board has adopted policies to establish transparency and good governance. These policies are the Board Diversity Policy, Code of Conduct of Directors and senior management, Policy on Material Subsidiary, Related Party Transaction Policy, Succession Policy and Insider Trading Policy. These Policies are put up on the website of the Company.

#### 9. SUBSIDIARY COMPANIES

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted Subsidiary Companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have material non-listed Indian Subsidiary Companies.

#### 10. MEANS OF COMMUNICATION

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



## 11. GENERAL SHAREHOLDER INFORMATION

## 11.1 Annual General Meeting

Date and time	: September 2017
Venue	: Walchand Hirachand Hall, 4th floor, IMC Building, IMC Marg Churchgate, Mumbai 400020

## 11.2 Financial calendar (tentative) for financial year April 1, 2017 to March 31, 2018

## a. Board meetings to consider financial results

Before August 14, 2017	: Results for the first quarter
Before November 14, 2017	: Results for the second quarter
Before February 14, 2018	: Results for the third quarter
Before May 30, 2018	: Results for the fourth quarter and year ending March 31, 2018

## b. Annual General Meeting : September, 2018

## 11.3 Date of book closure : September 13, 2017 to September 21, 2017 (both days inclusive)

## 11.4 Dividend payment date : Not applicable

11.5 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 40005111.6 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.

## 11.7 Company's share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

Period (As on March 31, 2016 and March 31, 2017)	% change in Company's share price	% change in Indices
BSE-Sensex	34.36	16.88
NSE-Nifty	35.10	18.55

## 11.8 Market price data:

	NSE		BSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2016	17.45	13.60	17.50	13.35
May 2016	17.20	13.05	17.92	12.50
June 2016	17.10	14.15	17.80	14.20
July 2016	20.70	14.90	20.75	15.00
August 2016	16.95	14.10	16.30	14.00
September 2016	20.09	13.70	20.74	13.18
October 2016	28.00	18.20	27.85	17.85
November 2016	24.30	15.35	24.50	15.50
December 2016	27.80	18.05	28.60	17.30
January 2017	27.00	21.25	26.40	21.85
February 2017	27.45	21.50	27.75	21.55
March 2017	23.40	19.85	23.20	19.80

## 11.9 Registrar and transfer agents : Link Intime India Private Ltd

## 11.10 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.

## 11.11 Distribution of shareholding as on March 31, 2017

Shares of nominal value of ₹	Equity shares of face value of ₹ 10 each				
	Number of shareholders	%	Number of shares	Share amount in (₹)	%
Up to 5,000	4,348	78.12	685,920	6,859,200	4.74
5,001 to 10,000	559	10.05	478,176	4,781,760	3.30
10,001 to 20,000	294	5.28	464,066	4,640,660	3.21
20,001 to 30,000	107	1.92	280,537	2,805,370	1.94
30,001 to 40,000	44	0.79	160,549	1,605,490	1.11
40,001 to 50,000	48	0.86	225,691	2,256,910	1.56
50,001 to 100,000	84	1.51	630,934	6,309,340	4.36
100,001 and above	82	1.47	11,541,127	115,411,270	79.78
Total	5,624	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2017 (Category wise)	%
Promoters holding	: 41.44
Mutual Funds and Unit Trust of India	: 0.00
Banks and Financial Institutions	: 1.50
Directors	: 0.48
HUF	: 1.68
Foreign Institutional Investors	: 9.85
Insurance Companies	: 0.17
Clearing Member	: 0.91
Trust	: 0.02
Public and private corporate bodies	: 2.93
NRIs/ OCBs	: 3.53
Indian public and others	: 37.49
Total	: 100.00

## 11.12 Dematerialization of shares and liquidity:

About 14,462,719 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, 2017. Trading in the equity shares of the Company is permitted only in dematerialized form. The equity shares of the Company are actively traded on BSE and NSE.

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

11.14 Plant locations : The Company has no plant.

## 11.15 Address for investor correspondence

Registrar and share transfer agent	Company
Link Intime India Pvt Ltd	The Company Secretary
Unit: Pritish Nandy Communications Ltd	Pritish Nandy Communications Ltd
C-101, 247 Park	87/88, Mittal Chambers
LBS Marg, Vikhroli (W)	Nariman Point
Mumbai 400083	Mumbai 400021
Tel : 91-22-49186000	Tel : 91-22-42130000
Fax : 91-22-49186060	Fax : 91-22-42130033
Email : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>	email : <a href="mailto:investorgrievance@prishnandycom.com">investorgrievance@prishnandycom.com</a>
Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>	Website : <a href="http://www.pritishnandycom.com">www.pritishnandycom.com</a>

## OTHER INFORMATION

a. Listing fees for the financial year 2017-2018 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 [www.pritishnandycom.com](http://www.pritishnandycom.com).

c. Code for Prevention of Insider Trading

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

d. 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

Mumbai, May 24, 2017

Pallab Bhattacharya  
Wholtime Director and CEO

Yatender Verma  
Vice President, Finance, Compliances and Legal Affairs

Santosh Gharat  
Company Secretary

## DECLARATION BY CEO

I, Pallab Bhattacharya, Wholtime Director and CEO of Pritish Nandy Communications Ltd, confirm that the Company has adopted a Code of Conduct for its Directors including Non-Executive Directors and Senior Management.

This code is available on our Company's website [www.pritishnandycom.com](http://www.pritishnandycom.com). I further confirm that the Company has received a declaration of compliance with the Code of Conduct for the year ended March 31, 2017 from Members of its Board and Senior Management Personnel.

Mumbai, May 24, 2017

Pallab Bhattacharya  
Wholtime Director and CEO

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Pritish Nandy Communications Limited

We have examined the compliance of conditions of Corporate Governance by Pritish Nandy Communications Ltd for the year ended on March 31, 2017 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Mumbai, May 24, 2017

For KR Khare & Co  
Chartered Accountants  
Firm Registration Number 105104W  
Kishor R Khare  
Proprietor  
Membership Number 032993

## INDEPENDENT AUDITOR'S REPORT

To  
The Members  
Pritish Nandy Communications Limited

## REPORT ON STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Pritish Nandy Communications Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditors' judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, 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 on the standalone financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2017 and its loss and its cash flows for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to Note 33 on the standalone 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 Company has obtained legal opinion from Justice A M 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.

We further draw attention to Note 38-i on the standalone financial statements which relates to investment in Subsidiary Company "PNC Wellness Ltd.". The investment in this subsidiary stands at ₹ 23,280,000 whereas the net worth of the subsidiary is ₹ 8,590,306 as at March 31, 2017. Considering that company has made provision for diminution in value of investment in this subsidiary by 1/5th of its book value and considers the balance retained book value as fully realizable no further provision is made for the diminution in book value of investment which is considered as temporary.

We further draw attention to Note 38-ii on the standalone financial statements which relates to investment in Subsidiary Company "PNC Digital Ltd.". The investment in this subsidiary stands at ₹ 7,019,700 whereas the net worth of the Subsidiary is ₹ 1,218,754 as at March 31, 2017. The Company has agreed to provide its

films to this Subsidiary Company to explore revenue opportunities on the digital platform and exploit it to its commercial advantage. In view of the fact that this subsidiary has unfettered access to the film content of the Holding Company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

We further draw attention to Note 39 on the standalone financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of an advance of ₹ 15,000,000. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the opinion and consequently the company has not made provision of any amount there against.

Our opinion is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
- As required by section 143(3) of the Act, we report that:
  - We have sought and 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards referred to in section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no 33 and 39 to the standalone financial statements;
    - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - as represented to us there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
    - the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note 15.1)

For KR Khare & Co.  
Chartered Accountants  
Firm Registration Number 105104W

Place: Mumbai  
Date: May 24, 2017

Kishor R Khare  
Proprietor  
Membership Number 032993

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph '1' of "Report on Other Legal and Regulatory Requirements" section of 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;

- The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - 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.
  - On the basis of information and explanations given to us the Company does not own any immovable property.
- 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 items, it is not practicable to maintain 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, except the record of the finished content, unamortised content, unfinished content and also does not carry out physical verification of stock. However management physically verifies the

finished content in the hand at the end of the year.

- As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 other than;
  - the temporary interest free advances to its wholly owned subsidiary viz. PNC Wellness Ltd. for meeting its operational expenses amounting to ₹ 999,175 (Previous Year ₹ 425,750), and
  - the temporary interest free advances to its subsidiary viz. PNC Digital Ltd. for content production account amounting to ₹ NIL as at the year end. (Previous Year ₹ 58,656,671)
 As explained to us there are no terms for repayment of these temporary advances.
- According to the information and explanations given to us, the company has not given any loans, made investments, provided guarantees and securities during the year as contemplated under section 185 and 186 of the Act.
- In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause (v) of the Order are not applicable to the Company.
- According to information and explanations given to us, the maintenance of cost records under Section 148 (1) of the Act is not prescribed under the Companies (Cost Records and Audit) Rules, 2014.

- vii. a. The Company is regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities during the year. There were no undisputed statutory dues as mentioned above in arrears as at March 31, 2017 for a period of more than six months from the date they became payable:
- b. According to information and explanations given to us, there are no dues of Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited on account of any dispute except as follows.

