

	Year ended									
	31.3.01	31.3.02	31.3.03	31.3.04	31.3.05	31.3.06	31.3.07	31.3.08	31.3.09	31.3.10
	in ₹ lakh									
PROFIT AND LOSS ACCOUNT										
Total turnover	1,560.62	2,039.21	4,136.54	3,188.08	3,586.43	3,480.25	3,950.07	3,384.11	1,533.11	1,506.87
Total expenditure	1,057.91	1,790.75	3,926.13	2,738.14	2,927.84	2,781.58	3,366.89	2,349.39	1,727.99	1,734.27
Profit/ (loss) before taxation	502.71	248.46	210.41	449.94	658.59	698.67	583.18	1,034.72	(194.88)	(227.40)
Provision for taxation	40.00	9.20	15.05	27.20	53.48	62.58	69.76	172.85	3.29	0.18
Net profit/ (loss)	462.71	239.26	195.36	422.74	605.11	636.09	513.42	861.87	(198.17)	(227.58)
Provision for deferred tax	0.00	64.12	32.43	162.82	194.06	234.12	236.71	200.66	(26.49)	11.86
Dividend (%)	20	10	7.5	10	10	10	10	10	0	0
BALANCE SHEET										
Net block	321.73	596.55	705.45	705.59	675.87	571.92	221.00	165.09	164.29	177.15
Investments	2,209.68	1,037.67	973.09	1,275.55	285.10	746.47	405.59	140.18	140.18	140.18
Current assets (net)	3,235.46	4,388.80	4,466.06	5,159.90	5,866.69	6,539.26	9,668.96	10,661.57	10,452.67	10,694.04
Miscellaneous expenditure	263.24	233.24	203.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total application of funds	6,030.11	6,256.26	6,347.84	7,141.04	6,827.66	7,857.65	10,295.55	10,966.84	10,757.14	11,011.37
Borrowings	16.23	118.85	131.98	827.62	188.30	703.35	161.68	139.45	129.88	648.79
Deferred tax liabilities	0.00	229.28	261.71	424.53	614.77	848.88	1,085.61	1,286.27	1,259.78	1,271.64
Paid up capital	1,046.70	1,046.70	1,046.70	1,046.70	1,046.70	1,046.70	1,446.70	1,446.70	1,446.70	1,446.70
Reserves	4,967.18	4,861.43	4,907.45	4,842.19	4,977.89	5,258.70	7,601.57	8,094.42	7,920.78	7,644.24
Net worth	5,750.64	5,674.89	5,750.91	5,888.89	6,024.59	6,305.40	9,048.27	9,541.12	9,367.48	9,090.94

To
The Members

Your Directors present the 17th Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 1506.87 lakh as compared to ₹ 1533.11 lakh last year and the Company incurred a loss of ₹ 227.40 lakh before tax as compared to a loss of ₹ 194.88 lakh before tax in the preceding year.

in ₹ lakh

Particulars	31.3.2006	31.3.2007	Year ended 31.3.2008	31.3.2009	31.3.2010
Income from operations	3,369.00	3,881.82	3,073.20	1,285.39	1314.03
Other income	111.25	68.25	310.91	247.72	192.84
Total turnover	3,480.25	3,950.07	3,384.11	1,533.11	1506.87
Total expenditure	2,781.58	3,366.89	2,349.39	1,727.99	1734.27
Profit before taxation	698.67	583.18	1,034.72	(194.88)	(227.40)
Provision for current tax	60.20	65.82	170.35	0.39	0.18
Profit after current tax	638.47	517.36	864.37	(195.27)	(227.58)
Fringe benefit tax	2.38	3.94	2.50	2.90	Nil
Provision for deferred tax	234.12	236.71	200.66	(26.49)	11.85
Net profit after tax	401.97	276.71	661.21	(171.68)	(239.43)
Dividend (%)	10	10	10	Nil	Nil
Transfer to reserves	40.02	24.97	65.68	Nil	Nil
Prior period adjustment (net)	1.81	27.02	4.38	1.96	37.11
Balance in Profit and Loss account	676.15	731.60	1,153.48	979.84	703.30
Paid up capital	1,046.70	1,446.70	1,446.70	1,446.70	1446.70
Earning per share	3.82	2.36*	4.54	(1.20)	(1.91)
Book value per share	60.24	62.54	65.95	64.75	62.84

