

September 23, 2016

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 2015-16 of Pritish Nandy Communications Limited approved and adopted in the Annual General Meeting of the Company held on Wednesday, September 21, 2016 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



Pallab Bhattacharya  
Wholetime Director



Encl: Annual Report 2015-16



# 23 ANNUAL REPORT AND ACCOUNTS 2016

PRITISH NANDY COMMUNICATIONS LTD

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

Content clearly is indispensable for the success of a movie and it is imperative that that the producers take cognisance of the changing tastes of the consumers and reassess their budgets and business models to create profitable films. The audience has become more experimental and open to new concepts, platforms and other sources of entertainment. The industry is inching closer towards digital as a potential revenue stream, which could disrupt the industry and completely alter its outlook, provided the industry is able to leverage and monetise it aptly.

PRITISH NANDY COMMUNICATIONS LTD  
23RD ANNUAL REPORT AND ACCOUNTS 2016

**BOARD OF DIRECTORS**

Pritish Nandy | Chairman  
Udayan Bose  
Nabankur Gupta  
Hema Malini  
Rina Pritish Nandy  
Dr Vishnu Kanhere (up to May 26, 2016)  
Raghu Palat (w.e.f. August 9, 2016)  
Pallab Bhattacharya | Wholetime Director & CEO  
Rangita Pritish Nandy | Creative Director

**COMPANY SECRETARY**

Vikas Shaw

**AUDITORS**

KR Khare & Co  
Chartered Accountants

**PRINCIPAL BANKERS**

Yes Bank  
Nariman Point Mumbai 400021

Standard Chartered Bank  
Breach Candy 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 Vikas Shaw | Company Secretary  
Yatender Verma | Vice President, Finance, Compliances & Legal Affairs Anoop Kumar | Chief Production Officer  
Kishor Palkar | Chief Manager, Accounts Imtiaz Chougale | Manager, Production Accounts

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 handset viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. In fact, that is the future: Customized and interactive digital content at an affordable cost to the consumer.

I welcome you all to your Company's 23rd Annual General Meeting. It is a pleasure to be with you here today and to share the experiences of the year in retrospect. But more important is the fact that in the coming year we will enter our 25th year of business, a landmark we look forward to celebrating with all the stakeholders of this enterprise.

These past few years have seen some important changes in the nature of the media and entertainment business, changes that are going to fundamentally impact the future of the business and your company.

As a content maker we have traditionally had little control over the distribution process. Once we created the content we passed it on to studios and distributors who negotiated its release with exhibitors nationwide and overseas. The box office was the ultimate arbiter of the success of what we produced. And once we were able to pass that test, we released our content on television and home video.

Now, with the amazing growth of the digital universe, the whole world will be opening up for the exploitation of our content. There is a clear shift in the consumption patterns of the industry and millions of people are already watching what we make on their cell phones and laptops, tablets and desk computers. Exciting new web series and short features are currently the flavour of the season and the digital marketplace for feature films is growing apace. Even our promotional features and songs are getting a reach that far exceeds our expectations.

Your company is one of the first content makers to explore and exploit the opportunities that this expansion of the digital market offers. 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 handset viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. In fact, that is the future: Customized and interactive digital content at an affordable cost to the consumer. Bought either by subscription or through an a la carte menu offered by streaming services.

This will mean enlarging our content offering. Both in theatres and on digital platforms that are available or will soon be available. We have already acquired the technology for distribution and online streaming and intend to put that out once we have adequate content offering of different formats in our library and the emerging business model for streaming acquires a more predictable nature.

The future looks quite rewarding but everything will depend on how the new digital scenario eventually pans out. The entire media and entertainment business is likely to go through a further sea change. Your company will be no exception. We are preparing ourselves for this transformation which is likely to yield better working results in years to come.

This statement will be incomplete without thanking all our stakeholders. We are slowly recovering from a difficult phase and it is the management's belief that results will continue to 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 so hard to keep pace with the changing scenario of the business. 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. If there is anything more you may want to know, please feel free to contact our Vice President Yatender Verma at [verma@pritishnandycom.com](mailto:verma@pritishnandycom.com). The company's official internet site will continue to keep you informed of all developments on a regular, day to day basis.

To  
The Members

Your Directors present the 23rd Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2016.

#### FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 2,185.29 lakh as compared to ₹ 219.39 lakh for the earlier year. The Company made a profit of ₹ 251.02 lakh before tax as compared to a loss of ₹ 534.76 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Standalone	
	Year ended March 31, 2016	Year ended March 31, 2015
Income from operations	2,123.46	42.10
Other income	61.83	177.29
<b>Total turnover</b>	<b>2,185.29</b>	<b>219.39</b>
<b>Total expenditure</b>	<b>1,934.27</b>	<b>535.73</b>
<b>Profit/ (loss) before exceptional and extra ordinary items and tax</b>	<b>251.02</b>	<b>(316.33)</b>
Exceptional and extra ordinary items	0	218.43
Profit/ (loss) after exceptional and extra ordinary items and before tax	251.02	(534.76)
Provision for current tax	44.63	0
<b>Profit/ (loss) after current tax</b>	<b>206.39</b>	<b>(534.76)</b>
Provision for deferred tax	323.49	(5.38)
Profit/ (loss) after deferred tax	(117.10)	(529.38)
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(479.70)	(362.59)
Paid up capital	1,446.70	1,446.70
Earnings per share	(0.81)	(3.66)
Book value per share	54.66	55.47

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

The Indian film industry has always displayed strong potential for growth. The current industry scenario has encouraged several innovations in content production which are clearly backed by a growing acceptance by the audience. Good, intelligent, sharp content is meeting commercial success side-by-side with traditional content. This encourages your Company to go back to its roots, re-align itself with the audience's new acceptances and focus on making good cinema which can cut through clutter as well as mass reach cinema which may have commercial appeal across audiences. Your Directors believe that your Company has the capability, expertise and experience to emerge as one of the leading companies in this renewed entertainment industry. During the year, your Company's film Mastizaade released worldwide.

#### DIVIDEND

To conserve the resources of the Company and invest them in forthcoming projects, 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 2016-2017 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. In April 2015 this subsidiary identified and entered into an arrangement with an investor who was ready to invest in the exploitation of Ogle worldwide. To enable this exploitation a joint venture company, Ogle Technologies Ltd, was incorporated at British Virgin Islands. This subsidiary owns 51% of the issued and paid up capital of Ogle Technologies Ltd. The commercial exploitation of Ogle will be taken up and conducted by Ogle Technologies Ltd. The launch of Ogle has not yet commenced due to operational reasons beyond the management's control. However the subsidiary has launched and is actively pursuing the business of creating content for digital streaming through its existing content creation talent.

#### PNC Wellness Ltd

There has been no material change in the nature of the business of this subsidiary. During the year, this subsidiary company operated only in one business segment, i.e. wellness segment. Although there was no revenue generation, this subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. This subsidiary company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The Holding 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 profit 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 were adequate and operating effectively.



#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and articles of associations of the Company, Pallab Bhattacharya, wholetime Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

#### DECLARATION BY 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 (SEBI Listing Regulations).

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.

#### NUMBER OF MEETINGS OF THE BOARDS

Four meetings of the Board were held during the year. For details of the meeting of the Board, please refer to the Corporate Governance Report, which forms part of this report.

#### BOARD EVALUATION

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.

In a separate meeting of independent Directors, the performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive Directors and non-executive Directors.

#### 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

Statutory Auditor

At the Annual General Meeting held on September 21, 2015, K R Khare & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of the forthcoming four Annual General Meetings, concluding four years of his term. In terms of the first proviso to Section 139 of the Act, such appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of K R Khare & Co, Chartered Accountants, Statutory Auditors of the Company, is placed for ratification by the shareholders.

#### AUDITOR'S REPORT

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

In the Emphasis of Matter paragraph, the auditor has stated:

We draw attention to note 32 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 a 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 37 on the standalone financial statements which relates to investment in subsidiary company PNC Wellness Ltd. The investment in this subsidiary stands at ₹ 29,100,000 whereas the net worth of the subsidiary is ₹ 10,768,360 as at March 31, 2016. The management considers the diminution in value of this investment as of temporary nature, in view of its commitment to the business in the new form. In view of this no provision for diminution in value of investment, which is considered temporary, is made at this stage.

We further draw attention to note 38 on the standalone financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of advance 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 relation to Emphasis of Matter by the independent auditors in their report have been clarified in notes 32, 37 and 38 on the financial statement forming part of the Balance Sheet and Statement of Profit and Loss, and are self explanatory and reproduced below.

#### NOTE 32

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 37

Investment in wholly owned subsidiary, PNC Wellness Ltd

The Company has an investment of ₹ 29,100,000 (last year ₹ 29,100,000) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 10,768,360 as on March 31, 2016.

This subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. This subsidiary company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The management is of the view that the diminution in net worth of this subsidiary is temporary and transient and not of a permanent nature. Therefore the management considers the investment as fully realisable.

#### NOTE 38

Loans and Advances of ₹ 15,000,000 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 hearing and disposal. The management considers the same is good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing this amount as "Long Term Loans and Advances".

#### SECRETARIAL AUDITOR'S REPORT

VN Deodhar & Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2016, 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:

1. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Act and the Listing Agreements with Stock Exchanges.
2. The Company has paid remuneration to its whole time Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Act.





## DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD  
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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. The Company's film 'Mastizaade', released in January 2016 and due to its average collections could not generate your Company's expected theatrical collections. Consequently the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

### 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 the risks and their mitigating actions continuously.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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 36 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. Vikas Shaw

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

The average net profit/ (loss) of the Company during the last three financial years for the purpose of computation of CSR activities is (loss) ₹ 20,512,176. As there is average net loss of the Company, the Company is not required to spend any amount on CSR activities.

### DISCLOSURE REQUIREMENT

As per SEBI Listing Regulations, Corporate Governance Report with Auditors' 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.

### 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 18.1, 20.1 and 24.2 of the Financial Statements of the Company.

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

Pursuant to provisions of Section 124 (5) and 125 of the Act ₹ 532,876 which remained unclaimed, and therefore unpaid, for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund.

### 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

Vishnu Kanhere  
Director

Mumbai, 26 May, 2016

## ANNEXURE I

STATEMENT PURSUANT TO FIRST PROVISION 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			
		1	2
	Name of Subsidiary Company	PNC Wellness Ltd	PNC Digital Ltd
Sr. No.			
1.	Reporting currency	INR	INR
2.	Exchange rate	NA	NA
3.	Share capital	6,600,000	5,000,000
4.	Reserves and surplus	4,168,360	324,876
5.	Total assets	11,305,038	64,801,895
6.	Total liabilities (except share capital and reserve and surplus)	536,678	59,477,019
7.	Investments	0	32,838
8.	Turnover (including other income)	4,599,931	21,386
9.	Profit before taxation	4,146,926	(13,695)
10.	Provision for taxation (including deferred tax)	2,907,109	0
11.	Profit after taxation	1,239,817	(13,695)
12.	Proposed dividend	Nil	Nil
13.	% of shareholding	100%	99.78%

Notes: Reporting period for all the Subsidiaries is March 31, 2016.

## 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 (WTD)	
Pallab Bhattacharya	6.04
Rangita Pritish Nandy	5.96

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, WTD & CEO	Nil
Rangita Pritish Nandy (Creative Director & WTD)	Nil
Vikas Shaw, Company Secretary	Nil

c. The percentage increase in the median remuneration of employees in the financial year: (8.83)%.

The number of permanent employees on the rolls of Company: 16

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

There were no increments during 2015-16.

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 2015- 2016	Amount (In ₹ lakh)
Revenue	2,185.29
Remuneration of KMP (as % of revenue)	2.85
Profit Before Tax (PBT)	253.07
Remuneration of KMP (as % of PBT)	24.83

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

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalization (in ₹ lakh)	2,003.68	1,736.04	15.42
Price Earnings Ratio	(17.10)	(3.29)	(419.35)

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, 2016	IPO	% Change
Market Price (BSE)	13.85	155	(91.06)
Market Price (NSE)	14.05	155	(90.94)

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 during the year.



