



22

ANNUAL REPORT
AND ACCOUNTS
2015



PRITISH NANDY COMMUNICATIONS LTD

www.pritishnandycom.com

**PRITISH NANDY COMMUNICATIONS LTD
22ND ANNUAL REPORT AND ACCOUNTS 2015**

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Vikas Shaw

AUDITORS

KR Khare & Co
Chartered Accountants

PRINCIPAL BANKERS

Yes Bank
Nariman Point Mumbai 400021

Standard Chartered Bank
Breach Candy Mumbai 400036

HDFC Bank
Marine Drive Mumbai 400020

REGISTERED OFFICE

87/88 Mittal Chambers Nariman Point Mumbai 400021

CORPORATE LEADERSHIP TEAM

Pallab Bhattacharya | Director & CEO, Chairman Rangita Pritish Nandy | Creative Director
Vikas Shaw | Company Secretary Ishita Pritish Nandy | Chief Brand Strategist
Yatender Verma | Vice President, Finance, Compliances & Legal Affairs Anoop Kumar | Chief Production Officer
Mahesh Vyas | Chief Manager, Accounts Kishor Palkar | Chief Manager, Accounts
Imtiaz Chougale | Manager, Production Accounts

PNC is an equal opportunities employer. Out of the 9 people in the Corporate Leadership Team, 2 are women. The average age is 36, combining youth with experience. Members of the CLT have been with PNC for an average of 11 years, demonstrating continuity and effective HR. Most senior managers have risen from the ranks.

I welcome you all to your Company's 22nd Annual General Meeting. It is a pleasure to be with all of you again.

As I mentioned last year, great change has been taking place in the world of media and entertainment, both in India and worldwide. This change is being ushered in by a growing marketplace for quality content, which is your Company's core business. This marketplace is being served by not only the traditional distribution systems but also new and emerging technology platforms. We as a Company were not part of the distribution play because that was an entirely different kind of business and our skills lay essentially in the creative space. So we focussed on the making of content. Filmed content, to be precise. All the other activities we were into, we shifted out of over the years and your Company has now focussed entirely on its content business. That is how we were able to present to you an improved performance last year and a profitable bottom line.

We were expected to do better this year with yet another new production hitting the screens but, unfortunately, that did not happen because our ready film was unable to release in theatres because of factors beyond our control. You are all aware, I am sure, what those factors were since the media has widely reported on the film's journey through the certification process over the past few months. I am however happy to report to you that what was being widely reported in the media as a film that was unlikely to get past the censor authorities has actually got cleared by the certification board this month and your Company is now trying to find an appropriate date and distributor for its release. This unexpected delay is unlikely, in the opinion of your management, to hurt the prospects of the film and we are hoping to release it soon.

Meanwhile, your Company's investment in a new video streaming platform appears to have gained some traction. PNC Digital's 51 per cent stake in Ogle could bring us to the forefront of the new technological revolution that is sweeping the media and entertainment world today. India is no exception to this change and as the Prime Minister's dream project of Digital India translates into reality, we are expecting our digital platform for the distribution of entertainment content to soon grow into a major business opportunity. The first signs are encouraging and pre-order registrations are better than anticipated. We are expecting, if everything goes right, that Ogle will find many more subscribers in months to come.

We are also expecting that this content + streaming platform will make your Company an integrated operation. It will combine the art of making the kind of content people want to watch with the technology of its distribution through an owned digital platform apart from the traditional delivery systems that the industry currently uses.

The fact that our business now incorporates three major themes of the Indian Government's new industrial thrust should be seen as an important development. Make in India is the first because we are today the world's second biggest entertainment industry by size and the biggest by audience. Your Company is recognised and trusted to be an important player in this space. Skill India is the second because every film we make, big or small, involves the skill and expertise of over 1500 independent talent who work on it as a project, directly or indirectly, and whose livelihood depends on the skills they have acquired, honed and invested in the project. This is the best example of Skill India. Their livelihoods are at stake every Friday when our films release. And, finally, as I said before, Digital India is the third because the technology we have developed to distribute content through streaming video will take our movies, TV shows, events and music to millions of people all over India through their cell phones, laptops, tablets and TV sets. This will possibly happen at a fraction of the cost people pay today to enjoy their entertainment offline.