*weighted average of basic and diluted EPS

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

2009-2010 has been a difficult year for the global and domestic media and entertainment industry. In India itself, the industry suffered largely due to low overall demand and declining advertising spends. Very few movies succeeded at the box-office during this period and the revenues from non-theatrical streams were also severely affected.

Given the difficult market scenario, the turnover and profitability of your Company was hurt. All efforts on reducing expenditures, re-costing of in-development projects and economizing payroll expenses continued. During this period the management has tried its level best to reduce the impact of this downturn and maximize returns at all levels. The downturn is expected to correct itself soon and your Company is ready to play a leading role in this new period.

APPROVAL FROM THE MINISTRY OF CORPORATE AFFAIRS

The making of content requires various types, qualities and quantities of raw material, talent and inputs in different denominations. Due to the multiplicity and complexities of these items it is not practicable to maintain quantitative records as the process of making content is not amenable to the same. Therefore, the Company made an application to the Ministry of Company Affairs seeking exemption under section 211(4) of the Companies Act, 1956 from giving quantitative details in the financial statements of the Company as required under Para 3 and 4 of part II of schedule VI to the Companies Act, 1956. The Ministry granted the said exemption vide letter number 46/ 16/ 2010-CL-III dated January 20, 2010 for the financial year ending on March 31, 2010.

DIVIDEND

Considering the financial results of your Company, the Directors do not recommend dividend for the year ended March 31, 2010.

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 2010-2011 have been paid.

FIXED DEPOSITS

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

SUBSIDIARIES

The Company has two subsidiaries namely PNC Productions Ltd and PNC Wellness Ltd. The Ministry of Corporate Affairs has granted its approval vide letter number 47/ 42/ 2010-CL-III dated February 5, 2010 under section 212(8) of the Companies Act, 1956 exempting the Company from the applicability of section 212(1) of the Companies Act, 1956 in respect of both these subsidiaries. Accordingly, the Balance Sheet, Profit and Loss Account 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 giving financial information of the entire group for the current fiscal. The financial information of the subsidiary companies, as required by the said approval, 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 Productions Ltd.

CORPORATE GOVERNANCE

The Company complies with clause 49 of the listing agreement. 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.pritishnandyc.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 Auditor's certificate on the compliance of corporate governance requirements of clause 49 of the listing agreement is given elsewhere in this report.

QUALITY AND SYSTEMS CONTROL

The Company has set up internal systems to meet and maintain the highest standards of quality in its business and is certified to be ISO 9001:2000 compliant by SGS of UK, the world's biggest inspection company since July 2004. Ever since, the Company's systems have been annually audited, meeting every required obligation, for the annual renewal of this ISO certification.

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

- 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;
- 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, 2010 and of the loss of the Company for the year ended on that date;
- 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
- that they have prepared the accounts on a going concern basis.

DIRECTORS

Tapan Chaki was appointed as additional Director with effect from July 28, 2010. Mr Chaki holds office as an additional Director upto the ensuing Annual General Meeting of the Company. The Company has received notice from a member of the Company signifying his intention to propose the candidature of Mr Chaki for the office of Director.

Udayan Bose 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 above Directors is furnished in the notice of the ensuing Annual General Meeting and also forms part of the corporate governance report in this annual report.

Harshwardhan Sabale, independent Director of the Company resigned on August 31, 2009.

AUDITORS

The auditors, Jaideepsingh P Deore & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as statutory auditors.

AUDITOR'S REPORT

The auditors have invited reference to a) note no B(7) of Schedule 19 regarding reliance being placed on legal opinion obtained by the Company that the bank guarantee encashed in the year ended March 31, 2001 of ₹ 75,050,000 in respect of the marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against and b) note no B(20) of Schedule 19 to the accounts in respect of loans and advances aggregating to ₹ 46,753,181 where the Company has initiated recovery proceedings. 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 consequent non-provision of any amount there against at this stage.