## ANNEXURE TO DIRECTORS' REPORT

PRITHISH NANDY COMMUNICATIONS LTD  
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- i. Comparison of remuneration of each key managerial personnel against the performance of the Company:  
The Company's revenues or profits which can not be compared with the immediate earlier year. The film 'Mastizaade', released in January 2016, could not generate the expected theatrical collections. This resulted in payment of remuneration to Wholetime Directors exceeding the limits prescribed under Section 197 read with Part II of Schedule V of the Act by ₹ 1,554,000.
- 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 directors but receive remuneration in excess of the highest paid Director during the year:  
There is no employee drawing remuneration which exceeds the highest paid Directors.
- 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 III

FORM No. MR-3  
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

To  
The Members,  
Prithish Nandy Communications Ltd.  
87/88, Mittal Chambers  
Nariman Point  
Mumbai 400 021

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prithish 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, 2016 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, 2016 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, 1992;
  - 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (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); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from December 1, 2015.
- vi. We have been informed that there are no laws applicable specifically to the Company. Additionally, a declaration on compliance of various statutes is submitted to the Board on quarterly basis.

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:

- i. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Act and the Listing Agreements with Stock Exchanges
- ii. The Company has paid remuneration to its whole time Directors in excess of the limits prescribed under Schedule V read with Section 197 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 V N Deodhar & Co

Vinayak N Deodhar  
Proprietor  
Fellow Company Secretary Number 1880  
Certificate of Practice Number 898

## ANNEXURE IV

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[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  
Linkintime India Private Ltd  
C-13, Pannalal Silk Mills Compound, LBS Marg  
Bhandup (West)  
Mumbai 400 078  
Tel.: 022-25963838  
Fax: 022-25962691  
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

## i. Category-wise share holding

Category of Shareholders		No. of Shares held at the beginning of the year (i.e as on April 1, 2015)				No. of Shares held at the end of the year (i.e as on March 31, 2016)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1.	Indian									
	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.	Foreign									
	a. NRIs –	0	0	0	0	0	0	0	0	0
	b. Others –	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, 2015)				No. of Shares held at the end of the year (i.e as on March 31, 2016)				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.		Public Shareholding									
1.		Institutions									
	a.	Mutual Funds	0	0	0	0	0	0	0	0	
	b.	Banks/ Financial Institutions	217,334	0	217,334	1.5	217,334	0	217,334	1.50	
	c.	Central Government	0	0	0	0	0	0	0	0	
	d.	State Government(s)	0	0	0	0	0	0	0	0	
	e.	Venture Capital Funds	0	0	0	0	0	0	0	0	
	f.	Insurance Companies	25,000	0	25,000	0.17	25,000	0	25,000	0.17	
	g.	Foreign Institutional Investor(s)	3,000,000	0	3,000,000	20.74	3,000,000	0	3,000,000	20.74	
	h.	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
	i.	Others (specify)	0	0	0	0	0	0	0	0	
Sub-total (B)(1)			3,242,334	0	3,242,334	22.41	3,242,334	0	3,242,334	22.41	
2.		Non-Institutions									
	a.	Bodies Corporate									
	1.	Indian	526,988	1	526,989	3.64	408,002	1	408,003	2.82	
	2.	Overseas	475,000	0	475,000	3.28	475,000	0	475,000	3.28	
	b.	Individuals									
	i.	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,644,176	4,280	2,648,456	18.31	2,729,454	4,280	2,733,734	18.89	
	ii.	Individual shareholders holding nominal share capital in excess ₹ 1 lakh	1,528,806	0	1,528,806	10.57	1,565,472	0	1,565,472	10.83	
	c.	Others (specify)									
	1.	Trusts	3,000	0	3,000	0.02	3,000	0	3,000	0.02	
	2.	Clearing members	47,876	0	47,876	0.33	44,918	0	44,918	0.31	
Sub-total (B)(2)			5,225,846	4,281	5,230,127	36.15	5,225,846	4,281	5,230,127	36.15	
Total Shareholding (B)= (B) (1)+(B)(2)			8,468,180	4,281	8,472,461	58.56	8,468,180	4,281	8,472,461	58.56	
Total (A) + (B)			14,462,719	4,281	14,467,000	100	14,462,719	4,281	14,467,000	100	
C.		Share held by Custodian for GDRs & ADRs	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	14,467,000	100	

## ii. Shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (i.e as on April 1, 2015)			Shareholding at the end of the Year (i.e as on March 31, 2016)			% 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

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

	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
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				

## iv. 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.	Apms Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91
2.	Cresta Fund Ltd	1,000,000	6.91	0	0
3.	Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
4.	Eriska Investment Fund Ltd	0	0	1,000,000	6.91
5.	International Communications Investments (Mauritius) 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	77,080	0.53	131,378	0.91
8.	Sushma Daga	127,000	0.88	127,000	0.88
9.	Mustafa Rajkotwala	83,331	0.58	90,631	0.62
10.	Sonal Parag Kamat	0	0	86,683	0.59
11.	Bank of Maharashtra TIBD	82,653	0.57	82,653	0.57
12.	Anil Bansilal Lodha	81,842	0.57	0	0

## v. 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	26,702	0.18
			At the end of the year	26,702	0.18	26,702	0.18

## 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	52,480,695	0	0	52,480,695
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	52,480,695	0	0	52,480,695
Change in Indebtedness during the financial year				
• Addition	0	0	0	-
• Reduction	46,568,577	0	0	46,568,577
Net change	46,568,577	0	0	46,568,577
Indebtedness at the end 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

## 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 & CEO	Rangita Nandy Creative Director	
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,169,600	2,223,000	4,392,600
	b. Value of perquisites u/s 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	728,400	633,000	1,361,400
	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 under Schedule V 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		Total Amount
		Fee for attending Board/ Committee Meetings	Commission Others, please specify	
1.	Independent, Non-Executive Directors			
	a. Vishnu Kanhere	360,000	0	360,000
	b. Udayan Bose	360,000	0	360,000
	c. Nabankur Gupta	360,000	0	360,000
	d. Hema Malini	40,000	0	40,000
	Total (1)	1,120,000	0	1,120,000
2.	Other Non-Executive Directors			
	a. Pritish Nandy	120,000	0	120,000
	b. Rina Pritish Nandy	160,000	0	160,000
	Total (2)	280,000	0	280,000
	Total (b)=(1+2)	14,00,000	0	1,40,00,000
	Total Managerial Remuneration	1,40,00,000	0	1,40,00,000
	Overall Ceiling as per the Act	Ceiling as is not applicable since only sitting fees are paid to Independent and Non-Executive Directors.		

## 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 in section 17(1) of the Income-tax Act, 1961	325,836
	b. Value of perquisites u/s 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	153,334
	Total	479,170

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

There were no penalties, punishment or compounding of offence during the year ended March 31, 2016.



## OVERVIEW

The Indian film industry has always displayed a strong potential for growth. The current industry scenario has encouraged several innovations in content production which are clearly backed by a growing acceptance by the audience. Good, intelligent, sharp content is meeting commercial success side-by-side with traditional content. This encourages your Company to go back to its roots, re-align itself with the audience's new acceptances and focus on making good cinema which can cut through clutter as well as mass reach cinema which may have commercial appeal across audiences. Your Directors believe that your Company has the capability, expertise and experience to emerge as one of the leading companies in this renewed entertainment industry.

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

## a. CONTENT

With an upward-looking global economic environment and a stable central government, the country's current financial outlook and business sentiment appears encouraging. With positive demographics 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 term outlook for the entertainment sector is upbeat.

During the year we passed through a learning curve and focused our energies on understanding the exhaustive process of getting a film by the Central Board of Film Certification. We are working on becoming a trend-setting content production house and getting our slate right to release at least one movie each year. We are now moving a step forward and becoming even more productive by understanding the system and streamlining the organization. Our aim is to explore how best we can leverage PNC's competitive strengths to create entertainment products across multiple exploitation platforms.

During the year of March 31, 2016, the film titled 'Mastizaade' featuring Sunny Leone, Tusshar Kapoor, Vir Das and Riteish Deshmukh in a special appearance released worldwide. The film did average business at the box office.

Our key growth driver are innovating ideas and storylines that are appealing and cater to the shifting and constantly changing audiences' choices. Movies with strong and differentiated content are getting appreciated both critically as well as commercially.

Your Company's core activity is creating and marketing content across all platforms. 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 shortly. The Company has the capability, skill sets and experience to emerge as a leader in the 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. In April 2015 this subsidiary identified and entered into an arrangement with an investor who was ready to invest in the exploitation of Ogle worldwide. To enable this exploitation a joint venture company, Ogle Technologies Ltd, was incorporated at British Virgin Islands. This subsidiary owns 51% of the issued and paid up capital of Ogle Technologies Ltd. The commercial exploitation of Ogle will be taken up and conducted by Ogle Technologies Ltd. The launch of Ogle has not yet commenced due to operational reasons beyond the management's control. However the subsidiary has launched and is actively pursuing the business of creating content for digital streaming through its existing content creation abilities.

## PNC Wellness Ltd

There has been no material change in the nature of the business of this subsidiary. During the year, the Company operated only in one business segment, i.e. wellness segment. Although there was no revenue generation, this subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. The Company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The Holding Company is facilitating and supporting the revival of this subsidiary's business.

## 2. RISKS, CONCERNS AND THREATS

The content business is risk-prone. Shifting audience preferences has made the market fickle and unpredictable with films having shorter windows for garnering revenues at the time of their first theatrical release and with distributors reluctant to take risks by paying 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 tastes and creating innovative products that can meet the challenge of changing audience expectations through constantly 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 follows:

- 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 PNC 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 antipiracy 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 PNC 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 and the SEBI (Listing and Disclosure Requirements) Regulations 2015 (hereinafter referred to as the SEBI Listing Regulations). 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 Clause 49 of the Listing Agreements and the regulations specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, with regard 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 interests of its stakeholders. Your Company believes an active, well-informed, independent Board is crucial to ensure high standards of corporate governance.

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

#### 2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Companies Act, 2013 (the Act) and the SEBI Listing Regulations entered into with the stock exchanges where the securities issued by the Company are listed. The Board has 8 directors as on March 31, 2016, of who 2 are Promoter Non-Executive Directors, 2 are Wholtime Directors and 4 are Independent Non-Executive Directors. All the Directors are eminent professionals with specialist experience. Wholtime 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, 2016 have been made by the Directors.

During 2015-2016, the Board met 4 times: on May 25, 2015, July 24, 2015, November 09, 2015, and February 02, 2016. 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, 2016.

Director (Designation)	Category	Number of Board Meetings attended	Whether last AGM attended	Number of other Company's directorships*, committee+ memberships and chairmanship			Shareholding Equity share of ₹ 10 each
				Director	Committee Member	Committee Chairman	
Pritish Nandy** (Chairman)	Promoter, Non-Executive Director	3	Yes	1	-	-	2,952,197
Udayan Bose	Independent, Non-Executive Director	4	No	2	1	-	-
Nabankur Gupta	Independent, Non-Executive Director	4	Yes	9	2	-	26,702
Hema Malini	Independent, Non-Executive Director	1	No	-	-	-	-
Rina Pritish Nandy**	Promoter, Non-Executive Director	4	Yes	1	-	-	625,000
Vishnu Kanhere***	Independent, Non-Executive Director	4	Yes	2	-	3	-
Pallab Bhattacharya (Wholtime Director and CEO)	Executive Director	4	Yes	2	2	1	50,000
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	3	Yes	1	-	-	193,500

\*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 of other public companies, Human Resources, Nomination and Remuneration (HRNR) Committee, Risk Management Committee.

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

\*\*\*Resigned with effect from end of business hours on May 26, 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 SEBI Listing Regulations.

