

COURAGE.
IMAGINATION.
EXCELLENCE.
PASSION.



FOUR WORDS THAT DEFINE PNC TODAY.

COMING SOON: PNC'S NEW FILM MASTIZAADE

SUNNY LEONE AS
LAILA



PRITISH NANDY COMMUNICATIONS LTD
21ST ANNUAL REPORT AND ACCOUNTS 2014

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Rupali Vaidya

AUDITORS

KR Khare & Co
Chartered Accountants

PRINCIPAL BANKERS

Yes Bank
Nariman Point Mumbai 400021

Standard Chartered Bank
Breach Candy Mumbai 400036

REGISTERED OFFICE

87/88 Mittal Chambers Nariman Point Mumbai 400021

CORPORATE LEADERSHIP TEAM

Pallab Bhattacharya | Director & CEO, Chairman Rangita Pritish Nandy | Creative Director
Ishita Pritish Nandy | Chief Brand Strategist Harsh Sabale | CEO, Digital & Television
Rupali Vaidya | Company Secretary Yatender Verma | Vice President, Finance, Compliances & Legal Affairs
Anoop Kumar | Chief Production Officer Nilosree Biswas | General Manager, Production Services
Mahesh Vyas | Chief Manager, Accounts Kishor Palkar | Chief Manager, Accounts
Sahil Gupta | General Manager, Digital Media & Sales Imtiaz Chougale | Manager, Production Accounts
Shabnum Shaikh | Manager, Human Resources & Administration

PNC is an equal opportunities employer. Out of the 13 people in the Corporate Leadership Team, 5 are women. The average age is 35, combining youth with experience. Members of the CLT have been with PNC for an average of 10 years, demonstrating continuity and effective HR. Most senior managers have risen from the ranks.

COMING SOON: PNC'S NEW FILM MASTIZAADE

A man with a beard and dark hair is standing in a bedroom, holding a banana in his hands. He is wearing a white t-shirt with a Superman logo and black pants with a yellow and white banana pattern. The room has yellow and white striped wallpaper, a chandelier, and a bed with a red and white heart patterned blanket. The text 'VIR DAS AS ADITYA' is overlaid on the image in pink.

VIR DAS AS
ADITYA

I welcome you all to your Company's 21st Annual General Meeting. It is a great pleasure to be with you here again.

This, for all of us, is a year of hope. India is at the cusp of what promises to be great change. The media and entertainment industry is undergoing transformation. And your Company is being re-engineered for growth.

Last year I spoke to you about the changing scenario for the media and entertainment business and how it held out fresh challenges for content companies like yours. This year, I am happy to present to you a much improved picture of your Company, reflecting that changing trend and reinforcing our faith in the future.

You will notice from the numbers posted here that your Company has returned to profit. It has also, during the year, paid off all its bank loans and become now debt free. And we have re-tooled our skill sets to look at the future with greater clarity and exploit the opportunities the growing marketplace for content offers us. We are, in short, preparing ourselves for the digital era and our last film, made during the year under review, will probably be the last time we would have used celluloid to create content. This brings to an end what was perhaps the most iconic era of Indian cinema but it also heralds a change in technology and creative mindset that will eventually define the future of entertainment very differently from what you and I (and indeed the world) has been used to.

That is the challenge before your Company today: To anticipate this change and cope with it. Changes in technology invariably bring in their wake fundamental changes in the way entertainment products are created and consumed. We have seen huge upheavals in the music industry over the past few years. Traditional products like music cassettes and CDs have quietly phased out. In fact, music albums are no longer in vogue. In their stead we see a huge rise in the sale of singles through downloads, ring tones and streaming sites that have created a rich, new and buoyant music industry very different from what we were once used to.

Similarly, movie watching is changing. Theatre screens across India have increased exponentially. Traditional single screen movie halls are yielding way to spanking new multiplexes. Movies are getting bigger and bigger in scale. Their viewership on television screens is also increasing apace as the number of satellite and cable channels showing movies are multiplying. Many companies are working to use streaming video technology to showcase content on more intimate screens: computers, tablets, smartphones.

Your Company has filed a patent for and is in the process of launching a path breaking media streaming solution that works flawlessly even in sub-optimal Indian conditions and thus, I believe, is best placed to take advantage of this forthcoming digital tsunami. All this will but inevitably increase the consumption of entertainment many times over.

At the heart of all entertainment in India are our movies. This is the business your Company remains focussed on even as it explores related opportunities in the digital and television space. This is a rapidly growing industry as the number of movies grossing over ₹ 100 crore, ₹ 200 crore, and now even ₹ 350 crore in the theatrical box office keeps increasing.

Last year, I spoke to you about how the number of movies grossing ₹ 100 crore was at an all time high. This year we are a whisker away from successful movies grossing ₹ 100 crore from theatres in the first weekend itself. This is a substantial expansion of the market. Apart from that there is satellite, cable, overseas, music revenues. And once your Company makes flawless video streaming in India a reality, the market could take a totally new turn. It could also assist in the process of disintermediation and I see a day in the near future when the film maker and the consumer will be in direct contact, catering to each other's whims and needs.

My belief is that this will bring about a revolution not only in the process of delivering content and the way we consume it but it will also change the very nature of the content itself. This is what your Company is readying itself for.

Completing two decades in the content business has not always been an easy task, as you are aware. Some of the biggest players have been checkmated by shifting audience tastes and the vagaries of the very business of creativity. This is where your Company has proved itself. Apart from creative excellence, for which your Company has won many awards at many international festivals, it has constantly demonstrated tenacity, durability, resilience and an understanding of the marketplace. These are the exact qualities that will, hopefully, see us into the future.

Meanwhile, to celebrate two decades of being in the business of movies, your creative team has unfolded a spanking new logo, and a new brand identity for your Company. The front and back covers of this annual report showcase these. The logo brings together the energy, the creativity, the infinite power of the moving image business and how we all, as a team, can tap into it. I hope you will share their excitement over it. Social media, usually a sharp critic, has been the first to give it a thumbs up.

While we are on the subject of social media, I would urge you to keep track of your Company's many activities on an ongoing basis through our social media presence. Not only will it keep you informed on a regular basis, it will also enable you to interact with Team PNC directly. I give below a list of where all we are, so that you can contact us, interact with us, and share with us the many joys of a creative experience.

No Chairman's Statement can ever be complete without thanking all the stakeholders in our business. Those who work with us, and for us; those who support us, encourage us, cheer us on. They are the ones who are responsible for making us what we are today. Our shareholders, our bankers, our clients, our co-producers, our consumers, our business associates, our partners and every single member of Team PNC, however humble may be the job they do. They are the ones who have made us who we are over the past two decades and who will see this Company into many more wonderful years ahead. I would like to believe the future belongs to them.

Thank you all. Thank you for being here today.



4 DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014

To
The Members

Your Directors present the 21st Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2014.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 4,097.84 lakh as compared to ₹ 262.43 lakh for the earlier year. The Company made a profit of ₹ 506.94 lakh before tax as compared to a loss of ₹ 533.10 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Year ended	
	March 31, 2013	March 31, 2014
Income from operations	99.56	3,893.52
Other income	162.87	204.32
Total turnover	262.43	4,097.84
Total expenditure	795.53	3,590.90
Profit/ (loss) before taxation	(533.10)	506.94
Provision for current tax	0	133.40
Profit/ (loss) after current tax	(533.10)	373.54
Provision for deferred tax	8.37	(81.94)
Net profit/ (loss) after tax	(541.47)	455.48
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in Statement of Profit and Loss	(264.14)	191.35
Paid up capital	1,446.70	1,446.70
Earning per share	(3.74)	3.15
Book value per share	56.15	59.30

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

In recent years the slowdown in the global economy led to increasing challenges in the business environment. However, in 2013 the entertainment industry strengthened its position for growth. Your directors believe that there is high potential for growth in the years to come.

2013-14 was rather a reviving year for the Company. Company's cinematic content project "Shaadi Ke Side/Effects" released worldwide during the year. "Shaadi Ke Side/Effects" did well at the Indian box office as well as overseas.

DIVIDEND

To conserve the resources of the Company and invest them in forthcoming projects that have already been approved by the Board, your directors do not recommend dividend for the year.

LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The listing fees payable to both the stock exchanges for the year 2014-2015 have been paid.

FIXED DEPOSITS

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

SUBSIDIARIES

The Company has two subsidiaries. During the year PNC Productions Ltd, one of its subsidiaries, changed its name to PNC Digital Ltd. The second subsidiary is PNC Wellness Ltd. As per section 212 of the Companies Act, 1956 it is required to attach Directors' Report, Balance Sheet and Statement of Profit and Loss of subsidiaries. The Ministry of Corporate Affairs (MCA) has granted general exemptions vide circular dated February 8, 2011 from complying with section 212 of the Companies Act, 1956 subject to fulfillment of certain conditions. Accordingly, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial statements of the Company have been consolidated with the above referred subsidiaries as required under clause 32 of the Listing Agreement with the BSE and NSE which gives financial information of the entire group for the current fiscal. The financial information of the subsidiary companies, as required by the said circular is disclosed in the Annual Report. Annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors, on request. Copies of the annual accounts of the subsidiary companies are available for inspection to members at the registered office of the Company.

In compliance with the Listing Agreement and the Companies Act, 1956, the directors have reviewed the affairs of the subsidiary companies. Nabankur Gupta, Independent Director of the Company is a Director on the Board of PNC Wellness Ltd. Vishnu Kanhere, Independent Director, is a Director on the Board of PNC Digital Ltd (Formerly known as PNC Productions Ltd).

Moksh Zip, one of the wellness units of PNC Wellness Ltd, wholly owned subsidiary of the Company, ceased its operations with effect from November 1, 2013. The impact on the financials of the subsidiary company, being writing off of assets amounting to ₹ 28.46 lakh has been considered in the audited financial statements for the year ended March 31, 2014. Further, the lease on the property housing Moksh the central wellness unit of this subsidiary company at Breach Candy is expiring on June 30, 2014 after 14 years of operation. In view of this, the Company is preparing a business plan for realigning its strategy and looking at emerging opportunities in the wellness marketplace.

CORPORATE GOVERNANCE

The Company strives to maintain high standards of Corporate Governance. The Board of Directors of the Company has adopted a Corporate Governance Policy meant to ensure fair and transparent practices and a code of conduct for its Directors and Senior Management. Both the Corporate Governance Policy and the code of conduct are available on the website of the Company www.pritishnandy.com.

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

QUALITY AND SYSTEMS CONTROL

The Company has set up internal systems to meet and maintain the highest standards of quality in its business.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii. that they have selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that they have prepared the accounts on a going concern basis.

DIRECTORS

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

A brief profile of the directors retiring by rotation is furnished in the notice of the ensuing Annual General Meeting and also forms part of the Corporate Governance Report in this Annual Report.

Tapan Chaki, Independent Director of the Company resigned from the Board of Directors with effect from April 1, 2014.

The Companies Act, 2013, provides for the appointment of Independent Directors. Section 149 provides that Independent Directors shall hold office for a term upto 5 (five) consecutive years on the Board of the Company.

Our Non-Executive Independent Directors were appointed as directors are liable to retire by rotation under the provisions of erstwhile Companies Act, 1956. The Company has received requisite notices in writing from members proposing re-appointment of Non-Executive Independent Directors at the ensuing Annual General Meeting for a term upto 5 (five) consecutive years on the Board of the Company.

AUDITORS

K R Khare & Co, Chartered Accountants, Auditors of the Company, hold office until the ensuing Annual General Meeting and have confirmed their willingness to be re-appointed and that their appointment, if made, would be within the prescribed limits of section 141(3)(g) of the Companies Act, 2013 and they are not disqualified from such re-appointment.

AUDITORS' REPORT

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

"We draw attention to note 32 on the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasara 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 at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note 38 on the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to ₹ 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequently no provision of any amount is made there against at this stage. Our opinion is not qualified in respect of this matter."

Your directors confirm that the matters referred to in the segment relating to emphasis of matter by the independent auditors in their report have been clarified in note 32 and note 38 on the financial statements forming Part of Balance Sheet and Statement of Profit and Loss, which are self explanatory and reproduced below.

Note 32 - Arbitration proceedings initiated by the Company against Prasara Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India supports Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasara Bharti as "Long Term Loans and Advances"

Note 38 - Loans and Advances of ₹ 46,753,181 includes: i) ₹ 15,000,000 advanced against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights and ii) ₹ 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances i) The Company has filed a Summary Suit with the Hon High Court at Bombay which is pending hearing and disposal and ii) the Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing these amounts as "Long Term Loans and Advances".

COST ACCOUNTING RECORDS

The Company has maintained cost accounting records pursuant to Companies (Cost Accounting Records) Rules, 2011 prescribed by Central Government under section 209(1) (d) of the Companies Act, 1956. The compliance report in respect thereof for the financial year 2012-13, as specified by the Central Government has been filed with Registrar of Companies.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis is enclosed as an annexure to this report.

PERSONNEL

There were no employees drawing remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956. Therefore, the details as required by the provisions of the aforesaid section of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2011 are not applicable.

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PRITISH NANDY COMMUNICATIONS LTD
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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, ₹ 42,746 which remained unpaid or unclaimed 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, business associates, bankers and financial institutions for their continued support during the year. It wishes to record its appreciation of all the efforts put in by the staff and associates of the Company.

