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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of Pritish Nandy Communications Limited will be held at Cama Hall, Opposite Lion Gate, Shahid Bhagat Singh Road, Mumbai 400 023 on Friday, September 19, 2003 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Pallab Bhattacharya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

5. RESOLVED THAT pursuant to provisions of Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms Rangita Pritish-Nandy, who is the daughter of Mr Pritish Nandy, Non-Executive Chairman and Mrs Rina Pritish Nandy, Director of the Company, to hold and continue to hold an office or place of profit under the Company with the designation of Executive Producer with effect from April 1, 2003 at a monthly remuneration of Rs 25,000 together with other benefits and perquisites applicable to other employees occupying similar posts with authority to Wholtime Director at his discretion to give increments as he may deem fit and proper, subject to the maximum remuneration of Rs 49,000 per month.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to the aforesaid Resolution.

By order of the Board

Rajesh Rao
Company Secretary

Mumbai, July 31, 2003

NOTES:

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from September 12, 2003 to September 19, 2003 both days inclusive.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
- c. The instrument appointing proxy should be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- d. The Dividend, if declared, would be made payable on or after October 15, 2003 to the shareholders whose names stand on the Register of Members on September 12, 2003.
- e. Members who hold shares in physical form are requested to notify promptly any change in their addresses to the Company's Registrars and Transfer Agents. Members who hold shares in demat mode are requested to notify promptly any change in their address to their depository Participants.
- f. The Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Ms Rangita Pritish-Nandy has been associated with the Company since August 1999. She studied Commerce at the HR College and has completed a course in design and animation at Edit Institute. She worked as an Advertising and Management Trainee at Percept Advertising and Ogilvy & Mather before joining the Company in August 1999 to design and produce the Company's entertainment and content products. Presently she leads the creative function of the Company and supervises the in-house production team.

As per Section 314(1)(b) of the Companies Act, 1956, in case any relative of a Director is appointed to a place of profit with a monthly remuneration exceeding Rs 10,000, it shall require the members approval at the General Meeting. Ms Rangita Pritish-Nandy is a daughter of Mr Pritish Nandy, Non-Executive Chairman and Mrs Rina Pritish Nandy, Director of the Company and hence the Resolution at Item No 5. The Board recommends the said Resolution for your approval.

Except Mr Pritish Nandy and Mrs Rina Pritish Nandy, no other Director is deemed to be concerned or interested in the said Resolution.

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By order of the Board

Rajesh Rao
Company Secretary

Mumbai, July 31, 2003

Additional Information pursuant to Clause 48 VI of the Listing Agreement:

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting:

Mr Pallab Bhattacharya

Mr Pallab Bhattacharya, Wholetime Director, is an Arts Graduate with a Diploma in Printing Technology from Jadavpur University. He has around 20 years of wide ranging experience in media management: from publishing and printing technology to television productions. He joined The Times of India in 1983 as a management trainee and worked there for eight years. In 1991, he left as Senior Production Manager to join The Observer as Chief Manager, Operations. In 1995, he joined PNC as General Manager, Operations and has been wholetime Director since February, 2000.

Other Directorship details

- 1) PNC Productions Ltd
- 2) PNC International FZ-LLC

THE EXECUTIVE COMMITTEE

Pallab Bhattacharya
Wholetime Director

Siddhartha Das
Chief Operating Officer

Ashok Bhattacharya
Chief Financial Officer

Rangita Pritish-Nandy
Executive Producer

Yatender Verma
General Manager, Finance & Compliances

Bobbie Ghosh
General Manager, Production

Raj Mallik
General Manager, Marketing

Elton Menezes
General Manager, Wellness

PRITISH NANDY COMMUNICATIONS LTD
10TH ANNUAL REPORT
YEAR 2002-2003

BOARD OF DIRECTORS

Pritish Nandy, Chairman
Sriram Chander
Sharokh Sabavala
Satyajit Mitra
Rina Pritish Nandy
Pallab Bhattacharya, Wholetime Director