So your Company is working two transformational businesses. One: The art of making movies, one of our most popular consumer products. Two: The distribution of entertainment products to the world's largest audience. The prospect for both look good and I am sure you will continue to stay invested in our future as we try to break new ground. The rise of social media has been an asset to both businesses. And so has been the incredible growth in new talent, as more and more young people join the entertainment business to take it ahead. We only hope that in coming years the telecom infrastructure improves and institutional finance becomes more easily available to this industry which has always been one of modern India's biggest examples of global soft power. Every year, new markets are opening up to Indian entertainment. Every year, our films are setting new box office records. As the internet brings the world closer, we expect to see even better results in years to come.

No Chairman's Statement can ever be complete without thanking all stakeholders in our business. This has been a difficult year for us and many of us have had to work very hard to keep things going. I thank you, our shareholders. I thank our bankers, our business associates, our clients, our consumers, and all members of Team PNC who have worked very hard to keep things going in a year where more effort went into building the future than in reaping rewards from the past. I am hoping the year ahead will be better.

Thank you, all of you, for being here today and for being part of this annual occasion when we meet, talk, share our views. If there is anything more you may want to know, do feel free to contact the Company Secretary, Vikas Shaw at vikas@prishnandycom.com or our Vice President, Yatender Verma at verma@prishnandycom.com. In an interactive world, we are constantly trying to make it easier for all of you to interact with us in Team PNC. Company details, as usual, will be available on your Company's website prishnandycom.com.

To

The Members

Your Directors present the 22nd Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 219.39 lakh as compared to ₹ 4,097.84 lakh for the earlier year. The Company made a loss of ₹ 534.76 lakh before tax as compared to a profit of ₹ 506.94 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Year ended	
	March 31, 2015	March 31, 2014
Income from operations	42.10	3,893.52
Other income	177.29	204.32
Total turnover	219.39	4,097.84
Total expenditure	535.72	3590.90
Profit/(loss) before exceptional and extra ordinary items and tax	(316.33)	506.94
exceptional and extra ordinary items	218.43	0
Profit/(loss) after exceptional and extra ordinary items and before tax	(534.76)	506.94
Provision for current tax	0	133.40
Profit/(loss) after current tax	(534.76)	373.54
Provision for deferred tax	(5.38)	(81.95)
Net profit/(loss) after tax	(529.38)	455.49
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(362.59)	191.35
Paid up capital	1,446.70	1,446.70
Earnings per share	(3.66)	3.15
Book value per share	55.47	59.30

In view of the loss and based on effective capital of the Company, managerial remuneration as prescribed under Schedule V read with Section 197 of the Companies Act, 2013 ("the Act") is restricted to ₹ 4,200,000 for the year. The Company has paid managerial remuneration of ₹ 5,754,000 which is in excess of the limits prescribed under Schedule V of the Act by ₹ 1,554,000. The Company was not able to release its movie Mastizaade in the financial year under review and application for censorship certification is pending with Central Board of Film Certification. Consequently the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account. Subject to approval of the shareholders of the Company by a special resolution in the forthcoming Annual General Meeting your Directors have approved the excess remuneration paid.

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

During the year the films sector saw some films creating box office records, while several were unable to attract audiences to the theatre and profitability was impacted, overall. Your Company was not able to release its movie Mastizaade in the financial year under review and application for censorship certification is pending with Central Board of Film Certification. Consequently your Company was unable to book revenue and profit despite a ready film. Your Directors believe your Company has the capability, skill sets and expertise to emerge as one of the leading companies in the entertainment industry.

DIVIDEND

In view of the loss, your directors do not recommend any dividend.

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 2015-2016 have been paid.

TRANSFER TO RESERVES

In view of the loss the Company has not transferred any amount to the general reserve.

EXCEPTIONAL ITEMS

Exceptional item pertains to writing off of the advance of ₹ 218.43 lakh recoverable from PNC Wellness Limited, wholly owned subsidiary of the Company. PNC Wellness Limited had to vacate its business premises at Breach Candy, Mumbai and the unit had therefore discontinued operations from the end of day on June 30, 2014. However, this subsidiary intends to continue in business and realign its strategy. In view of the realignment, this subsidiary has disposed off its equipment resulting in the loss of ₹ 136.35 lakh thereon. The entire capital of this subsidiary has eroded. The holding company has, from time to time, given this subsidiary advances totaling ₹ 218.43 lakh. To facilitate and support the revival of its business, this subsidiary had requested and our Company has waived the recovery of and written off the advances given.

SIGNIFICANT ITEMS

The Company's forthcoming movie Mastizaade directed by Milap Zaveri and starring Sunny Leone, Tushar Kapoor, Vir Das and Riteish Deshmukh in a special appearance has not been cleared by the Central Board of Film Certification and Film Certification Appellate Tribunal so far. The Company has resubmitted this film for CBFC certification and expects to resolve this issue soon.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits within the meaning of Section 73, 74 and 76 of the Act and the rules framed thereunder.