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 29, 2014

ANNEXURE TO DIRECTORS' REPORT

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

	March 31, 2014	March 31, 2013
1. Total foreign exchange earned	₹ 5,733,221 (AUD 108,000)	₹ 8,119,886 (USD 151,365)
2. Total foreign exchange used		
a. On import of raw material and capital goods	0	0
b. Expenditure in foreign currencies on travel, shoot expenses etc	₹ 377,400 (US\$ 6,000) ₹ 316,650 (Dirham 18,000) ₹ 9,900,226 (AUD 173,694) 0	₹ 406,372 (US\$ 7,400) 0 0 0 0 ₹ 366,972 (Euro 5,219)
c. Dividend remitted in foreign currencies	0	0

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

(₹)

	Name of Subsidiary	PNC Wellness Ltd	PNC Digital Ltd (Formerly known as PNC Productions Ltd)
		March 31, 2014	March 31, 2014
1.	Capital	6,600,000	5,000,000
2.	Reserves	(2,153,215)	1,630,008
3.	Total assets	32,838,766	62,067,215
4.	Total liabilities	32,838,766	62,067,215
5.	Details of investments	0	0
6.	Turn over (including other income)	19,590,827	544,825
7.	Profit/ (loss) before taxation	(9,390,903)	106,162
8.	Provision for taxation	(2,023,315)	32,816
9.	Profit/ (loss) after taxation	(7,367,588)	73,346
10.	Proposed/ interim dividend	0	0

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES

	Name of Subsidiary	PNC Wellness Ltd	PNC Digital Ltd (Formerly known as PNC Productions Ltd)
		March 31, 2014 April 27, 2006	March 31, 2014 October 17, 1996
1.	Name of Subsidiary		
2.	The financial year of the Company ended on	March 31, 2014	March 31, 2014
3.	Date from which it became a subsidiary	April 27, 2006	October 17, 1996
4.	Shares of the Subsidiary Company held by Pritish Nandy Communications Ltd on the above date		
a.	Number of Equity shares	660,000	498,900
b.	Extent of holding in Equity Shares	100 %	99.78%
c.	Face value of share	₹ 10	₹ 10
5.	The net aggregate amount of the subsidiary's profit/ (losses) not dealt with in holding Company's accounts		
a.	Current year	₹ (7,367,588)	₹ 73,346
b.	Previous year	₹ (5,771,570)	₹ 126,220
6.	The net aggregate amount of the subsidiary's profit/ (losses) dealt with in holding Company's accounts		
a.	Current year	0	0
b.	Previous year	0	0

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 29, 2014

OVERVIEW

The global economy began its modest recovery in FY 2013-14. The media and entertainment industry in India revived itself in the current year.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK**a. CONTENT**

PNC has a presence in almost all areas of the content business. PNC's content drives cinema halls, events, internet, digital platforms and TV screens. PNC'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 PNC's opportunities to create and distribute new content products continues to grow. Emerging mediums are opening up new avenues of revenue for the entertainment business. Broadband, IPTV and DTH subscriptions are growing exponentially. Depending on the opportunities available, PNC enhances and/ or diversifies its focus on multiple content platforms.

In the year ended March 31, 2014, the film Shaadi Ke Side/Effects was released worldwide. PNC produced this film in association with Balaji Motion Pictures. The film has done well at the Indian box office as well as overseas. The music of the film was a huge success. PNC was able to successfully exploit its competence in the infilm brand promotion and publicity. PNC secured sponsorship support from Tourism Australia, Samsung, Caratlane, Volkswagen, Bacardi and other leading corporations. PNC continues to focus on film content and several projects are at advanced pre production stage being planned to move into production shortly. PNC also announced its forthcoming film 'Mastizaade' featuring Sunny Leone in the lead female role.

In April, 2013 PNC conceptualized and organized the first BK Roy annual oration event in Kolkata. This was a forum for dialogue, debate and discussion with some of the world's top thinkers. The event was addressed by various eminent personalities. Padma Bhushan recipient, distinguished economist and political thinker Lord Meghnad Desai spoke on economics, politics, popular culture: emergence of a new India.

b. WELLNESS

Moksh Zip, one of the wellness units of PNC Wellness Ltd, wholly owned subsidiary of the Company, ceased its operations with effect from November 1, 2013. The impact on the financials of the subsidiary company, being writing off of assets amounting to ₹ 28.46 lakh has been considered in the audited financial statements for the year ended March 31, 2014. Further, the lease on the property housing Moksh the central wellness unit of this subsidiary company at Breach Candy is expiring on June 30, 2014 after 14 years of operation. In view of this, the Company is preparing a business plan for realigning its strategy and looking at emerging opportunities in the wellness marketplace.

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. PNC is therefore focusing on strategies for recovering its investment in content prior to or at the time of a film release. PNC however plays a vital role in designing the marketing and distribution of its films.

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

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Company's financial performance has been revived. The year under review was the year of recovery for PNC. Company strives to improve on the financial performance by undertaking various projects.

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 PNC at short notice.

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

6. CAUTIONARY STATEMENT

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

8 CORPORATE GOVERNANCE REPORT

PRITISH NANDY COMMUNICATIONS LTD
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The Company is committed to maintain highest standards of corporate governance. It believes in fair dealing, ethical conduct and best practices that recognize the importance of all stakeholders.

This means ensuring accountability, efficiency and compliance. The Company believes that its action must reflect a sense of social responsibility and incorporate the importance of values in all transactions. Therefore, a systematic approach has been followed for proper internal controls, timely dissemination of information to investors and compliance with listing norms. Information to investors is being provided through the website of the Company and through the stock exchanges, as well as by publication of quarterly financial results in newspapers and through the Annual Report and accounts to shareholders.

1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges where the securities issued by the Company are listed. The Board had 9 directors as on March 31, 2014, of whom 7 are Non-Executive and 2 are Wholtime Directors. All 7 Non-Executive directors are eminent professionals with specialist experience. Wholtime Directors in the Company have grown from the ranks. Mr Tapan Chaki, Independent Non-Executive Director resigned w e f April 1, 2014.

During 2013-2014, the Board met 4 times: on May 27, 2013, August 14, 2013, November 14, 2013, and February 11, 2014. The time gap between any 2 meetings was not more than 4 calendar months. The following table gives details of Directors, their attendance at Board Meetings and at the last Annual General Meeting, number of memberships held by Directors on the board and committees of various companies as on March 31, 2014.

Director (Designation)	Category	Number of Board Meetings attended	Whether last AGM attended	Number of other companys' directorships*, committee+ memberships and chairmanship			Shareholding# Equity share of ₹ 10 each
				Director	Committee Member	Committee Chairman	
Pritish Nandy** (Chairman)	Promoter, Non-Executive Director	3	Yes	1	-	-	2,952,197
Udayan Bose	Independent, Non-Executive Director	3	No	2	-	1	-
Nabankur Gupta	Independent, Non-Executive Director	4	Yes	9	4	2	26,702
Hema Malini	Independent, Non-Executive Director	1	No	-	-	-	-
Tapan Chaki	Independent, Non-Executive Director	1	Yes	1	1	-	-
Rina Pritish Nandy**	Promoter, Non-Executive Director	4	Yes	1	-	-	625,000
Vishnu Kanhere	Independent, Non-Executive Director	4	Yes	2	1	-	-
Pallab Bhattacharya (Wholtime Director and CEO)	Executive Director	4	Yes	2	-	-	30,500
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	4	Yes	1	-	-	193,500

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

+Committee includes only two committees: Audit Committee and Stakeholders Relationship Committee of other public companies.

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

Shareholding represent holding in Directors' personal capacity.

All directors have made necessary disclosures regarding committee positions occupied by them in other companies. The membership and chairmanship of committees of other companies in which the directors of the Company are member or chairman are in compliance with clause 49 of the Listing Agreement.

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

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

Other directorships of Ms Nandy are PNC Digital Ltd (Formerly known as PNC Productions Ltd), Ideas.com India Private Ltd, Sarvakala India Private Ltd and Studio PNC Private Ltd. She holds 193,500 shares in the Company. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Pallab Bhattacharya, Wholtime Director and CEO of the Company is associated with the Company since November 1995 and was re-appointed at the Annual General Meeting held on September 29, 2011. 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 33 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 PNC in 1995 and is currently Chairman of the Corporate Leadership Team and also looks after the Company's day-to-day affairs and administration.

Other directorships of Mr Bhattacharya are PNC Digital Ltd (Formerly known as PNC Productions Ltd) and PNC Wellness Ltd. Mr Bhattacharya is a member of the Stakeholders Relationship Committee of the Company. He holds 30,500 shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

3. AUDIT COMMITTEE

The constitution of the Audit Committee meets with the requirements of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement with the stock exchanges as amended till date. The terms of reference specified by the Board to the Audit Committee are as per clause 49 of the Listing Agreement and the same is part of the Corporate Governance Policy adopted by the Board.

As on March 31, 2014, the Audit Committee consists of Vishnu Kanhere; Chairman, Udayan Bose, Tapan Chaki (Resigned w e f April 1, 2014) and Nabankur Gupta as members. All members of the Audit Committee including the Chairman are Independent Directors and financially literate. The Chairman, Dr Kanhere is a practicing Chartered Accountant and has extensive expertise in financial management. Rupali Vaidya, Company Secretary, acts as Secretary of the Audit Committee.

During the year 2013-2014, the Audit Committee met 4 times: on May 27, 2013, August 14, 2013, November 14, 2013 and February 11, 2014. Attendance of Committee members during the year 2012-2013 is as under:

Name of member	Attendance	May 27, 2013	August 14, 2013	November 14, 2013	February 11, 2014
Vishnu Kanhere (Chairman)	4	Yes	Yes	Yes	Yes
Udayan Bose	3	Yes	Yes	No	Yes
Nabankur Gupta	4	Yes	Yes	Yes	Yes
Tapan Chaki	1	No	No	Yes	No

4. HUMAN RESOURCES, NOMINATION AND REMUNERATION COMMITTEE

To rationalise all employees related issues, while adhering to the requirements of the Companies Act, 2013, Clause 49 of the Listing Agreement as amended from time to time, the Board of the Company has constituted a Human Resources, Nomination and Remuneration Committee (HRNR Committee). The terms of reference of the 'Remuneration Committee' and 'Selection Committee' were conferred on the HRNR Committee; consequently the Remuneration Committee was dissolved.

Constitution of the a Human Resources, Nomination and Remuneration Committee and the terms of reference specified by the Board to the Committee are as per the requirements of Listing Agreement and Schedule V of the Companies Act, 2013. HRNR Committee consists of Vishnu Kanhere as Chairman, Nabankur Gupta and Udayan Bose, as members. Rupali Vaidya Company Secretary, acts as Secretary of the committee.

Directors' Remuneration

- Advisory fees: The Company has paid ₹ 60 lakh per annum as advisory fee to the Non-Executive Chairman. The payment of this fee is approved under section 309(1) of the Companies Act, 1956 by the Government of India, Ministry of Law, Justice & Company Affairs, Department of Company Affairs.
- Sitting fees: Sitting Fees are paid to Non-Executive Directors for attending Board Meetings. All Non-Executive Directors are paid sitting fees of ₹20,000 for attending Board Meetings and Audit Committee Meetings.
- Remuneration: Details of current remuneration paid to wholtime directors are as under:

Pallab Bhattacharya, Wholtime Director and CEO was appointed for a period of 5 years commencing February 18, 2010. He is entitled to a salary of ₹ 130,000 per month which includes reimbursement of authorised expenses. Mr Bhattacharya has been paid a total remuneration of ₹ 1,560,000 for the year ended March 31, 2014.

Rangita Pritish Nandy, Creative Director was appointed for a period of 5 years commencing January 31, 2010. She was entitled to a salary of ₹ 121,000 per month. Ms Nandy has been paid a total remuneration of ₹ 1,452,000 for the year ended March 31, 2014.

Wholtime Directors of the Company are entitled to annual increments, as decided by the Board, effective from April 1 every year. Annual increments are merit based and taken into account the Company's performance. Company provides a car with driver to Wholtime Directors and Gratuity is payable to them, as per the rules of the Company, at the end of their tenure. Wholtime Directors are entitled to reimbursement of traveling, hotel and other reasonable expenses actually incurred in the performance of their duties. If in any financial year, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the provisions of schedule V of the Companies Act, 2013.

Shareholdings of the Non-Executive Directors of the Company

Of the 6 Non-Executive Directors, promoter directors Pritish Nandy and Rina Pritish Nandy holds 2,952,197 (20.41%) and 625,000 (4.32%) equity shares of the Company respectively. Nabankur Gupta, Independent Director holds 26,702 shares of the Company as on March 31, 2014.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted Stakeholders Relationship Committee in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms of reference of Shareholders' / Investors' Grievance (SIG) Committee were conferred on the Stakeholders Relationship Committee and consequently, the SIG Committee was dissolved.

Stakeholders Relationship Committee is constituted under the chairmanship of Independent Director, Vishnu Kanhere and Pallab Bhattacharya is its member. Rupali Vaidya, Company Secretary is the Compliance Officer.

The Committee reviews and redresses all matters connected with the transfer of securities, dividend and other investor grievances like non-receipt of Annual Report and non-receipt of Dividends. The Committee also oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to this Committee.

No investors' request or complaint was received during the year 2013-2014.

6. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
2010-2011+	MC Ghia Hall, Mumbai 400001	September 29, 2011 at 3.00 PM
2011-2012	MC Ghia Hall, Mumbai 400001	September 27, 2012 at 3.00 PM
2012-2013	MC Ghia Hall, Mumbai 400001	September 27, 2013 at 2.30 PM

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

7. 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.