#### 3. AUDIT COMMITTEE

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

As on March 31, 2016, the Audit Committee consisted of Vishnu Kanhere, Chairman, Udayan Bose and Nabankur Gupta as members. All members of the Audit Committee including the Chairman are Independent Directors and financially literate. The Chairman, Dr Kanhere, a practicing Chartered Accountants has extensive expertise in financial management. Vikas Shaw, Company Secretary acts as Secretary of the Audit Committee.

During the year 2015-2016, the Audit Committee met 4 times: on May 25, 2015, July 24, 2015, November 09, 2015 and February 02, 2016. Attendance of Committee members during the year 2015-2016 is as under:

Name of member	Attendance	May 25, 2015	July 24, 2015	November 09, 2015	February 02, 2016
Vishnu Kanhere (Chairman)	4	Yes	Yes	Yes	Yes
Udayan Bose	4	Yes	Yes	Yes	Yes
Nabankur Gupta	4	Yes	Yes	Yes	Yes

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

The Human Resources, Nomination and Remuneration Committee (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 and the SEBI Listing Regulations.

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

Constitution of the Human Resources, Nomination and Remuneration Committee and the terms of reference specified by the Board to the Committee are as per the requirements of the SEBI Listing Regulations and Schedule V of the Act. Remuneration Committee consisted of Vishnu Kanhere, Chairman, Nabankur Gupta and Udayan Bose as members. Vikas Shaw, Company Secretary acts as Secretary of the Committee.

##### Directors' Remuneration

- Advisory fees- The Company has paid ₹ 96 lakh 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 & 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.

## c. Remuneration- Details of current remuneration paid to wholtime directors are as under:

Pallab Bhattacharya, was re-appointed as Wholtime Director and CEO of the Company for a 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 effective April 1, every year.
- 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 effective April 1, every year.
- 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.

Wholtime Directors of the Company are entitled to annual increments, as decided by the Board, effective from 1st April every year. Annual increments are merit based and 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 lakh 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 26,702 shares of the Company as on March 31, 2016.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

This Stakeholders Relationship Committee functioned under the chairmanship of Independent Director, Vishnu Kanhere, Udayan Bose and Pallab Bhattacharya. Vikas Shaw, 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 2015-2016.

## 6. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
2012-2013	MC Ghia Hall, Mumbai 400001	September 27, 2013 at 2.00 PM
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

## 7. OTHER COMMITTEES

RISK MANAGEMENT COMMITTEE: The Risk Management Policy which includes procedures for risk assessment and minimization is adopted by the Board. The said policy is also put up on the website of the Company: www.pritishnandy.com. The Board has constituted the Business Process and Risk Management Committee consisting of Pallab Bhattacharya, Non-Independent and Executive Director as Chairman and Yatender Verma, Vice President – Finance, Compliances and Legal Affairs as member.

The terms of reference of the Risk Management Committee inter alia, include the following.

- To review the Risk Management Plan/ Policy and its deployment within the Company.
- To monitor the effectiveness of the Risk Management Plan/ Policy.
- To decide the maximum risk taking ability of the Company to guide the Board in making new investments.
- To review the major risks of the Company and advise on its mitigation to the Board.
- Such other functions as may be delegated by the Board from time to time.

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

## 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 21, 2016 at 3:00 P M
Venue	: Walchand Hirachand Hall, 4th floor, IMC Building, IMC Marg Churchgate, Mumbai 400020

## 11.2 Financial calendar (tentative) for financial year April 1, 2016 to March 31, 2017

## a. Board meetings to consider financial results

Before August 14, 2016	: Results for the first quarter
Before November 14, 2016	: Results for the second quarter
Before February 14, 2017	: Results for the third quarter
Before May 30, 2017	: Results for the fourth quarter and year ending March 31, 2017

## b. Annual General Meeting : September, 2017

## 11.3 Date of book closure : September 11, 2016 to September 21, 2016 (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, 2015 and March 31, 2016)	% change in Company's share price	% change in Indices
BSE-Sensex	14.94	(9.35)
NSE-Nifty	12.40	(10.17)

## 11.8 Market price data:

	NSE		BSE	
	Month's high price (₹ )	Month's low price (₹ )	Month's high price (₹ )	Month's low price (₹ )
April 2015	15.20	11.65	16.55	12.00
May 2015	13.95	11.30	14.19	11.50
June 2015	13.40	10.10	12.40	10.23
July 2015	18.35	11.20	17.85	10.25
August 2015	19.25	14.55	18.70	14.95
September 2015	16.20	13.00	16.75	12.60
October 2015	19.30	13.90	18.00	13.95
November 2015	16.60	13.50	17.20	13.56
December 2015	29.35	14.65	23.50	14.50
January 2016	30.60	19.70	30.30	19.85
February 2016	21.80	12.50	20.90	12.45
March 2016	17.65	13.45	17.05	13.21

## 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, 2016

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	4,411	78.43	703,782	7,037,820	4.87
5,001 to 10,000	546	9.71	461,834	4,618,340	3.19
10,001 to 20,000	294	5.23	460,668	4,606,680	3.18
20,001 to 30,000	117	2.08	300,886	3,008,860	2.08
30,001 to 40,000	53	0.94	192,117	1,921,170	1.33
40,001 to 50,000	43	0.76	202,114	2,021,140	1.40
50,001 to 100,000	73	1.30	541,145	5,411,450	3.74
100,001 and above	87	1.55	11,604,454	116,044,540	80.21
Total	5,624	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2016 (Category wise)	%
Promoters holding	: 41.44
Mutual Funds and Unit Trust of India	: 0.00
Banks and Financial Institutions	: 1.50
Foreign Institutional Investors	: 20.74
Insurance Companies	: 0.17
Clearing Member	: 0.31
Trust	: 0.02
Public and private corporate bodies	: 2.82
NRIs/ OCBs	: 3.28
Indian public and others	: 29.72
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, 2016. 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-13, Pannalal Silk Mills Compound,	87/88, Mittal Chambers,
LBS Marg, Bhandup (West),	Nariman Point,
Mumbai 400078	Mumbai 400021
Tel : 022-25963838	Tel : 022-4213 00 00
Fax : 022-25962691	Fax : 022-4213 00 33
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 2016-2017 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 the senior management of the Company. This Code of Conduct has been followed by all and is available on the website of the Company.

c. PNC's Code for Prevention of Insider Trading

The Board has adopted a Code of Conduct in accordance with the model code of conduct prescribed by SEBI. The Code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary has been appointed as the Compliance Officer for monitoring implementation of the Code. This 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 26, 2016

Pallab Bhattacharya  
Wholtime Director and CEO

Yatender Verma  
Vice President, Finance, Compliances and Legal Affairs

Vikas Shaw  
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, 2016 from members of its Board and senior management personnel.

Mumbai, May 26, 2016

Pallab Bhattacharya  
Wholtime Director and CEO

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Pritish Nandy Communications Ltd

We have examined the compliance of conditions of Corporate Governance by Pritish Nandy Communications Ltd for the year ended on March 31, 2016 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of 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 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016



## INDEPENDENT AUDITOR'S REPORT

To  
The Members  
Prithish Nandy Communications Ltd

## REPORT ON STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Prithish Nandy Communications Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 Company's Directors, as well as evaluating the overall presentation of the standalone 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, 2016 and its loss and its cash flows for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to note 32 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 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 37 on the standalone financial statements which relates to investment in subsidiary company "PNC Wellness Ltd". The investment in this subsidiary stands at ₹ 29,100,000 whereas the net worth of the subsidiary is ₹ 10,768,360 as at March 31, 2016. The management considers the diminution in value of this investment as of temporary nature in view of its commitment for the business in the new form. In view of the proposed business plans of the subsidiary company no provision for diminution in value of investment, which is considered temporary, is made at this stage.

We further draw attention to note 38 on the standalone financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of advance 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 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" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report 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 purpose of our audit;
  - b. 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;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion the aforesaid standalone 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 written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 Company and the operating effectiveness of such controls, referred to our separate Annexure "B".
  - 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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note no 32 and 38 to the financial statements;
    - ii. the Company 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 Company.

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of Prithish Nandy Communications Ltd. ("the Company")

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;

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - b. As explained to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - c. On the basis of information and explanations given to us, the Company does not own any immovable property.
- ii. 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 except for the items of storage of the unamortised, finished and unfinished content, 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.

- iii. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, Ltd Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act, 2013 other than;
  - a. the temporary interest free advances to its wholly owned subsidiary viz. PNC Wellness Ltd for meeting its operational expenses amounting to ₹ 425,750 (Previous Year ₹ NIL), and
  - b. the temporary interest free advances to its subsidiary viz. PNC Digital Ltd for content production account amounting to ₹ 58,656,671 as at the year end. (Previous Year ₹ 58,656,671)

As explained to us there are no terms for repayment of these temporary advances.
- iv. 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.

- v. 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 3(v) of the Order are not applicable to the Company.
- vi. 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 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, 2016 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 provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess 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	DY Commissioner of Sales Tax (Appeals) I, Mumbai City Division, Mumbai
VAT Act, 2005	VAT	FY 2005-06	2,724,675	DY Commissioner of Sales Tax (Appeals) E817, Business Audit, 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	DY 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 Annual 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 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 non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For K R Khare & Co.  
Chartered Accountants  
Firm Registration Number105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report 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, 2016 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 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 Act, 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

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 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, 2016, 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 K R Khare & Co.  
Chartered Accountants  
Firm Registration Number105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016



As at March 31, 2016

	NOTE No		March 31, 2016 ₹		March 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>					
1. Shareholders' funds					
a. Share capital	2	144,670,000		144,670,000	
b. Reserves and surplus	3	646,124,223	790,794,223	657,834,558	802,504,558
2. Non-current liabilities					
a. Long-term borrowings	4	1,260,088		1,910,090	
b. Deferred tax liabilities (net)	5	149,563,840	150,823,928	117,215,076	119,125,166
3. Current liabilities					
a. Short term borrowings	6	4,002,028		48,944,809	
b. Trade payables	7	41,908,241		38,286,339	
c. Other current liabilities	8	34,825,822		47,683,068	
d. Short-term provision	9	4,447,400	85,183,491	0	134,914,216
			1,026,801,642		1,056,543,940
<b>ASSETS</b>					
1. Non-current assets					
a. Fixed assets					
Tangible assets	10	6,336,547		9,889,877	
b. Non-current investments	11	36,216,600		36,246,050	
c. Long term loans and advances	12	385,106,830	427,659,977	386,902,360	433,038,287
2. Current assets					
a. Cinematic and television content	13	508,332,557		537,125,897	
b. Trade receivables	14	9,749,338		3,351,063	
c. Cash and bank balances	15	49,360,406		53,004,365	
d. Short term loans and advances	16	30,155,883		27,687,171	
e. Other current assets	17	1,543,481	599,141,665	2,337,157	623,505,653
			1,026,801,642		1,056,543,940
Significant accounting policies and notes on financial statements	1 to 42				

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholtime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD  
THE 23RD ANNUAL REPORT AND ACCOUNTS 2016

# 21

For the year ended March 31, 2016

	NOTE No	March 31, 2016 ₹	March 31, 2015 ₹
<b>INCOME</b>			
Revenue from operations	18	212,345,600	4,210,600
Other income	19	6,182,970	17,728,758
Total income		218,528,570	21,939,358
<b>EXPENSES</b>			
Cost of content	20	44,592,897	133,313,132
Advertisement and digital release expenses	-	73,290,041	0
Changes in inventories of content	21	28,793,340	(133,313,132)
Employee benefit expenses	22	10,771,683	14,797,140
Finance cost	23	7,810,921	3,664,534
Depreciation and impairment	10	2,164,219	3,883,293
Other expenses	24	26,003,940	31,227,671
Total expenses		193,427,041	53,572,638
Profit/ (loss) before exceptional and extra ordinary items and tax		25,101,529	(31,633,280)
Exceptional and extra ordinary items			
Advance to subsidiary company - written off		0	21,843,002
Profit/ (loss) after exceptional and extra ordinary items and before tax		25,101,529	(53,476,282)
Tax expense			
Current tax		4,463,100	0
Deferred tax		32,348,764	(538,095)
Profit/ (loss) from continuing operations		(11,710,335)	(52,938,187)
Earning per equity share			
Basic and diluted	25	(0.81)	(3.66)
Significant accounting policies and notes on financial statements	1 to 42		

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholtime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
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 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.
- 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.
  - 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 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 realizable 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.