COMPANY SECRETARY

Rajesh Rao

AUDITORS

Jaideepsingh P Deore & Co
Chartered Accountants

BANKERS

Standard Chartered Bank
Breach Candy Mumbai 400 036

REGISTERED OFFICE

206 Centre Point Dr Ambedkar Road Parel Mumbai 400 012

CORPORATE OFFICE

87/88 Mittal Chambers Nariman Point Mumbai 400 021

THE FIRST 10 YEARS

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	Year ended									
	31.3.94	31.3.95	31.3.96	31.3.97	31.3.98	31.3.99	31.3.00	31.3.01	31.3.02	31.3.03
	Rs in lakh									
PROFIT AND LOSS ACCOUNT										
Total turnover	60.29	269.48	570.89	754.71	841.82	855.58	1409.68	1560.62	2039.20	4136.54
Total expenditure	57.80	228.81	391.93	594.57	798.63	664.45	1083.17	1057.91	1790.75	3926.13
Profit before taxation	2.49	40.67	178.96	160.14	43.19	191.13	326.51	502.71	248.45	210.41
Provision for taxation	1.50	17.75	68.00	51.50	8.00	27.00	85.00	40.00	73.31	47.48
Net profit	0.99	22.92	110.96	108.64	35.19	164.13	241.51	462.71	175.14	162.93
Dividend (%)	180	200	200	10	10	20	20	20	10	7.5
BALANCE SHEET										
Net block	8.00	8.66	87.26	90.27	112.70	164.34	160.42	321.73	596.55	705.45
Investments	9.56	25.25	51.76	89.99	89.99	89.99	133.68	2209.68	1037.67	973.09
Current assets (net)	(16.78)	(7.82)	(2.82)	262.66	580.24	661.96	1430.28	3235.46	4388.80	4466.06
Miscellaneous expenditure	0.31	0.28	0.24	0.21	0.78	0.59	3.98	263.24	233.24	203.24
Application of funds	1.09	26.37	136.44	443.13	783.71	916.88	1728.31	6030.11	6256.26	6347.84
Borrowings	0.00	0.00	0.00	160.83	316.37	310.47	0.00	16.23	118.85	131.98
Paid-up capital	0.40	0.40	0.40	60.00	100.00	100.00	785.00	1046.70	1046.70	1046.70
Reserves	0.69	25.97	136.04	222.30	367.34	506.41	943.31	4967.18	4861.43	4907.45
Net worth	0.78	26.09	136.20	282.09	466.56	605.82	1724.33	5750.64	5674.89	5750.91

CHAIRMAN'S STATEMENT

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I welcome you here today, to your Company's 10th AGM.

The first decade is always the most difficult in the life of a Company and PNC is no exception to this universal rule. I find it therefore appropriate to use this historic occasion to introspect on the past and talk about the future of your Company as it appears from today's vantage point.

As the founder of your Company my dream was to create an organization where the finest professionals can work and flourish and realize their true potential. I chose the area of content because that was the only thing I knew, having worked in the media and entertainment industry for over a decade. So I invested what I could afford-- Rs 40,000 to be precise-- after serving The Times of India Group for nine years as its Publishing Director and Editor—to set up PNC. That was not just the initial paid up capital. It was the paid up capital for almost four years, till the first private investor came in to invest in your Company. Since then, we have grown steadily-- not spectacularly-- and tried to put in place the building blocks for the country's first professionally run content house.

I wish we had the resources to grow quicker. But not too many people in those days believed that content had a serious future. Few people believed that the media and entertainment business was capable of serious corporatisation. This business is being taken seriously and has grown so big only in the past five years. Despite that, there are not too many investors who have an appetite for the kind of business risks that the content business is fraught with. Or, at least, is believed to be fraught with. The banks are not exactly supportive either. Nor are the financial institutions. As a result, your Company had no option but to grow entirely on the basis of profits generated from the business, which is not exactly the quickest way to realize your true potential. But we struggled on. We made profits year on year. We paid out dividends year on year. We won critical acclaim for the quality of our work and even though we were never very big in size, we acquired a reputation for excellence that is unmatched in the business.

It is this reputation that stood us in good stead when Morgan Stanley lead managed our initial public offering in 2000. We sold our shares at a premium and listed at an even higher premium. But the markets became choppy soon thereafter and, like all the other companies in this business, we too lost market cap very substantially. This disappointed us, true. But it did not stop us from doing all the things that we actually wanted to. Over the past two years since we listed on the bourses, your Company has steadfastly pursued all its stated objectives. From the tiny boutique content company that we were for the first seven years, we have now—in two years-- scaled up to become one of the most prolific content producers in the country.