9. MEANS OF COMMUNICATION

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

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date and time	: September 19, 2014 at 3:00 P M
Venue	: Walchand Hirachand Hall, 4th floor, LMN Bulding IMC Marg, Churchgate, Mumbai 400020

10.2 Financial calendar (tentative) for financial year

April 1, 2014 to March 31, 2015

a. Board meetings to consider financial results

Before August 14, 2014	: Results for the first quarter
Before November 14, 2014	: Results for the second quarter
Before February 14, 2015	: Results for the third quarter
Before May 30, 2015	: Results for the fourth quarter and year ending March 31, 2015

b. Annual General Meeting

: September, 2015

10.3 Date of book closure

: September 10, 2014 to September 19, 2014 (both days inclusive)

10.4 Dividend payment date

: Not applicable

10.5 Listing on stock exchanges

- Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400023
- National Stock Exchange of India Ltd
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400051

10.6 Stock code and other information

: Bombay Stock Exchange – 532387
National Stock Exchange – PNC
Market lot – 1 share
ISIN: INE 392B01011 (Equity)
Equity shares of the Company are traded only in dematerialized form

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

Period (As on March 31, 2013 and March 31, 2014)	% change in Company's share price	% change in Indices
BSE-SENSEX	2.30	18.85
NSE-NIFTY	-0.49	17.98

10.8 Market price data:

	BSE		NSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2013	11.95	8.71	11.50	8.30
May 2013	10.25	7.90	10.25	7.25
June 2013	9.70	8.05	11.50	8.75
July 2013	8.31	7.55	8.80	8.05
August 2013	8.04	7.00	8.50	7.15
September 2013	10.10	7.37	9.95	7.80
October 2013	11.02	8.71	11.55	9.50
November 2013	10.40	8.75	10.70	9.10
December 2013	10.75	9.05	10.90	9.15
January 2014	12.28	10.23	12.25	10.70
February 2014	12.90	10.27	12.70	10.20
March 2014	12.95	9.26	12.85	9.15

10.9 Registrar and transfer agents

: Link Intime India Pvt Ltd

10.10 Share transfer system

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

10.11 Distribution of shareholding as on March 31, 2014

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	4,879	80.30	789,231	7,892,310	5.45
5,001 to 10,000	591	9.73	493,607	4,936,070	3.41
10,001 to 20,000	270	4.44	424,677	4,246,770	2.94
20,001 to 30,000	89	1.46	228,870	2,288,700	1.58
30,001 to 40,000	41	0.67	147,449	1,474,490	1.02
40,001 to 50,000	50	0.83	235,064	2,350,640	1.62
50,001 to 100,000	68	1.12	508,723	5,087,230	3.52
100,001 and above	88	1.45	11,639,379	116,393,790	80.46
Total	6,076	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2014 (Category wise)	%
Promoters holding	: 41.44
Banks and financial institutions	: 1.50
Foreign institutional investors	: 20.74
Public and private corporate bodies	: 5.10
NRIs/OCBs	: 3.28
Indian public and others	: 27.94
Total	: 100.00

10.12 Dematerialization of shares and liquidity:

About 14,462,619 equity shares of the Company are held in dematerialized form which constitutes 99.97% of the total number of equity shares dematerialized as on March 31, 2014. Trading in the equity shares of the Company is permitted only in dematerialized form. The equity shares of the Company are traded on BSE and NSE.

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

10.14 Plant locations : The Company has no plant.

10.15 Address for investor correspondence

<i>Registrar and share transfer agent</i>	<i>Company</i>
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 : 022-42130000
Fax : 022-25962691	Fax : 022-42130033
email : rnt.helpdesk@linkintime.co.in	email : investorgrievance@prishnandycom.com
Website : www.linkintime.co.in	Website : www.pritishnandycom.com

OTHER INFORMATION

- Listing fees for the financial year 2014-2015 have been paid to both the exchanges.
- Code of conduct for Board of Directors
The Board has adopted a code of conduct for its Directors and senior management of the Company. This code of conduct has been followed by all. The code is available on the website of the Company.
- PNC's code for prevention of insider trading
The Board has adopted a code of conduct in accordance with the model code of conduct prescribed by SEBI. The code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary has been appointed as the Compliance Officer for monitoring implementation of the Code. The Code of Conduct is applicable to all employees who have access to unpublished price sensitive information relating to the Company as well as the Directors; they have complied with the code and the Company has received confirmation to that effect. During the time of declaration of results, dividend and other material events, the trading window is closed as per the code.
- Risk Management
The Company has adopted procedures for risk assessment and minimization. The risk management policy is adopted by the Board.
- CEO/ CFO Certification
A certificate from the Wholtime Director and CEO and the Vice President, Finance, Compliances and Legal Affairs on the financial statement of the Company was placed before the Board.

For and on behalf of the Board of Directors

Mumbai, May 29, 2014

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Rupali Vaidya
Company Secretary

DECLARATION BY CEO

I, Pallab Bhattacharya, Wholtime Director and CEO of Pritish Nandy Communications Ltd, confirm that 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. I further confirm that the Company has received a declaration of compliance with the code of conduct for the year ended March 31, 2014 from Members of its Board and senior management personnel.

Pallab Bhattacharya
Wholtime Director and CEO

Mumbai, May 29, 2014

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, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the Guidance Note on certification of Corporate Governance issued by The Institute of Chartered Accountants of India, we state that, the Registrar of the Company have certified that as at March 31, 2014, there were no investor grievances pending for a period exceeding one month, and as explained to us by the Management, the Registrar and Share Transfer Agent have reported to the Stakeholders Relationship Committee (Formerly known as Shareholders/ Investors Grievance Committee) regularly on the status of such grievances.

We further state that such compliance certificate 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 K R Khare & Co
Chartered Accountants
Firm Registration Number 105104W

Kishor R Khare
Proprietor
Membership Number 032993

Mumbai, May 29, 2014

INDEPENDENT AUDITORS' REPORT

To
The Members of
Pritish Nandy Communications Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pritish Nandy Communications Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note 32 on the financial statements which describes the facts related to the arbitration proceedings initiated by the company against Prasar Bharati, on account of wrongful encashment of bank guarantees 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 at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note 38 on the financial statements which describes the facts related to the legal proceedings initiated by the company for the recovery of loans and advances aggregating to ₹ 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequently no provision of any amount there against is made at this stage. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Kishor R Khare
Proprietor
Membership Number 032993

Mumbai, May 29, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the our Report of even date to the members of Pritish Nandy Communications Ltd on the accounts of the company for the year ended March 31, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- c. In our opinion and according to the information and explanations given to us by the management, fixed assets disposals during the year were not substantial and therefore do not affect the going concern assumption.
2. a. As explained to us by the management, the production/ making of content requires various types, qualities and quantities of content related consumables and inputs in different denominations. Due to the multiplicity and complexity of the items, it is not practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to it. All the purchases of content related consumables are treated as consumed. In view of this the Company does not maintain stock register and also does not carry out physical verification of stock. However, the management physically verifies the finished content in hand at the end of the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of finished content followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c. In view of the clause (a) above this clause is not applicable for content under production. However, in respect of finished content the Company has maintained proper records. As explained to us, there were no material discrepancies noticed on physical verification of finished content as compared to register of finished content.
3. a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 other than the temporary interest free advances to its wholly owned subsidiary viz PNC Wellness Ltd for meeting its operational expenses amounting to ₹ 18,868,870 as at the year end, (maximum amount involved during the year ₹ 18,868,870).
- b. In our opinion and according to the information and explanations given to us, there are no terms and conditions for repayment of temporary advances.
- c. In our opinion and according to the information and explanations given to us and in the absences of any terms and conditions for the repayment of temporary advances, we are unable to comment on the terms of repayment of the temporary advances.
- d. In our opinion and according to the information and explanations given to us and in the absence of any terms and conditions for the repayment of temporary advances, we are unable to comment whether any amounts are overdue for recovery.
- e. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of content, related consumables and fixed assets and for sale of content. During the course of audit and according to information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the internal control system.
5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b. In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered into the registrar maintained under section 301 of the Act and exceeding the value of Rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the aforesaid dues which were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues payable in respect of Income Tax, Wealth Tax, Service Tax, VAT, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute except the following:

Name of statute	Nature of dues	Period to which relate	Amount ₹	Forum where pending
VAT Act, 2005	VAT	FY 2003-04	1,520,760	JT Commissioner of Sales Tax (Appeals) II, Mumbai City Division, Mumbai
VAT Act, 2005	VAT	FY 2004-05	355,268	JT Commissioner of Sales Tax (Appeals) II, Mumbai City Division, Mumbai

10. The Company does not have any accumulated loss as at March 31, 2014. The Company also has not incurred any cash losses during the financial year covered by our audit. However, there were cash losses in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institutions and/ or banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, mutual funds and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantee for loan taken by its wholly owned subsidiary company from bank which has been squared off during the year. In our opinion the terms and conditions thereof were not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, generally the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2014, we report that no funds raised on short-term basis have been used for long-term investment and vice versa by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of fraud on or by the Company was noticed or reported during the year.

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

Kishor R Khare
Proprietor
Membership Number 032993

Mumbai, May 29, 2014

As at March 31, 2014

	Note No		March 31, 2014 ₹		March 31, 2013 ₹
EQUITY AND LIABILITIES					
1. Shareholders' funds					
a. Share capital	2	144,670,000		144,670,000	
b. Reserve and surplus	3	713,228,723	857,898,723	667,680,018	812,350,018
2. Non current liabilities					
a. Long term borrowings	4	3,535,886		2,084,691	
b. Deferred tax liabilities (net)	5	118,851,430	122,387,316	127,045,724	129,130,415
3. Current liabilities					
a. Short term borrowings	6	0		50,000,000	
b. Trade payables	7	40,360,791		22,704,065	
c. Other current liabilities	8	41,283,483		231,282,248	
d. Short term provision	9	13,339,936	94,984,210	16,900	304,003,213
			1,075,270,249		1,245,483,646
ASSETS					
1. Non current assets					
a. Fixed assets					
Tangible assets	10	17,190,733		14,963,822	
b. Non current investments	11	36,263,150		36,244,550	
c. Long term loans and advances	12	402,745,114	456,198,997	485,658,717	536,867,089
2. Current assets					
a. Cinematic and television content	13	403,994,473		430,713,701	
b. Trade receivables	14	7,969,739		8,353,720	
c. Cash and bank balances	15	167,060,976		253,302,638	
d. Short term loans and advances	16	37,599,289		8,870,993	
e. Other current assets	17	2,446,775	619,071,252	7,375,505	708,616,557
			1,075,270,249		1,245,483,646
Significant accounting policy and notes on financial statements	1 to 42				

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

Kishor R Khare
Proprietor
Membership Number 032993
Mumbai, May 29, 2014

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2014

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

STATEMENT OF PROFIT AND LOSSPRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014**15**

For the year ended March 31, 2014

	Note No	March 31, 2014 ₹	March 31, 2013 ₹
INCOME			
Revenue from the operations	18	389,352,346	9,955,865
Other income	19	20,431,817	16,287,002
Total income		409,784,163	26,242,867
EXPENSES			
Cost of content	20	273,729,004	23,477,429
Changes in inventories of content	21	26,900,936	12,723,437
Employee benefits expenses	22	9,290,046	8,963,255
Finance cost	23	3,900,703	8,407,237
Depreciation	10	1,895,653	1,841,138
Other expenses	24	43,373,474	24,140,439
Total expenses		359,089,816	79,552,935
Profit/ (loss) before tax		50,694,347	(53,310,068)
Tax expense			
Current tax		13,339,936	0
Deferred tax		(8,194,294)	836,977
Profit/ (loss) from continuing operations		45,548,705	(54,147,045)
Earning per equity share			
Basic and diluted	25	3.15	(3.74)
Significant accounting policy and notes on Financial Statements	1 to 42		

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

Kishor R Khare
Proprietor
Membership Number 032993
Mumbai, May 29, 2014

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2014

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 General

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

1.2 Revenue recognition

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

1.3 Cinematic content

The cinematic content has been valued on the following basis:

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

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

Basis of amortisation of allocated costs

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

First release	Second release	Third release
50%	30%	20%
- Residual rights are amortised on an equitable basis.

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

Notes

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

1.4 Television Content

The television content has been valued on the following basis:

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

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

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

Notes

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

1.5 Fixed assets

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

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

1.6 Depreciation

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

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

1.7 Taxation

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

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

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

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

1.8 Investments

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

1.9 Contingent liabilities

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

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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 statements.