NOTE 2

SHARE CAPITAL  
Authorised share capital  
20,000,000 (L Y 20,000,000)  
equity shares of ₹ 10 each

Issued, subscribed and fully paid up  
14,467,000 (L Y 14,467,000)  
equity shares of ₹ 10 each

	March 31, 2016 ₹	March 31, 2015 ₹
200,000,000		200,000,000
144,670,000		144,670,000
144,670,000		144,670,000

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, 2016		As at March 31, 2015	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2015	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, 2016	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, 2016		As at March 31, 2015	
	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
Cresta Fund Ltd	0	0.00	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
APMS Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91
Eriska Investment Fund Ltd	1,000,000	6.91	0	0

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.

NOTE 3

RESERVES AND SURPLUS

Capital reserve

	March 31, 2016 ₹	March 31, 2015 ₹
Opening balance as at April 1, 2015	36,865	36,865
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	36,865	36,865

General reserve

	March 31, 2016 ₹	March 31, 2015 ₹
Opening balance as at April 1, 2015	22,098,279	22,098,279
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	22,098,279	22,098,279

Surplus/ (deficit) in statement of profit and loss

	March 31, 2016 ₹	March 31, 2015 ₹
Opening balance as at April 1, 2015	(36,259,406)	19,134,759
Add: Current years profit/ (loss)	(11,710,335)	(52,938,187)
Less: Depreciation on assets whose life expired before April 1, 2014	0	(3,554,237)
Add: Deferred tax reversed on above	0	1,098,259
Closing balance as at March 31, 2016	(47,969,741)	(36,259,406)

Security premium reserve

	March 31, 2016 ₹	March 31, 2015 ₹
Opening balance as at April 1, 2015	671,958,820	671,958,820
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	671,958,820	671,958,820
	646,124,223	657,834,558

NOTE 4

LONG TERM BORROWINGS

Secured long term finance lease obligations

(Secured against the hypothecation of vehicles)

	March 31, 2016 ₹	March 31, 2015 ₹
Daimler Financial Services (I) Pvt Ltd	1,260,088	1,910,090
	1,260,088	1,910,090

NOTE 4.1

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount ₹	Rate of interest p.a.	Amount ₹	Rate of interest p.a.
Repayable upto November, 2018	1,260,088	11.32%	1,910,090	11.32%
Total	1,260,088		1,910,090	

NOTE 4.2

Finance lease commitments

Particulars	As at March 31, 2016		As at March 31, 2015	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	1,260,088	222,694	1,910,090	311,638
Later than five years	0	0	0	0
Total	1,260,088	222,694	1,910,090	311,638

NOTE 5

DEFERRED TAX LIABILITIES

Deferred tax liabilities

	March 31, 2016 ₹	March 31, 2015 ₹
Opening balance as at April 1, 2015	117,215,076	118,851,430
Add: Liabilities provided for the year	32,348,764	0
Less: Liability reversal on depreciation of assets whose life expired before April 1, 2014	0	1,098,259
Less: Assets provided on depreciation for the year	0	32,348,764
	149,563,840	117,215,076

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, 2016 is given below

(In ₹ lakh)

Particular	As at April 1, 2015	Created during the year	Reversed during the year	As at March 31, 2016
Deferred tax liabilities				
Unamortised content	1,240.58	322.97		1,563.55
Depreciation and capital loss	(17.27)	0.58		(16.69)
Adjustment for change in tax rate	(51.16)			(51.16)
Total	1,172.15	323.55	0.00	1,495.70

NOTE 6

SHORT TERM BORROWINGS

Secured

	March 31, 2016 ₹	March 31, 2015 ₹
Overdraft with Yes Bank Ltd (Secured against current assets)	4,002,028	48,944,809
	4,002,028	48,944,809

NOTE 7

TRADE PAYABLES

	March 31, 2016 ₹	March 31, 2015 ₹
Total outstanding dues to micro, small and medium enterprises and small enterprises	0	0
Others		
For cinematic and television content	38,426,688	36,801,531
For expenses and other liabilities	3,481,553	1,484,808
	41,908,241	38,286,339
	41,908,241	38,286,339

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.

NOTE 8

OTHER CURRENT LIABILITIES

	March 31, 2016 ₹	March 31, 2015 ₹
Advance received from subsidiary company		
PNC Digital Ltd	1,548,394	2,495,984
Advances and liabilities	32,627,426	43,504,991
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)		
ICICI Bank Ltd	0	326,061
Kotak Mahindra Prime Ltd	0	718,981
Daimler Financial Services (I) Pvt Ltd	650,002	580,754
Unclaimed dividend*	0	56,297
	34,825,822	47,683,068

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

NOTE 9

SHORT TERM PROVISION

	March 31, 2016 ₹	March 31, 2015 ₹
Provision for income tax	4,447,400	0
	4,447,400	0

## NOTE 10

## TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	As at April 1, 2015	For the year	Impairment	Deductions	Total	As at March 31, 2016	As at March 31, 2015
Improvement to leasehold premises	723,764	0	0	723,764	723,764	0	0	0	723,764	0	0
Furniture and fixtures	1,465,509	0	982,974	482,535	1,054,894	108,923	122,268	982,974	303,111	179,424	410,615
Office equipments	9,398,654	75,090	6,655,932	2,817,812	8,236,317	342,266	332,797	6,655,932	2,255,448	562,364	1,162,337
Motor cars	12,002,155	0	3,603,762	8,398,393	3,899,367	1,167,672	0	2,033,211	3,033,828	5,364,566	8,102,788
Computers, printers and software	2,690,542	106,350	394,240	2,402,652	2,476,405	90,293	0	394,240	2,172,458	230,193	214,137
<b>Total ₹</b>	<b>26,280,624</b>	<b>181,440</b>	<b>11,636,908</b>	<b>14,825,156</b>	<b>16,390,747</b>	<b>1,709,154</b>	<b>455,065</b>	<b>10,066,357</b>	<b>8,488,609</b>	<b>6,336,547</b>	<b>9,889,877</b>
As at March 31, 2015	26,143,950	136,674	0	26,280,624	8,953,217	7,437,530*	0	0	16,390,747	9,889,877	

\*Out of the total depreciation ₹ 7,437,530, an amount of ₹ 3,554,237 relates to assets whose life has expired before April 1, 2014 in terms of schedule II of the Companies Act, 2013 and the same has been recognised net of deferred tax in the opening balance of retained earnings and the balance ₹ 3,883,293 has been charged to statement of profit and loss.

NOTE 11	March 31, 2016 ₹	March 31, 2015 ₹	NOTE 16	March 31, 2016 ₹	March 31, 2015 ₹
<b>NON CURRENT INVESTMENTS</b>			<b>SHORT TERM LOANS AND ADVANCES</b>		
Long term investments			(Unsecured considered good)		
Unquoted investments			a. Loans		
In subsidiary company			Staff	0	150,000
PNC Digital Ltd	7,019,700	7,019,700	b. Advances		
498,900 (L Y 498,900) equity shares of face value of ₹ 10 each fully paid up			Advances to - wholly owned subsidiary		
In wholly owned subsidiary company			PNC Wellness Ltd	425,750	0
PNC Wellness Ltd	29,100,000	29,100,000	Other advances	29,484,039	27,237,414
660,000 (L Y 660,000) equity shares of face value ₹ 10 each fully paid up			c. Pre-paid expenses	246,094	299,757
Quoted investments				<u>30,155,883</u>	<u>27,687,171</u>
Moving Picture Company (India) Ltd					
95,000 (L Y 95,000) equity shares of face value ₹ 10 each fully paid up			<b>NOTE 17</b>		
Opening balance as on April 1, 2015	126,350	143,450	<b>OTHER CURRENT ASSETS</b>		
Less: Diminution in value of investments	29,450	17,100	Accrued interest on fixed deposits	1,543,481	2,337,157
Market value ₹ 1.02 (L Y ₹ 1.33) per share				<u>1,543,481</u>	<u>2,337,157</u>
	<u>36,216,600</u>	<u>36,246,050</u>	<b>NOTE 18</b>		
Aggregate value of quoted and unquoted investments			<b>REVENUE FROM OPERATIONS</b>		
			Sales - owned content*	206,220,600	650,000
			Services*		0
			Infilm promotion	6,125,000	0
			Consultancy services	0	3,560,600
				<u>212,345,600</u>	<u>4,210,600</u>
			*The above income is net of VAT and service tax		
<b>NOTE 12</b>			<b>NOTE 18.1</b>		
<b>LONG TERM LOANS AND ADVANCES</b>			<b>EARNING IN FOREIGN CURRENCY</b>		
Advances to subsidiary PNC Digital Ltd	58,656,671	58,656,671	Owned content USD 2,321.81 [L Y - Nil]	153,181	0
Income tax	12,652,416	9,352,991		<u>153,181</u>	<u>0</u>
Other advances (Refer note 32)	125,190,646	126,060,601	<b>NOTE 19</b>		
Security Deposits	3,044,140	3,044,140	<b>OTHER INCOME</b>		
Advance for content (Refer note 38)	185,562,957	189,787,957	Interest on fixed deposits	3,297,290	8,000,116
	<u>385,106,830</u>	<u>386,902,360</u>	[TDS ₹ 329,729 (L Y ₹ 884,916)]		
			Interest on income tax refund	0	265,259
<b>NOTE 13</b>			Interest on advances	2,250,000	0
<b>CINEMATIC AND TELEVISION CONTENT</b>			Rebate and credit balances written back	8,366	689,045
At cost or net realisable value whichever is lower			Provisions written back	0	8,655,211
(As valued and certified by management) - Refer note 33			Profit on sale of assets	385,004	0
Unamortised content	452,506,653	374,672,765	Gratuity - return on plan asset and actuarial gain	207,758	0
Unexploited content	52,825,904	26,140,000	Miscellaneous income	34,552	119,127
Unfinished content	3,000,000	136,313,132		<u>6,182,970</u>	<u>17,728,758</u>
	<u>508,332,557</u>	<u>537,125,897</u>	<b>NOTE 20</b>		
			<b>COST OF CONTENT</b>		
<b>NOTE 14</b>			Cost of content - owned content	44,592,897	133,313,132
<b>TRADE RECEIVABLES</b>				<u>44,592,897</u>	<u>133,313,132</u>
Unsecured, considered good			<b>NOTE 20.1</b>		
Over six month	2,714,173	2,789,263	Expenditure in foreign currency		
Others	7,035,165	561,800	Shooting expenses Nil (L Y USD 45,000)	0	2,827,108
	<u>9,749,338</u>	<u>3,351,063</u>	Shooting expenses Nil (L Y Thai Baht 10,027,357)	0	19,831,971
				<u>0</u>	<u>22,659,079</u>
<b>NOTE 15</b>					
<b>CASH AND BANK BALANCES</b>					
Cash at bank - unpaid dividend account	0	56,297			
Cash at bank - fixed deposits	49,105,899	52,808,101			
(Includes ₹ 4,400,000 kept under lien with Banks against bank guarantee issued (L Y ₹ Nil))					
Cash at bank - current account	243,117	128,575			
Cash and imprest account	11,390	11,392			
	<u>49,360,406</u>	<u>53,004,365</u>			

NOTE 21	March 31, 2016	March 31, 2015
	₹	₹
<b>CHANGES IN INVENTORIES</b>		
Opening balance as at April 1, 2015		
Unamortised content	374,672,765	374,672,765
Unexploited content	26,140,000	26,140,000
Unfinished content	136,313,132	3,000,000
Less: Closing balance as at March 31, 2016		403,812,765
Unamortised content	452,506,653	374,672,765
Unexploited content	52,825,904	26,140,000
Unfinished content	3,000,000	136,313,132
	508,332,557	537,125,897
	28,793,340	(133,313,132)