Name of statute	Nature of Dues	Period to which relate	Amount ₹	Forum where pending
VAT Act, 2005	VAT	FY 2003-04	1,520,760	Jt. Commissioner of Sales Tax (Appeals) II, Mumbai City Division, Mumbai
VAT Act, 2005	VAT	FY 2004-05	355,268	Deputy Commissioner of Sales Tax (Appeals) I, Mumbai City Division, Mumbai
VAT Act, 2005	VAT	FY 2005-06	2,724,675	Deputy Commissioner of Sales Tax (Appeals) E817, Business Audit 3, Mumbai
VAT Act, 2005	VAT	FY 2007-08	3,787,768	Asst. Commissioner of Sales Tax Business Audit, Mumbai
VAT Act, 2005	VAT	FY 2008-09	51,729	Deputy Commissioner of Sales Tax (Appeals) I, Mumbai City Division, Mumbai

- viii. According to the information and explanations given to us the company has not defaulted in repayment of dues to any financial institutions or bank, Government during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

- x. Based upon the audit procedures performed and information and explanations given by the management, we report that we have not come across any instances of fraud by the Company or any fraud on the company by its officers or employees that have been noticed or reported during the year nor have been informed of such a case by management.
- xi. According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in excess of the limits prescribed by the provisions of section 197 read with Schedule V to the Act in view of the inadequate profits and the same is subject to the approval by special resolution in the ensuing General Meeting.
- xii. In our opinion and according to the information given to us, the company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note 36 on the standalone financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For KR Khare & Co.  
Chartered Accountants  
Firm Registration Number105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Place: Mumbai  
Date: May 24, 2017

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on standalone financial statements of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pritish Nandy Communications Ltd ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in 'the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KR Khare & Co.  
Chartered Accountants  
Firm Registration Number105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Place: Mumbai  
Date: May 24, 2017

As at March 31, 2017

	NOTE No		March 31, 2017 ₹		March 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>					
1. Shareholders' funds					
a. Share capital	2	144,670,000		144,670,000	
b. Reserves and surplus	3	632,392,014	777,062,014	646,124,223	790,794,223
2. Non-current liabilities					
a. Long-term borrowings	4	6,526,664		1,260,088	
b. Deferred tax liabilities (net)	5	147,747,350	154,274,014	149,563,840	150,823,928
3. Current liabilities					
a. Short term borrowings	6	50,471,961		4,002,028	
b. Trade payables	7	19,636,834		41,908,241	
c. Other current liabilities	8	24,361,497		34,825,822	
d. Short-term provision	9	0	94,470,292	4,447,400	85,183,491
			1,025,806,320		1,026,801,642
<b>ASSETS</b>					
1. Non-current assets					
a. Fixed assets					
Tangible assets	10	11,709,212		6,336,547	
b. Non-current investments	11	30,356,700		36,216,600	
c. Long term loans and advances	12	296,937,630	339,003,542	385,106,830	427,659,977
2. Current assets					
a. Cinematic and television content	13	596,601,516		508,332,557	
b. Trade receivables	14	30,259,405		9,749,338	
c. Cash and bank balances	15	46,032,362		49,360,406	
d. Short term loans and advances	16	12,489,226		30,155,883	
e. Other current assets	17	1,420,269	686,802,778	1,543,481	599,141,665
			1,025,806,320		1,026,801,642
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  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN : 00008277

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Udayan Bose  
Director  
DIN : 00004533

Santosh Gharat  
Company Secretary



# STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

# 21

For the year ended March 31, 2017

	NOTE No	March 31, 2017 ₹	March 31, 2016 ₹
<b>INCOME</b>			
Revenue from operations	18	22,179,168	212,345,600
Other income	19	25,467,274	6,182,970
<b>Total income</b>		<b>47,646,442</b>	<b>218,528,570</b>
<b>EXPENSES</b>			
Cost of content	20	97,663,823	44,592,897
Advertisement and digital release expenses	-	0	73,290,041
Changes in inventories of content	21	(88,268,959)	28,793,340
Employee benefit expenses	22	11,587,605	11,510,316
Finance cost	23	6,276,380	7,810,921
Depreciation and impairment	10	1,973,430	2,164,219
Other expenses	24	33,943,722	25,265,307
<b>Total expenses</b>		<b>63,176,001</b>	<b>193,427,041</b>
<b>Profit/ (loss) before tax</b>		<b>(15,529,559)</b>	<b>25,101,529</b>
<b>Tax expense</b>			
Current tax		19,140	4,463,100
Deferred tax		(1,816,490)	32,348,764
<b>Profit/ (loss) from continuing operations</b>		<b>(13,732,209)</b>	<b>(11,710,335)</b>
<b>Earning per equity share</b>			
Basic and diluted	26	(0.95)	(0.81)
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  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN : 00008277

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Udayan Bose  
Director  
DIN : 00004533

Santosh Gharat  
Company Secretary

## NOTE 1

## SIGNIFICANT ACCOUNTING POLICIES

## 1.1 Basis of accounting

- The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting principles in India.
- The financial statements are prepared in accordance with the Accounting Standards notified by the Central Government in terms of Section 143 of the Companies Act, 2013.
- 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 Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of the revenues and expenses during the reporting periods. The difference between the actual results and estimates are recognised in the period in which the results are known or materialized.

## 1.3 Revenue recognition

- In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas/ Hard Drive.
- 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 c (ii).
  - In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas/ Hard Drive.
  - 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 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.

## 1.4 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 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.

## 1.5 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.

## 1.6 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.

## 1.7 Depreciation

- Depreciation on tangible fixed assets is provided on the straight line method over the useful lives of assets as prescribed under para C of Schedule II of the Companies Act, 2013.
- 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 addition and till month of deletion.
- Depreciation on improvement to leave and license premises is calculated over the period of leave and license.

## 1.8 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.

## 1.9 Investments

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

## 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

- Contributions are made to Provident Fund and charged to revenue wherever applicable.
- 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 capitalized 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.

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 2</b>		
<b>SHARE CAPITAL</b>		
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, 2017		As at March 31, 2016	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2016	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, 2017	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	As at March 31, 2017		As at March 31, 2016	
	Number of Share Holding	% held	Number of Share Holding	% held
British Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	1,394,789	9.64	1,394,789	9.64
Elara India Opportunities Fund Ltd	500,000	3.46	1,000,000	6.91
Kamal M Morarka	1,495,659	10.34	0	0.00
APMS Investment Fund Ltd	924,239	6.39	1,000,000	6.91
Eriska Investment Fund Ltd	0	0.00	1,000,000	6.91

**NOTE 2.4**  
Terms/ rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The equity shares are entitled to dividend proposed by Board of Directors subject to approval of the share holders in the Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, holder of equity shares are entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to their share holding.

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 3</b>		
<b>RESERVES AND SURPLUS</b>		
Capital reserve		
Opening balance as at April 1, 2016	36,865	36,865
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	36,865	36,865
General reserve		
Opening balance as at April 1, 2016	22,098,279	22,098,279
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	22,098,279	22,098,279
Surplus/ (deficit) in statement of profit and loss		
Opening balance as at April 1, 2016	(47,969,741)	(36,259,406)
Add: Current year's profit/ (loss)	(13,732,209)	(11,710,335)
Closing balance as at March 31, 2017	(61,701,950)	(47,969,741)
Security premium reserve		
Opening balance as at April 1, 2016	671,958,820	671,958,820
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	671,958,820	671,958,820
	<u>632,392,014</u>	<u>646,124,223</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 4</b>		
<b>LONG TERM BORROWINGS</b>		
Secured long term finance lease obligations		
(Secured against the hypothecation of vehicles)		
Daimler Financial Services (I) Pvt Ltd	0	1,260,088
BMW Financial Services	6,003,235	0
Kotak Mahindra Prime Ltd	523,429	0
	<u>6,526,664</u>	<u>1,260,088</u>

**NOTE 4.1**  
Secured long term finance lease obligations repayable in monthly equitable instalments are as follows

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount ₹	Rate of interest p.a.	Amount ₹	Rate of interest p.a.
Repayable upto November, 2018	0	-	1,260,088	11.32%
Repayable upto March, 2019	6,003,235	10.12%	0	-
Repayable upto January, 2020	523,429	9.22%	0	-
Total	6,526,664		1,260,088	

**NOTE 4.2**  
Finance lease commitments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	6,526,664	646,846	1,260,088	222,694
Later than five years	0	0	0	0
Total	6,526,664	646,846	1,260,088	222,694

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 5</b>		
Deferred tax liabilities		
Opening balance as at April 1, 2016	149,563,840	117,215,076
Liabilities provided for the year	476,273	32,348,764
Less: Liabilities reversed for the year	2,292,763	(1,816,490)
	<u>147,747,350</u>	<u>149,563,840</u>

**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, 2017 is given below:

Particular	As at April 1, 2016	Created during the year	Reversed during the year	(In ₹ lakh)
				As at March 31, 2017
Deferred tax liabilities				
Unamortised content	1,563.49	2.72	22.41	1,543.80
Depreciation and capital loss	(16.69)	2.04	0.52	(15.17)
Adjustment for change in tax rate	(51.16)	0	0	(51.16)
Total	1,495.64	4.76	22.93	1,477.47