The past two years, unfortunately for everyone in this industry, were particularly difficult and, therefore, challenging. The entire industry went through a sea change and the success rate of content in the theatres was less than 5 per cent. The music business was also seriously hit by piracy. Margins were squeezed by distributors. Costs have gone up. What is worse, the traditional investors have lost confidence because they cannot understand where the business is going. Most analysts and newspapers have described these years as the worst in the history of the business. Your Company has, however, bravely faced these vicissitudes and continued to do its business with circumspection and a reasonable degree of success. Margins were not easy to sustain. But the topline has grown almost threefold and both profits have been made and dividends distributed—on the now much larger shareholder base. We have also won, in the past year, not just critical acclaim for our content but also 133 award nominations from all over the world—which is an all time record.

Your Company has had four successful music albums in a row. *Sur*, *Kaante*, *Jhankaar Beats* and *Mumbai Matinee* have all been on the top ten music charts. In fact, for a while, almost simultaneously—which makes for yet another industry record. We also broke quite a few box office records and, above all, successfully produced content that redefined the industry and won new audiences for quality movies.

The Stardust Awards honoured PNC as the *Hottest Producer of the Year*. The Bollywood Fashion Awards in New York paid tribute to us as the *Most Stylish Producer of the Year*. Congressman Frank Pallone of the Indo-US Caucus gave us the trophy for the *Production House of the Year* at the Bollywood Movie Awards in the Trump Taj Mahal in Atlantic City. At the forthcoming Bollywood Music Awards, also at the Trump Taj Mahal, we have got 16 out of 30 nominations in the movie music category. These are all setting new records in the industry. Apart from these awards as a production house, your Company has won the top awards for talent, music and technical excellence in many awards functions held in India and different parts of the world. This includes the Filmfare Awards, the Star Screen Awards, the Sansui Viewers Choice Movie Awards, the RAPA Awards, the V Shantaram Awards and several others.

If you tot up the actual numbers, you will find that we have set critical standards that are truly unmatched in the industry. We have also produced films in joint venture with international production houses. We have attempted crossover products. We have successfully distributed our content in association with one of the world's most respected studios, 20th Century Fox. In fact, the first Hindi film to be ever distributed by Fox is a PNC production, *Jhankaar Beats*, one of this year's more successful films.

CHAIRMAN'S STATEMENT

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Yet, despite all this, your Company has not been entirely successful in meeting the ambitious performance targets it had set for itself. There were several reasons for this, most of them determined by environmental considerations. When cricket fever is at its peak, conventional wisdom demands that we stay away from releasing any other content products. There were also industry slowdowns because of confrontations between producers and distributors. Political uncertainty also delays releases because you cannot release different territories separately due to piracy fears. 9/11 hurt overseas sales for a longish while. The Gujarat conflict delayed releases. So did other circumstances. Yet, despite all this, your Company performed reasonably well on most parameters. This was entirely due to the commitment and dedication of those who run its day to day operations.

What does the future hold for your Company? Great opportunities, I would like to believe. The media and entertainment business is back to growing apace not just in India but all over the world and your Company is extremely well poised, as on date, to take advantage of the opportunities this offers. The markets are likely to grow. So are emerging technology platforms like broadband, DTS, and others, opening up as it always does, new revenue sources for content companies who are in control of their IPRs. This strengthens your Company's viewpoint that making slave productions for broadcasters—where copyrights do not belong to the creators—is not conducive for sustained growth and profitability in the long run. Your Company believes that the creativity business is eventually all about owning rights and that is why we have so much value retained in our archives. For us, this is your Company's single most precious asset.

Today, your Company has a large number of productions on stream. Our objective is to gain critical mass and emerge as the key player in the cinematic content space. We are almost there. Given the availability of adequate resources and a stable environment, there is no reason why we cannot meet all our business objectives. Audiences approve of our content. Prestigious international festivals invite us to showcase our films. Our list of awards is awesome. The best talent in the land works with us, shoulder to shoulder. Your Company is today entirely professionally run and I, as the non-executive Chairman, advise the professionals on creative issues wherein lie the few skills that I possess. With such a strong team in place, I am confident your Company is all set to go places. With investors coming back to the bourses, I am sure new opportunities for growth will also open up.