NOTE 2

SHARE CAPITAL

	March 31, 2014 ₹	March 31, 2013 ₹
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, 2014		As at March 31, 2013	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2013	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, 2014	14,467,000	144,670,000	14,467,000	144,670,000

NOTE 2.3

The details of share holders holding more than 5% shares

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	No of share held	%	No of share held	%
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	1,394,789	9.64	819,814	5.67
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 3

RESERVES AND SURPLUS

Capital reserve

	March 31, 2014 ₹		March 31, 2013 ₹	
Opening balance as at April 1, 2013	36,865		36,865	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2014	<u>36,865</u>	<u>36,865</u>	<u>36,865</u>	<u>36,865</u>

General reserve

	March 31, 2014 ₹		March 31, 2013 ₹	
Opening balance as at April 1, 2013	22,098,279		22,098,279	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2014	<u>22,098,279</u>	<u>22,098,279</u>	<u>22,098,279</u>	<u>22,098,279</u>

Surplus as per statement of profit and loss

	March 31, 2014 ₹		March 31, 2013 ₹	
Opening balance as at April 1, 2013	(26,413,946)		27,733,099	
Add: Current years profit/ (loss)	45,548,705		(54,147,045)	
Closing balance as at March 31, 2014	<u>19,134,759</u>	<u>19,134,759</u>	<u>(26,413,946)</u>	<u>(26,413,946)</u>

Security premium reserve

	March 31, 2014 ₹		March 31, 2013 ₹	
Opening balance as at April 1, 2013	671,958,820		671,958,820	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2014	<u>671,958,820</u>	<u>671,958,820</u>	<u>671,958,820</u>	<u>671,958,820</u>
	<u>713,228,723</u>		<u>667,680,018</u>	

NOTE 4

LONG TERM BORROWINGS

Secured long term finance lease obligations

(Secured against the hypothecation of vehicles)

	March 31, 2014 ₹		March 31, 2013 ₹	
Kotak Mahindra Prime Ltd	718,981		1,396,794	
Daimler Finanical Services India Pvt Ltd	2,490,844		0	
ICICI Bank Ltd	<u>326,061</u>		<u>687,897</u>	
	<u>3,535,886</u>		<u>2,084,691</u>	

NOTE 4.1

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Amount ₹	Rate of interest p a	Amount ₹	Rate of interest p a
Repayable upto March, 2016	326,061	9.99%	687,897	9.99%
Repayable upto February, 2016	396,351	11.83%	785,261	11.83%
Repayable upto January, 2016	322,630	12.10%	611,533	12.10%
Repayable upto July, 2018	2,490,844	11.32%	0	-
Total	<u>3,535,886</u>		<u>2,084,691</u>	

NOTE 4.2

Finance lease commitments

Particulars	As at March 31, 2014		As at March 31, 2013	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	3,535,856	621,109	2,084,691	230,892
Later than five years	0	0	0	0
Total	<u>3,535,856</u>	<u>621,109</u>	<u>2,084,691</u>	<u>230,892</u>

NOTE 10

TANGIBLE ASSET

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2013		As at March 31, 2014		As at April 1, 2013		For the year		As at March 31, 2014	
	Amount	Additions	Deductions	As at March 31, 2014	Amount	For the year	Deductions	Total	As at March 31, 2014	As at March 31, 2013
Improvement to leasehold premises	723,764	0	0	723,764	638,571	63,329	0	701,900	21,864	85,193
Furniture and fixtures	1,417,349	48,160	0	1,465,509	600,529	91,242	0	691,771	773,738	816,820
Office equipments	8,873,084	425,886	36,990	9,261,980	3,125,877	432,138	5,418	3,552,597	5,709,383	5,747,207
Motor cars	9,484,411	3,728,934	1,211,190	12,002,155	2,080,739	971,159	1,073,922	1,977,976	10,024,179	7,403,672
Computers, printers and software	2,602,118	88,424	0	2,690,542	1,691,188	337,785	0	2,028,973	661,569	910,930
Total	<u>23,100,726</u>	<u>4,291,404</u>	<u>1,248,180</u>	<u>26,143,950</u>	<u>8,136,904</u>	<u>1,895,653</u>	<u>1,079,340</u>	<u>8,953,217</u>	<u>17,190,733</u>	<u>14,963,822</u>
As on March 31, 2013	23,805,111	4,594,063	5,298,448	23,100,726	7,956,223	1,841,138	1,660,457	8,136,904	14,963,822	

NOTE 5

DEFERRED TAX LIABILITIES

	March 31, 2014 ₹		March 31, 2013 ₹	
Opening balance as at April 1, 2013	127,045,724		126,208,747	
Add/ (less): Liability/ (Asset) provided for current year	(8,194,294)	118,851,430	836,977	127,045,724
		<u>118,851,430</u>		<u>127,045,724</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, 2014 is given below:

Particulars	In ₹ lakh			
	As at April 1, 2013	Created during the year	Reversed during the year	As at March 31, 2014
Deferred tax liabilities				
Unamortised content	1,323.71	211.42	(294.55)	(1,240.58)
Depreciation and capital loss	(2.09)	1.35	(0.17)	0.91
Adjustment for change in tax rate	(51.16)	0	0	(51.16)
Total	<u>1,270.46</u>	<u>212.77</u>	<u>(294.72)</u>	<u>1,188.51</u>

NOTE 6

SHORT TERM BORROWINGS

Secured

Working capital short term loan
(Secured against the fixed assets, current assets and film negative)

	March 31, 2014 ₹		March 31, 2013 ₹	
Yes Bank Ltd	0		50,000,000	
	<u>0</u>		<u>50,000,000</u>	

NOTE 7

TRADE PAYABLES

Total outstanding dues to micro, small and medium enterprises

	March 31, 2014 ₹		March 31, 2013 ₹	
Others				
For cinematic and television content	37,435,519		20,401,158	
For expenses and other liabilities	<u>2,925,272</u>	<u>40,360,791</u>	<u>2,302,907</u>	<u>22,704,065</u>
		<u>40,360,791</u>		<u>22,704,065</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

Advances and liabilities

Interest on loan from Yes Bank

	March 31, 2014 ₹		March 31, 2013 ₹	
Advances and liabilities	39,170,587		229,555,344	
Interest on loan from Yes Bank	0		615,753	

Current maturity of secured long term finance lease obligations

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

	March 31, 2014 ₹		March 31, 2013 ₹	
ICICI Bank Ltd	361,836		327,561	
Kotak Mahindra Prime Ltd	677,813		661,437	
Daimler Finanical Services India Pvt Ltd	518,885		0	
Unclaimed dividend*	554,362		122,153	
	<u>41,283,483</u>		<u>231,282,248</u>	

NOTE 8.1

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

NOTE 9

SHORT TERM PROVISION

Provision for Income/ Wealth Tax

	March 31, 2014 ₹		March 31, 2013 ₹	
Provision for Income/ Wealth Tax	13,339,936		16,900	
	<u>13,339,936</u>		<u>16,900</u>	

18 NOTES ON FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 11		
NON CURRENT INVESTMENTS		
Long term investments		
Unquoted investments		
In subsidiary company		
PNC Digital Ltd (formerly - PNC Productions Ltd)		
498,900 (L Y 496,850) equity shares of face value of ₹10 each fully paid up	7,019,700	6,999,200
2,050 equity share of face value of ₹10 purchased during the year at par		
In wholly owned subsidiary company		
PNC Wellness Ltd	29,100,000	29,100,000
660,000 (L Y 660,000) Shares of ₹10 each fully paid up		
Quoted investments		
Moving Picture Company (India) Ltd	143,450	145,350
95,000 (L Y 95,000) equity shares of face value ₹10 each fully paid up		
Market value ₹1.51 (L Y ₹1.53) per share		
	<u>36,263,150</u>	<u>36,244,550</u>

NOTE 11.1				
Aggregate value of quoted and unquoted investments				
	As at March 31, 2014		As at March 31, 2013	
	Cost	Market Value	Cost	Market Value
Quoted investments	143,450	143,450	145,350	145,350
Unquoted investments	36,119,700	N A	36,099,200	N A

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 12		
LONG TERM LOANS AND ADVANCES		
Advances to subsidiary - PNC Digital Ltd (Formerly known as PNC Productions Ltd)	55,382,584	55,272,060
Income tax	21,639,562	15,251,114
Other advances (Refer note 32 and 38)	126,780,147	130,134,370
Security Deposits	4,467,304	5,530,638
Advance for content (Refer note 38)	194,475,517	279,470,535
	<u>402,745,114</u>	<u>485,658,717</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 13		
CINEMATIC AND TELEVISION CONTENT		
At cost or net realisable value whichever is lower (As valued and certified by management)		
Unamortised content	374,672,765	401,573,701
Unexploited content	26,140,000	26,140,000
Unfinished content	3,000,000	3,000,000
Production property	181,708	0
	<u>403,994,473</u>	<u>430,713,701</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 14		
TRADE RECEIVABLES		
Unsecured, considered good		
Over six month	5,921,641	8,353,720
Others	2,048,098	0
	<u>7,969,739</u>	<u>8,353,720</u>

NOTE 14.1
Trade receivables over six months includes an amount aggregating to ₹ 1,185,000 (L Y ₹ 2,985,000) in respect of which legal proceedings have been initiated by the company. The management considers the same are good and fully recoverable; hence no provision has been made in the accounts at this stage.

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 15		
CASH AND BANK BALANCES		
Cash at bank - unpaid dividend account	554,362	122,153
Cash at bank - fixed deposits	166,592,587	215,730,131
(Includes ₹ 10,000,000 (L Y ₹ 10,000,000) kept under lien with Banks against secured loan)		
Cash at bank - current account	(95,309)	37,417,714
Cash and imprest account	9,336	32,640
	<u>167,060,976</u>	<u>253,302,638</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 16		
SHORT TERM LOANS AND ADVANCES		
(Unsecured considered good)		
a. Loans		
Staff	0	195,000
Others	0	3,680
b. Advances		
Advances to - wholly owned subsidiary		
PNC Wellness Ltd	18,868,870	5,369,753
Other advances	18,338,682	2,779,696
c. Pre-paid expenses	391,737	522,864
	<u>37,599,289</u>	<u>8,870,993</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 17		
OTHER CURRENT ASSETS		
Accrued interest on fixed deposits	2,446,775	7,375,505
	<u>2,446,775</u>	<u>7,375,505</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 18		
REVENUE FROM OPERATIONS		
Sales - owned content	2,000,000	2,655,789
Income from co-production	355,005,000	0
Services		
In film promotion	22,347,346	0
Event services	10,000,000	7,300,076
	<u>389,352,346</u>	<u>9,955,865</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 18.1		
EARNING IN FOREIGN CURRENCY		
Owned content [AUD 108,000 (L Y USD 151,365)]	5,733,221	8,119,886
	<u>5,733,221</u>	<u>8,119,886</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 19		
OTHER INCOME		
Interest on fixed deposits	17,608,523	14,527,055
[TDS ₹1,777,865 (L Y ₹ 1,494,207)]		
Interest on income tax refund	478,202	1,156,802
Credit balances written back	2,304,840	493,055
Gain on foreign rate exchange difference	0	26,945
Miscellaneous income	40,252	83,145
	<u>20,431,817</u>	<u>16,287,002</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 20		
COST OF CONTENT		
Cost of event services	4,050,157	5,082,754
Cost of content - production/ co-production/ promotion	269,678,847	18,394,675
	<u>273,729,004</u>	<u>23,477,429</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 21		
CHANGES IN INVENTORIES OF CONTENT		
Opening balance as at April 1, 2013		
Unamortised content	401,573,701	397,525,565
Unexploited content	26,140,000	40,823,730
Unfinished content	3,000,000	5,087,843
430,713,701		443,437,138
Less: Closing balance as at March 31, 2014		
Unamortised content	374,672,765	401,573,701
Unexploited content	26,140,000	26,140,000
Unfinished content	3,000,000	3,000,000
26,900,936		12,723,437
	<u>26,900,936</u>	<u>12,723,437</u>

	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries	9,154,819	8,330,119
Group gratuity obligation	135,227	633,136
	<u>9,290,046</u>	<u>8,963,255</u>

NOTE 22.1
The disclosures as required under the Accounting Standard (AS) 15 (Revised) in respect of gratuity, a defined benefit scheme is as follows:

Group gratuity liability is recognised on the basis of gratuity report provided by Actuary. During the year, Company has recognised the following amounts in the financial statements:

	March 31, 2014 ₹	March 31, 2013 ₹
a. Defined contribution plan		
• Contribution to defined contribution plan, recognised as expense for the year are as under		
Employer's contribution to provident fund	0	0
b. Defined benefit plan		
Particular		
• Reconciliation of opening and closing balances of Defined benefit obligation		
Defined benefit obligation at the beginning of the year	3,064,354	2,300,802
Current service cost	312,261	216,889
Interest cost	252,809	195,568
Actuarial (gain)/ loss	(148,677)	463,295
Benefit paid	0	(112,200)
Defined benefit obligation at the end of year	<u>3,480,747</u>	<u>3,064,354</u>
• Fair value of plan assets at the beginning of the year	2,956,200	2,454,744
Expected return on plan assets	257,189	211,108
Actuarial gain/ (loss)	23,977	31,508
Employers contribution	257,837	371,040
Benefit paid	0	(112,200)
Fair value of plan assets at the end of the year	<u>3,495,203</u>	<u>2,956,200</u>