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 6</b>		
<b>SHORT TERM BORROWINGS</b>		
Secured		
Overdraft with Yes Bank Ltd (Secured against current assets)	50,471,961	4,002,028
	<u>50,471,961</u>	<u>4,002,028</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 7</b>		
<b>TRADE PAYABLES</b>		
Total outstanding dues to micro, small and medium enterprises	0	0
Others		
For cinematic and television content	16,857,111	38,426,688
For expenses and other liabilities	2,779,723	19,636,834
	<u>19,636,834</u>	<u>41,908,241</u>

**NOTE 7.1**  
The Company has not received any intimation from suppliers regarding the status under The Micro, Small And Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Advance received from subsidiary company	1,486,219	1,548,394
PNC Digital Ltd		
Advances and liabilities	22,129,175	32,627,426
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)		
BMW Financial Services	639,532	0
Kotak Mahindra Prime Ltd	106,571	0
Daimler Financial Services (I) Pvt Ltd	0	650,002
	<u>24,361,497</u>	<u>34,825,822</u>

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

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 9</b>		
<b>SHORT TERM PROVISION</b>		
Provision for income tax	0	4,447,400
	<u>0</u>	<u>4,447,400</u>

## NOTE 10

## TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	As at April 1, 2016	For the year	Impairment	Deductions	Total	As at March 31, 2017	As at March 31, 2016
Improvement to leasehold premises	723,764	0	0	723,764	723,764	0	0	0	723,764	0	0
Furniture and fixtures	482,535	79,196	87,111	474,620	303,111	30,679	0	57,869	275,921	198,699	179,424
Office equipments	2,817,812	70,000	406,682	2,481,130	2,255,448	193,468	0	356,589	2,092,327	388,803	562,364
Motor cars	8,398,393	11,518,173	6,907,760	13,008,806	3,033,828	1,670,130	0	2,530,297	2,173,661	10,835,145	5,364,565
Computers, printers and software	2,402,652	144,524	180,000	2,367,176	2,172,458	79,153	0	171,000	2,080,611	286,565	230,194
<b>Total ₹</b>	<b>14,825,156</b>	<b>11,811,893</b>	<b>7,581,553</b>	<b>19,055,496</b>	<b>8,488,609</b>	<b>1,973,430</b>	<b>0</b>	<b>3,115,755</b>	<b>7,346,284</b>	<b>11,709,212</b>	<b>6,336,547</b>
As at March 31, 2016	26,280,624	181,440	11,636,908	14,825,156	16,390,747	1,709,154	455,065	10,066,357	8,488,609	6,336,547	

## NOTE 11

## NON CURRENT INVESTMENTS

## Long term investments

## Unquoted investments

## In subsidiary company

## PNC Digital Ltd

498,900 (L Y 498,900) Equity Shares of ₹ 10 each fully paid up

## In wholly owned subsidiary company

## PNC Wellness Ltd

660,000 (L Y 660,000) Equity Shares of ₹ 10 each fully paid up

## Less: Provision for diminution in value of investments (Refer Note 38 ii)

## Quoted investments

Moving Picture Company (India) Ltd 95,000 (L Y 95,000) Equity Shares of ₹ 10 each fully paid up

## Less: Provision for diminution in value of investments

Market value ₹ 0.60 (L Y ₹ 1.02) per share

## Aggregate value of quoted and unquoted investments

	March 31, 2017		March 31, 2016	
	Book Value	Market Value	Book Value	Market Value
Quoted investments	57,000	57,000	96,900	96,900
Unquoted investments	30,299,700	N A	36,119,700	N A

## NOTE 12

## LONG TERM LOANS AND ADVANCES

## Advances to subsidiary - PNC Digital Ltd

## Income tax

## Other advances (Refer Note 33 and Note 40)

## Security Deposits

## Advance for content (Refer Note 39)

## NOTE 12.1

## Expenditure in foreign currency

Traveling expenses - advance for content USD 5,000 (L Y Nil)

## NOTE 13

## CINEMATIC AND TELEVISION CONTENT

At cost or net realisable value whichever is lower

(As valued and certified by management) - (Refer Note 34)

## Unamortised content

## Unexploited content

## Unfinished content

## NOTE 14

## TRADE RECEIVABLES

## Unsecured, considered good

## Over six month

## Others

## NOTE 15

## CASH AND BANK BALANCES

## Cash at bank - fixed deposits

(Includes fixed deposits kept under lien with Banks against bank guarantee issued ₹ Nil (L Y ₹ 4,400,000))

## Cash at bank - current accounts

## Cash and imprest account

## NOTE 15.1

	SBNs	Other denomination notes	Total
Details of specified bank notes (SBN) held and transacted during November 8, 2016 to December 30, 2016			
Closing cash on hand as on November 8, 2016	0	30,591	30,591
Add: permitted receipts	0	20,700	20,700
Add: Withdrawal from bank	0	362,246	362,246
Less: permitted payments	0	296,869	296,869
Less: amount deposited in banks	0	20,700	20,700
Closing cash in hand as on December 30, 2016	0	95,968	95,968

## NOTE 16

## SHORT TERM LOANS AND ADVANCES

(Unsecured considered good)

## a. Loans

## Staff

## b. Advances

Advances to - wholly owned subsidiary

## PNC Wellness Ltd

## Other advances

## c. Pre-paid expenses

## NOTE 17

## OTHER CURRENT ASSETS

## Accrued interest on fixed deposits

## NOTE 18

## REVENUE FROM OPERATIONS

## Sales - owned content\*

## Services\*

## Infilm promotion

\*The above income is net of VAT and service tax

## NOTE 18.1

## EARNING IN FOREIGN CURRENCY

Owned content USD 107.53 (L Y USD 2,321.81)

## NOTE 19

## OTHER INCOME

## Interest on fixed deposits

[TDS ₹ 367,466 (L Y ₹ 329,729)]

## Interest on income tax refund

## Interest on advances

## Rebate and credit balances written back

## Profit on sale of assets

## Gratuity - return on plan asset and actuarial gain

## Miscellaneous income

NOTE 20	March 31, 2017	March 31, 2016
	₹	₹
<b>COST OF CONTENT</b>		
Cost of content - owned content	97,663,823	44,592,897
	<u>97,663,823</u>	<u>44,592,897</u>

NOTE 21	March 31, 2017	March 31, 2016
<b>CHANGES IN INVENTORIES</b>		
Opening balance as at April 1, 2016		
Unamortised content	452,506,653	374,672,765
Unexploited content	52,825,904	26,140,000
Unfinished content	3,000,000	136,313,132
Less: Closing balance as at March 31, 2017		537,125,897
Unamortised content	445,912,015	452,506,653
Unexploited content	147,689,501	52,825,904
Unfinished content	3,000,000	3,000,000
	<u>596,601,516</u>	<u>508,332,557</u>
	<u>(88,268,959)</u>	<u>28,793,340</u>

NOTE 22	March 31, 2017	March 31, 2016
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	11,587,605	11,510,316
	<u>11,587,605</u>	<u>11,510,316</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

a. Defined contribution plan	March 31, 2017	March 31, 2016
	₹	₹
Contribution to defined contribution plan, recognised as expense for the year are as under		
Particulars		
Employer's contribution to Provident Fund	0	0

b. Defined Benefit Plan	March 31, 2017	March 31, 2016
Particulars		
● Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined benefit obligation at the beginning of the year	4,381,897	4,864,680
Current service cost	175,079	347,374
Interest cost	348,799	388,688
Actuarial (gain)/ loss	(145,520)	-583,307
Benefit paid	0	(635,538)
Defined Benefit obligation at the end of year	<u>4,760,255</u>	<u>4,381,897</u>

● Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation		
Fair value of plan assets at the beginning of the year	4,421,831	4,202,036
Expected return on plan assets	351,978	335,743
Actuarial gain/ (loss)	44,863	24,770
Employers contribution	394,263	494,820
Benefit paid	0	(635,538)
Fair value of plan assets at the end of the year	<u>5,212,935</u>	<u>4,421,831</u>

● Actual return on plan assets		
Expected return on plan assets	351,978	335,743
Actuarial gain/ (loss) on plan assets	44,863	24,770
Actual return on plan assets	<u>396,841</u>	<u>360,513</u>

● Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2017	5,212,935	4,421,831
Present value of obligation as at March 31, 2017	(4,760,255)	(4,381,897)
Amount recognised in Balance Sheet	<u>452,680</u>	<u>39,934</u>

● Expenses recognised during the year		
Current service cost	175,079	347,374
Interest cost	348,799	388,688
Expected return on plan assets	(351,978)	(335,743)
Actuarial (gain)/ loss	(190,383)	(608,077)
Expenses/ (income) recognised in Statement of Profit and Loss	<u>(18,483)</u>	<u>(207,758)</u>

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

● Actuarial assumptions		
Discount rate (per annum)	7.39%	7.96%
Salary escalation (per annum)	7%	7%