NOTE 22	March 31, 2016	March 31, 2015
	₹	₹
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	10,771,683	13,722,829
Group gratuity obligation	0	1,074,311
	10,771,683	14,797,140

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, 2016	March 31, 2015
	₹	₹
Employer's contribution to Provident Fund	0	0

b. Defined Benefit Plan

Particulars

• Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined benefit obligation at the beginning of the year	4,864,680	3,480,747
Current service cost	347,374	324,754
Interest cost	388,688	351,288
Actuarial (gain)/ loss	(583,307)	745,553
Benefit paid	(635,538)	(37,662)
Defined Benefit obligation at the end of year	4,381,897	4,864,680
• 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	4,202,036	3,495,203
Expected return on plan assets	335,743	304,083
Actuarial gain/ (loss) on plan assets	24,770	43,201
Employers contribution	494,820	397,211
Benefit paid	(635,538)	(37,662)
Fair value of plan assets at the end of the year	4,421,831	4,202,036
• Actual return on plan assets		
Expected return on plan assets	335,743	304,083
Actuarial gain/ (loss) on plan assets	24,770	43,201
Actual return on plan assets	360,513	347,284
• Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2015	4,421,831	4,202,036
Present value of obligation as at March 31, 2016	(4,381,897)	(4,864,680)
Amount recognised in Balance Sheet	39,934	(662,644)
• Expenses recognised during the year		
Current service cost	347,374	351,288
Interest cost	388,688	324,754
Expected return on plan assets	(335,743)	(304,083)
Actuarial (gain)/ loss	(608,077)	702,352
Expenses recognised in Statement of Profit and Loss	(207,758)	1,074,311
• 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)	7.99%	7.99%
Salary escalation (per annum)	7%	7%

NOTE 23	March 31, 2016	March 31, 2015
	₹	₹
<b>FINANCE COST</b>		
Finance charges	315,661	488,078
Processing and documentation charges for loan	1,925,500	500,000
Interest on overdraft	5,305,560	2,676,456
Bank guarantee charges	264,200	0
	7,810,921	3,664,534

NOTE 24

OTHER EXPENSES	March 31, 2016	March 31, 2015
	₹	₹
Auditors' remuneration	463,725	500,058
Advances written off	816,975	0
Bad debts written off	0	2,448,938
Business promotion expenses	623,175	2,697,304
Communications expenses	245,465	368,773
Contract service expenses	4,670,509	5,947,904
Conveyance and motor car expenses	1,951,080	2,167,821
Diminution in value of investment	29,450	17,100
Directors sitting fees	1,400,000	1,260,000
General expenses	2,701,113	2,970,896
Insurance charges	326,927	259,075
Internet subscription and website expenses	285,022	323,416
Electricity charges	570,555	519,583
Legal, professional and consultancy fees	4,406,921	2,522,798
Interest on service tax	0	52,701
Printing and stationery	260,138	375,200
Rent, rates, taxes and business service center charges	6,092,400	6,174,193
Research and development expenses	526,779	672,732
Traveling expenses	633,706	1,949,179
	26,003,940	31,227,671

NOTE 24.1

Payment to Auditors as

a. Statutory audit fees	264,046	264,046
b. Certification, VAT audit and other fees	199,679	236,012
	463,725	500,058

NOTE 24.2

Expenditure in foreign currency	0	0
	0	0

NOTE 24.3

Operating lease		
Not later than one year	6,210,800	6,303,800
Later than one year and not later than five years	13,900,865	14,185,865
Later than five years	0	0
	20,111,665	20,489,665

NOTE 25

Earning per share (EPS)	March 31, 2016	March 31, 2015
	₹	₹
Net profit/ (loss) after tax as per statement of profit and loss attributable to equity share holders	(11,710,335)	(52,938,187)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(0.81)	(3.66)
Face value per equity share	10	10

NOTE 26

Estimated amount of contracts to be executed on capital account. (Net of capital advances)	0	0
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NOTE 27

Bank guarantee issued by the bankers	4,400,000	0
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## NOTE 28

## CONTINGENT LIABILITIES

	March 31, 2016 ₹	March 31, 2015 ₹
a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT Liability	8,440,200	1,876,028

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

## NOTE 29

	March 31, 2016 ₹	March 31, 2015 ₹
Dividend remitted in foreign currency	0	0

## NOTE 30

a. CIF value of imports	0	0
b. FOB value of imports	0	0

## 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. 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 32

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 presumption that intangible assets have a useful life of 10 years. In respect of cinematic content, the Company has persuasive evidence that the useful life of cinematic content is over 20 years.

The management has considered the following factors viz. the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz. shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the number of distribution channels, rapid multiplication of remaking, animation and other new versions etc., and hence is of the view that the useful life of the cinematic content is 20 years. Hence, amortisation of ₹ 156,703,165 in respect of cinematic content having life of more than 10 years, is not required to be made. The Company is in line with International Accounting Practices and is a step towards complying with IFRS norms.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April 1, 2015	1,813,540,769	811,389,424	2,624,930,193
Add: Additions during the year 2015-16	44,592,897	0	44,592,897
Total	1,858,133,666	811,389,424	2,669,523,090
Less: Amortised up to March 31, 2015	1,299,414,872	788,389,424	2,087,804,296
Less: Amortised during the year 2015-16	73,386,237	0	73,386,237
Net carrying amount as at March 31, 2016	485,332,557	23,000,000	508,332,557

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.

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 was pledged to Yes Bank Ltd as security for overdraft facility of ₹ 50,000,000.

## 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. During the year the Company has recognised certain assets whose carrying amount is more than the recoverable amount, an amount of ₹ 455,065 has been charged in the financial statements towards impairment.

## NOTE 35

## Segment information

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

As per our attached report of even date

For K R Khare & Co  
Chartered Accountants  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

## NOTE 36

## 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 – Wholetime and Creative Director c. Vikas Shaw – Company Secretary
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. Vishnu Kanhere – Non Executive, Independent Director f. Hema Malini – Non Executive, Independent Director g. Ishita Pritish Nandy – daughter of Non Executive Chairman

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

Subsidiary company	Nature of transaction	In ₹ lakh	
		March 31, 2016	March 31, 2015
Subsidiary company	Advance/ loan received back	0	21.06
	Advance paid back	9.48	0
	Advance given	4.26	0
	Advance to PNC Wellness Ltd written off	0	218.43
	Balance outstanding at year end Receivable	590.82	586.57
	Balance outstanding at year end Payable	15.48	24.96
Key management personnel	Remuneration/ Reimbursement	62.33	62.05
	Balance outstanding at year end Payable	5.27	4.80
Non-executive directors and their relatives	Remuneration/ Reimbursement/ sitting fees	41.42	40.02
	Professional Fees	96.00	96.00
	Balance outstanding at year end payable	71.53	14.09

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

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

## Investment in wholly owned subsidiary – PNC Wellness Ltd

The Company has an investment of ₹ 29,100,000 (L Y ₹ 29,100,000) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 10,768,360 as on March 31, 2016.

This subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. This subsidiary company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The management is of the view that the diminution in net worth of this subsidiary is temporary and transient and not of a permanent nature. Therefore the management considers the investment as fully realisable.

## NOTE 38

Loans and Advances of ₹ 15,000,000 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 hearing and disposal. The management considers the same is good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing this amount as "Long Term Loans and Advances".

## NOTE 39

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 40

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2016.

## NOTE 41

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

## NOTE 42

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

Authenticated by us

For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
Company Secretary



# STANDALONE AND CONSOLIDATED CASH FLOW STATEMENT

PRITISH NANDY COMMUNICATIONS LTD  
THE 23RD ANNUAL REPORT AND ACCOUNTS 2016

# 27

## STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2016

	March 31, 2016 ₹	March 31, 2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxes	25,101,529	(53,476,282)
Bad debts and rebate and discount	0	2,448,938
Advances written off	816,975	0
Depreciation	2,164,219	3,883,293
Finance cost	7,810,921	3,664,534
Diminution in value of investments	29,450	17,100
Advance to subsidiary company - written off	0	21,843,002
Sundry creditors balances written back	(8,366)	(689,045)
Provisions written back	0	(8,655,211)
Interest on fixed deposit	(3,297,290)	(8,000,116)
Profit on sale of assets	(385,004)	0
Operating cash flow before working capital changes	32,232,434	(38,963,787)
Adjusted for:		
Cinematic and television content	28,683,340	(133,021,424)
Trade receivables	(6,398,275)	2,169,738
Long term loan and advances	(700,453)	(16,844,200)
Short term loans and advances	(3,175,687)	9,802,117
Other current assets	793,675	109,619
Trade payables	3,630,268	(1,385,407)
Other current liabilities	(10,361,262)	12,558,812
Cash generated from operations before taxes paid	44,704,040	(165,574,532)
Direct taxes paid	(15,700)	0
Net Cash from/ (used in) operating activities	44,688,340	(165,574,532)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(181,440)	(136,674)
Sale of fixed assets	1,955,555	0
Changes in investments	0	0
Interest on fixed deposit	3,297,290	8,000,116
Net cash from/ (used in) investing activities	5,071,405	7,863,442
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowing	24,647,812	48,944,809
Repayment of borrowing	(70,240,595)	(1,625,796)
Finance and other charges paid	(7,810,921)	(3,664,534)
Net cash from/ (used in) financing activities	(53,403,704)	43,654,479
Net changes in cash and cash equivalents (A+B+C)	(3,643,959)	(114,056,611)
Cash and cash equivalents- opening balance	53,004,365	167,060,976
Cash and cash equivalents- closing balance	49,360,406	53,004,365

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.

For K R Khare & Co  
Chartered Accountants  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2016

	March 31, 2016 ₹	March 31, 2015 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxes	27,386,817	(50,975,671)
Bad debts and rebate and discount	0	2,448,938
Depreciation	2,164,219	6,753,545
Diminution in value of investments	29,450	17,100
Advances written off	816,975	17,891
Finance charges	7,810,921	3,664,534
Loss on sale of assets	0	13,635,302
Profit on sale of assets	(385,004)	0
Sundry creditors balances written back	(4,608,297)	(1,743,875)
Provisions written back	0	(8,655,221)
Interest on fixed deposit	(3,315,886)	(8,076,448)
Operating cash flow before working capital changes	29,899,195	(42,913,905)
Adjusted for:		
Cinematic and television content	28,683,340	(133,021,424)
Trade receivable	(5,817,901)	2,229,738
Long term loans and advances	1,085,049	19,063,002
Short term loans and advances	(66,665,014)	(25,795,490)
Other current assets	795,194	280,095
Trade payables	8,258,827	(713,364)
Other current liabilities	(17,095,953)	9,452,819
Cash generated from operations	(20,857,263)	(171,418,529)
Direct taxes paid	(15,700)	-
Net cash from/ (used in) operating activities	(20,872,963)	(171,418,529)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(181,440)	(136,674)
Sale of fixed assets	1,955,555	2,500,000
Changes in investments	(105,400)	0
Interest on fixed deposit	3,315,886	8,076,448
Net cash from/ (used in) investing activities	4,984,601	10,439,774
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	24,647,812	48,944,809
Repayment of borrowings	(70,240,595)	(1,625,796)
Proceeds from preference shares	65,782,854	0
Finance and other charges paid	(7,810,921)	(3,664,534)
Net cash from/ (used in) financing activities	12,379,150	43,654,479
Net changes in cash and cash equivalents (A+B+C)	(3,509,212)	(117,324,276)
Cash and cash equivalents- opening balance	53,461,887	170,786,163
Cash and cash equivalents- closing balance	49,952,675	53,461,887

Notes:

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

Authenticated by us  
For Prithvi Nandy Communications Ltd

Pallab Bhattacharya  
Wholtime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The members of  
Pritish Nandy Communications Ltd  
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") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 including 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, 2016, 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 advance 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 this matter.