In coming months you are likely to see directors of the caliber of Deepa Mehta, Aparna Sen, David Dhawan, Sudhir Mishra, Sanjay F Gupta, Anant Balani, Abbas Mustan, Mahesh Manjrekar, Saurabh Shukla, Meghna Gulzar, Abhisekh Kapoor, Anirban and Tanuja Chandra making films for your Company. The themes are varied. The actors and technicians are among the best in the industry. With your Company's skills in bringing together and managing such talent, I am convinced that brand PNC will soon be an undisputed leader in this business. We owe this success entirely to corporatization, which is at the heart of our performance. This is what sets us apart from everyone else. The importance we give to corporate business practices. We respect creativity but, at the same time, we believe that our primary task is to enhance shareholder wealth.

We will have to wait for another ten years to celebrate such an occasion again. That is why I would like to use this opportunity to thank everyone—investors, employees, friends and business associates, actors, directors, technicians—who have worked unselfishly and committed their best efforts to taking your Company where it is today. I am only its founder. They are its real builders. You must applaud their achievements and give them the credit that is due to them.



Pritish Nandy, Chairman, Pritish Nandy Communications
receives the Production House of the Year award from Congressman
Frank Palone at the Bollywood Movie Awards in Atlantic City, USA

DIRECTORS' REPORT

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To

The Members

Your Directors have pleasure in presenting their Tenth Annual Report on the business and operations of the Company and the audited financial accounts for the year ended March 31, 2003.

FINANCIAL HIGHLIGHTS

Turnover increased from Rs 1775 lakh to Rs 4022 lakh. A comparative study of the past five years shows sustained performance in an increasingly competitive business environment.

Rs in lakh

Particulars	Year ended				31.3.2003
	31.3.1999	31.3.2000	31.3.2001	31.3.2002	
Income from operations	790.27	1,223.79	1,340.13	1775.36	4021.93
Other income	48.93	185.89	220.49	263.84	114.61
Total turnover	839.20	1,409.68	1,560.62	2039.20	4136.54
Total expenditure	648.07	1,083.17	1,057.91	1790.75	3926.12
Profit before taxation	191.13	326.51	502.71	248.45	210.41
Provision for current tax	27.00	85.00	40.00	9.20	15.05
Net Profit after current tax	164.13	241.51	462.71	239.25	195.36
Provision for deferred tax	0.00	0.00	0.00	64.11	32.43
Net Profit after tax	164.13	241.51	462.71	175.14	162.93
Dividend (%)	20	20	20	10	7.5
Transfer to reserves	25.00	30.00	50.00	16.40	13.50
Prior period adjustment	3.06	4.60	2.81	11.06	28.33
Balance in profit and loss a/c	291.24	41.91	221.12	385.20	211.65
Paid up capital	100.00	785.00	1,046.70	1046.70	1046.70
Earning per share	16.41	3.02	4.39	1.57	1.29
Book value per share	60.64	21.97	54.94	54.22	54.94

PERFORMANCE

Pre tax profit from the operations of the Company amounted to Rs 210 lakh in this fiscal as compared to Rs 248 lakh in 2001-2002. During the year efforts were directed to achieve topline growth. However, profit after current tax amounted to Rs 195 lakh as compared to Rs 239 lakh in the previous year. A provision of Rs 32 lakh has been made for deferred tax.

Two of the Company's cinematic content projects, Sur and Kaante, were released worldwide during the year under review. The Company also managed to reexploit its television library. As customary for last so many years, your Company held the Annual Sansui Viewers' Choice Movie Awards held in Mumbai this year.

The Company continued its thrust in events and theme places. Sin, the Café at Moksh, which opened in September, has, in a short span of time, become very popular. Moksh, the New Age wellness place, continues to maintain its prime position as one of Mumbai's finest theme destinations. Your Company is yet to finalise moving Moksh into a hundred per cent subsidiary. Setting up theme centres at other venues and cities are also under consideration.

Jhankaar Beats, released worldwide in June 2003, was well received and should add to the Company's bottom line in financial year 03-04. Two more of your Company's content projects, Mumbai Matinee and Hazaron Khwahishein Aisi are ready for release. There are several other projects at various stages of development.