NOTE 23	March 31, 2017	March 31, 2016
	₹	₹
<b>FINANCE COST</b>		
Finance charges	640,794	315,661
Processing and documentation charges for loan	1,953,274	1,925,500
Interest on overdraft	3,595,995	5,305,560
Bank guarantee and other charges	86,317	264,200
	<u>6,276,380</u>	<u>7,810,921</u>

NOTE 24	March 31, 2017	March 31, 2016
<b>OTHER EXPENSES</b>		
Auditors' remuneration	465,750	463,725
Advances written off	0	816,975
Business promotion expenses	649,873	306,255
Communications expenses	261,535	254,362
Contract service expenses	4,396,944	4,670,509
Conveyance and motor car expenses	2,307,014	1,951,080
Provision for diminution in value of investment	5,859,900	29,450
Directors sitting fees	1,366,800	1,400,000
General expenses	3,140,944	2,551,510
Insurance charges	569,255	326,927
Internet subscription and website expenses	231,932	304,375
Electricity charges	569,245	592,974
Legal, professional and consultancy fees	2,146,824	4,406,921
Loss on sale of assets	1,816,044	0
Interest on service tax	1,061,425	0
Printing and stationery	161,398	260,138
Rent, rates, taxes and business service centre charges	6,388,951	6,296,400
Cenvat credit of service tax written off	1,212,577	0
Traveling expenses	1,337,311	633,706
	<u>33,943,722</u>	<u>25,265,307</u>

NOTE 24.1	March 31, 2017	March 31, 2016
Auditors' remuneration includes		
a. Statutory audit fees	316,250	314,875
b. Certification and VAT audit and other fees	149,500	148,850
	<u>465,750</u>	<u>463,725</u>

NOTE 24.2	March 31, 2017	March 31, 2016
Operating lease		
Not later than one year	6,094,670	6,369,500
Later than one year and not later than five years	2,518,645	8,346,365
Later than five years	0	0
	<u>8,613,315</u>	<u>14,715,865</u>

NOTE 25	March 31, 2017	March 31, 2016
Corporate Social Responsibility (CSR)		
a. Gross amount required to be spent	68,837	0
b. Amount spent during the year on		
i. Construction/ acquisition of any asset	0	0
ii. On purpose other than i above	0	0
	<u>0</u>	<u>0</u>

NOTE 26	March 31, 2017	March 31, 2016
Earning per share (EPS)		
Net profit/ (loss) after tax as per statement of profit and loss attributable to equity share holders	(13,732,209)	(11,710,335)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(0.95)	(0.81)
Face value per equity share	10	10

NOTE 27	March 31, 2017	March 31, 2016
Estimated amount of contracts to be executed on capital account. (Net of capital advances)	0	0

NOTE 28	March 31, 2017	March 31, 2016
Bank guarantee issued by the bankers	0	4,400,000

NOTE 29	March 31, 2017	March 31, 2016
<b>CONTINGENT LIABILITIES</b>		
a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT Liability	8,440,200	8,440,200

Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.

NOTE 30	March 31, 2017	March 31, 2016
	₹	₹
Dividend remitted in foreign currency	0	0

NOTE 31	March 31, 2017	March 31, 2016
a. CIF value of imports	0	0
b. FOB value of imports	0	0



## 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 Bharati 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 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 versions etc., and hence is of the view that the useful life of the cinematic content is 20 years. Hence, amortisation of ₹ 207,399,338 in respect of cinematic content having life of more than 10 years, is not required to be made.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April 1, 2016	1,851,993,666	817,529,424	2,669,523,090
Add: Additions during the year 2016-17	97,663,823	0	97,663,823
Total - A	1,949,657,489	817,529,424	2,767,186,913
Amortised up to March 31, 2016	1,372,801,109	788,389,424	2,161,190,533
Add: Amortised during the year 2016-17	9,394,864	0	9,394,864
Total - B	1,382,195,973	788,389,424	2,170,585,397
Net carrying amount as at March 31, 2017 A-B	567,461,516	29,140,000	596,601,516

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 overdraft facility of ₹ 50,000,000.

The total cost of content as at March 31, 2017 is ₹ 596,601,516. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

## NOTE 35

As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there is any indications that any assets has impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making 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 company's related parties are as given below:

i. Subsidiaries of the Company	a. PNC Digital Ltd b. PNC Wellness Ltd (wholly owned subsidiary)
ii. Key managerial personnel	a. Pallab Bhattacharya – Wholetime Director and CEO b. Rangita Pritish Nandy – Creative Director c. Vikas Shaw – Company Secretary (up to November 9, 2016) d. Santosh Gharat – Company Secretary (w.e.f. November 9, 2016)
iii. Non executive Directors and their relationships	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. Raghu Palat – Non Executive, Independent Director (w.e.f. August 9, 2016) f. Vishnu Kanhere – Non Executive, Independent Director (up to May 26, 2016) 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

Firm Registration Number 105104W

Kishor R Khare

Proprietor

Membership Number 032993

Mumbai, May 24, 2017

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

Subsidiary company	Nature of transaction	In ₹ lakh	
		March 31, 2017	March 31, 2016
Subsidiary company	Advances related to content taken over from PNC Digital Ltd	586.57	0
	Advance paid back	0.62	9.48
	Advance given	5.73	4.26
	Balance outstanding as at year end Receivable/ (Payable)	(4.87)	575.35
Key management personnel	Remuneration/ Reimbursement	61.51	62.33
	Balance outstanding at year end Receivable/ (Payable)	(3.56)	(5.27)
Non-executive directors and their relatives	Remuneration/ Reimbursement/ sitting fees	41.09	41.42
	Professional Fees	96.00	96.00
	Balance outstanding at year end Receivable/ (Payable)	(121.09)	(71.53)

Related Party relationship is as identified by the Company and relied upon by the Auditor

In view of the inadequate profit and based on effective capital of the Company, managerial remuneration as prescribed by Schedule V read with Section 197 of the Companies Act, 2013 is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 5,754,000 which is in excess of the limits prescribed by ₹ 1,554,000. The excess remuneration paid is subject to approval of the shareholders of the Company by a special resolution in the forthcoming annual general meeting. If approved by the shareholders by a special resolution in the annual general meeting, the managerial remuneration as prescribed by Schedule V read with Section 197 of the Companies Act, 2013 shall be doubled to ₹ 8,400,000. Alternatively the same shall be recoverable from the managerial personnel.

## NOTE 38

## i. Investment in subsidiary – PNC Wellness Ltd

The Company has an investment of ₹ 23,280,000 (L Y ₹ 29,100,000) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 8,590,306 as on March 31, 2017. There was no revenue generation by this subsidiary during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its aforesaid brands. This subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. The Company is facilitating and supporting the revival of this subsidiary's business. Considering that there was no revenue generation during the year under review the management has made provision for diminution in value of investment in this subsidiary by 1/5th of its book value and considers the retained book value as fully realizable.

## ii. Investment in subsidiary – PNC Digital Ltd

The Company has an investment of ₹ 7,019,700 (L Y ₹ 7,019,700) in equity shares of Subsidiary viz PNC Digital Ltd. The net worth of this Subsidiary is ₹ 1,218,754 as on March 31, 2017.

The Company has agreed to provide its films to this Subsidiary to explore revenue opportunities on the digital platform and exploit it to its commercial advantage but this Subsidiary was not able to generate income from its operational activities in the year gone by. This Subsidiary will continue its efforts in future. In view of the fact that this subsidiary has unfettered access to the film content of the holding company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

## NOTE 39

"Advance for content" under Long Term Loans and Advances include ₹ 15,000,000 given against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights. The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending for hearing and disposal. The management of the Company considers the same as 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.

## NOTE 40

"Other Advances" under Long Term Loans and Advances include ₹ 31,753,181 receivable against India Collection of film "Kaante". The Company has received an award of ₹ 35,207,722 in its favour in the arbitration case filed against White Feather Films in relation to film titled "Kaante" which was co-produced along with White Feather Films. The Company has also received a revised order for the amount of interest, which the Company has not found satisfactory and hence it has moved an appeal with the Bombay High Court. White Feather Films has gone in appeal against the above said award and post hearing the Bombay High Court has directed White Feather Films to deposit an amount of ₹ 30,000,000. Proceedings are ongoing.

## NOTE 41

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 42

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2017.