## OTHER MATTERS

- a. We did not audit the financial statements of the overseas subsidiary of Subsidiary whose financial statements include total assets of ₹ 640.96 lakh as at March 31, 2016, total expenses of ₹ 17.21 lakh and net loss of ₹ 17.21 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Subsidiary, is based on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable to the Holding Company and subject to sub-paragraph (a) of the Other Matters paragraph above, with regard to our inability of reporting under Section 143(3) of the Act in respect of subsidiary of its subsidiaries and associate, 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 by the Holding Company 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 by the Holding Company 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, which are incorporated in India, as on March 31, 2016 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, 2016 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, except for the reporting in respect of the subsidiary of the subsidiary incorporated outside India whose accounts are not audited as on the date of the report, refer to our Report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group companies' internal financial controls over financial reporting.
  - 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 derivatives 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.

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

(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, 2016, we have audited the internal financial controls over financial reporting of Pritish Nandy Communications Ltd ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, 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.

**AUDITORS' 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 subsidiary companies, 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, 2016, 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 K R Khare & Co.  
Chartered Accountants  
Firm Registration Number 105104W

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

As at March 31, 2016

	NOTE No		March 31, 2016 ₹		March 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>					
1. Shareholders' funds					
a. Share capital	2	144,670,000		144,670,000	
b. Reserves and surplus	3	621,996,076	766,666,076	633,484,925	778,154,925
2. Minority Interest			64,957,724		18,177
3. Non-current liabilities					
a. Long-term borrowings	4	1,260,088		1,910,090	
b. Deferred tax liabilities (net)	5	141,559,562	142,819,650	106,303,689	108,213,779
4. Current liabilities					
a. Short term borrowings	6	4,002,028		48,944,809	
b. Trade payables	7	42,019,161		38,368,631	
c. Other current liabilities	8	34,097,776		51,193,724	
d. Short-term provision	9	4,447,400	84,566,365	0	138,507,164
			<u>1,059,009,815</u>		<u>1,024,894,045</u>
<b>ASSETS</b>					
1. Non-current assets					
a. Fixed assets					
Tangible assets	10	6,336,547		9,889,879	
b. Non-current investments	11	202,300		126,350	
c. Long term loans and advances	12	388,108,690	394,647,537	390,010,705	400,026,934
2. Current assets					
a. Cinematic and television content	13	505,253,679		534,047,019	
b. Trade receivables	14	9,749,338		3,931,437	
c. Cash and bank balances	15	49,952,675		53,461,887	
d. Short term loans and advances	16	97,862,395		31,087,383	
e. Other current assets	17	1,544,191	664,362,278	2,339,385	624,867,111
			<u>1,059,009,815</u>		<u>1,024,894,045</u>
Significant accounting policies and notes on financial statements	1 to 42				

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD  
THE 23RD ANNUAL REPORT AND ACCOUNTS 2016

# 31

For the year ended March 31, 2016

	NOTE No	March 31, 2016 ₹	March 31, 2015 ₹
<b>INCOME</b>			
Revenue from operations	18	212,345,600	7,288,141
Other income	19	10,805,265	18,907,430
Total income		<u>223,150,865</u>	<u>26,195,571</u>
<b>EXPENSES</b>			
Cost of material consumed	20	44,592,897	133,313,132
Advertisement and digital release expenses	-	73,290,041	0
Changes in inventories of content	21	28,793,340	(133,313,132)
Employee benefits expenses	22	10,771,683	14,305,140
Finance cost	23	7,810,921	3,664,534
Depreciation and impairment	10	2,164,219	6,753,545
Other expenses	24	28,340,947	52,448,023
Total expenses		<u>195,764,048</u>	<u>77,171,242</u>
Profit/ (loss) before tax		27,386,817	(50,975,671)
<b>Tax expense</b>			
Current tax		4,463,100	0
Deferred tax		35,255,873	(1,827,804)
Profit/ (loss) from continuing operations		<u>(12,332,156)</u>	<u>(49,147,867)</u>
Share of minority interest		843,307	2,841
Net profit/ (loss) after minority interest		<u>(11,488,849)</u>	<u>(49,145,026)</u>
<b>Earning per equity share</b>			
Basic and diluted	25	(0.79)	(3.40)
Significant accounting policies and notes on financial statements	1 to 42		

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
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 company 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, 2016. 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.

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.

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 collectability 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 retelecastable on the basis of the nature and contents of the television content and the expected number of telecasts as per the chart depicted above.

ii. The production costs are amortised as per the above referred policy followed by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.

iii. The Company retains one copy of its own television content for record purpose.

## 5. Fixed Assets

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

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

## 6. Depreciation

a. Depreciation has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 as under

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. Regular contributions are made to Provident Fund and charged to revenue.

b. The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity.

c. The Company does not have any policy for leave encashment.

## 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.



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD  
THE 23RD ANNUAL REPORT AND ACCOUNTS 2016

# 33

## NOTE 2

	March 31, 2016 ₹	March 31, 2015 ₹
<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, 2016		As at March 31, 2015	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2015	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, 2016	<u>14,467,000</u>	<u>144,670,000</u>	<u>14,467,000</u>	<u>144,670,000</u>

## NOTE 2.3

The details of share holders holding more than 5% shares

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	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
Cresta Fund Ltd	0	0	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
APMS investment Fund Ltd	1,000,000	6.91	1,000,000	6.91
Eriska Investment Fund Ltd	1,000,000	6.91	0	0

## NOTE 3

### RESERVES AND SURPLUS

	March 31, 2016 ₹	March 31, 2015 ₹
<b>Capital reserve</b>		
Opening balance as at April 1, 2015	36,865	36,865
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	<u>36,865</u>	<u>36,865</u>
<b>General reserve</b>		
Opening balance as at April 1, 2015	22,098,279	22,098,279
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	<u>22,098,279</u>	<u>22,098,279</u>
<b>Surplus/ (deficit) in statement of profit and loss</b>		
Opening balance as at April 1, 2015	(60,609,039)	(9,008,035)
Add: Current years profit/ (loss)	(11,488,849)	(49,145,026)
Add: Deferred tax reversed on assets written off	0	1,098,259
Less: Depreciation on assets whose life expired before April 1, 2014	0	3,554,237
Closing balance as at March 31, 2016	<u>(72,097,888)</u>	<u>(60,609,039)</u>
<b>Security premium reserve</b>		
Opening balance as at April 1, 2015	671,958,820	671,958,820
Add: Transferred during the year	0	0
Closing balance as at March 31, 2016	<u>671,958,820</u>	<u>671,958,820</u>
	<u>621,996,076</u>	<u>633,484,925</u>

## NOTE 4

### LONG TERM BORROWINGS

	March 31, 2016 ₹	March 31, 2015 ₹
<b>Secured term loan</b>		
Secured long term finance lease obligation (Secured against the hypothecation of vehicles)		
Daimler Financial Services (I) Pvt Ltd	1,260,088	1,910,090
	<u>1,260,088</u>	<u>1,910,090</u>

## NOTE 4.1

Secured loans repayable in monthly equitable installments are as follows

Particulars	As at March 31, 2016		As at March 31, 2015	
	Amount ₹	Rate of interest p.a.	Amount ₹	Rate of interest p.a.
Repayable upto November, 2018	1,260,088	11.32%	1,910,090	11.32%
Total	<u>1,260,088</u>		<u>1,910,090</u>	

## NOTE 4.2

### Finance lease commitments

Particulars	As at March 31, 2016		As at March 31, 2015	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	1,260,088	222,694	1,910,090	311,638
Later than five years	0	0	0	0
Total	<u>1,260,088</u>	<u>222,694</u>	<u>1,910,090</u>	<u>311,638</u>

## NOTE 5

### DEFERRED TAXATION

	March 31, 2016 ₹	March 31, 2015 ₹
<b>Deferred tax liabilities</b>		
Opening balance as at April 1, 2015	117,753,171	118,851,430
Add/ (less):Liability/(Asset) provided for current year	<u>32,296,616</u>	<u>(1,098,259)</u>
Deferred tax assets		
Opening balance as at April 1, 2015	11,449,482	9,621,678
Add: Additional adjustment for current year	<u>(2,959,257)</u>	<u>1,827,804</u>
	<u>141,559,562</u>	<u>106,303,689</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, 2016 is given below

Particular	As at April 1, 2015	Created during the year	Reversed during the year	(In ₹ lakh)
				As at March 31, 2016
Deferred tax liabilities				
Unamortised content	1,233.20	322.97		1,556.17
Depreciation and capital loss	(4.51)	0.00		(4.51)
Adjustment for change in tax rate	(51.16)	0.00	0.00	(51.16)
Deferred tax asset				
Depreciation	(20.90)	(0.45)	(0.98)	(20.37)
Unabsorbed business loss	(93.60)	0.00	(29.07)	(64.53)
Net deferred tax liabilities	<u>1,063.03</u>	<u>322.52</u>	<u>(30.05)</u>	<u>1,415.60</u>

## NOTE 6

### SHORT TERM BORROWINGS

	March 31, 2016 ₹	March 31, 2015 ₹
<b>Secured</b>		
Overdraft with Yes Bank Ltd (Secured against current assets)	4,002,028	48,944,809
	<u>4,002,028</u>	<u>48,944,809</u>

## NOTE 7

### TRADE PAYABLES

	March 31, 2016 ₹	March 31, 2015 ₹
Total outstanding dues to micro enterprises and small enterprises	0	0
Others		
For cinematic and television content	38,426,688	36,801,531
For expenses and other liabilities	<u>3,592,473</u>	<u>1,567,100</u>
	<u>42,019,161</u>	<u>38,368,631</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.

## NOTE 8

### OTHER CURRENT LIABILITIES

	March 31, 2016 ₹	March 31, 2015 ₹
<b>Advances and liabilities</b>		
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)		
ICICI Bank Ltd	0	326,061
Kotak Mahindra Prime Ltd	0	718,981
Daimier Financial Services (I) Pvt Ltd	650,002	580,754
Unclaimed dividend*	0	56,297
Deposits	0	2,493,000
Other liabilities	0	3,513,640
	<u>34,097,776</u>	<u>51,193,724</u>

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

## NOTE 9

### SHORT TERM PROVISION

	March 31, 2016 ₹	March 31, 2015 ₹
Provision for income tax	4,447,400	0
	<u>4,447,400</u>	<u>0</u>



## NOTE 10

## TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As At April 1, 2015	Additions	Deductions	As At March 31, 2016	As At April 1, 2015	For the year	Impairment	Deductions	Total	As at March 31, 2016	As at March 31, 2015
Improvement to lease hold premises	723,764	0	0	723,764	723,764	0	0	0	723,764	0	0
Furniture and fixtures	1,465,509	0	982,974	482,535	1,054,892	108,923	122,268	982,972	303,111	179,424	410,617
Office equipment	9,398,654	75,090	6,655,932	2,817,812	8,236,317	342,266	332,797	6,655,932	2,255,448	562,364	1,162,337
Motor car	12,002,155	0	3,603,762	8,398,393	3,899,366	1,167,672	0	2,033,211	3,033,827	5,364,566	8,102,789
Computers, printers and Software	2,853,042	106,350	394,240	2,565,152	2,638,906	90,293	0	394,240	2,334,959	230,193	214,136
<b>Total</b>	<b>26,443,124</b>	<b>181,440</b>	<b>11,636,908</b>	<b>14,987,656</b>	<b>16,553,245</b>	<b>1,709,154</b>	<b>455,065</b>	<b>10,066,355</b>	<b>8,651,109</b>	<b>6,336,547</b>	<b>9,889,879</b>
As on March 31, 2015	52,685,917	136,674	26,379,467	26,443,124	16,489,630	10,307,782*	0	10,244,167	16,553,245	9,889,879	

\*Out of the total depreciation ₹ 10,307,782 an amount of ₹ 3,554,237 relates to assets whose life has expired before April 1, 2014 in terms of schedule II of the Companies Act, 2013 and the same has been recognised net of deferred tax in the opening balance of retained earnings and the balance ₹ 6,753,545 has been charged to statement of profit and loss.