Your Directors' confirm that the references invited by the auditors in their report have been clarified in note no B(7) and note no B(20) of Schedule 19: Notes to the accounts forming part of the Balance Sheet and Profit and Loss Account, which are self explanatory and reproduced below. Your Directors concur with the non-provisioning of any amount there against.

Note no B(7)- Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January, 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as Sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharti as "Loans and Advances".

Note no B(20)- 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on management discussion and analysis is enclosed as an annexure to this report.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

Your Directors have taken note of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs (MCA) in December 2009. The Company is committed to maintaining the highest standards of corporate governance and is compliant with all the mandatory standards. The Board would consider adopting the relevant provisions of the said voluntary guidelines at an appropriate time.

PERSONNEL

There were no employees drawing remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956. Therefore, the details as required by the provisions of the aforesaid section of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002 are not applicable.

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

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

FILM AWARDS AND FESTIVALS

Your Company has received critical acclaim as well as awards and award nominations for its movies.

During the year, PNC movies have been officially selected at the following film festivals:

HBO's New York South Asian International Film Festival 2009: Raat Gayi Baat Gayi, Fatso

Cairo International Film Festival, Egypt 2009: Saluun

14th International Film Festival of Kerala 2009: Ek Tho Chance

Indian Film Festivals of Los Angeles 2010: Fatso

43rd Annual Worldfest Houston 2010: Ek Tho Chance, Saluun

Tongues on Fire, 12th London Asian Film Festival 2010: Ek Tho Chance

23rd Singapore International Film Festival 2010: Ek Tho Chance

1st London Indian Film Festival 2010: Ek Tho Chance

Las Vegas International Film Festival 2010: Saluun

Mexico International Film Festival 2010: Fatso

13th Shanghai International Film Festival 2010: Fatso

3rd Annual I View International Film Festival, New York 2010: Ek Tho Chance

Awards received:

Best Film Award at HBO's New York South Asian International Film Festival 2009: Raat Gayi Baat Gayi

Special Jury Award for Best Film in Foreign Features at 43rd Worldfest Houston 2010: Ek Tho Chance

Silver Remi Award for Best Film in Comedy Features at 43rd Worldfest Houston 2010: Saluun

Golden Ace Award for Outstanding Film Making by a First Time Director at Las Vegas International Film Festival 2010: Saluun

Golden Palm Award as Special Recognition for Standout Film Making at Mexico International Film Festival 2010: Fatso

BRAND PNC

Brand Finance, the UK-based brand valuation experts, last valued the Pritish Nandy Communications brand at ₹ 265.30 crore in January 2007. The Brand Council, an independent authority on branding, named Pritish Nandy Communications as the first Superbrand among motion picture companies. Brand PNC received an overall average score that puts it within the top 10 per cent of all brands across all segments and categories. The score was arrived at by tabulating consumer responses which were then scrutinized by members of The Brand Council which selects Superbrands in India.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Mumbai, July 28, 2010

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

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, 2010		March 31, 2009	
		Rupees	Foreign Currency	Rupees	Foreign Currency
1.	Total foreign exchange earned	243,888	Received in ₹	Nil	Nil
2.	Total foreign exchange used				
a.	On import of raw material and capital goods	Nil	Nil	Nil	Nil
b.	Expenditure in foreign currencies on travel, subscription, etc	248,993	US\$ 5,100	648,800	US\$ 15,000
		Nil	Nil	598,150	€ 10,000
		268,800	£ 3,500	209,150	£ 3,000
c.	Dividend remitted in foreign currencies	Nil	Nil	Nil	Nil