	March 31, 2014	March 31, 2013		March 31, 2014	March 31, 2013
	₹	₹		₹	₹
NOTE 22.1(Contd)			NOTE 24.3		
• Actual return on plan assets			Operating lease		
Expected return on plan assets	257,189	211,108	Net later than one year	6,095,300	5,692,800
Actuarial gain/ (loss) on plan assets	23,977	31,508	Later than one year and not later than five years	18,718,665	21,995,820
Actual return on plan assets	281,166	242,616	Later than five years	0	2,118,645
				24,813,965	29,807,265
• Reconciliation of fair value of plan assets and benefit obligation			NOTE 25		
Fair value of assets as at March 31, 2014	3,495,203	2,956,200	Earning per share (EPS)		
Present value of obligation as at March 31, 2014	(3,480,747)	(3,064,354)	Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to equity share holders	45,548,705	(54,147,045)
Amount recognised in Balance Sheet	14,456	(108,154)	Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
• Expenses recognised during the year			Basic and diluted earning per share	3.15	(3.74)
Current service cost	312,261	216,889	Face value per equity share	10	10
Interest cost	252,809	195,568			
Expected return on plan assets	(257,189)	(211,108)	NOTE 26		
Actuarial (gain)/ loss	(172,654)	431,787	Estimated amount of contracts to be executed on capital account.		
Expenses recognised in Statement of Profit and Loss	135,227	633,136	Net of capital advances	0	0
• 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.			NOTE 27		
	March 31, 2014	March 31, 2013	Bank guarantee issued by the bankers	0	0
• Actuarial assumptions	₹	₹			
Discount rate (per annum)	9.33%	8.5%	NOTE 28		
Salary escalation (per annum)	7%	7%	CONTINGENT LIABILITIES		
	March 31, 2014	March 31, 2013	a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
	₹	₹	b. VAT Liability	1,876,028	1,876,028
	3,900,703	8,407,237	Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.		
NOTE 23				March 31, 2014	March 31, 2013
FINANCE COST				₹	₹
Finance charges	367,976	283,746	NOTE 29		
Processing and documentation charges	6,700	921,779	Dividend remitted in foreign currency	0	0
Interest on secured loan	3,526,027	7,201,712			
	3,900,703	8,407,237	NOTE 30		
			a. CIF value of imports	0	0
NOTE 24			b. FOB value of imports	0	0
OTHER EXPENSES			NOTE 31		
Auditors' remuneration	455,058	455,058	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 the year.		
Bad debts written off	1,050,000	0	NOTE 32		
Business promotion expenses	1,444,415	799,913	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".		
Communications expenses	350,326	395,999	NOTE 33		
Contract service expenses	4,063,773	3,369,190	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.		
Conveyance and motor car expenses	1,745,736	1,982,332	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 ₹ 103,457,552 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.		
Diminution in value of investment	1,900	1,773,650			
Directors sitting fees	640,000	500,000			
General expenses	2,830,799	2,016,734			
Insurance charges	334,950	248,127			
Internet subscription and website expenses	218,221	346,709			
Electricity charges	528,579	653,098			
Legal, professional and consultancy fees	1,881,969	1,640,953			
Loss on sale of fixed assets	0	1,922,881			
Interest on service tax	193,226	0			
Printing and stationery	325,628	349,415			
Provision for taxes	17,500,000	0			
Rent, rates, taxes and business service centre charges	5,707,016	5,604,700			
Research and development expenses	574,714	396,031			
Traveling expenses	3,527,164	1,685,649			
	43,373,474	24,140,439			
NOTE 24.1					
Auditors' remuneration includes					
a. Statutory audit fees	264,046	264,046			
b. Tax audit fees	44,944	44,944			
c. Certification and VAT audit fees	146,068	146,068			
	455,058	455,058			
NOTE 24.2					
Expenditure in foreign currency					
Traveling expenses	694,050	406,372			
Shooting expenses	9,900,226	0			
Business promotion	0	15,568			
Acquisition of content rights	0	351,404			
	10,594,276	773,344			

20 NOTES ON FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014

The details of cinematic and television content is as under:

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount as at April 1, 2013	1,406,997,344	811,389,424	2,218,386,768
Add: Additions during the year	273,230,293	0	273,230,293
Total	1,680,227,637	811,389,424	2,491,617,061
Less: Amortised up to March 31, 2013	999,283,643	788,389,424	1,787,673,067
Less: Amortised during the year	300,131,229	0	300,131,229
Net carrying amount as at March 31, 2014	380,812,765	23,000,000	403,812,765

The total cost of content as at March 31, 2014 is ₹ 403,812,765. 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 working capital loan of ₹ 50,000,000 which has been squared-off during the year.

NOTE 34

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

NOTE 35

Segment information:

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

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:

1. Subsidiaries of the Company
 - a. PNC Digital Ltd (Formerly known as PNC Productions Ltd)
 - b. PNC Wellness Ltd (wholly owned subsidiary)
2. Key managerial personnel
 - a. Pallab Bhattacharya – Wholetime Director and CEO
 - b. Rangita Pritish Nandy – Wholetime Director and Creative Director
 - c. Harshawardhan Sabale – CEO Digital and Television
 - d. Rupali Vaidya – Company Secretary
3. Non-Executive Directors and their relatives
 - a. Pritish Nandy – Non-Executive Chairman
 - b. Rina Pritish Nandy – Non-Executive Director
 - c. Udayan Bose – Non-Executive, Independent Director
 - d. Nabankur Gupta – Non-Executive, Independent Director
 - e. Vishnu Kanhere – Non-Executive, Independent Director
 - f. Tapan Chaki – Non-Executive, Independent Director (Resigned w e f April 1, 2014)
 - g. Hema Malini – Non-Executive, Independent Director
 - h. Ishita Pritish Nandy - daughter of Non-Executive Chairman

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

		2013-14	2012-13
Subsidiary company	Nature of transaction		In ₹ lakh
	Advances given	162.82	48.06
	Advance/ loan received back	26.72	29.64
	Balance outstanding as at year end	742.52	606.42
Key management personnel	Remuneration/ Reimbursement	39.73	32.37
	Balance outstanding as at year end		
	Payable	4.34	2.41
Non-Executive directors and their relatives	Remuneration/ Reimbursement/ sitting fees	18.40	17.00
	Professional fees	60.00	60.00
	Balance outstanding as at year end		
	Payable	10.37	10.46

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

NOTE 37

The company has an investment of ₹ 29,100,000 (L Y ₹ 29,100,000) in wholly owned subsidiary viz PNC Wellness Limited as at March 31, 2014. Further temporary advances of ₹ 18,868,870 were receivable as at March 31, 2014.

NOTE 38

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

NOTE 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, 2014.

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.

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

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Kishor R Khare
Proprietor
Membership Number 032993

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Rupali Vaidya
Company Secretary

Mumbai, May 29, 2014

Mumbai, May 29, 2014

CASH FLOW STATEMENT AND INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
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STANDALONE CASH FLOW STATEMENT

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2014	
	March 31, 2014	March 31, 2013
	₹	₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	50,694,347	(53,310,068)
Bad debts written off	1,050,000	0
Depreciation	1,895,653	1,841,138
Finance cost	3,900,703	8,407,237
Provision for taxes	17,500,000	0
Loss on sale of assets	0	1,922,881
Diminution in value of investments	1,900	1,773,650
Sundry creditors balances written back	(2,304,840)	(526,054)
Foreign exchange rate difference - expenses	0	82,440
Interest on fixed deposit	(17,608,523)	(14,527,055)
Foreign exchange rate difference - income	0	(26,945)
Operating cash flow before working capital changes	55,129,240	(54,362,776)
Adjusted for:		
Cinematic and television content	26,719,228	12,723,438
Trade receivables	(666,019)	42,272,865
Long term loans and advances	83,913,603	(108,432,656)
Short term loans and advances	(28,728,295)	28,339,177
Other current assets	4,928,730	(3,442,811)
Trade payables	19,961,566	(3,312,818)
Other current liabilities	(207,386,914)	199,738,038
Cash generated from operations before taxes paid	(46,128,861)	113,522,457
Direct taxes paid	(1,016,900)	(5,300)
Net Cash from/ (used in) operating activities	(47,145,761)	113,517,157
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,291,405)	(4,515,564)
Sale of fixed assets	56,990	1,636,611
Changes in investments	(20,500)	0
Interest on fixed deposit	17,608,523	14,527,055
Foreign Exchange rate difference expenses	0	(82,440)
Foreign Exchange rate difference income	0	26,945
Net cash from/ (used in) investing activities	13,353,608	11,592,607
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowing	3,200,000	1,079,000
Repayment of borrowing	(51,748,806)	(2,154,303)
Finance and other charges paid	(3,900,703)	(8,407,237)
Net cash used in financing activities	(52,449,509)	(9,482,540)
Net changes in cash and cash equivalents (A+B+C)	(86,241,662)	115,627,224
Cash and cash equivalents - opening balance	253,302,638	137,675,414
Cash and cash equivalents - closing balance	167,060,976	253,302,638

Notes

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

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

Authenticated by us
For Prithish Nandy Communications Ltd

Kishor R Khare
Proprietor
Membership Number 032993
Mumbai, May 29, 2014

Pallab Bhattacharya
Wholtime Director and CEO
Yatender Verma
VP, Finance, Compliances and
Legal Affairs
Mumbai, May 29, 2014

Vishnu Kanhere
Director
Rupali Vaidya
Company Secretary

To
The Member of
Prithish Nandy Communications Ltd

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Prithish Nandy Communications Ltd ("the Company"), and its subsidiaries (collectively referred to as 'the group'), which comprise the Consolidated Balance Sheet as at March 31, 2014 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to note 32 on the financial statements which describes the facts related to the arbitration proceedings initiated by the company against Prasar Bharati, on account of wrongful encashment of bank guarantees 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 at this stage. Our opinion is not qualified in respect of this matter.

We further draw attention to note 37 on the financial statements which describes the facts related to the legal proceedings initiated by the company for the recovery of loans and advances aggregating to ₹ 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequently no provision of any amount there against is made at this stage. Our opinion is not qualified in respect of this matter.

Mumbai, May 29, 2014

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

As at March 31, 2014

	Note No		March 31, 2014 ₹	March 31, 2013 ₹
EQUITY AND LIABILITIES				
1. Shareholders' funds				
a. Share capital	2	144,670,000	144,670,000	
b. Reserve and surplus	3	685,085,929	829,755,929	791,072,244
2. Minority interest			21,018	41,357
3. Non current liabilities				
a. Long term borrowings	4	3,535,886	9,209,691	
b. Deferred tax liabilities (net)	5	109,229,752	112,765,638	128,657,052
4. Current liabilities				
a. Short term borrowings	6	0	50,000,000	
b. Trade payables	7	40,825,870	24,013,659	
c. Other current liabilities	8	50,396,131	243,709,150	
d. Short term provision	9	13,339,936	104,561,937	317,742,546
			1,047,104,522	1,237,513,199
ASSETS				
1. Non current assets				
a. Fixed assets				
Tangible assets	10	36,196,287	38,062,485	
b. Non current investments	11	143,450	145,350	
c. Long term loans and advances	12	409,091,607	445,431,344	530,669,287
2. Current assets				
a. Cinematic and television content	13	400,915,595	427,205,442	
b. Trade receivables	14	8,610,113	8,794,920	
c. Cash and bank balances	15	170,786,163	259,270,880	
d. Short term loans and advances	16	18,741,827	3,815,480	
e. Other current assets	17	2,619,480	601,673,178	706,843,912
			1,047,104,522	1,237,513,199
Significant accounting policies and notes on financial statements	1 to 41			

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

Kishor R Khare
Proprietor
Membership Number 032993
Mumbai, May 29, 2014

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2014

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSSPRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014**23**

For the year ended March 31, 2014

	Note No	March 31, 2014 ₹	March 31, 2013 ₹
INCOME			
Revenue from operations	18	408,199,031	28,842,759
Other income	19	21,450,784	16,500,995
Total income		<u>429,649,815</u>	<u>45,343,754</u>
EXPENSES			
Cost of content	20	273,729,004	23,477,429
Changes in inventories of content	21	26,471,555	12,723,437
Employee benefits expenses	22	9,290,046	8,963,255
Finance cost	23	4,761,663	10,035,090
Depreciation	10	3,338,289	3,385,174
Other expenses	24	70,220,269	48,239,051
Total expenses		<u>387,810,826</u>	<u>106,823,436</u>
Profit/ (loss) before tax		41,838,989	(61,479,682)
Tax expense			
Current tax		13,372,752	56,653
Deferred tax		(10,217,609)	(1,743,941)
Profit/ (loss) from continuing operations		38,683,846	(59,792,394)
Share of minority interest		(161)	(795)
Net profit/ (loss) after minority interest		<u>38,683,685</u>	<u>(59,793,189)</u>
Earning per equity share			
Basic and diluted	25	2.67	(4.13)
Significant accounting policy and notes on financial statements	1 to 41		

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

Kishor R Khare
Proprietor
Membership Number 032993
Mumbai, May 29, 2014

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2014

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTE 1 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

- The consolidated financial statements relate to Pritish Nandy Communications Ltd and its Subsidiaries.
- Basis of accounting

The financial statements of the Subsidiaries Company viz PNC Digital Ltd (Formerly known as PNC Productions Ltd) and PNC Wellness Ltd, used in the consolidation are drawn upto the same reporting date as of the Company i e year ended March 31, 2014. 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.

- 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.

- Information on subsidiary companies

The following subsidiaries are considered in the consolidated financial statements

Name of the Company	% of holding
a. PNC Digital Ltd (Formerly known as PNC Productions Ltd)	99.78
b. PNC Wellness Ltd	100

B. SIGNIFICANT ACCOUNTING POLICIES

- General

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

- Revenue recognition

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

- Cinematic content

The cinematic content has been valued on the following basis:

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

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

Basis of amortisation of allocated costs

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

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

- Residual rights are amortised on an equitable basis.

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

Notes

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

- 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 Current affairs and news based content	50%	30%	15%	5%
Commissioned content	100%	–	–	–

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

Notes

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

- Fixed assets

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

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

- Depreciation

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

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

- Taxation

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

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

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

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

- Investments

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

- Writing off deferred revenue expenditures

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

- Contingent liabilities

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

- Foreign currency transactions

- Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.

- Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the Balance Sheet date; gains/ losses are reflected in the Statement of Profit and Loss.

- Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

- Retirement benefits

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

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

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

- Borrowing costs

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

- Impairment of Assets

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

- Provisions and contingencies

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

Contingent assets are not recognised in the financial statement.