RESIGNATION AND APPOINTMENT OF COMPANY SECRETARY

Resignation of Rupali Vaidya, the erstwhile Company Secretary, was accepted with effect from April 15, 2015.

The Company appointed Vikas Shaw as Company Secretary with effect from April 16, 2015.

SUBSIDIARIES

The Company has two subsidiaries viz. PNC Digital Limited (formerly known as PNC Productions Limited) and PNC Wellness Limited. There are no associate companies within the meaning of Section 2(6) of the Act.

PNC Digital Limited (formerly known PNC Productions Limited): There has been a material change in the nature of the business of this subsidiary. This subsidiary is now focusing on setting up the business of content streaming as well as any other technology business using internet as its primary delivery platform, including any further innovations in the broad field of web technology. This subsidiary had entered an agreement on June 30, 2014 with Harshwardhan Sabale, then CEO, Television and Digital Division of the holding company for acquiring Ogle, a video streaming technology, towards which it had made a part payment of ₹ 27 lakh. Contingent upon the receipt of an investment term sheet from a third party investor for providing investment in this subsidiary company, this subsidiary was to issue and allot, towards balance consideration, 490,000 full paid equity shares to Mr Sabale. The commercial launch and exploitation of Ogle has not yet commenced. In April 2015, this subsidiary identified and entered into an arrangement with an investor who is ready to invest in the exploitation of Ogle worldwide. To enable this exploitation a joint venture Company, Ogle Technologies Ltd, was incorporated at British Virgin Islands. The equity structure of Ogle Technologies Limited is identical to the equity structure contemplated in the agreement dated June 30, 2014 relating to the acquisition of Ogle. PNC Digital Limited owns 51% and Mr Sabale owns 49% of the issued and paid up capital of Ogle Technologies Limited. The commercial exploitation of Ogle will be taken up and conducted by Ogle Technologies Limited.

PNC Wellness Limited: There has been no material change in the nature of the business of this subsidiary. This subsidiary had to vacate its business premises at Breach Candy, Mumbai and the unit had, therefore, discontinued operations from the end of day on June 30, 2014. However, this subsidiary will continue its business activities and realign its strategy. In view of the realignment, this subsidiary has disposed off its equipment resulting in the loss of ₹ 136.35 lakh thereon. The entire capital of this subsidiary has eroded. The holding company has, from time to time, given this subsidiary advances totaling ₹ 218.43 lakh. To facilitate and support the revival of its business, this subsidiary had requested and our Company has waived the recovery of and written off the advances given.

Pursuant to Section 129(3) of the Act, in addition to the financial statements provided under sub-section (2), consolidated financial statements of the Company and of all its subsidiaries in the same form and manner as that of its own shall also be laid before the Annual General Meeting of the Company. A statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC - 1 is appended as Annexure I.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the Company's websites.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Vishnu Kanhere, Nabankur Gupta, Udayan Bose and Hema Malini were re-appointed as independent directors at the Annual General Meeting of the Company held on September 19, 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Pallab Bhattacharya, as Wholetime Director and CEO and Rangita Pritish Nandy, Wholetime and Creative Director were reappointed at the Annual General Meeting of the Company held on September 19, 2014.

Pritish Nandy and Rina Pritish Nandy, retires by rotation and being eligible, offers themselves for re-appointment in the forthcoming Annual General Meeting.

During the year, except for the sitting fees, the independent directors of the Company had no other pecuniary relationship or transactions with the Company.

PARTICULARS OF EMPLOYEES

This disclosure required to be furnished pursuant to Section 197(12) of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure II.

NUMBER OF MEETINGS OF THE BOARDS

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

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors' including independent directors' pursuant to the provisions of the Act and the corporate governance requirements as prescribed by the Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreement.

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the directors' report.

AUDITORS

K R Khare & Co, Chartered Accountants, Auditors of the Company, hold office until the ensuing Annual General Meeting and have confirmed their willingness to be reappointed for a further term of 4 years and that their appointment, if made, would be within the prescribed limits of Section 141(3)(g) of the Act and that they are not disqualified from such re-appointment.

AUDITORS' REPORT

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

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

We draw attention to note 32 to the financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank 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 38 to the financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to ₹ 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequently no provision of any amount there against is made at this stage. Our opinion is not qualified in respect of this matter.