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

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

	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
	Financial year ended on	March 31, 2010 (₹)	March 31, 2010 (₹)
1.	Capital	600,000	5,000,000
2.	Reserves	4,500,000	1,279,940
3.	Total assets	25,274,451	6,279,940
4.	Total liabilities	25,274,451	6,279,940
5.	Details of investments		
	Rural Electrification Bond and interest thereon	Nil	2,607,812
6.	Turnover (including other income)	23,004,352	169,232
7.	Profit/ (loss) before taxation	(2,557,248)	70,329
8.	Provision for taxation	(684,371)	24,000
9.	Profit/ (loss) after taxation and priors years adjustments	(1,872,877)	112,384
10.	Proposed/ interim dividend	Nil	Nil

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES

	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
1.	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
2.	The financial year of the Company ended/ ending on	March 31, 2010	March 31, 2010
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	60,000	496,850
b.	Extent of holding in equity Shares	100%	99.37%
5.	The net aggregate amount of the subsidiary's profit/ (losses) not dealt with in holding Company's accounts		
a.	Current year	₹ (1,872,877)	₹ 112,384
b.	Previous year	₹ 1,093,686	₹ 22,983
6.	The net aggregate amount of the subsidiary's profit/ (losses) dealt with in holding Company's accounts		
a.	Current year	Nil	Nil
b.	Previous year	Nil	Nil

For and on behalf of the Board of Directors

Mumbai, July 28, 2010

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Hit by the global meltdown, the real global economic growth was negative even in FY 2009-10. However, the global economy in the latter part of the year started showing signs of recovery. Supportive actions by the government helped in the country's economic recovery process though uncertainties still prevail.

2009-2010 has been a difficult year for the global and domestic media and entertainment industry. In India itself, the industry suffered largely due to low overall demand and declining advertising spends. Very few movies succeeded at the box-office during this period and the revenues from non-theatrical streams were also severely affected.

Given the difficult market scenario, the turnover and profitability of your Company was hurt. All efforts on reducing expenditures, re-costing of in development projects and economizing payroll expenses continued. During this period the management has tried its level best to reduce the impact of this downturn and maximize returns at all levels.

The media and entertainment industry and PNC though having potential for enormous growth has been dealt another blow through levy of service tax on licensing of specified copyrights viz temporary transfer or permitting use or enjoyment of any copyright other than original literary, dramatic, musical and artistic work and copyrights of cinematographic films and sounds. Though the constitutional levy of service tax on the above said items is being challenged by industry associations the outcome is presently uncertain.

This downturn is expected to correct itself soon and your Company is ready to play a leading role in this new period.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

a. CONTENT

PNC maintains its presence in almost all areas of the content business, continuing to make movies which drive cinema halls and television channels, including new technology platforms like DTH and IPTV, as well as packaged entertainment products like music CDs, cassettes and DVDs. As digital technology and the telecom sector opens up new delivery systems, PNC's opportunities to create and disseminate new motion picture products grow. Over the past few years, many new platforms have emerged and these will redefine the future of the entertainment business. Telecom companies are looking at VAS products for handhelds. Broadband is slowly but surely arriving on the scene, as a serious platform for delivering motion picture content. IPTV has opened up. DTH subscriptions have grown exponentially.

The profile of the business dynamics is also changing. Indian movies have become a part of the global mainstream. Hollywood Studios are investing in Indian movies and taking them to international markets. Many hybrid productions have taken place and a new kind of cinema has emerged to replace the traditional Bollywood formula film. PNC continues to maintain its presence in this space, reaching out to young and new generation audiences with content that addresses their vision and expectations.

The year under review was a period of caution. Active content production continued but abundant caution was exercised in every area of the business to ensure that losses were minimized. Acquired content rights were exploited. Releases of completed films were held back to get their right commercial value. To generate revenues content rights of films released in earlier years were re-leased to international broadcasters for global distribution. Apart from consolidating its production business, PNC also dealt in TV content and is developing a new genre of animation movies with global partners.

Content will continue to remain PNC's main focus in coming years. PNC aims to grow its presence in the new emerging platforms for movie content to give brand PNC global reach and visibility. To achieve this, it has joined hands with a major global sales agent, London-based High Point Films.

b. WELLNESS

Moksh, The Wellness Place at Breach Candy, a wholly owned PNC subsidiary, continues to look for expansion possibilities. Options to generate additional financial resources required to grow this unique and well established product into a chain of wellness places nationwide are being examined.

