

“We tell *stories.*”

PRITISH NANDY COMMUNICATIONS LTD

THE POWER OF ENTERTAINMENT

VIDYA BALAN

FOR SHAADI KE SIDE/EFFECTS



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COMMUNICATIONS LTD

www.pritishnandycom.com

FARHAN AKHTAR AND VIDYA BALAN CAPTURED BEHIND THE SCENES IN GOLD COAST, AUSTRALIA
FOR THE SOON TO BE RELEASED SHAADI KE SIDE/EFFECTS

“

Shooting for Shaadi ke Side Effects has been a thoroughly enjoyable process. Vidya is an amazing actress, everybody knows that. Just to work with her and do so many scenes with her has been a great learning for me and has helped me take back a lot from this experience.

**It's been a very
exciting time.”**

FARHAN AKHTAR ON ZOOM TV

Pritish Nandy Communications Ltd
20th Annual Report and Accounts
2012/2013

Board of Directors

Pritish Nandy/ Chairman
Udayan Bose
Nabankur Gupta
Hema Malini
Rina Pritish Nandy
Dr Vishnu Kanhere
Tapan Chaki
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 and CEO, Chairman Rangita Pritish Nandy/ Creative Director
Rupali Vaidya/ Company Secretary Yatender Verma/ Vice President, Finance, Compliances & Legal Affairs
Ishita Pritish Nandy/ Chief Brand Strategist Anoop Kumar/ Chief Production Officer
Mahesh Vyas/ Chief Manager, Accounts Kishor Palkar/ Chief Manager, Accounts
Shakti Mishra/ Senior Manager, Sales and Business Development

PNC is an equal opportunities employer. There are 9 members in the Corporate Leadership Team that run the affairs of the Company. The Corporate Leadership Team has an average age of 40, combining youth and experience. Members of the CLT have been with PNC for an average of 10 years, demonstrating continuity and effective HR. Most members of the team have risen from the ranks.



Today, more than ever before, life must be
characterized by a sense of

**Universal
responsibility.**

Not only nation to nation and human to
human but also human to other forms of life.

THE DALAI LAMA AT WCD 2012



ANIL KAPOOR, WAYNE PACELLE, HIS HOLINESS THE XIV DALAI LAMA, CHETAN BHAGAT, PRITISH NANDY AND PARESH MAITY
AT WORLD COMPASSION DAY 2012, A PRITISH NANDY COMMUNICATIONS BRAND

I welcome you to your Company's 20th Annual General Meeting. It is a great pleasure being here with all of you again.

Last year when we met, I told you that after several difficult years the motion picture industry, which had been facing de-growth for a while, looked all set to improve. You will be happy to know that this has indeed happened. According to the Ficci-KPMG 2013 Report, the Indian media and entertainment industry grew 12.6 per cent last year to touch ₹ 82,000 crore despite overall slowdown in consumer spending. The industry is estimated to achieve a growth of 11.8 per cent in 2013 to touch ₹ 91,700 crore. Going forward, the sector is projected to grow at a healthy CAGR of 15.2 per cent to reach ₹ 1,66,100 crore by 2017. The report attributes this to, among other things, the stellar performance of the film industry during the year.

Your Company has had a busy year too. We have been in production, making one of the biggest films in our portfolio, a sequel to one of the most successful films in the PNC library. Two of the industry's most accomplished actors come together for the first time in this film and the anticipation from the film has been so high that we got a co-producer to underwrite the entire cost of production as well as the A&P costs which, in today's market, can be anything between 30 to 50 per cent of the cost of production. This is a significant achievement for your Company which hopes to release the film, under normal circumstances, in the third or fourth quarter of the current financial year. Your Company is also ready to go on the floor with two new productions in the coming year, both of which have been scripted and are currently in the process of cast finalization.

This has been possible because despite the overall economic slowdown which has hurt market sentiment across the board, the film industry has been able to sustain itself and grow. In fact, statistics claim that we have had more films crossing the ₹ 100 crore target at the box office during the past year than we have had in the past five years. This is a remarkable achievement for an industry that still languishes from the shortage of institutional funding and adequate State support. What has made things even more difficult is the vast array of taxes that strangle its growth potential. While many nations of the world are wooing Indian film makers with financial assistance and tax breaks to go out there and make movies, we continue to face problems here at home. Shooting permissions are required from multiple authorities. Taxes are hurting, and they come in at so many levels that an independent production house like yours finds it difficult to cover input costs and make movies at an affordable price.