## NOTE 43

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

## NOTE 44

The previous year's 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

DIN : 00008277

Yatender Verma

VP, Finance, Compliances and Legal Affairs

Mumbai, May 24, 2017

Udayan Bose

Director

DIN : 00004533

Santosh Gharat

Company Secretary

# STANDALONE AND CONSOLIDATED CASH FLOW STATEMENT

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

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## STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2017

	March 31, 2017 ₹	March 31, 2016 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxes	(15,529,559)	25,101,529
Advances written off	0	816,975
Depreciation	1,973,430	2,164,219
Finance cost	6,276,380	7,810,921
Provision for diminution in value of investments	5,859,900	29,450
Loss on sale of assets	1,816,044	0
Rebate and creditors balances written back	(20,382,320)	(8,366)
Interest on fixed deposit	(3,705,958)	(3,297,290)
Profit on sale of assets	0	(385,004)
Operating cash flow before working capital changes	(23,692,083)	32,232,434
Adjusted for		
Cinematic and television content	(88,268,959)	28,683,340
Trade receivables	(20,510,067)	(6,398,275)
Long term loan and advances	83,702,662	(700,453)
Short term loans and advances	17,666,656	(3,175,687)
Other current assets	123,212	793,675
Trade payables	(1,889,087)	3,630,268
Other current liabilities	(10,464,325)	(10,361,262)
Cash generated from operations before taxes paid	(43,331,991)	44,704,040
Direct taxes paid	0	(15,700)
Net Cash from/ (used in) operating activities	(43,331,991)	44,688,340
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(11,811,893)	(181,440)
Sale of fixed assets	2,649,753	1,955,555
Changes in investments	0	0
Interest on fixed deposit	3,705,958	3,297,290
Net cash from/ (used in) investing activities	(5,456,182)	5,071,405
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	54,335,442	24,647,812
Repayment of borrowing	(2,598,933)	(70,240,595)
Finance and other charges paid	(6,276,380)	(7,810,921)
Net cash from/ (used in) financing activities	45,460,129	(53,403,704)
Net changes in cash and cash equivalents (A+B+C)	(3,328,044)	(3,643,959)
Cash and cash equivalents- opening balance	49,360,406	53,004,365
Cash and cash equivalents- closing balance	46,032,362	49,360,406

Notes:

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

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2017

	March 31, 2017 ₹	March 31, 2016 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxes	(14,288,558)	27,386,817
Depreciation	1,973,430	2,164,219
Provision for diminution in value of investments	39,900	29,450
Advances written off	4,007,105	816,975
Finance cost	6,276,380	7,810,921
Loss on sale of assets	1,816,044	0
Profit on sale of assets	0	(385,004)
Rebate and creditors balances written back	(20,382,320)	(4,608,297)
Interest on fixed deposit	(3,713,904)	(3,315,886)
Operating cash flow before working capital changes	(24,271,923)	29,899,195
Adjusted for:		
Cinematic and television content	(88,373,279)	28,683,340
Trade receivable	(20,510,067)	(5,817,901)
Long term loans and advances	79,696,859	1,085,049
Short term loans and advances	85,985,026	(66,665,014)
Other current assets	123,922	795,194
Trade payables	(1,932,348)	8,258,827
Other current liabilities	(10,395,889)	(17,095,953)
Cash generated from operations before taxes paid	20,322,301	(20,857,263)
Direct taxes paid	0	(15,700)
Net cash from/ (used in) operating activities	20,322,301	(20,872,963)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(11,811,893)	(181,440)
Sale of fixed assets	2,649,753	1,955,555
Changes in investments	105,400	(105,400)
Interest on fixed deposit	3,713,904	3,315,886
Net cash from/ (used in) investing activities	(5,342,836)	4,984,601
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	54,335,442	24,647,812
Repayment of borrowings	(2,598,933)	(70,240,595)
Proceeds from/ (repayment of ) preference shares	(63,934,910)	65,782,854
Finance and other charges paid	(6,276,380)	(7,810,921)
Net cash from/ (used in) financing activities	(18,474,781)	12,379,150
Net changes in cash and cash equivalents (A+B+C)	(3,495,316)	(3,509,212)
Cash and cash equivalents- opening balance	49,952,675	53,461,887
Cash and cash equivalents- closing balance	46,457,359	49,952,675

Notes:

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

Authenticated by us  
For Prithvi Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN : 00008277

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Udayan Bose  
Director  
DIN : 00004533

Santosh Gharat  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The members  
Pritish Nandy Communications Limited

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Pritish Nandy Communications Ltd (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to note 32 on 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 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.

We further draw attention to note 38 on the consolidated financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances amounting to ₹ 15,000,000. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the opinion and consequently the Company has not made provision of any amount there against.

Our opinion is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable that-
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the Directors of the Group Companies, as on March 31, 2017 taken on record by the Board of Directors of the Group Companies, none of the Directors of the Group Companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our Report in Annexure "A"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 32 and 38 on the consolidated financial statements;
    - ii. The Group Companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies; and
    - iv. The Group has made requisite disclosures of holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the Holding and its subsidiary companies -Refer Note 15.1.

For KR Khare & Co.  
Chartered Accountants  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on consolidated financial statements of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Pritish Nandy Communications Ltd ("the Holding Company") and its subsidiaries as of that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Respective Board of Directors of the Holding Company and its Subsidiaries are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

audit opinion on the Company's internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Holding Company and its subsidiaries have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For KR Khare & Co.  
Chartered Accountants  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

As at March 31, 2017

	NOTE No		March 31, 2017 ₹		March 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>					
1. Shareholders' funds					
a. Share capital	2	144,670,000		144,670,000	
b. Reserves and surplus	3	608,917,712	753,587,712	621,996,076	766,666,076
2. Minority Interest			9,114		64,957,724
3. Non-current liabilities					
a. Long-term borrowings	4	6,526,664		1,260,088	
b. Deferred tax liabilities (net)	5	141,343,928	147,870,592	141,559,562	142,819,650
4. Current liabilities					
a. Short term borrowings	6	50,471,961		4,002,028	
b. Trade payables	7	19,704,493		42,019,161	
c. Other current liabilities	8	23,701,887		34,097,776	
d. Short-term provision	9	0	93,878,341	4,447,400	84,566,365
			995,345,759		1,059,009,815
<b>ASSETS</b>					
1. Non-current assets					
a. Fixed assets					
Tangible assets	10	11,709,212		6,336,547	
b. Non-current investments	11	57,000		202,300	
c. Long term loans and advances	12	299,938,187	311,704,399	388,108,690	394,647,537
2. Current assets					
a. Cinematic and television content	13	593,626,958		505,253,679	
b. Trade receivables	14	30,259,405		9,749,338	
c. Cash and bank balances	15	46,457,359		49,952,675	
d. Short term loans and advances	16	11,877,369		97,862,395	
e. Other current assets	17	1,420,269	683,641,360	1,544,191	664,362,278
			995,345,759		1,059,009,815
Significant accounting policies and notes on financial statements	1 to 43				

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

Authenticated by us  
For Prithish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN : 00008277

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Udayan Bose  
Director  
DIN : 00004533

Santosh Gharat  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

# 31

For the year ended March 31, 2017

	NOTE No	March 31, 2017 ₹	March 31, 2016 ₹
<b>INCOME</b>			
Revenue from operations	18	22,179,168	212,345,600
Other income	19	25,475,281	10,805,265
Total income		<u>47,654,449</u>	<u>223,150,865</u>
<b>EXPENSES</b>			
Cost of material consumed	20	97,663,823	44,592,897
Advertisement and digital release expenses	-	0	73,290,041
Changes in inventories of content	21	(88,373,279)	28,793,340
Employee benefits expenses	22	11,587,605	11,509,146
Finance cost	23	6,276,380	7,810,921
Depreciation and impairment	10	1,973,430	2,164,219
Other expenses	24	32,815,048	27,603,484
Total expenses		<u>61,943,007</u>	<u>195,764,048</u>
Profit/ (loss) before tax		(14,288,558)	27,386,817
<b>Tax expense</b>			
Current tax		19,140	4,463,100
Deferred tax		(215,634)	35,255,873
Profit/ (loss) from continuing operations		<u>(14,092,064)</u>	<u>(12,332,156)</u>
Share of minority interest		9,033	843,307
Net profit/ (loss) after minority interest		<u>(14,083,031)</u>	<u>(11,488,849)</u>
<b>Earning per equity share</b>			
Basic and diluted	25	(0.97)	(0.79)
Significant accounting policies and notes on financial statements	1 to 43		

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO  
DIN : 00008277

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Udayan Bose  
Director  
DIN : 00004533

Santosh Gharat  
Company Secretary



## NOTE 1

## BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

## A. BASIS OF CONSOLIDATION

1. The consolidated financial statements relate to Pritish Nandy Communications Ltd and its Subsidiaries.
2. Basis of Accounting  
The financial statements of the Subsidiaries viz PNC Digital 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, 2017. 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 Digital Ltd	99.78
b. PNC Wellness Ltd	100

## B. SIGNIFICANT ACCOUNTING POLICIES

## 1. General

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

## 2. Revenue recognition

- a. In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas/ Hard Drive.
- b. In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
- c. In respect of cinematic content produced/ acquired, income is recognised on the following basis:
  - i. In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
  - ii. In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries/ realisations/ confirmed contracts bears to the total expected realisations.
  - iii. In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause (ii) above.
  - iv. In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas/ Hard Drive.
  - v. In respect of music rights, income is recognised on its release or exploitation contract.
- d. In respect of consultancy services, income is recognised as and when services are actually rendered resulting in enforceable claim.
- e. In respect of wellness business, income from membership fee is recognised over the period of membership.
- f. In respect of services rendered in wellness business, income is recognised as and when services are rendered.
- g. In respect of PNC Digital Ltd, income from professional/ supervision activity is recognised as and when services are actually rendered resulting in enforceable claim.
- h. Dividend from investments is recognised when the right to receive the payment is established and when no significant uncertainty as to measurability or controllability exists. Interest income is recognised on accrual basis.