NOTE 2

SHARE CAPITAL

	March 31, 2014 ₹	March 31, 2013 ₹
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
	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	March 31, 2014		March 31, 2013	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2013	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, 2014	14,467,000	144,670,000	14,467,000	144,670,000

NOTE: 2.3

The details of share holders holding more than 5% shares

Name of shareholder	March 31, 2014		March 31, 2013	
	No of share held	%	No of share held	%
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	1,394,789	9.64	819,814	5.67
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 5

RESERVES AND SURPLUS

Capital reserve

	March 31, 2014 ₹	March 31, 2013 ₹
Opening balance as at April 1, 2013	36,865	36,865
Add: Transferred during the year	0	0
Closing balance as at March 31, 2014	36,865	36,865

General reserve

	March 31, 2014 ₹	March 31, 2013 ₹
Opening balance as at April 1, 2013	22,098,279	22,098,279
Add: Transferred during the year	0	0
Closing balance as at March 31, 2014	22,098,279	22,098,279

Statement of Profit and Loss

	March 31, 2014 ₹	March 31, 2013 ₹
Opening balance as at April 1, 2013	(47,691,720)	12,101,469
Add: Current years profit/ (loss)	38,683,685	(59,793,189)
Closing balance as at March 31, 2014	(9,008,135)	(47,691,720)

Security premium reserve

	March 31, 2014 ₹	March 31, 2013 ₹
Opening balance as at April 1, 2013	671,958,820	671,958,820
Add: Transferred during the year	0	0
Closing balance as at March 31, 2014	671,958,820	671,958,820
	685,085,929	646,402,244

NOTE 4

LONG TERM BORROWINGS

Secured term loan

	March 31, 2014 ₹	March 31, 2013 ₹
YES Bank Ltd	0	7,125,000

(Was Secured against the hypothecation of gym equipments and fixed deposit of ₹ 2,140,937 kept under lien)

(Term loan was repayable in quarterly installments of ₹ 7,12,500 beginning from November 2012 till August 2016 bearing interest rate @ 14.75 % p.a.)

Secured long term finance lease obligation

(Secured against the hypothecation of vehicles)

	March 31, 2014 ₹	March 31, 2013 ₹
Kotak Mahindra Prime Ltd	718,981	1,396,794
Daimler Financial Services India Pvt Ltd	2,490,844	0
ICICI Bank Ltd	326,061	687,897
	3,535,886	9,209,691

NOTE 4.1

Secured loans repayable in monthly equitable instalments are as follows:

Particulars	March 31, 2014		March 31, 2013	
	Amount ₹	Rate of interest p a	Amount ₹	Rate of interest p a
Repayable upto March, 2016	322,630	12.10%	611,533	12.10%
Repayable upto February, 2016	396,351	11.83%	785,261	11.83%
Repayable upto January, 2016	326,061	9.99%	687,897	9.99%
Repayable upto July, 2012	2,490,844	11.32%	0	-
Total	3,535,886		2,084,691	

NOTE 4.2

Finance lease commitments

Particulars	March 31, 2014		March 31, 2013	
	Principal	Interest	Principal	Interest
Later than one year and not later than five years	3,535,886	621,109	2,084,691	230,892
Later than five years	0	0	0	0
Total	3,535,886	621,109	2,084,691	230,892

NOTE 5

DEFERRED TAXATION

Deferred tax liabilities

	March 31, 2014 ₹	March 31, 2013 ₹
Opening balance as at April 1, 2013	127,045,724	126,208,747
Add: Additional adjustment for current year	(8,194,294)	836,977
Deferred tax assets		
Opening balance as at April 1, 2013	7,598,363	5,017,445
Add: Additional adjustment for current year	2,023,315	2,580,918
	109,229,752	119,447,361

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, 2014 is given below

Particulars	As at April 1, 2013	Created during the year	Reversed during the year	In ₹ lakh
				As at March 31, 2014
Deferred tax liabilities				
Unamortised content	1,315.14	211.42	293.36	1,233.20
Depreciation and capital loss	6.47	0	0.00	6.47
Adjustment for change in tax rate	(51.16)	0.00	0.00	(51.16)
Deferred tax asset				
Depreciation	(8.20)	5.58	0.00	(2.62)
Unabsorbed business loss	(67.78)	(25.82)	0.00	(93.60)
Net deferred tax liabilities	1,194.47	191.18	293.36	1,092.29

NOTE 6

SHORT TERM BORROWINGS

Secured

Working capital short term loan

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

	March 31, 2014 ₹	March 31, 2013 ₹
Yes Bank Ltd	0	50,000,000
	0	50,000,000

NOTE 7

TRADE PAYABLES

	March 31, 2014 ₹	March 31, 2013 ₹
Total outstanding dues to micro enterprises and small enterprises	0	0
Others	465,079	
For cinematic and television content	37,435,519	20,401,158
For expenses and other liabilities	2,925,272	24,013,659
	40,825,870	24,013,659

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, 2014 ₹	March 31, 2013 ₹
Advances and liabilities	42,032,500	234,397,794
Interest on loan from Yes Bank	0	740,714
Current maturity of secured long term finance lease obligation (payable within one year - secured against the hypothecation of vehicles)		
ICICI Bank Ltd	361,836	327,561
Kotak Mahindra Prime Ltd	677,813	661,437
Daimler Financial Services India Pvt Ltd	518,885	0
Current maturity of secured term loan (payable within one year - secured against the hypothecation of gym equipments)		
YES Bank Ltd	0	2,850,000
Unclaimed dividend*	554,362	122,153
Deposits	3,513,000	3,513,000
Other liabilities	2,737,735	1,096,491
	50,396,131	243,709,150

NOTE 8.1

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

NOTE 9

SHORT TERM PROVISION

	March 31, 2014 ₹	March 31, 2013 ₹
Provision for income/ wealth tax	13,339,936	19,737
	13,339,936	19,737

NOTE 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2013	Additions	Deductions	As at March 31, 2014	As at April 1, 2013	For the year	Deductions	Total	As at March 31, 2014	As at March 31, 2013
Office premises	723,764	0	0	723,764	638,569	63,329	0	701,898	21,866	85,195
Lease premises and fixtures	21,322,132	0	2,953,307	18,368,825	18,811,821	172,277	615,273	18,368,825	0	2,510,311
Furniture and fixtures	2,002,953	48,160	585,604	1,465,509	656,131	112,864	77,226	691,769	773,740	1,346,822
Office and gym equipments	35,056,611	621,826	36,990	35,641,447	9,251,054	1,680,875	5,417	10,926,512	24,714,935	25,805,557
Motor cars	9,484,411	3,728,934	1,211,190	12,002,155	2,080,740	971,159	1,073,922	1,977,977	10,024,178	7,403,671
Computers, printers and software	2,764,618	88,424	0	2,853,042	1,853,689	337,785	0	2,191,474	661,568	910,929
Total	71,354,489	4,487,344	4,787,091	71,054,742	33,292,004	3,338,289	1,771,838	34,858,455	36,196,287	38,062,485
As on March 31, 2013	70,619,437	7,305,079	6,570,027	71,354,489	31,959,887	3,385,174	2,053,057	33,292,004	38,062,485	

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 ₹ 10 each fully paid up

Market value ₹ 1.51 (L Y ₹ 1.53) per share

	March 31, 2014	March 31, 2013
	₹	₹
	143,450	145,350
	143,450	145,350

NOTE 11.1

Aggregate value of quoted and unquoted investments

	As at March 31, 2014		As at March 31, 2013	
	Cost	Market value	Cost	Market value
Quoted investments	143,450	143,450	145,350	145,350
Unquoted investments	N A	N A	N A	N A

NOTE 12

LONG TERM LOANS AND ADVANCES

Income tax

Other advances (Refer note no 32 and 37)

Security Deposits

Advance for content (Refer note no 37)

	March 31, 2014	March 31, 2013
	₹	₹
	21,711,968	15,669,231
	126,780,147	130,134,371
	7,467,304	8,530,638
	253,132,188	338,127,212
	409,091,607	492,461,452

NOTE 13

CINEMATIC AND TELEVISION CONTENT

At cost or net realisable value whichever is lower

(As valued and certified by management)

Unamortised content

Unexploited content

Unfinished content

Production property

	March 31, 2014	March 31, 2013
	₹	₹
	371,593,887	398,065,442
	26,140,000	26,140,000
	3,000,000	3,000,000
	181,708	0
	400,915,595	427,205,442

NOTE 14

TRADE RECEIVABLES

Unsecured, considered good

Over six month

Others

	March 31, 2014	March 31, 2013
	₹	₹
	6,362,841	8,353,720
	2,247,272	441,200
	8,610,113	8,794,920

NOTE 14.1

Trade receivables over six months includes an amount aggregating to ₹ 1,185,000 (L Y ₹ 2,985,000) in respect of which legal proceedings have been initiated by the Company. The management considers the same are good and fully recoverable; hence no provision has been made in the accounts at this stage.

NOTE 15

CASH AND BANK BALANCES

Cash at bank - unpaid dividend account

Cash at bank - fixed deposits

(Includes ₹ 10,000,000 (L Y ₹ 2,140,937) kept under lien with Banks against secured loan)

Cash at bank - current account

Cash and imprest account

	March 31, 2014	March 31, 2013
	₹	₹
	554,362	122,153
	169,588,856	220,548,672
	528,231	38,537,803
	114,714	62,252
	170,786,163	259,270,880

NOTE 16

SHORT TERM LOANS AND ADVANCES

(Unsecured considered good)

a. Loans

Staff

Others

b. Advances

Other advances

c. Pre-paid expenses

	March 31, 2014	March 31, 2013
	₹	₹
	0	195,000
	0	3,680
	18,348,533	3,086,761
	393,294	530,039
	18,741,827	3,815,480

NOTE 17

OTHER CURRENT ASSETS

Accrued interest on fixed deposits

NOTE 18

REVENUE FROM OPERATIONS

Sales - owned content

Income from co-production

Services

In film promotion

Event services

Wellness services

Other services

	March 31, 2014	March 31, 2013
	2,619,480	7,757,190
	2,619,480	7,757,190
	2,000,000	10,448,920
	355,005,000	0
	22,347,346	0
	10,000,000	0
	18,391,377	18,023,901
	455,308	369,938
	408,199,031	28,842,759

NOTE 18.1

EARNING IN FOREIGN CURRENCY

Owned content [AUD 108,000 (L Y USD 151,364.75)]

	March 31, 2014	March 31, 2013
	₹	₹
	5,733,221	8,119,886
	5,733,221	8,119,886

NOTE 19

OTHER INCOME

Interest on fixed deposits

[TDS ₹ 1,825,505 (L Y ₹ 1,494,207)]

Interest on income tax refund

Sundry creditors balance written back

Gain on foreign rate exchange difference

Miscellaneous income

	March 31, 2014	March 31, 2013
	₹	₹
	18,020,631	15,108,337
	504,315	1,156,802
	2,839,964	46,953
	0	26,945
	85,874	161,958
	21,450,784	16,500,995

NOTE 20

COST OF CONTENT

Cost of event services

Cost of content - production/ co-production/ promotion

	March 31, 2014	March 31, 2013
	₹	₹
	4,050,157	5,082,754
	269,678,847	18,394,675
	273,729,004	23,477,429

NOTE 21

CHANGES IN INVENTORIES OF CONTENT

Opening balance as at April 1, 2013

Unamortised content

Unexploited content

Unfinished content

Less: Closing balance as at March 31, 2014

Unamortised content

Unexploited content

Unfinished content

	March 31, 2014	March 31, 2013
	₹	₹
	398,065,442	394,017,306
	26,140,000	40,823,730
	3,000,000	427,205,442
	427,205,442	5,087,843
	398,065,442	398,065,442
	26,140,000	26,140,000
	3,000,000	427,205,442
	400,733,887	427,205,442
	26,471,555	12,723,437

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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	March 31, 2014 ₹	March 31, 2013 ₹
NOTE 22		
EMPLOYEE BENEFITS EXPENSES		
Salaries	9,154,819	8,330,119
Group gratuity obligation account	135,227	633,136
	<u>9,290,046</u>	<u>8,963,255</u>

NOTE 22.1

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

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

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

	March 31, 2014 ₹	March 31, 2013 ₹
a. Defined contribution plan		
• Contribution to defined contribution plan, recognised as expense for the year are as under		
Employer's contribution to Provident Fund	0	0
b. Defined benefit plan		
Particular		
• Reconciliation of opening and closing balances of Defined benefit obligation		
Defined benefit obligation at the beginning of the year	3,064,354	2,300,802
Current service cost	312,261	216,889
Interest cost	252,809	195,568
Actuarial gain/ (loss)	(148,677)	463,295
Benefit paid	0	(112,200)
Defined benefit obligation at the end of year	<u>3,480,747</u>	<u>3,064,354</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	2,956,200	2,454,744
Expected return on plan assets	257,189	211,108
Actuarial gain/ (loss)	23,977	31,508
Employers contribution	257,837	371,040
Benefit paid	0	(112,200)
Fair value of plan assets at the end of the year	<u>3,495,203</u>	<u>2,956,200</u>
• Actual return on plan assets		
Expected return on plan assets	257,189	211,108
Actuarial gain/ (loss) on plan assets	23,977	31,508
Actual return on plan assets	<u>281,166</u>	<u>242,616</u>
• Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2014	3,495,203	2,956,200
Present value of obligation as at March 31, 2014	(3,480,747)	(3,064,354)
Amount recognised in Balance Sheet	<u>14,456</u>	<u>(108,154)</u>
• Expenses recognised during the year		
Current service cost	312,261	216,889
Interest cost	252,809	195,568
Expected return on plan assets	(257,189)	(211,108)
Actuarial (gain)/ loss	(172,654)	431,787
Expenses recognised in Statement of Profit and Loss	<u>135,227</u>	<u>633,136</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.		
	March 31, 2014	March 31, 2013
• Actuarial Assumptions	₹	₹
Discount rate (per annum)	9.33%	8.5%
Salary escalation (per annum)	7%	7%