The State also appears to ignore the fact that film making is actually a team effort creatively put together and co-ordinated by a production house, not by independent talent. The existing royalty laws are currently being reframed in a manner that will only benefit certain privileged individuals, thereby subverting the notion of creative teamwork that goes into making a film. Individual talent, however brilliant, cannot drive an entire movie. What drives it is the passion of many people working together in perfect synchronicity. This is the task of a production house to ensure, apart from bringing together the creative and financial resources that reach movies to 14 million Indians in the theatres every day. By insisting on rewarding a few individuals and ignoring the collective responsibility of the production house that makes the movie, the Government has misunderstood the very process of film making and made it an unnecessarily complex business in an era in which most nations are trying to encourage the creative arts and allow self employed talent to flourish freely.

Censorship is another issue. Every successive generation wants to be more liberal, and expects movies to be in sync with their beliefs and attitudes. This is not what is happening in this country today. Censorship norms remain far too rigid and outdated. But more worrisome than the censorship norms are what tiny outrage groups attempt to do under the pretext of protecting certain religious, moral, regional, caste interests. The larger vision of India, a great nation with a great liberal tradition, is often subverted under these pressures. So is the creative freedom we all aspire for. It is time more liberal laws were framed, not just to make our movies reach out to larger audiences in India and overseas but also to encourage all forms of creative expression to flourish and grow. The objective of the State should be to provide nurturance to talent and encourage the young generation to seek their livelihood in more creative pursuits. That is how young Indians will grow, mature, become the brave new face of this nation. That is also how future generations will remember us. Not just as another manufacturing nation or as a marketplace for trade but as a nation bustling with original ideas, fresh talent, and creative excellence that can challenge the best in the world.

The spectacular rise of new media has brought many new challenges, many new opportunities. Your Company, like others, is exploring these. The film currently on the floor is probably the last one we will be making on celluloid. The future now lies in digital. We are changing our processes, our creative strategies to accommodate the dramatic change in technology and the many new ways in which our consumers are now buying into entertainment products. Multiplex theatre screens are constantly increasing and we have now reached 11 screens per million Indians. But, if you compare that with 120, as in the US, you will realize that we have much further to go if we want to catch up. Television has gone almost entirely digital high def. Music is being consumed in many new ways today. So are motion pictures. And as cell phone technology rapidly changes and reaches consumers in the deepest interiors of this country, the nature of our products will also transform, the menu card will enlarge every day as new consumers demand new innovations, new products in their own languages, catering to their different cultural needs. As connectivity and bandwidth grows, your Company will find new markets to explore. Your movies will find new platforms to reach newer audiences.

While the year under review may not have been as rewarding as we would have liked it to be, the current year already looks stronger and we are confident coming years will be better.

No Chairman's Statement can be ever complete without thanking all the stakeholders in our business. Those who work for us; those who support us; and those who cheer us on. Our shareholders, our bankers, our clients, our consumers, our business associates, our partners and all members of Team PNC who make it possible to take your Company ahead, towards new goals, new tasks, new aspirations.

Our 21st year is a good time to renew our commitment to all of you.

To
The Members

Your Directors present the 20th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 262.43 lakh as compared to ₹ 586.55 lakh for the preceding year. The Company incurred a loss of ₹ 533.10 lakh before tax as compared to a loss of ₹ 321.61 lakh before tax in the preceding year.

Particulars	Year ended	
	March 31, 2012	March 31, 2013
Revenue from operations	449.35	104.49
Other income	137.20	157.94
Total revenue	586.55	262.43
Total expenditure	908.16	795.53
Profit/ (loss) before taxation	(321.61)	(533.10)
Provision for current tax	Nil	Nil
Profit/ (loss) after current tax	(321.61)	(533.10)
Provision for deferred tax	(13.73)	8.37
Net profit/ (loss) after tax	(307.88)	(541.47)
Dividend (%)	Nil	Nil
Transfer to reserves	Nil	Nil
Balance in statement of profit and loss	277.33	(264.14)
Paid up capital	1,446.70	1,446.70
Earning per share	(2.13)	(3.74)
Book value per share	59.89	56.15

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The year 2012 was a challenging year for the Company. The Company continued its efforts to minimise losses and preserve capital.

The Company's new film project Shaadi Ke Side/ Effects commenced production this year and its principal photography is almost over.

DIVIDEND

Considering the financial results, your Directors do not recommend a dividend for the year ended March 31, 2013.

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 2013-2014 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. As per section 212 of Companies Act, 1956 it is required to include the Directors' Report, Balance Sheet and Statement of Profit and Loss of the subsidiaries in the Annual Report. The Ministry has granted general exemptions vide circular no. 2/2011 dated 08.02.2011 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 forming part of this Annual Report. 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 and 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 this 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 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.pritishnandycom.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 and was certified to be ISO 9001:2000 compliant by SGS of UK, the world's biggest inspection company in July 2004. Since then, it has been regularly systems audited every year and has met all its required obligations to obtain the annual renewal of the ISO certification, which is in process.