2. RISKS, CONCERNS AND THREATS

PNC's model of de-risking the content business, dependent on continuously shifting audience tastes, by adopting a business model of allowing others to exploit PNC films against minimum guarantees paid to PNC for short-term leases is facing resistance in the current adverse content market environment as distributors are finding it difficult to pay monies upfront. As a result PNC has had to shift focus from creation of content to first recovering its investment in content prior to or at the time of release. Transferring risks to professional distribution partners is becoming difficult and a substantial part of the commercial risk now remains attached to the producer. PNC however plays a vital role in designing the marketing and release of its films.

By continuing with its multi-product portfolio approach, the Company is trying to 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, which includes all the department heads, examines and clears each project for implementation.

4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's financial performance viewed in the backdrop of the global meltdown is not comparable with past years. It continues to make movies to meet audience expectations. Currently the focus of the Company is to return to growth and profitability.

5. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

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

6. CAUTIONARY STATEMENT

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

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

This means ensuring accountability, efficiency, 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, 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.pritishnandy.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 with the stock exchanges where the securities issued by the Company are listed. The Board has 8 directors as on March 31, 2010, of whom 6 are non-executive and 2 are wholetime Directors. All 6 non-executive Directors are eminent professionals with specialist experience. Wholetime Directors in the Company have grown from the ranks.

During 2009-10, the Board met 5 times: on May 22, 2009, June 29, 2009, July 28, 2009, October 24, 2009 and January 28, 2010. 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, 2010.

Director (Designation)	Category	Number of Board meetings attended	Whether last AGM attended	Number of other Company's directorships*, Committee+ memberships and chairmanship		
				Director	Committee Member	Committee Chairman
Pritish Nandy** (Chairman)	Promoter, Non-Executive Director	5	Yes	1	-	-
Udayan Bose	Independent, Non-Executive Director	4	Yes	2	-	1
Nabankur Gupta	Independent, Non-Executive Director	5	Yes	9	2	2
Hema Malini	Independent, Non-Executive Director	1	Yes	-	-	-
Harshawardhan Sabale	Independent, Non-Executive Director	1#	No	NA	NA	NA
Rina Pritish Nandy**	Promoter, Non-Executive Director	5	Yes	1	-	-
Vishnu Kanhere	Independent, Non-Executive Director	5	Yes	2	1	-
Pallab Bhattacharya (Wholetime Director and CEO)	Executive Director	5	Yes	3	-	-
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	5	Yes	2	-	-

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

+Committee includes only two committees: Audit Committee and Shareholders/ Investors Grievances Committee of other public companies.

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

#Resigned w.e.f. 31.08.2009. Participated in 1 meeting out of 3.

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 members or chairman are in compliance with clause 49 of the listing agreement.

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

Udayan Bose, independent Director of the Company was re-appointed at the Annual General Meeting held on September 6, 2007.

Mr Bose is a first class Honours Graduate from Presidency College, Calcutta, Fellow of the Chartered Institute of Bankers, UK and he pursued the Advanced Management Program at Harvard Business School. With over 39 years of experience in banking covering commercial banking, investment banking, international finance, project finance and capital markets in India, Singapore, USA, Germany and the UK, he started his career with the National & 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 was the Chairman of The Calcutta Stock Exchange and Chairman of Thomas Cook India. Presently, he is the Chairman of Kantilal Chhaganlal Group's investment banking arm, KC Corporate Finance.

Other directorships of Mr Bose are JK Paper Ltd, Creditcapital Finance Ltd, Tamara Capital Advisors Private Ltd, Bikrampur Investment & Trading Private Ltd, Earl Investments Private Ltd, Merwanjee Trading Company Private Ltd and KC Corporate Finance Advisors Private Ltd.

Mr Bose is Chairman of the Audit committee of JK Paper Ltd and member of the Audit committee of your Company.