## 3. Cinematic content

The cinematic content has been valued on the following basis

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

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

Basis of amortisation of allocated costs

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

First release	Second release	Third release
50%	30%	20%
- c. Residual rights are amortised on an equitable basis. The Company estimates useful life of the cinematic content over 20 years.

## Notes

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

## 4. Television content

The television content has been valued on the following basis:

- 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

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

## 5. Fixed Assets

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

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

## 6. Depreciation

- a. Depreciation has been provided on straight line method at the rates specified in schedule II of the Companies Act, 2013.
- b. No depreciation has been charged on the assets, which have not been put to use during the period.
- c. Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
- d. Depreciation on improvement to leave and licence premises is calculated over the period of leave and licence.

## 7. Taxation

Current tax: Provision for current tax for the year has been made after considering 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.

## 8. Investments

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

## 9. Contingent liabilities

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

## 10. Foreign currency transactions

- a. Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- b. Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the Balance Sheet date; gains/ losses are reflected in the Statement of Profit and Loss.
- c. Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

## 11. Retirement benefits

- a. Contributions are made to Provident Fund and charged to revenue wherever applicable.
- b. 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.
- c. The Company does not have any policy for leave encashment.

## 12. 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.

## 13. 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.

## 14. 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.

	March 31, 2017 ₹	March 31, 2016 ₹
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, 2017		As at March 31, 2016	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2016	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, 2017	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, 2017		As at March 31, 2016	
	Number of Share Holding	% held	Number of Share Holding	% held
Prithish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	1,394,789	9.64	1,394,789	9.64
Elara India Opportunities Fund Ltd	500,000	3.46	1,000,000	6.91
Kamal Morarka	1,495,659	10.34	0	0
APMS investment Fund Ltd	924,239	6.39	1,000,000	6.91
Eriska Investment Fund Ltd	0	0.00	1,000,000	6.91

NOTE 2.4  
Terms/ rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The equity shares are entitled to dividend proposed by Board of Directors subject to approval of the share holders in the Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, holder of equity shares are entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to their share holding.

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 3</b> <b>RESERVES AND SURPLUS</b>		
Capital reserve		
Opening balance as at April 1, 2016	36,865	36,865
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	<u>36,865</u>	<u>36,865</u>
General reserve		
Opening balance as at April 1, 2016	22,098,279	22,098,279
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	<u>22,098,279</u>	<u>22,098,279</u>
Surplus/ (deficit) in statement of profit and loss		
Less: Utilised for issue of bonus shares		
Opening balance as at April 1, 2016	(72,097,888)	(60,609,039)
Add: Current years profit/ (loss)	(14,083,031)	(11,488,849)
Add : Share of loss of erstwhile subsidiary of subsidiary	1,004,667	0
Closing balance as at March 31, 2017	<u>(85,176,252)</u>	<u>(72,097,888)</u>
Security premium reserve		
Opening balance as at April 1, 2016	671,958,820	671,958,820
Add: Transferred during the year	0	0
Closing balance as at March 31, 2017	<u>671,958,820</u>	<u>671,958,820</u>
	<u>608,917,712</u>	<u>621,996,076</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 4</b> <b>LONG TERM BORROWINGS</b>		
Secured term loan		
Secured long term finance lease obligation (Secured against the hypothecation of vehicles)		
Daimler Financial Services (I) Pvt. Ltd	0	1,260,088
BMW Financial Services	6,003,235	0
Kotak Mahindra Prime Ltd	523,429	0
	<u>6,526,664</u>	<u>1,260,088</u>

NOTE 4.1  
Secured loans repayable in monthly equitable installments are as follows

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount ₹	Rate of interest p.a.	Amount ₹	Rate of interest p.a.
Repayable upto November, 2018	0	0	1,260,088	11.32%
Repayable upto March, 2019	6,003,235	11.32%	0	0
Repayable upto January, 2020	523,429	9.22%	0	0
Total	<u>6,526,664</u>		<u>1,260,088</u>	

NOTE 4.2  
Finance lease commitments

Particulars	As at March 31, 2017		As at March 31, 2016	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	6,526,664	646,846	1,260,088	222,694
Later than five years	0	0	0	0
Total	<u>6,526,664</u>	<u>646,846</u>	<u>1,260,088</u>	<u>222,694</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 5</b> <b>DEFERRED TAXATION</b>		
Opening balance as at April 1, 2016	150,049,787	117,753,171
Add: Liability provided for the year	476,273	32,296,616
Less: Liability reversed for the year	<u>2,292,763</u>	<u>0</u>
Deferred tax assets		
Opening balance as at April 1, 2016	8,490,225	11,449,482
Less: Reversed during the year	<u>1,600,856</u>	<u>2,959,257</u>
	<u>141,343,928</u>	<u>141,559,562</u>

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, 2017 is given below:

Particular	As at April 1, 2016	Created during the year	Reversed during the year	(In ₹ lakh)
				As at March 31, 2017
Deferred tax liabilities				
Unamortised content	1,556.17	2.72	22.41	1,536.48
Depreciation and capital loss	(4.51)	2.04	0.52	(2.99)
Adjustment for change in tax rate	(51.16)	0.00	0.00	(51.16)
Deferred tax asset				
Depreciation	(20.37)	0.00	0.00	(20.37)
Unabsorbed business loss	(64.53)	0.00	(16.01)	(48.52)
Net deferred tax liabilities	<u>1,415.60</u>	<u>4.76</u>	<u>6.92</u>	<u>1,413.44</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 6</b> <b>SHORT TERM BORROWINGS</b>		
Secured		
Overdraft with Yes Bank Ltd (Secured against current assets)	50,471,961	4,002,028
	<u>50,471,961</u>	<u>4,002,028</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 7</b> <b>TRADE PAYABLES</b>		
Total outstanding dues to micro, small and medium enterprises	0	0
Others		
For cinematic and television content	16,857,111	38,426,688
For expenses and other liabilities	<u>2,847,382</u>	<u>3,592,473</u>
	<u>19,704,493</u>	<u>42,019,161</u>

NOTE 7.1  
The Company has not received any intimation from suppliers regarding the status under The Micro, Small And Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 8</b> <b>OTHER CURRENT LIABILITIES</b>		
Advances and liabilities	22,950,773	33,447,774
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)		
Daimler Financial Services (I) Pvt Ltd	0	650,002
BMW Financial Services	639,532	0
Kotak Mahindra Prime Ltd	106,571	0
Other	5,011	0
	<u>23,701,887</u>	<u>34,097,776</u>

	March 31, 2017 ₹	March 31, 2016 ₹
<b>NOTE 9</b> <b>SHORT TERM PROVISION</b>		
Provision for income tax	0	4,447,400
	<u>0</u>	<u>4,447,400</u>



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

BRITISH NANDY COMMUNICATIONS LTD  
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

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NOTE 21	March 31, 2017	March 31, 2016
	₹	₹
<b>CHANGES IN INVENTORIES OF CONTENT</b>		
Opening balance as at April 1, 2016		
Unamortised content	449,427,775	371,593,887
Unexploited content	52,825,904	26,140,000
Unfinished content	3,000,000	136,313,132
	505,253,679	534,047,019
Less: Closing balance as at March 31, 2017		
Unamortised content	442,937,457	449,427,775
Unexploited content	147,689,501	52,825,904
Unfinished content	3,000,000	3,000,000
	593,626,958	505,253,679
	(88,373,279)	28,793,340
	<u>11,587,605</u>	<u>11,509,146</u>
	<u>11,587,605</u>	<u>11,509,146</u>

## NOTE 22 EMPLOYEE BENEFITS EXPENSES

NOTE 22	March 31, 2017	March 31, 2016
	₹	₹
Salaries	11,587,605	11,509,146
	<u>11,587,605</u>	<u>11,509,146</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

### a. Defined contribution plan

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

Particulars	March 31, 2017	March 31, 2016
	₹	₹
Employer's contribution to Provident Fund	0	0

### b. Defined Benefit Plan

Particulars

● Reconciliation of opening and closing balances of Defined Benefit obligation	March 31, 2017	March 31, 2016
	₹	₹
Defined benefit obligation at the beginning of the year	4,381,897	4,864,680
Current service cost	175,079	347,374
Interest cost	348,799	388,688
Actuarial (gain)/ loss	(145,520)	(583,307)
Benefit paid	0	(635,538)
Defined Benefit obligation at the end of year	<u>4,760,255</u>	<u>4,381,897</u>

### ● Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation

	March 31, 2017	March 31, 2016
	₹	₹
Fair value of plan assets at the beginning of the year	4,421,831	4,202,036
Expected return on plan assets	351,978	335,743
Actuarial gain/ (loss)	44,863	24,770
Employers contribution	394,263	494,820
Benefit paid	0	(635,538)
Fair value of plan assets at the end of the year	<u>5,212,935</u>	<u>4,421,831</u>

● Actual return on plan assets	March 31, 2017	March 31, 2016
	₹	₹
Expected return on plan assets	351,978	335,743
Actuarial gain/ (loss) on plan assets	44,863	24,770
Actual return on plan assets	<u>396,841</u>	<u>360,513</u>