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 representations 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, 2013 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

Udayan Bose and Tapan Chaki 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.

AUDITORS

KR 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 224(1B) of the Companies Act, 1956 and they are not disqualified from such appointment in terms of section 226 of the Companies Act, 1956.

AUDITORS' REPORT

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

"We draw attention to note no 33 of 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 arbitration proceedings are ongoing since 2008. 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 no 41 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 ₹ 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 no 33 and note no 41 of notes to the accounts forming Part of Balance Sheet and Statement of Profit and Loss, which are self explanatory and reproduced below.

Note 33 - 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 41 - 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 2012-2013, as specified by the Central Government, shall be filed with the Registrar of Companies within time prescribed.

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 and 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, 2011 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.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

BRAND PNC

Brand Finance, the UK-based brand valuation experts, last valued the Prithish Nandy Communications brand at ₹ 265.30 crore in January 2007. The Brand Council, an independent authority on branding, named Prithish 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 all 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

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 27, 2013

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, 2013	March 31, 2012
1.	Total foreign exchange earned	₹ 8,119,886 (USD 151,365)	0
2.	Total foreign exchange used		
a.	On import of raw material and capital goods	0	0
b.	Expenditure in foreign currencies on travel, participation fees, subscription, etc	₹ 406,372 (US\$ 7,400) 0	₹ 101,500 (US\$ 2,000) ₹ 211,840 (GBP 2,800)
		₹ 366,972 (Euro 5,219)	₹ 657,262 (Euro 9,620)
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 APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

	Name of Subsidiary Company	PNC Wellness Ltd	PNC Productions Ltd
	Financial year ended on	March 31, 2013 (₹)	March 31, 2013 (₹)
1.	Capital	6,600,000	5,000,000
2.	Reserves	5,214,374	1,556,662
3.	Total assets	37,987,418	61,889,764
4.	Total liabilities	37,987,418	61,889,764
5.	Details of investments	0	0
6.	Turnover (including other income)	18,833,471	277,416
7.	Profit/ (loss) before taxation	(8,352,488)	182,873
8.	Provision for taxation	(2,580,918)	56,653
9.	Profit/ (loss) after taxation	(5,771,570)	126,220
10.	Proposed/ interim dividend	0	0

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES NAMED BELOW

	Name of Subsidiary	PNC Wellness Ltd	PNC Productions Ltd
2.	The financial year of the Company ended on	March 31, 2013	March 31, 2013
3.	Date from which it became a subsidiary	April 27, 2006	October 17, 1996
4.	Shares of the Subsidiary Company held by Prithish Nandy Communications Ltd on the above date		
a.	Number of Equity shares	660,000	4,96,850
b.	Extent of holding in Equity shares	100%	99.37%
c.	Face value of share	₹ 10	₹ 10
5.	The net aggregate amount of the subsidiary's profit/ (loss) not dealt with in holding Company's accounts		
a.	Current year	₹ (5,771,570)	₹ 126,220
b.	Previous year's figure	₹ (2,595,177)	₹ 108,274
6.	The net aggregate amount of the subsidiary's profit/ (loss) dealt with in holding Company's accounts		
a.	Current year	0	0
b.	Previous year's figure	0	0

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, May 27, 2013

OVERVIEW

The global economy in FY 2012-13 improved gradually although not to the extent expected. The Media and Entertainment industry in India registered an overall growth in a rather challenging environment. The Management continued its efforts to minimize losses and preserve capital.

The media and entertainment industry and PNC have enormous potential for growth. The outlook on the media and entertainment industry is positive with emerging platforms expected to give a boost to the industry and PNC is well placed to play a significant role. The government too has been supportive by exempting the temporary transfer of copyright relating to original literary, dramatic, musical, artistic work and cinematographic films exhibited in cinema halls from the levy of Service tax in the Finance Bill 2013.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

a. CONTENT

PNC continues to maintain its presence in the content business. With the growth of multiplexes and increase in number of screens 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 opportunities available to PNC and media and entertainment industry to create and distribute new content products continues to grow. Emerging platforms are opening up new avenues of revenue for the entertainment business. Broadband, IPTV and DTH subscriptions are growing exponentially. Content consumption on cellular phones is also increasing.

The business dynamics of the entertainment industry continues to change. The revenue model of the industry is highly dependent on audience acceptance and preferences relating to content products. PNC continues to adopt and redesign its content to reflect the vision, dreams and aspirations of Indians all over, including the diaspora. Indian content is finding appreciation and new viewers worldwide. Imported content is also enjoying popular viewership in mainstream Indian cinema.