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

Rangita Pritish Nandy is Creative Director on the Board of the Company. She was re-appointed as a Director at the Annual General Meeting held on September 6, 2007.

Ms Nandy holds the status of an executive Director in 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 Productions Ltd, PNC Sippy Media Ltd, Ideas.com India Private Ltd, Sarvakala India Private Ltd and Studio PNC Private Ltd.

Ms Nandy does not hold membership or chairpersonship of any committees.

She holds 93,500 shares in the Company. She is the daughter of Pritish Nandy and Rina Pritish Nandy, directors of the Company. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Tapan Chaki, independent Director, was appointed as an additional Director of the Company at the Board meeting held on July 28, 2010 in terms of Article 121 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Being an additional Director, Mr Chaki will hold office only upto the date of the ensuing Annual General Meeting. He is eligible for appointment. The Company has received a notice in writing from a member alongwith a deposit of ₹ 500 for proposing the candidature of Mr Chaki for the office of Director of the Company as per Section 257 of the Companies Act, 1956.

Mr Chaki is a commerce graduate from Calcutta University and a corporate communications consultant with excellent media relationships. A weekly sports columnist in The Telegraph, Calcutta's largest circulated English daily; he was the Asian Age's publisher in all editions at its inception.

Other directorships of Mr Chaki are Nicco Parks and Resorts Ltd and Meridian Advertising Private Ltd.

Mr Chaki is a member of the Audit and Remuneration committee of Nicco Parks and Resorts Ltd.

Mr Chaki does not hold any shares in the Company in his individual capacity. The Board recommends his 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, 2010, the Audit Committee consists of Vishnu Kanhere as Chairman, Udayan Bose and Nabankur Gupta. 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. Nirav Joshi, Company Secretary acts as Secretary of the Audit Committee.

During the year 2009-10, the Audit Committee met 5 times: on May 22, 2009, June 29, 2009, July 28, 2009, October 24, 2009 and January 28, 2010. Attendance of committee members during the year 2009-10 is as under.

Name of member	Attendance	May 22, 2009	June 29, 2009	July 28, 2009	October 24, 2009	January 28, 2010
Vishnu Kanhere (Chairman)	5	Yes	Yes	Yes	Yes	Yes
Udayan Bose	4	Yes	Yes	Yes	Yes	No
Nabankur Gupta	5	Yes	Yes	Yes	Yes	Yes
Harshawardhan Sabale#	1	Yes	No	No	NA	NA

#Resigned w.e.f. 31.08.2009. Participated in 1 meeting out of 3.

4. REMUNERATION COMMITTEE

Constitution of the Remuneration Committee and the terms of reference specified by the Board to the committee are as per the requirements of listing agreement and Schedule XIII of the Companies Act, 1956. During the year 2009-10, the committee met on June 29, 2009 and all members of the committee, consisting of Chairman Vishnu Kanhere and members Nabankur Gupta and Harshawardhan Sabale were present. All members of the committee including the Chairman are independent Directors. Nirav Joshi, 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 a sitting fee of ₹ 10,000 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 re-appointed for a period of 5 years commencing February 18, 2010. He was entitled to a salary of ₹ 105,000 per month. Mr Bhattacharya has been paid a total remuneration of ₹ 877,685 for the year ended March 31, 2010.

Rangita Pritish Nandy, Creative Director was re-appointed for a period of 5 years commencing January 31, 2010. She was entitled to a salary of ₹ 96,000 per month. Ms Nandy has been paid a total remuneration of ₹ 802,455 for the year ended March 31, 2010.

Wholtime Directors of the Company are entitled to annual increments, as decided by the Board, effective from 1st April every year. Annual increments are merit based and take into account the Company's performance. The 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 XIII of the Companies Act, 1956.

Shareholdings of the Non-Executive Directors of the Company

Of the 6 non-executive Directors, only promoter Directors Pritish Nandy and Rina Pritish Nandy holds 3,152,196 (21.79%) and 625,000 (4.32%) equity shares of the Company respectively. Dr Kanhere holds 2,000 shares as a Karta of his HUF. The other 3 independent Directors, Udayan Bose, Nabankur Gupta and Hema Malini do not hold any shares of the Company in their individual capacity as on March 31, 2010.