NOTE 23

FINANCE COST

	March 31, 2014 ₹	March 31, 2013 ₹
Finance charges	367,976	283,746
Processing and documentation charges	6,700	921,779
Interest on secured loan	4,386,987	8,829,565
	<u>4,761,663</u>	<u>10,035,090</u>

NOTE 24

OTHER EXPENSES

	March 31, 2014 ₹	March 31, 2013 ₹
Advances written off	11,969	0
Auditors' remuneration	505,620	505,620
Bad debts written off	1,050,000	0
Business promotion expenses	1,699,165	1,390,547
Communications expenses	350,326	395,999
Contract service expenses	4,063,773	3,377,190
Conveyance and motor car expenses	1,759,606	1,993,542
Diminution in value of investment	1,900	1,773,650
Directors' sitting fees	640,000	500,000
General expenses	4,840,973	4,514,804
Insurance charges	334,950	248,127
Interest on service tax	193,226	0
Internet subscription and website expenses	289,221	430,709
Electricity charges	3,387,644	4,107,713
Legal, professional and consultancy fees	8,323,106	7,938,764
Loss on sale of fixed assets	2,846,412	2,765,860
Printing and stationery	376,120	668,892
Provision for taxes	17,500,000	0
Preliminary expenses written off	0	23,560
Rent, rates, taxes and business service centre charges	17,944,380	15,522,394
Research and development expenses	574,714	396,031
Traveling expenses	3,527,164	1,685,649
	<u>70,220,269</u>	<u>48,239,051</u>

NOTE 24.1

Auditors' remuneration includes

a. Statutory audit fees	303,372	303,372
b. Tax audit fees	56,180	56,180
c. Certification and consultation fees	146,068	146,068
	<u>505,620</u>	<u>505,620</u>

NOTE 24.2

Expenditure in foreign currency

Traveling expenses	694,050	406,418
Shooting expenses	9,900,226	0
Business promotion	0	15,522
Acquisition of content rights	0	351,404
	<u>10,594,276</u>	<u>773,344</u>

NOTE 24.3

Operating lease

Not later than one year	8,554,550	15,529,800
Later than one year and not later than five years	18,718,665	24,455,070
Later than five years	0	2,118,645
	<u>27,273,215</u>	<u>42,103,515</u>

NOTE 25

Earning per share (EPS)

Net profit after tax a per Statement of Profit and Loss attributable to equity share holders	38,683,846	(59,792,394)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	2.67	(4.13)
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

	0	0
--	---	---

NOTE 28

CONTINGENT LIABILITIES

a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT Liability	1,876,028	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

	March 31, 2014	March 31, 2013
	₹	₹
NOTE 29		
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 R 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the Hon. High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Long Term Loans and Advances".

NOTE 33

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

The management has considered the following factors viz the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the numbers of distribution channels, rapid multiplication of remaking, animation and other new versions etc, is of the view that the useful life of the cinematic content is over 20 years. Hence, amortisation of ₹ 102,574,710 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 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, 2013	1,417,710,475	811,389,423	2,229,099,898
Add: Additions during the year	273,729,004	0	273,729,004
Total	1,691,439,479	811,389,423	2,502,828,902
Less: Amortised upto March 31, 2013	1,018,084,420	783,810,036	1,801,894,456
Less: Amortised during the year	300,200,559	0	300,200,559
Net carrying amount as at March 31, 2014	373,154,500	27,579,387	400,733,887

The total cost of content as at March 31, 2014 is R 400,733,887. 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 working capital loan of ₹ 50,000,000 which has been squared-off during the year.

NOTE 34

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

NOTE 35

Segment information

The consolidated financial statements are divided into two business segment viz content and wellness. This business segments have been identified in line with Accounting Standard (AS) 17 "Segment Reporting". Segment revenue results include amounts identifiable to each segment for consolidated purpose. Other 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	389,352,346	18,846,685	408,199,031
Inter segment	0	0	0
Total revenue	389,352,346	18,846,685	408,199,031
Expenditure			
Cost of content	273,729,004	0	273,729,004
Purchase of stock in trade	0	0	0
Changes in inventories of finished goods,	26,471,555	0	26,471,555
Employee benefit expense	9,290,046	0	9,290,046
Finance cost	3,900,703	860,960	4,761,663
Depreciation	1,895,651	1,442,638	3,338,289
Other expenses	43,542,137	26,678,132	70,220,269
Total expenditure	358,829,096	28,981,730	387,810,826
Result	30,523,250	(10,135,045)	20,388,205
Add: Other income	20,706,642	744,142	21,450,784
Segment results	51,229,892	(9,390,903)	41,838,989
Profit before tax	51,229,892	(9,390,903)	41,838,989
Current tax	13,372,752	0	13,372,752
Profit before deferred tax	37,857,140	(9,390,903)	28,466,237
Deferred tax	(8,194,294)	(2,023,315)	(10,217,609)
Profit after tax	46,051,434	(7,367,588)	38,683,846
Other information:			
Segment assets	1,023,887,433	23,217,089	1,047,104,522
Segment liabilities	217,426,142	(98,567)	217,327,575
Depreciation	1,895,653	1,442,636	3,338,289

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

- Key managerial personnel
 - Pallab Bhattacharya – Wholetime Director and CEO
 - Rangita Pritish Nandy – Wholetime Director and Creative Director
 - Harshawardhan Sabale – CEO, Digital and Television
 - Rupali Vaidya – Company Secretary
- Non-Executive Directors and their relatives
 - Pritish Nandy – Non-Executive Chairman
 - Rina Pritish Nandy – Non-Executive Director
 - Udayan Bose – Non-Executive, Independent Director
 - Nabankur Gupta – Non-Executive, Independent Director
 - Vishnu Kanhere – Non-Executive, Independent Director
 - Tapan Chaki – Non-Executive, Independent Director
(Resigned w e f April 1, 2014)
 - Hema Malini – Non-Executive, Independent Director
 - Ishita Pritish Nandy – daughter of Non-Executive Chairman

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

		2013-14	2012-13
		In ₹ lakh	
Key management personnel	Nature of transaction		
	Remuneration/ Reimbursement	39.73	32.37
	Balance outstanding as at year end		
	Payable	4.34	2.41
Non-Executive directors and their relatives	Remuneration/ Reimbursement/ sitting fees	18.40	17.00
	Professional fees	60.00	60.00
	Balance outstanding as at year end		
	Payable	10.37	10.46

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED CASH FLOW STATEMENT

PRITISH NANDY COMMUNICATIONS LTD
THE 21ST ANNUAL REPORT AND ACCOUNTS 2014

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NOTE 37

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

NOTE 38

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 39

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2014.

NOTE 40

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

NOTE 41

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

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended March 31, 2014	
	March 31, 2014 ₹	March 31, 2013 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	41,838,989	(61,479,682)
Bad debts written off	1,050,000	0
Depreciation	3,338,289	3,385,174
Diminution in value of investments	1,900	1,773,650
Advances written off	11,969	0
Preliminary expenses written off	0	23,560
Provision of taxes	17,500,000	0
Finance charges	4,761,663	10,035,090
Loss on sale of assets	2,846,412	2,765,860
Foreign exchange rate difference - income	0	(26,945)
Foreign exchange rate difference - expense	0	82,440
Sundry creditors balances written back	(2,839,964)	(526,054)
Interest on fixed deposit	(18,020,631)	(15,108,337)
Operating cash flow before working capital changes	50,488,627	(59,075,244)
Adjusted for:		
Cinematic and television content	26,289,847	12,723,437
Trade receivable	(865,193)	42,388,761
Changes in long term loans and advances	84,374,776	(74,986,879)
Changes in short term loans and advances	(14,926,347)	(138,891)
Changes in other current assets	5,137,710	(3,553,508)
Trade payables	19,652,175	(2,780,826)
Other current liabilities	(210,701,168)	201,300,690
Cash generated from operations	(40,549,573)	115,877,540
Taxes paid	(1,069,453)	(96,766)
Net cash from/ (used) operating activities	(41,619,026)	115,780,774
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,487,344)	(7,226,580)
Sale of fixed assets	56,990	1,672,611
Changes in investments	0	0
Changes in minority interest	(20,500)	0
Interest on fixed deposit	18,020,631	15,108,337
Foreign exchange rate difference - income	0	26,945
Foreign exchange rate difference - expense	0	(82,440)
Net cash used in investing activities	13,569,777	9,498,873
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,200,000	1,079,000
Repayment of borrowings	(58,873,805)	(4,134,179)
Finance and other charges paid	(4,761,663)	(10,035,090)
Net cash used in financing activities	(60,435,468)	(13,090,269)
Net changes in cash and cash equivalents (A+B+C)	(88,484,717)	112,189,378
Cash and cash equivalents- opening balance	259,270,880	147,081,502
Cash and cash equivalents- closing balance	170,786,163	259,270,880

Notes

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

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

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2014

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholtime Director and CEO

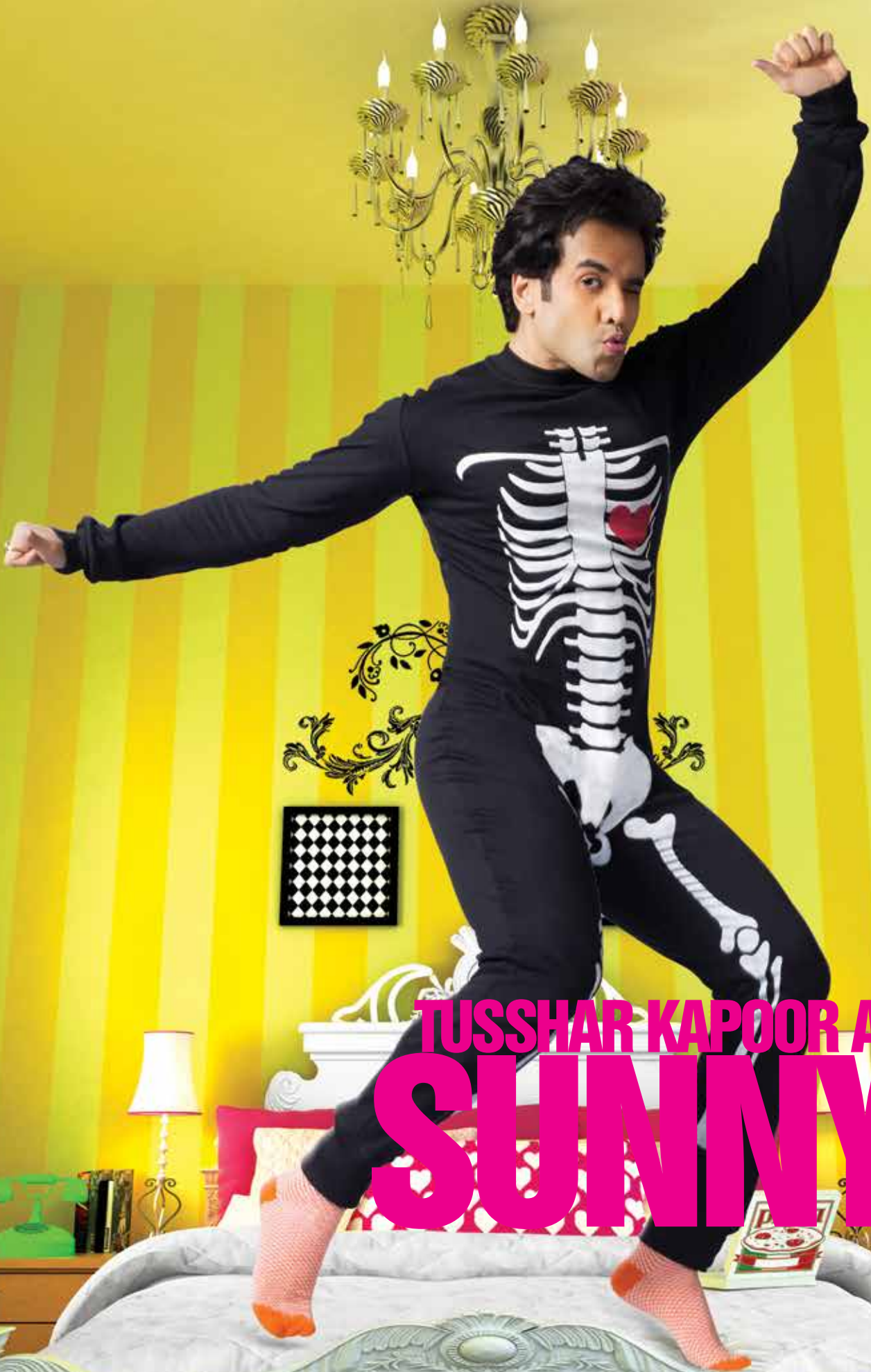
Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2014

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

COMING SOON: PNC'S NEW FILM MASTIZAADE



TUSSHAR KAPOOR AS
SUNNY

Notice is hereby given that the 21st Annual General Meeting of the members of Prithish Nandy Communications Ltd (CIN L22120MH1993PLC074214) will be held on the 19th day of September, 2014 at 3.00 pm at Walchand Hirachand Hall, 4th floor, LMN Indian Merchant Chambers Building, IMC Marg, Churchgate, Mumbai 400020 to transact the following business:

ORDINARY BUSINESS

- To consider and adopt
 - The audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon;
 - The audited consolidated financial statement of the Company for the financial year ended March 31, 2014.
- To appoint a Director in place of Rangita Prithish Nandy who retires by rotation and being eligible, offers herself for re-appointment.
- To appoint a Director in place of Pallab Bhattacharya who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint 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. 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 K R Khare & Co, Chartered Accountants (Firm Registration Number 105104W), the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors in consultation with the Audit Committee of the Company.”