## NOTE 11

## LONG TERM INVESTMENTS

## Long term investments

## Quoted investments

## Moving Picture Company (India) Ltd

95,000 (L Y 95,000) equity shares of

face value of ₹ 10 each fully paid up

Opening balance as on April 1, 2015

Less: Diminution in value of

investments

Market value ₹ 1.02 (L Y ₹ 1.33) per share

	March 31, 2016	March 31, 2015
	₹	₹
Opening balance as on April 1, 2015	126,350	143,450
Less: Diminution in value of investments	29,450	17,100
Market value ₹ 1.02 (L Y ₹ 1.33) per share	96,900	126,350
	<u>202,300</u>	<u>126,350</u>

	March 31, 2016		March 31, 2015	
	Book value	Market value	Book value	Market value
Quoted investments	96,900	96,900	126,350	126,350
Unquoted investments	0	0	0	0

## NOTE 12

## LONG TERM LOANS AND ADVANCES

## Income tax

## Other advances (Refer note 32)

## Security Deposits

## Advance for content (Refer note 38)

	March 31, 2016	March 31, 2015
	₹	₹
Income tax	12,652,416	9,369,071
Other advances (Refer note 32)	183,849,177	126,152,866
Security Deposits	6,044,140	6,044,140
Advance for content (Refer note 38)	185,562,957	248,444,628
	<u>388,108,690</u>	<u>390,010,705</u>

## NOTE 13

## CINEMATIC AND TELEVISION CONTENT

At cost or net realisable value  
whichever is lower(As valued and certified by  
management) - Refer note 33

## Unamortised content

## Unexploited content

## Unfinished content

	March 31, 2016	March 31, 2015
	₹	₹
Unamortised content	449,427,775	371,593,887
Unexploited content	52,825,904	26,140,000
Unfinished content	3,000,000	136,313,132
	<u>505,253,679</u>	<u>534,047,019</u>

## NOTE 14

## TRADE RECEIVABLES

## Unsecured, considered good

## Over six month

## Others

	March 31, 2016	March 31, 2015
	₹	₹
Over six month	2,714,173	3,369,637
Others	7,035,165	561,800
	<u>9,749,338</u>	<u>3,931,437</u>

## NOTE 15

## CASH AND BANK BALANCES

## Cash at bank - unpaid dividend account

## Cash at bank - fixed deposits

(Includes ₹ 4,400,000 (L Y Nil) kept  
under line with bank against bank

guarantees)

## Cash at bank - current account

## Cash and imprest account

	March 31, 2016	March 31, 2015
	₹	₹
Cash at bank - unpaid dividend account	0	56,297
Cash at bank - fixed deposits	49,345,937	53,029,884
Cash at bank - current account	558,485	314,045
Cash and imprest account	48,253	61,661
	<u>49,952,675</u>	<u>53,461,887</u>

₹

## NOTE 16

## SHORT TERM LOANS AND ADVANCES

## (Unsecured considered good)

## a. Loans

## Staff

## b. Advances

## Other advances

## c. Pre-paid expenses

	March 31, 2016	March 31, 2015
	₹	₹
Staff	0	150,000
Other advances	97,616,301	30,637,626
Pre-paid expenses	246,094	299,757
	<u>97,862,395</u>	<u>31,087,383</u>

## NOTE 17

## OTHER CURRENT ASSETS

## Accrued interest on fixed deposits

	March 31, 2016	March 31, 2015
	₹	₹
Accrued interest on fixed deposits	1,544,191	2,339,385
	<u>1,544,191</u>	<u>2,339,385</u>

## NOTE 18

## REVENUE FROM OPERATIONS

## Sales- Owned content\*

## income from co-production activity

## Services\*

## In film promotion

## Consultancy services

## Wellness services

## Other services

	March 31, 2016	March 31, 2015
	₹	₹
Sales- Owned content*	206,220,600	650,000
income from co-production activity		
Services*		0
In film promotion	6,125,000	
Consultancy services	0	3,560,600
Wellness services	0	2,932,836
Other services	0	144,705
	<u>212,345,600</u>	<u>7,288,141</u>

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

## NOTE 18.1

## EARNING IN FOREIGN CURRENCY

## Sales - Owned content - USD 2,321.81 (L Y Nil)

	March 31, 2016	March 31, 2015
	₹	₹
Sales - Owned content - USD 2,321.81 (L Y Nil)	153,181	0
	<u>153,181</u>	<u>0</u>

## NOTE 19

## OTHER INCOME

## Interest on fixed deposits

## [TDS ₹ 331,589 (L Y ₹ 890,996)]

## Interest on income tax refund

## Rebate and credit balances written back

## Profit on sale of assets

## Interest on advance

## Miscellaneous income

## Gratuity - return on plan asset and actuarial gain

	March 31, 2016	March 31, 2015
	₹	₹
Interest on fixed deposits	3,315,886	8,076,448
Interest on income tax refund	2,790	293,567
Rebate and credit balances written back	4,608,297	1,743,875
Profit on sale of assets	385,004	8,655,211
Interest on advance	2,250,000	0
Miscellaneous income	35,530	138,329
Gratuity - return on plan asset and actuarial gain	207,758	0
	<u>10,805,265</u>	<u>18,907,430</u>

## NOTE 20

## COST OF CONTENT

## Cost of content - owned content

	March 31, 2016	March 31, 2015
	₹	₹
Cost of content - owned content	44,592,897	133,313,132
	<u>44,592,897</u>	<u>133,313,132</u>

## NOTE 20.1

## Expenditure in foreign currency

## Shooting expenses Nil (L Y USD 45,000 )

## Shooting expenses Nil (L Y Thai Baht 10,027,357 )

	March 31, 2016	March 31, 2015
	₹	₹
Shooting expenses Nil (L Y USD 45,000 )	0	2,827,108
Shooting expenses Nil (L Y Thai Baht 10,027,357 )	0	19,831,971
	<u>0</u>	<u>22,659,079</u>

NOTE 21	March 31, 2016	March 31, 2015
	₹	₹
<b>CHANGES IN INVENTORIES OF CONTENT</b>		
Opening balance as at April 1, 2015		
Unamortised content	371,593,887	371,593,887
Unexploited content	26,140,000	26,140,000
Unfinished content	136,313,132	3,000,000
Less: Closing balance as at March 31, 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
	<u>505,253,679</u>	<u>534,047,019</u>
	<u>28,793,340</u>	<u>(133,313,132)</u>

NOTE 22	March 31, 2016	March 31, 2015
	₹	₹
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	10,771,683	13,230,829
Group gratuity obligation account	0	1,074,311
	<u>10,771,683</u>	<u>14,305,140</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, 2016	March 31, 2015
	₹	₹
Contribution to defined contribution plan, recognised as expense for the year as under		
Particulars		
Employer's contribution to Provident Fund	0	0
<b>b. Defined Benefit Plan</b>		
Particulars		
• Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined benefit obligation at the beginning of the year	4,864,680	3,480,747
Current service cost	347,374	324,754
Interest cost	388,688	351,288
Actuarial (gain)/ loss	(583,307)	745,553
Benefit paid	(635,538)	(37,662)
Defined Benefit obligation at the end of year	<u>4,381,897</u>	<u>4,864,680</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	4,202,036	3,495,203
Expected return on plan assets	335,743	304,083
Actuarial gain/ (loss)	24,770	43,201
Employers contribution	494,820	397,211
Benefit paid	(635,538)	(37,662)
Fair value of plan assets at the end of the year	<u>4,421,831</u>	<u>4,202,036</u>
• Actual return on plan assets		
Expected return on plan assets	335,743	304,083
Actuarial gain/ (loss) on plan assets	24,770	43,201
Actual return on plan assets	<u>360,513</u>	<u>347,284</u>
• Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2015	4,421,831	4,202,036
Present value of obligation as at March 31, 2016	(4,381,897)	(4,864,680)
Amount recognised in Balance Sheet	<u>39,934</u>	<u>(662,644)</u>
• Expenses recognised during the year		
Current service cost	347,374	351,288
Interest cost	388,688	324,754
Expected return on plan assets	(335,743)	(304,083)
Actuarial (gain)/ loss	(608,077)	702,352
Expenses recognised in Statement of Profit and Loss	<u>(207,758)</u>	<u>1,074,311</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)	7.99%	7.99%
Salary escalation (per annum)	7%	7%

NOTE 23	March 31, 2016	March 31, 2015
	₹	₹
<b>FINANCE COST</b>		
Finance charges	315,661	488,078
Processing and documentation charges	1,925,500	500,000
Interest on overdraft	5,305,560	2,676,456
Bank guarantee charges	264,200	0
	<u>7,810,921</u>	<u>3,664,534</u>

NOTE 24	March 31, 2016	March 31, 2015
	₹	₹
<b>OTHER EXPENSES</b>		
Advances written off	816,975	17,891
Auditors' remuneration	498,075	550,620
Bad debts written off	0	2,448,938
Business promotion expenses	623,175	3,189,304
Communications expenses	245,465	368,773
Contract service expenses	4,670,509	5,947,904
Conveyance and motor car expenses	1,951,080	2,167,821
Provision for diminution in value of investment	29,450	17,100
Directors sitting fees	1,400,000	1,260,000
General expenses	3,188,696	3,354,282
Insurance charges	326,927	259,075
Interest on service tax	0	52,701
Internet subscription and website expenses	285,022	323,416
Electricity charges	570,555	1,267,456
Legal, professional and consultancy fees	6,073,047	4,077,755
Loss on sale of fixed assets	0	13,635,302
Printing and stationery	260,138	385,007
ROC filing fees	21,000	0
Rent, rates, taxes and business service centre charges	6,092,400	9,284,297
Research and development expenses	526,779	672,732
Traveling expenses	633,706	1,949,179
Preliminary expenses written off	127,948	1,218,470
	<u>28,340,947</u>	<u>52,448,023</u>

NOTE 24.1	March 31, 2016	March 31, 2015
	₹	₹
Payment to Auditors as		
a. Statutory audit fees	298,396	314,608
b. Certification, VAT audit and other fees	199,679	236,012
	<u>498,075</u>	<u>550,620</u>

NOTE 24.2	March 31, 2016	March 31, 2015
	₹	₹
Expenditure in foreign currency	0	0
	<u>0</u>	<u>0</u>
<b>NOTE 24.3</b>		
Operating lease		
In respect of premises		
Not later than one year	6,210,800	6,303,800
Later than one year and not later than five years	13,900,865	14,185,865
Later than five years	0	0
	<u>20,111,665</u>	<u>20,489,665</u>

NOTE 25	March 31, 2016	March 31, 2015
	₹	₹
<b>Earning per share (EPS)</b>		
Net profit after tax as per statement of profit and loss attributable to equity share holders	(11,488,849)	(49,145,026)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(0.79)	(3.40)
Face value per equity share	10	10

NOTE 26	March 31, 2016	March 31, 2015
	₹	₹
Estimated amount of contracts to be executed on capital account. (Net of capital advances)	Nil	Nil

NOTE 27	March 31, 2016	March 31, 2015
	₹	₹
Bank guarantee issued by the bankers	4,400,000	Nil

NOTE 28	March 31, 2016	March 31, 2015
	₹	₹
<b>CONTINGENT LIABILITIES</b>		
a. Claims against the Company not acknowledged as debts.	150,100,000	150,324,720
b. VAT Liability	8,440,200	1,876,028

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	March 31, 2016	March 31, 2015
	₹	₹
Dividend remitted in foreign currency	Nil	Nil

NOTE 30	March 31, 2016	March 31, 2015
	₹	₹
i. CIF value of imports	Nil	Nil
ii. FOB value of imports	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

Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a Sole Arbitrator in place and stead of Justice Chandrachud in January 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "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 ₹ 155,328,685 is not required to be made. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms.