### ● Reconciliation of fair value of plan assets and benefit obligation

	March 31, 2017	March 31, 2016
	₹	₹
Fair value of assets as at March 31, 2017	5,212,935	4,421,831
Present value of obligation as at March 31, 2017	(4,760,255)	(4,381,897)
Amount recognised in Balance Sheet	<u>452,680</u>	<u>39,934</u>

### ● Expenses recognised during the year

	March 31, 2017	March 31, 2016
	₹	₹
Current service cost	175,079	347,374
Interest cost	348,799	388,688
Expected return on plan assets	(351,978)	(335,743)
Actuarial (gain)/ loss	(190,383)	(608,077)
Expenses/ (income) recognised in Statement of Profit and Loss	<u>(18,483)</u>	<u>(207,758)</u>

### ● Investment details

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

### ● Actuarial assumptions

	March 31, 2017	March 31, 2016
	%	%
Discount rate (per annum)	7.39%	7.96%
Salary escalation (per annum)	7%	7%

## NOTE 23

### FINANCE COST

	March 31, 2017	March 31, 2016
	₹	₹
Finance charges	640,794	315,661
Processing and documentation charges	1,953,274	1,925,500
Interest on overdraft	3,595,995	5,305,560
Bank guarantee and other charges	86,317	264,200
	<u>6,276,380</u>	<u>7,810,921</u>

## NOTE 24

### OTHER EXPENSES

	March 31, 2017	March 31, 2016
	₹	₹
Advances written off	4,007,105	816,975
Auditors' remuneration	500,250	498,075
Business promotion expenses	649,873	623,175
Communications expenses	261,535	254,362
Contract service expenses	4,396,944	4,168,509
Conveyance and motor car expenses	2,307,014	1,951,080
Provision for diminution in value of investment	39,900	29,450
Directors sitting fees	1,366,800	1,400,000
General expenses	3,192,091	3,225,343
Insurance charges	569,255	326,927
Interest on service tax	1,061,425	0
Internet subscription and website expenses	231,932	304,375
Electricity charges	569,245	592,974
Legal, professional and consultancy fees	2,611,574	6,073,047
Loss on sale of fixed assets	1,816,044	0
Printing and stationery	161,398	260,138
ROC filing fees	5,270	21,000
Rent, rates, taxes and business service centre charges	6,388,951	6,296,400
Service tax cenvat credit written off	1,321,131	0
Traveling expenses	1,337,311	633,706
Trademark Registration	20,000	0
Preliminary expenses written off	0	127,948
	<u>32,815,048</u>	<u>27,603,484</u>

## NOTE 24.1

Payment to Auditors as

	March 31, 2017	March 31, 2016
	₹	₹
a. Statutory audit fees	350,750	349,225
b. Certification, VAT audit and other fees	149,500	148,850
	<u>500,250</u>	<u>498,075</u>

## NOTE 24.2

Operating lease

	March 31, 2017	March 31, 2016
	₹	₹
In respect of premises		
Not later than one year	6,094,670	6,369,500
Later than one year and not later than five years	2,518,645	8,346,365
Later than five years	0	0
	<u>8,613,315</u>	<u>1,475,865</u>

## NOTE 25

Earning per share (EPS)

	March 31, 2017	March 31, 2016
	₹	₹
Net profit after tax as per statement of profit and loss attributable to equity share holders	(14,083,031)	(11,488,849)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(0.97)	(0.79)
Face value per equity share	10	10

## NOTE 26

Estimated amount of contracts to be executed on capital account. (Net of capital advances)

	March 31, 2017	March 31, 2016
	₹	₹
	Nil	Nil

## NOTE 27

Bank guarantee issued by the bankers

	March 31, 2017	March 31, 2016
	₹	₹
	Nil	4,400,000

## NOTE 28

### CONTINGENT LIABILITIES

	March 31, 2017	March 31, 2016
	₹	₹
a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT Liability	8,440,200	8,440,200

Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.

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

Dividend remitted in foreign currency

	March 31, 2017	March 31, 2016
	₹	₹
	Nil	Nil

## NOTE 30

i. CIF value of imports  
ii. FOB value of imports

	March 31, 2017	March 31, 2016
	₹	₹
	Nil	Nil
	Nil	Nil

## NOTE 31

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. All the purchases of content related consumables are treated as consumed. In view of this the Company does not maintain stock register except the record of the finished content, unamortised content, unfinished content and also does not carry out physical verification of stock. Hence quantitative details are not maintained. Physical stock of finished content is taken at the end of year.

## NOTE 32

Other Advances under Long Term Loans and Advances include ₹ 75,050,000 receivable from Prasar Bharati. 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 33

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 ₹ 204,659,267 is not required to be made.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April, 1, 2016	1,867,784,895	812,950,036	2,680,734,931
Add: Additions during the year 2016-17	97,663,823	0	97,663,823
Total - A	1,965,448,718	812,950,036	2,778,398,754
Amortised up to March, 31, 2016	1,391,671,216	783,810,036	2,175,481,252
Add: Amortised during the year 2016-17	9,290,544	0	9,290,544
Total - B	1,400,961,760	783,810,036	2,184,771,796
Net carrying amount as at March 31, 2017 (A-B)	564,486,958	29,140,000	593,626,958

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 overdraft facility of ₹ 50,000,000.

The total cost of content as at March 31, 2017 is ₹ 593,626,958. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

## NOTE 34

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

## NOTE 35

## 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 unallocable 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.

Particulars	Content		Wellness		Total ₹
	₹	₹	₹	₹	
Revenue					
External	22,179,168	0	22,179,168		
Inter segment	0	0	0	0	
Total revenue	22,179,168	0	22,179,168		
Expenditure					
Cost of content	97,663,823	0	97,663,823		
Changes in inventories of finished goods,	(88,373,279)	0	(88,373,279)		
Employee benefit expense	11,587,605	0	11,587,605		
Finance cost	6,276,380	0	6,276,380		
Depreciation and amortisation expense	1,973,430	0	1,973,430		
Other expenses	32,237,850	577,198	32,815,048		
Total expenditure	61,365,809	577,198	61,943,007		
Result	(39,186,641)	(577,198)	(39,763,839)		
Add: Other income	25,475,281	0	25,475,281		
Segment results	(13,711,360)	(577,198)	(14,288,558)		
Profit before tax	(13,711,360)	(577,198)	(14,288,558)		
Current tax	19,140	0	19,140		

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 24, 2017

Particulars	Content		Wellness		Total ₹
	₹	₹	₹	₹	
Profit before deferred tax	(13,730,500)	(577,198)	(14,307,698)		
Deferred tax	(1,816,490)	1,600,856	(215,634)		
Profit after tax	(11,914,010)	(2,178,054)	(14,092,064)		
Other information:					
Segment assets	992,087,022	3,258,737	995,345,759		
Segment liabilities	248,088,791	(6,330,744)	241,758,047		
Depreciation	1,973,430	0	1,973,430		

## NOTE 36

## 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 – Creative Director c. Vikas Shaw – Company Secretary (up to November 9, 2016) d. Santosh Gharat – Company Secretary (w.e.f. November 9, 2016)
ii. Non executive Directors and their relationships	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 (w.e.f. August 9, 2016) e. Raghu Palat - Non Executive, Independent Director (w.e.f. August 9, 2016) f. Vishnu Kanhere – Non Executive, Independent Director (up to May 26, 2016) g. Hema Malini – Non Executive, Independent Director h. Ishita Pritish Nandy – daughter of Non Executive Chairman

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

Nature of transaction	In ₹ lakh	
	March 31, 2017	March 31, 2016
Key management personnel		
Remuneration/ Reimbursement	61.51	62.33
Balance outstanding at year end receivable/ (payable)	(3.56)	(5.27)
Non-executive directors and their relatives		
Remuneration/ Reimbursement/ Sitting Fees	41.09	41.42
Professional Fees	96.00	96.00
Balance outstanding at year end receivable/ (payable)	(121.09)	(71.53)

Related Party relationship is as identified by the Company and relied upon by the Auditor.

In view of the inadequate profit and based on effective capital of the Company, managerial remuneration as prescribed by Schedule V read with Section 197 of the Companies Act, 2013 is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 5,754,000 which is in excess of the limits prescribed by ₹ 1,554,000. The excess remuneration paid is subject to approval of the shareholders of the Company by a special resolution in the forthcoming Annual General Meeting. If approved by the shareholders by a special resolution in the Annual General Meeting, the managerial remuneration as prescribed by Schedule V read with Section 197 of the Companies Act, 2013 shall be doubled to ₹ 8,400,000. Alternatively the same shall be recoverable from the managerial personnel.

## NOTE 37

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

## NOTE 38

"Advance for content" under Long Term Loans and Advances include ₹ 15,000,000 given against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights. The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending for hearing and disposal. The management of the Company considers the same as 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.

## NOTE 39

"Other Advances" under Long Term Loans and Advances include ₹ 31,753,181 receivable against India Collection of film "Kaante". The Company has received an award of ₹ 35,207,722 in its favour in the arbitration case filed against White Feather Films in relation to film titled "Kaante" which was co-produced along with White Feather Films. The Company has also received a revised order for the amount of interest, which the Company has not found satisfactory and hence it has moved an appeal with the Bombay High Court. White Feather Films has gone in appeal against the above said award and post hearing the Bombay High Court has directed White Feather Films to deposit an amount of ₹ 30,000,000. Proceedings are ongoing.