The year under review was a period of redesigning and consolidating our content strategies. Active content production continued but abundant caution was exercised in every area of the business to ensure that your Company does not continue to suffer losses. The feature film *Fatso!* was released in theatres and was well received although its box office performance was not up to the expectations of the Company. PNC divested a share of the IPR in *Fatso!* to generate revenue and to minimize the risks associated with the theatrical release. PNC also dealt in some content rights. *Rajya Sabha TV's* quickies of 60 and 90 seconds are in the process of being commissioned for production.

In November 2012 PNC along with the Humane Society International, based in Washington DC, USA organized an event called World Compassion Day 2012 in Mumbai. His Holiness the 14th Dalai Lama delivered a dialogue on Ahimsa and compassion focusing on the relationship between human being and other species. The event was widely covered and guests from all over the world attended it.

PNC continues to focus on film content and several projects are at advanced pre production stage being planned to move into production shortly. The Company's new film project *Shaadi Ke Side/ Effects* commenced production and its principal photography is nearing completion. Balaji Motion Pictures are its co-producers and will handle marketing and release of the film jointly. PNC aims to grow its presence in the new emerging platforms for movie content to give brand PNC global reach and visibility.

b. WELLNESS

Moksh, The Wellness Place at Breach Candy, a wholly owned PNC subsidiary, expanded with launch of Moksh Zip, their new wellness facility located at Warden Road. It is now exploring opportunities to further expand globally in to territories where discretionary spending on wellness and fitness is finding acceptance in several strata of society. PNC will continue to support its wholly owned subsidiary in its endeavors to expand.

2. RISKS, CONCERNS AND THREATS

PNC's model of de-risking the content business by inducting co-producers substantially dilutes the commercial risks associated with film production and exploitation. Shifting audience preferences has made the market fickle and unpredictable with films having shorter windows for garnering revenues at the time of first theatrical release and with distributors reluctant to take risks by paying minimum guarantees upfront. PNC is therefore focusing on strategies for first recovering its investment in content prior to or at the time of release. PNC however continues to play a vital role in designing the marketing strategy and release strategy 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 and conquer the challenges 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 against the backdrop of the global slowdown is not comparable with past years. PNC continues to make movies tailored to meet audience tastes and expectations. The Company is focusing on returning to growth and profitability.

5. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company is continuously building its talent base. Its Corporate Leadership Team has qualified and experienced members drawn from different specializations. The middle management cadre 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 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 CORPORATE 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's website: www.pritishnandycor.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 has 9 directors as on March 31, 2013, 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.

During 2012-2013, the Board met 4 times: on May 29, 2012, August 10, 2012, November 12, 2012 and February 12, 2013. 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 previous Annual General Meeting, number of memberships/ chairmanship held by directors on the board and committees of various companies as on March 31, 2013.

Director (Designation)	Category	Number of Board Meetings attended	Whether last AGM attended	Number of Other Company's Directorships*, Committee+ Memberships And Chairmanship			Shareholding# Equity share of ₹ 10 each
				Director	Committee Member	Committee Chairman	
Pritish Nandy** (Chairman)	Promoter, Non Executive Director	3	Yes	1	—	—	2,952,197
Udayan Bose	Independent, Non Executive Director	3	Yes	2	—	1	—
Nabankur Gupta	Independent, Non Executive Director	4	Yes	9	4	2	26,701
Hema Malini	Independent, Non Executive Director	—	No	—	—	—	—
Tapan Chaki	Independent, Non Executive Director	—	No	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	—	—	23,000
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 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.

#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

Udayan Bose, Independent Director of the Company was re-appointed at the Annual General Meeting held on September 30, 2010.

Mr Bose is a first class Hons. Graduate from Presidency College, Calcutta. 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. Presently, he is the Chairman and Senior Partner of his boutique finance house, Creditcapital Finance Partners.

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.

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 shares 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.

Tapan Chaki, Independent Director of the Company was appointed in the Annual General Meeting dated September 30, 2010.

Mr Chaki is a corporate communications consultant based in Kolkata, with over 30 years of experience, having handled a variety of assignments ranging from mergers and acquisitions, corporate takeover battles, public issues and general image building exercises. He has had a close and longstanding personal connection with the media in numerous capacities. Mr Chaki was a weekly sports columnist in The Telegraph, Kolkata's largest circulated English daily, for several years in the late eighties. In the nineties, at the inception of The Asian Age, India's first international daily he was the newspaper's publisher for all its editions. In addition, he was also the newspaper's franchisee in Mumbai.