The details of cinematic and television content is as under

	Cinematic content	Television content	Total
	₹	₹	₹
Gross carrying amount as at April, 1, 2015	1,824,752,611	811,389,423	2,636,142,034
Add: Additions during the year	44,592,897	0	44,592,897
Total	1,869,345,508	811,389,423	2,680,734,931
Less: Amortised up to March, 31, 2015	1,318,284,979	783,810,036	2,102,095,015
Less: Amortised during the year	73,386,237	0	73,386,237
Net carrying amount as at March 31, 2016	477,674,292	27,579,387	505,253,679

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, 2016 is ₹ 505,253,679. 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. During the year the Company has recognised certain assets whose carrying amount is more than the recoverable amount, an amount of ₹ 455,065 has been charged in the financial statements towards 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 un-allocable expenditure includes revenues and expenditures, which are not directly identifiable to the individual segment as well as expenses, which relate to the Company as whole.

Particulars	Content	Wellness	Total
	₹	₹	₹
Revenue			
External	212,345,600	0	212,345,600
Inter segment	0	0	0
Total revenue	212,345,600	0	212,345,600
Expenditure			
Cost of content	44,592,897	0	44,592,897
Advertisement and digital release expenses	73,290,041	0	73,290,041
Changes in inventories of finished goods	28,793,340	0	28,793,340
Employee benefit expense	10,771,683	0	10,771,683
Finance cost	7,810,921	0	7,810,921
Depreciation and amortisation expense	2,164,219	0	2,164,219
Other expenses	27,887,942	453,005	28,340,947
Total expenditure	195,311,043	453,005	195,764,048
Result	17,034,557	(453,005)	16,581,552
Add: Other income	6,205,334	4,599,931	10,805,265
Segment results	23,239,891	4,146,926	27,386,817

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

Kishor R Khare  
Proprietor  
Membership Number 032993

Mumbai, May 26, 2016

Particulars	Content	Wellness	Total
	₹	₹	₹
Profit before tax	23,239,891	4,146,926	27,386,817
Current tax	4,463,100	0	4,463,100
Profit before deferred tax	18,776,791	4,146,926	22,923,717
Deferred tax	32,348,764	2,907,109	35,255,873
Profit after tax	(13,571,973)	1,239,817	(12,332,156)
Other information:			
Segment assets	1,055,709,055	3,300,760	1,059,009,815
Segment liabilities	299,811,339	(7,467,600)	292,343,739
Depreciation	2,164,219	0	2,164,219

## 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 – Wholetime Director and CEO<br>b. Rangita Pritish Nandy – Wholetime and Creative Director<br>c. Vikas Shaw – Company Secretary  |
| ii. Non executive Directors and their relationships | a. Pritish Nandy – Non Executive Chairman<br>b. Rina Pritish Nandy – Non Executive Director<br>c. Udayan Bose – Non Executive, Independent Director<br>d. Nabankur Gupta – Non Executive, Independent Director<br>e. Vishnu Kanhere – Non Executive, Independent Director<br>f. Hema Malini – Non Executive, Independent Director<br>g. Ishita Pritish Nandy – daughter of Non Executive Chairman |

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

Key management personnel	Nature of transaction	In ₹ lakh	
		March 31, 2016	March 31, 2015
Remuneration/ Reimbursement	Remuneration/ Reimbursement	62.33	62.05
	Balance outstanding at year end Payable	5.27	4.80
Non-executive directors and their relatives	Remuneration/ Reimbursement/ Sitting Fees	41.42	40.02
	Professional Fees	96.00	96.00
	Balance outstanding at year end payable	71.53	14.09

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

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 forthcoming 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

Loans and Advances of ₹ 15,000,000 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 hearing and disposal. The management considers the same is good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing this amount as "Long Term Loans and Advances".

## NOTE 39

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 40

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2016.

## NOTE 41

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

## NOTE 42

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

Authenticated by us  
For Pritish Nandy Communications Ltd

Pallab Bhattacharya  
Wholetime Director and CEO

Yatender Verma  
VP, Finance, Compliances and Legal Affairs  
Mumbai, May 26, 2016

Vishnu Kanhere  
Director

Vikas Shaw  
Company Secretary

Notice is hereby given that the 23rd Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD (CIN L22120MH1993PLC074214) will be held on September 21, 2016 at 3.00 pm 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, 2016, 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 31 March, 2016, together with the report of the Auditors thereon.

2. To appoint a Director in place of Pallab Bhattacharya who retires by rotation and being eligible, offers himself for re-appointment.

3. To ratify the appointment of K R Khare & Co, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and such other applicable provisions if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and pursuant to the resolution passed by the Members at the Annual General Meeting held on September 21, 2015 in respect of the appointment of the Auditors, K R Khare & Co, Chartered Accountants (ICAI Firm Registration No.105104W) till the conclusion of the Annual General Meeting to be held in the year 2019, the Company hereby ratifies and confirms the appointment of K R Khare & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the year 2017, to examine and audit the accounts of the Company on such remuneration as may be mutually agreed between the Board of Directors of the Company, its Audit Committee and the Auditors.”

**SPECIAL BUSINESS**

4. To appoint Raghu Palat as an Independent Director for a term of 5 years and in this connection, to consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution.

“RESOLVED THAT Raghu Palat (DIN 311994) who was appointed by the Board of Directors as an Additional Independent Director of the Company with effect from August 09, 2016 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (‘Act’) and in respect of whom the Company has received a notice in writing from a Member under Section 161 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company.”

5. To approve excess remuneration paid to Wholtime Directors and 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 ₹ 1,554,000 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

Vikas Shaw  
 Company Secretary  
 Mumbai, August 9, 2016

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 of 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 11, 2016 to September 21, 2016 (both days inclusive) for the purpose of annual book closure.

5. Members desirous of seeking any information at the Annual General Meeting are requested to send in their request(s) so as to reach the registered office of the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.

6. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 11 am and 1 pm upto the date of the Annual General Meeting.

7. As a measure of economy copies of annual reports will not be distributed at the venue of the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

8. The Notice of the AGM along with the Annual Report 2015-16 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 so far as are requested to register the same with the Depositories for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

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 Pallab Bhattacharya is retiring by rotation as per the requirements of Section 152 of the Companies Act, 2013 and being eligible, offer themselves for re-appointment.

The information required to be provided under the SEBI Listing Regulations regarding the Directors who are proposed to be appointed/ re-appointed are given herein below

Pallab Bhattacharya, Wholtime Director and CEO of the Company is associated with the Company since November 1995. Mr Bhattacharya has a bachelor’s degree in arts from Calcutta University as well as a diploma in printing technology from the Regional Institute of Printing Technology, Jadavpur. He has 35 years of experience in media, which includes publishing and printing, television and cinematic content production. Mr Bhattacharya worked in The Times of India group from 1983 till 1991, after which he joined The Observer Group of Newspapers as Chief Manager, Operations. He joined the Company in 1995 and is currently Chairman of the Corporate Leadership Team and also looks after the Company’s day-to-day affairs and administration.

Other directorships of Mr Bhattacharya are PNC Digital Ltd, PNC Wellness Ltd. Mr Bhattacharya is a member of the Stakeholders’ Relationship Committee (Formerly - Shareholders’/ Investors’ Grievances Committee of the Company. He holds 50,000 shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

12. Brief Profile of Independent Director who is proposed to be appointed as an Independent Director is given below

Raghu Palat, well known banker, studied economics at the Madras Christian College and then passed from the Institute of Chartered Accountants in England & Wales. He worked for, among others, Deloitte and Company, Warren Industrial and American Express Bank for 15 years. When he left the American Express Bank in 1995, he was Senior Director and Chief of Staff for India, responsible for strategy, new initiatives and country administration. Post that, he set up the Indian operations of Bank Internasional Indonesia as CEO.

He is currently Chairman and Managing Director of Cortlandt Rand Consultancy and heads the Institute of Banking and Business Communication which conducts clearing courses. He has written and published fifty books on banking, investments and finance and was a member of the Executive Council of the Indian Banks’ Association.

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 23rd Annual General Meeting (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 DPID 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 to 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 and 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](mailto: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, 2016 at 9.00 am and ends on September 20, 2016 at 5.00 pm. The e-voting module shall be disabled by CDSL for voting thereafter.
- xix. Mr V N Deodhar, practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 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 10, 2016.
- 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

##### Item No. 4

The Board of Directors in its meeting held on August 9, 2016 appointed Raghu Palat as Additional Independent Director. In terms of provisions of Section 161(1) of the Companies Act, 2013 (the 'Act') Mr Palat holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr Palat for the office of Independent Director of the Company.

Mr Palat is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a Company proposed to appoint an Independent Director on its Board. Based on the declarations received from Mr Palat in terms of Section 149(7) of the Act, the Board is of the opinion that Mr Palat meets with the criteria of independence and he possesses appropriate skills, experience and knowledge in the field of Corporate Governance and the business carried out by the Company.

Raghu Palat, well known banker, studied economics at the Madras Christian College and then passed from the Institute of Chartered Accountants in England & Wales. He worked for, among others, Deloitte and Company, Warren Industrial and American Express Bank for 15 years. When he left the American Express Bank in 1995, he was Senior Director and Chief of Staff for India, responsible for strategy, new initiatives and country administration. Post that, he set up the Indian operations of Bank Internasional Indonesia as CEO.

He is currently Chairman and Managing Director of Cortlandt Rand Consultancy and heads the Institute of Banking and Business Communication which conducts elearning courses. He has written and published fifty books on banking, investments and finance and was a member of the Executive Council of the Indian Banks' Association.

Keeping in view his vast expertise and knowledge it will be in the interest of the Company that Mr Palat is appointed as an Independent Director.

Copy of the draft letter of appointment of Mr Palat as an Independent Director setting out the terms and conditions is available for inspection by the Members at the registered office of the Company during normal working hours on working days till the date of the meeting.

Save and except Mr Palat, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the notice.

The Board recommends the resolution for approval by the shareholders.

##### Item No. 5

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 ₹ 241,500 per month, subject to annual increment effective April 1, every year.
- 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 ₹ 238,000 per month, subject to annual increment effective April 1, every year.
- 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 Annual General Meeting 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 ₹ 241,500 per month aggregating to ₹ 2,898,000 for the year ended March 31, 2015.

Rangita Pritish Nandy: salary of ₹ 238,000 per month aggregating to ₹ 2,856,000 for the year ended March 31, 2015.

The total managerial remuneration paid was ₹ 5,754,000.

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 ₹ 5,754,000 which is in excess of the limits prescribed by ₹ 1,554,000. The excess remuneration paid being ₹ 782,672 to Pallab Bhattacharya and ₹ 771,328 to Rangita Pritish Nandy is subject to approval of the Members.

The Company's film 'Mastizaade', released in January 2016, could not generate the expected theatrical collections. 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. 5 of the accompanying Notice for acceptance by the Members by passing the same as Special Resolution.

By Order of the Board

Vikas Shaw  
Company Secretary  
Mumbai, August 9, 2016

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 23rd Annual General Meeting of the Company held on Wednesday, September 21, 2016 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

- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- 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 23rd Annual General Meeting of the Company held on Wednesday, September 21, 2016 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**

- To receive, consider and adopt:
  - the audited financial statements of the Company for the financial year ended March 31, 2016, together with the report of the Board of Directors and the Auditors thereon; and
  - the audited consolidated financial statements of the Company for the financial year ended March 31, 2016, together with the report of the Auditors thereon:
- To appoint a Director in place of Pallab Bhattacharya who retires by rotations and being eligible, offers himself for re-appointment.
- To ratify appointment of 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**

- To appoint Raghu Palat as an Independent Director for a term of 5 years.
- To approve excess remuneration paid to wholtime directors

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016,  
Signature of Shareholder(s) \_\_\_\_\_  
Signature of Proxy holder(s) \_\_\_\_\_



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 .





As the audience gets more discerning, the multiplex experience would be reserved for the big budget films and the smaller films would be consumed via personal devices. In short, the digital penetration would create a more democratic environment for the sector, giving a thrust to the small budget good content films. Thus, in order to maximise returns from digital platforms, it is important for the digital players to chalk out a scalable model whereby Indian users can see value in paying for content.

**PRITISH NANDY**  **COMMUNICATIONS**

THE POWER OF ENTERTAINMENT.