## NOTE 40

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 41

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2017.

## NOTE 42

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

## NOTE 43

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

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholtime Director and CEO  
DIN : 00008277

Udayan Bose  
Director  
DIN : 00004533

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 24, 2017

Santosh Gharat  
Company Secretary



Notice is hereby given that the 24th Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD (CIN L22120MH1993PLC074214) will be held on Thursday, September 21, 2017 at 3.00 p.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchant Chambers Building, IMC Marg, Churchgate, Mumbai 400 020 to transact the following business:

**ORDINARY BUSINESS**

- 1 To receive, consider and adopt:
  - a. the audited financial statements of the Company for the financial year ended March 31, 2017, together with the reports of the Board of Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2017, together with the report of the Auditors thereon.
- 2 To appoint a Director in place of Rangita Prithish Nandy, who retires by rotation and being eligible, offers herself for re-appointment.
- 3 To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
 

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification (s) or re-enactment thereof for the time being in force, BD Jokhakar & Co, Chartered Accountants (FRN 104345W), be and are hereby appointed as Statutory Auditors of the Company in place of KR Khare & Co, Chartered Accountants (FRN 105104W), the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, at such remuneration plus Goods and Services Tax (GST) as applicable and reimbursement of out of pocket expenses in connection with the audit as the Board of Directors may fix in this behalf.”

**SPECIAL BUSINESS**

- 4 To approve excess remuneration paid to Wholtime Directors. In this connection, to consider and if thought fit, to pass with or without modifications(s), the following resolution as an Special Resolution:
 

“RESOLVED THAT ₹ 15,54,000 being remuneration paid to managerial personnel in excess of the limits prescribed under Schedule V read with Section 197 of the Companies Act, 2013 be and is hereby approved.”

By Order of the Board

Santosh Gharat  
Company Secretary  
Mumbai, August 10, 2017

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 AGM') 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.
 

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
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 announced closure of register of members and share transfer books of the Company from September 13, 2017 to September 21, 2017 (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 AGM so that the same can be suitably replied.
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 and Sundays, between 11.00 am and 1.00 pm upto the date of the AGM.
7. As a measure of economy copies of annual reports will not be distributed at the venue of the AGM. Members are requested to bring their copy of the Annual report to the AGM.
8. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
9. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with the Depositories.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in 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.

11. At the ensuing AGM, Rangita Prithish Nandy is retiring by rotation as per the requirements of Section 152 of the Companies Act, 2013 and being eligible, offer herself for re-appointment.
12. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
13. Voting through electronic means-

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 24<sup>th</sup> AGM by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Ltd (CDSL).

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii. Click on "Shareholders" tab.
- iii. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in physical form should enter folio number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:
  - a. Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
  - b. Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
  - c. Enter the dividend bank details as recorded in your demat account or in the Company records for the said demat account or folio.

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the dividend bank details field.
- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant Company name on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - a. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as corporate.
  - b. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



- c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- e. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xviii. The voting period begins on September 18, 2017 at 9.00 am and ends on September 20, 2017 at 5.00 pm. The e-voting module shall be disabled by CDSL for voting thereafter.
- xix. Mr VN Deodhar, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall, within a period of not exceeding 3 (three) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The results declared along with Scrutinizer Report shall be placed on the Company's website www.pritishnandy.com and on the CDSL website: www.cdslindia.com within 2 (two) days of passing of the Resolutions at AGM of the Company on Thursday, September 21, 2017 and communicated to NSE and BSE where the shares of the Company are listed.
- xx. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of September 14, 2017.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQ") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

As per the provisions of the Companies Act, 2013 read with the rules made thereunder no listed Company shall appoint an individual as auditor for a term exceeding five consecutive years and an individual who has completed its term shall not be eligible to be reappointed as auditor of the same Company.

Accordingly, the term of the existing Statutory Auditors KR Khare & Co, Chartered Accountants (FRN 105104W), is coming to an end. The Board of Directors have recommended appointment of BD Johkhar & Co, Chartered Accountants (FRN 104345W), to hold office from the conclusion of this AGM until the conclusion of next AGM.

None of the Directors of the Company and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed item No. 3.

The resolution as set out in item No. 3 of this notice is accordingly commended for your approval.

Item No. 4

Pallab Bhattacharya, was reappointed as Wholetime Director and CEO of the Company for a further period of five years with effect from February 18, 2015 to February 17, 2020 on the remuneration and other terms and conditions as set out in the agreement executed with him, the broad terms whereof are given herein below:

- a. Salary: Not exceeding ₹ 2,41,500 per month, subject to annual increment.
- b. Perquisite: Mr Bhattacharya is entitled to a Company car with a driver.

- c. Gratuity is payable as per rules of the Company at the end of service.
- d. Reimbursement of traveling, hotel and other reasonable expenses actually incurred by Mr Bhattacharya for Company work.

Rangita Pritish Nandy, daughter of Pritish Nandy, Chairman and Rina Pritish Nandy, Director of the Company, was reappointed as Creative Director of the Company for a further period of five years with effect from January 31, 2015 to January 30, 2020 on the remuneration and other terms and conditions as set out in the agreement executed with her, the broad terms whereof are given herein below:

- a. Salary: Not exceeding ₹ 2,38,000 per month, subject to annual increment.
- b. Perquisite: Ms Nandy is entitled to a Company car with a driver.
- c. Gratuity is payable as per rules of the Company at the end of service.
- d. Reimbursement of travelling, hotel and other reasonable expenses actually incurred by Ms Nandy for Company work.

The shareholders approved the above appointments and payment of remuneration to above Directors in the AGM held on September 19, 2014.

The details of the remuneration paid to the above said executive Directors' is given herein below:

Pallab Bhattacharya: salary of ₹ 2,41,500 per month aggregating to ₹ 28,98,000 for the year ended March 31, 2017.

Rangita Pritish Nandy: salary of ₹ 2,38,000 per month aggregating to ₹ 28,56,000 for the year ended March 31, 2017.

The total managerial remuneration paid was ₹ 57,54,000.

The Company has made inadequate profit during the year. In view of the inadequate profit and based on effective capital of the Company, managerial remuneration as prescribed under Schedule V read with Section 197 of the Companies Act, 2013 is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 57,54,000 which is in excess of the limits prescribed by ₹ 15,54,000. The excess remuneration paid being ₹ 7,98,000 to Pallab Bhattacharya and ₹ 7,56,000 to Rangita Pritish Nandy is subject to approval of the Members.

This year was devoted to finalising and putting in place new content projects to be taken up by the Company for production. Such projects are now in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

The Board considers that it would be in the interest of the Company if Members approve the payment of remuneration made to the executive Directors which is in excess of the limits prescribed under Schedule V read with Section 197 of the Companies Act, 2013. The Board recommends the resolution at item No. 4 of the accompanying Notice for acceptance by the Members by passing the same by Special Resolution.

By Order of the Board

Santosh Gharat  
Company Secretary  
Mumbai, August 10, 2017

Registered Office 87/88 Mittal Chambers Nariman Point Mumbai 400021

**PRITISH NANDY COMMUNICATIONS**

PRITISH NANDY COMMUNICATIONS LTD

CIN: L22120MH1993PLC074214

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 24th Annual General Meeting of the Company held on Thursday, September 21, 2017 at 3.00 pm at Walchand Hirachand Hall, 4th Floor, Indian Merchant Chambers Building, IMC Marg, Churchgate, Mumbai 400020 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 should reach the Registered Office of the Company not less than 48 hours before the meeting

**PRITISH NANDY COMMUNICATIONS**

PRITISH NANDY COMMUNICATIONS LTD

CIN: L22120MH1993PLC074214

REGISTERED OFFICE: 87/88 MITTAL CHAMBERS NARIMAN POINT MUMBAI 400021

**FORM NO. MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)		Email ID	
Registered address		Folio No/ Client Id/ DP ID	

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 24th Annual General Meeting of the Company held on Thursday, September 21, 2017 at 3.00 p.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchant Chambers Building, IMC Marg, Churchgate, Mumbai 400020 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No,

**ORDINARY BUSINESS**

1. To receive, consider and adopt:
- a. the audited financial statements of the Company for the financial year ended March 31, 2017, together with the report of the Board of Directors and the Auditors thereon; and
  - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2017, together with the report of the Auditors thereon.
2. To appoint a Director in place of Rangita Pritish Nandy who retires by rotations and being eligible, offers herself for re-appointment.
3. To appoint new Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

**SPECIAL BUSINESS**

4. To approve excess remuneration paid to Wholetime Directors.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017,  
Signature of Shareholder(s) \_\_\_\_\_  
Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting .

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The time for introspection is long over and the industry needs to address the most fundamental issues—infrastructure, business model and content. While players have been making efforts, government support and favourable regulatory laws are crucial for this sector to succeed.

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**BRITISH NANDY**   
**COMMUNICATIONS**

THE POWER OF ENTERTAINMENT.