5. SHAREHOLDERS/ INVESTORS GRIEVANCES COMMITTEE

Shareholders/Investors Grievances Committee is constituted under the chairmanship of independent Director, Vishnu Kanhere and Pallab Bhattacharya is its member.

Nirav Joshi, 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 balance sheet and non-receipt of dividends. The Committee also oversees the performance of the Registrar and 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.

During the year 12 investor's requests were received and processed. There are no investor complaints pending as on March 31, 2010.

6. GENERAL BODY MEETINGS

Year	Location	Date and Time
Annual General Meeting(s)		
2006-2007	MC Ghia Hall, Mumbai 400001	September 6, 2007 at 11.00 PM
2007-2008 ⁺	MC Ghia Hall, Mumbai 400001	September 17, 2008 at 3.00 PM
2008-2009	MC Ghia Hall, Mumbai 400001	September 16, 2009 at 3.00 PM
Extra-Ordinary General Meeting*		
2006-2007	MC Ghia Hall, Mumbai 400001	February 14, 2007 at 3.30 PM

*Extra-Ordinary General Meeting was held to obtain members approval to authorise the Board of Directors for increasing the authorised share capital of the Company from ₹ 15 crore to ₹ 20 crore and issue of further securities through Qualified Institutional Placement to Qualified Institutional Buyers in terms of Chapter XIII A of SEBI (DIP) Guidelines, 2000 and subject to necessary compliances and/or approvals as needed in one or more tranches upto an aggregate amount not exceeding ₹ 50 crore, issue of share warrants to entities belonging to promoter group by means of special resolutions. All the special resolutions were unanimously passed at the said EGM.

+At the Annual General Meeting held on September 17, 2008 a special resolution under section 314 of the Companies Act, 1956 for office of Ishita Pritish Nandy, Vice President, Creative Services was passed.

Apart from the above, no special resolution(s) have been passed in the above-mentioned Annual General Meetings of the Company or through postal ballots process during the year ended March 31, 2010.

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.
- Whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee. - It being a non-mandatory requirement, the Company has not adopted this policy. However, no personnel has been denied access to the Audit Committee.
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause. - The Company has complied with all mandatory requirements of clause 49 of the listing agreement. The Company has constituted a Remuneration Committee, which is a non-mandatory requirement.

8. MEANS OF COMMUNICATION

- The unaudited quarterly financial statements, audited annual financial statements and quarterly shareholding pattern are posted on the website of the Company, www.pritishnandycom.com. The website also carries official news about the Company's upcoming activities.
- The quarterly unaudited and annual audited financial statements are generally published in all editions of the Financial Express and Dainik Sagar, Mumbai, a vernacular Marathi daily. All the material information(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.

9. GENERAL SHAREHOLDER INFORMATION

- 9.1 Annual General Meeting

Date and time	: September 30, 2010 at 3:00 PM
Venue	: MC Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubhash Marg, Mumbai 400001
- 9.2 Financial calendar (tentative) for financial year : April 1, 2010 to March 31, 2011
 - Board meetings to consider financial results

Held on July 28, 2010	: Results for the first quarter
Before November 14, 2010	: Results for the second quarter
Before February 14, 2011	: Results for the third quarter
Before May 30, 2011	: Results for the fourth quarter and year ending March 31, 2011
 - Annual General Meeting : September, 2011
- 9.3 Date of book closure : September 25, 2010 to September 30, 2010 (both days inclusive)
- 9.4 Dividend payment date : Not applicable
- 9.5 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
- 9.6 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	
- 9.7 The Company's share price performance in comparison to broad based indices: BSE SENSEX, NSE NIFTY

Period (As on March 31, 2009 and March 31, 2010)	% change in Company's share price	% change in Indices
BSE-SENSEX	106.14%	80.54%
NSE-NIFTY	103.26%	73.76%