SPECIAL BUSINESS

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

Re-appointment of Mr Pallab Bhattacharya (DIN 00008277) as Wholtime Director and CEO.

“RESOLVED THAT

- In accordance with the provisions of sections 196, 197, 203 read with schedule V, all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company; and
- subject to the approval of central government, if required and such other consents and approvals, as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Pallab Bhattacharya (DIN 00008277) as Wholtime Director and CEO of the Company for a further period of 5 years w e f February 18, 2015 to February 17, 2020 on the remuneration and other terms and conditions as set out in the agreement to be 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.
 - Perquisites: 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.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions and/ or remuneration from time to time, within the limits specified under schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Pallab Bhattacharya as minimum remuneration with the approval of the central government, if required.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Re-appointment of Ms Rangita Prithish Nandy (DIN 00005690) as Creative Director.

“RESOLVED THAT

- In accordance with the provisions of sections 196, 197, 203 read with schedule V, all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company; and
- subject to the approval of central government, if required and such other consents and approvals, as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Rangita Prithish Nandy (DIN 00005690) as Creative Director of the Company for a further period of 5 years w e f January 31, 2015 to January 30, 2020 on the remuneration and other terms and conditions as set out in the agreement to be 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.
 - Perquisites: 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.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions and/ or remuneration from time to time, within the limits specified under schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Rangita Prithish Nandy as minimum remuneration with the approval of the central government, if required.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- To re-appoint Dr Vishnu Kanhere (DIN 00999861) as an Independent Director and in this regard 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 sections 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the

time being in force) and Clause 49 of the Listing Agreement, Dr Vishnu Kanhere (DIN 00999861), who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

- To re-appoint Mr Nabankur Gupta (DIN 00020125) as an Independent Director and in this regard 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 sections 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr Nabankur Gupta (DIN 00020125), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

- To re-appoint Mr Udayan Bose (DIN 00004533) as an Independent Director and in this regard 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 sections 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr Udayan Bose (DIN 00004533), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

- To re-appoint Ms Hema Malini (DIN 00873390) as an Independent Director and in this regard 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 sections 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Ms Hema Malini (DIN 00873390), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019, not liable to retire by rotation.

By Order of the Board

Rupali Vaidya
Company Secretary
Mumbai, August 12, 2014

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

NOTES

- A member entitled to attend and vote at the Annual General Meeting (the ‘Meeting’) is entitled to appoint a proxy to attend and vote on poll instead of himself and such a proxy need not be a member of the Company. The instrument appointing a proxy, in order to be valid, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.**

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.

- 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.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order names will be entitled to vote.
- The Company has already announced closure of register of members and share transfer books of the Company from September 10, 2014 to September 19, 2014 (both days inclusive) for the purpose of annual book closure.
- Members desirous of seeking any information at the Annual General Meeting are requested to send in their request(s) so as to reach the registered office of the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied to.
- All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days, except Saturdays, between 11 am and 1 pm upto the date of the Annual General Meeting.
- 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.
- Pursuant to section 101 and section 136 of the Companies Act, 2013 read with relevant rules framed thereunder, Companies can serve Annual Reports and other communications through electronic mode to those shareholders of the Company who have registered their email address either with the Company or with the Depository. The Securities and Exchange Board of India (SEBI) has also permitted listed entities to supply soft copies of full Annual Reports to all those shareholders who have registered their email addresses for the purpose as per the requirements of clause 32 of the Listing Agreement executed with the stock exchanges. Henceforth, the email addresses registered by the shareholders: (a) in respect of shareholding in demat mode with the respective Depository Participant which will be periodically downloaded from NSDL/ CDSL and (b) in respect of physical holding - through a written request letter to the Registrar and Share Transfer Agent of the Company M/s Link Intime India Pvt Ltd; will be deemed to be the registered email address for serving all notices and other documents. Members are therefore requested to keep their email addresses updated in case of electronic holding with their respective Depository Participant and in case of physical holding with the Registrar and Share Transfer Agent of the Company. Members who have not registered their email addresses so far are requested to register their email address so that they can receive Annual Report and other communications from Company electronically. The Annual Report of your Company for the Financial Year 2013-2014 will also be displayed on the website of the Company i.e. www.pritishnandy.com. As a member of the Company you will be entitled to be furnished, free of cost, an Annual Report of the Company upon receipt of a written request from you.

9. The dividend for the financial years 2006-07 and 2007-08 declared at the Annual General Meeting held on September 6, 2007 and September 17, 2008 respectively can be claimed on or before September 5, 2014 and September 16, 2015 respectively. Members who have not yet encashed their dividend warrants may send the same to the Company's Registrar and Share Transfer agent for revalidation and encash it before the said date. Members are requested to note that no claims shall lie against the Company or the Investor Educations and Protection Fund in respect of any amounts which were unpaid or unclaimed for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
10. At the ensuing Annual General Meeting Pallab Bhattacharya and Rangita Prithish Nandy are 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 Listing Agreement entered into with the stock exchanges regarding the Directors who are proposed to be appointed/ re-appointed are given herein below

Rangita Prithish Nandy, Creative Director of the Company was appointed in the Annual General Meeting dated September 30, 2010. Ms Nandy is an Executive Director in the Company. She is a golden alumni of HR College of Commerce and Economics, Mumbai and has specialized in advertising, sales management and sales marketing from the same college. Prior to joining PNC at an early age, Ms Nandy has trained in advertising and marketing at Ogilvy & Mather and Percept Advertising. She joined PNC in 1999 to design and manage the production of its television shows and events. She also prepared the essential groundwork for the Company's foray into the motion picture business. Currently she heads the Company's creative functions, supervises and manages the in-house production team, greenlights the Company's cinematic projects and oversees strategic PR and marketing for the Company and its products. She is also a member of the Company's Corporate Leadership Team.

Other directorships of Ms Nandy are PNC Digital Ltd (Formerly known as PNC Productions Ltd), Ideas.com India Private Ltd, Sarvakala India Private Ltd and Studio PNC Private Ltd. She holds 193,500 shares in the Company. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Pallab Bhattacharya, Wholetime Director and CEO of the Company is associated with the Company since November 1995 and was re-appointed at the Annual General Meeting held on September 29, 2011. 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 33 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 PNC in 1995 and is currently Chairman of the Corporate Leadership Team and also looks after the Company's day-to-day affairs and administration.

Other directorships of Mr Bhattacharya are PNC Digital Ltd (Formerly known as PNC Productions Ltd) and PNC Wellness Ltd. Mr Bhattacharya is a member of the Stakeholders' Relationship Committee (Formerly - Shareholders'/ Investors' Grievances Committee) of the Company. He holds 30,500 shares in the Company. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

11. Brief profile of Independent Directors who are proposed to be re-appointed is given herein below:

Dr Vishnu Kanhere, is a practising chartered accountant and a qualified cost accountant. He holds a PhD in Management from Jannalal Bajaj Institute of Management Studies, University of Mumbai. He is also a Certified Fraud Examiner (Association of Certified Fraud Examiners, USA), a Certified Information Systems Auditor (Information Systems Audit & Control Association, USA), certified in the Governance of Enterprise IT – CGEIT (USA) and IRCA (UK) accredited auditor for 9001:2008 Quality Management System. His expertise in finance, commerce and information technology provides valuable inputs to the Company. The author of a book on Software Valuation, Dr Kanhere is known in academic circles for his research on valuation techniques for intangible corporate assets.

Other directorships of Dr Kanhere are PNC Digital Limited (Formerly known as PNC Productions Ltd) and Tilaknagar Industries Ltd.

Dr Kanhere holds 2,000 equity shares in the Company as a member of his HUF.

The Board commends the Ordinary Resolution set out at Item No 7 of the Notice for approval by the shareholders.

Nabankur Gupta has graduated from IIT Delhi in 1970 in Electrical Engineering. He joined Philips from the campus and was subsequently trained in Europe in Advanced Marketing Management (St. Gaillon France) and underwent an Advanced International Management Programme at Gronendal Philips Institute, Netherlands. In 1989 joined the Videocon group. He spent 11 years with Videocon as an Executive Director responsible for Business Development, Marketing & Sales, Foreign Collaborations, Manufacturing Strategy, HR and Corporate Communications. Advertising Age International, New York, recognized him for this successful initiative by awarding him with the title of "Marketing Superstar". He joined the Raymond Group as Group President and board member in 2000. He continues to be on the Raymond board and in 2005, started his own brand and strategy consulting practice.

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

Mr Gupta has been actively associated with the Pan IIT Alumni association. He is on the board of SINE (an organization set up by IIT Bombay) as a representative of the senate of IIT Bombay.

Other directorships of Mr Gupta are Raymond Ltd, JK Helene Curtis Ltd, Cravatex Ltd, Magma Fincorp Ltd, PNC Wellness Ltd, VIP Industries Ltd, Bharat Business Channel Ltd, Quantum Advisors Pvt Ltd, Blue Ocean Capital and Advisory Services Pvt Ltd and Gomukhi Indus Capital Advisory Pvt Ltd.

Mr Gupta holds 26,702 equity shares in the Company.

The Board commends the Ordinary Resolution set out at Item No 8 of the Notice for approval by the shareholders.

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

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

The Board commends the Ordinary Resolution set out at Item No 9 of the Notice for approval by the shareholders.

Hema Malini is a renowned classical dancer, a famous actress with a rich and successful repertoire of films to her credit and is a Member of the Parliament (Lok Sabha). From 2000 to 2003, she was

Chairman of the National Film Development Corporation of India, a government organization formed to encourage and promote Indian cinema worldwide. In 2000, she was awarded the Padma Shri for her contribution to cinema and performing arts.

She is also director on the board of Hema Malini Entertainment Pvt Ltd.

The Board commends the Ordinary Resolution set out at Item No 10 of the Notice for approval by the shareholders.

12. 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.

13. Voting through electronic means:

In compliance with provisions of the 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 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd (CDSL).

The instructions for members for voting electronically are as under

In case of members receiving e-mail

- Log on to the e-voting website www.evotingindia.com
- Click on "Shareholders" tab.
- Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- Now enter your user ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 character DP ID followed by 8 digits client ID,
 - Members holding shares in physical form should enter folio number registered with the Company.
- Next enter the image verification as displayed and click on login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:
 - Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
 - 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.
 - 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.

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
- For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant company name on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "click here to print" option on the voting page.
- 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.
 - 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.
 - They should submit a scanned copy of the registration form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the board resolution and power of attorney which they have issued in favor of the custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- The voting period begins on September 9, 2014 at 9.00 am and ends on September 11, 2014 at 6.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Mr Kishor Khare, practicing Chartered Accountant has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

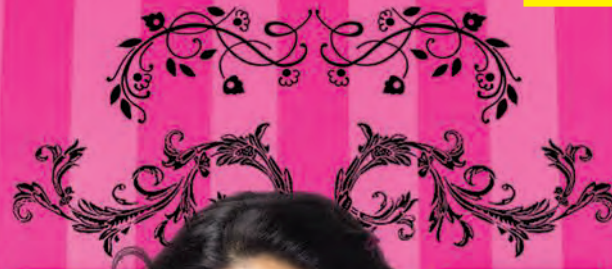
By Order of the Board

Rupali Vaidya
Company Secretary
Mumbai, August 12, 2014

COMING SOON: PNC'S NEW FILM MASTIZAADE



SUNNY LEONE AS LILY



THE 21ST ANNUAL REPORT AND ACCOUNTS 2014

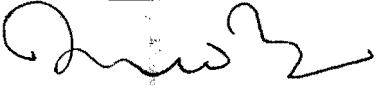
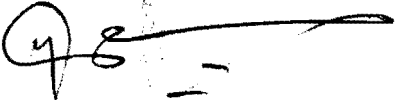
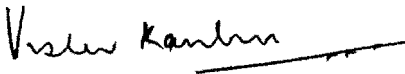
PRITISH NANDY COMMUNICATIONS

THE POWER OF ENTERTAINMENT.



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

Sr no	Name of the Company	Pritish Nandy Communications Limited
1.	Annual Financial Statement for the year ended	March 31, 2014
2.	Type of Audit observation	<p>Emphasis of Matter</p> <p>1. Auditor has drawn attention to note no 32 of the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantees of Rs 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 at this stage. The opinion of Auditor is not qualified in respect of this matter.</p> <p>Board of Directors Response: Directors of the Company in the Directors' Report have stated that the matter referred to in segment relating to emphasis of matter by the independent auditors in their report have been clarified in note no 32 to financial statements is self explanatory and reproduced below</p> <p>Note 32 on financial statement: Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of Rs 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the 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 Sikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India supports Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Long Term Loans and Advances".</p> <p>This arbitration proceeding originally commenced in the financial year 2000-2001.</p> <p>2. Auditor has drawn attention to note 38 of the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to Rs 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this.</p> <p>Auditors relied on the same and consequently no provision of any amount there against is made at this stage. The opinion of Auditor is not qualified in respect of this matter.</p> <p>Board of Directors Response: Directors of the Company in the Directors' Report have stated that the matter referred to in segment relating to emphasis of matter by the independent auditors in their report have been clarified in note no 41 of financial statements is self explanatory and reproduced below.</p> <p>Note 38 on Financial Statements - Loans and Advances of Rs 46,753,181 includes: i) Rs 15,000,000 advanced against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights and ii) Rs 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances i) The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending hearing and disposal and ii) the Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing these amounts as "Long Term Loans and Advances".</p> <p>This legal proceeding commenced in 2004.</p>

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