Your directors confirm that the matters referred to in the segment relation to Emphasis of Matter by the independent auditors in their report have been clarified in note 32 and note 38 on the financial statement forming part of Balance Sheet and Statement of Profit and Loss, which are self explanatory and reproduced below:

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

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

SECRETARIAL AUDITORS' REPORT

The Secretarial Auditors' Report is given as Annexure III which forms part of this report. The Secretarial Auditor's Report states that during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned therein except in the following cases:

1. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203(iii) of the Act, and the Listing Agreement with stock exchanges
2. The Company has paid remuneration to its wholetime Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Act.

Your directors state that:

1. Company had advertised on September 30, 2014 in the Economic Times, Mumbai edition to fill up the vacancy of CFO. No suitable candidate was found. Hence appointment of CFO could not be made. Company has once again put out an advertisement on the Company's website to identify and appoint a suitably qualified person. Company is also planning to put another advertisement in the newspapers.
2. The Company was not able to release its movie Mastizaade in the financial year under review and application for censorship certification is pending with Central Board of Film Certification. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

MANAGEMENT DISCUSSION AND ANALYSIS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is well defined in the organization. To maintain its objectivity and independence, the Internal Auditor submits his report to the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating system, accounting procedures and policies of the Company. Based on the report of the Internal Auditor, Officers undertake corrective action in their respective area and thereby strengthen the control. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

RISK MANAGEMENT

The Company has constituted a Business Process and Risk Management Committee as a measure of good governance. The details of the Committee and its terms of reference are set out in the Corporate Governance Report. The Company has adopted a Risk Management Policy, pursuant to the provisions of Section 134 of the Act, which enables identification and evaluation of business risks and opportunities. This policy seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. This policy defines the risk management approach across the enterprise at various levels including documentation and reporting. The policy enables risk to be appropriately assessed in accordance with their potential impact and likelihood. The key components of risks are the probability (likelihood) of occurrence and the impact (consequence) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

Guiding principles to determine the risk consequence (impact), probability of occurrence (likelihood factor) and mitigation plan effectiveness have been set out in risk register.

Your Company is faced with different types of risks which need different approaches for mitigation. Details of various risks faced by your Company are provided in the Management Discussion and Analysis.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

All Related Party Transactions entered into during the financial year were on an arm's length basis and in the ordinary course of business. Details of Related Party Transactions are disclosed in note 36 of the Audited Financial Statements of the Company.

EXTRACT OF ANNUAL RETURN

Under Section 92(3) of the Act, the extract of annual return is given in Annexure IV in the prescribed Form MGT-9, which forms part of the report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Under Section 135(1) & (2) of the Act, the requirement of developing a policy on CSR activity and implementing the same is not applicable to the Company since the Company does not meet the criteria. Accordingly, the Company has not taken steps relating to CSR activity.

DISCLOSURE REQUIREMENT

As per Clause 49 of the Listing Agreement entered into with the stock exchanges, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

Details of the Familiarization Programme of the independent directors are available on the website of the Company www.pritishnandy.com.

Policy for Determining Material Subsidiaries of the Company is available on the website of the Company www.pritishnandy.com.

Policy on dealing with Related Party Transactions is available on the website of the Company www.pritishnandy.com.

The Company has formulated and published a Whistle Blower Policy to provide vigil mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the revised Clause 49 of the Listing Agreements with stock exchanges.

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

Information as per Section 134(3) (m) of the Act the particulars of Energy Conservation, Research and Development and Technology Absorption are not applicable.

Foreign Exchange Earnings and Outgoing during the year are given in note 18.1, 20.1 and 24.2 to the Financial Statements of the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124(5) and 125 of the Act, ₹ 498,465 which remained unpaid or unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

Mumbai, July 24, 2015

ANNEXURE I

STATEMENT PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014) IN THE PRESCRIBED FORM AOC – 1 RELATING TO SUBSIDIARY COMPANIES

PARTICULARS		1	2
Sr. No.	Name of Subsidiary Company	PNC Wellness Ltd	PNC Digital Ltd
1.	Reporting currency	INR	INR
2.	Exchange rate	NA	NA
3.	Share capital	6,600,000	500,000
4.	Reserves and surplus	2,928,543	338,571
5.	Total assets	14,799,158	62,317,580
6.	Total liabilities	14,799,158	62,317,580
7.	Investments	0	0
8.	Turnover	3,077,541	0
9.	Profit before taxation	3,792,048	(1,291,437)
10.	Provision for taxation (including deferred tax)	(1,289,709)	0
11.	Profit after taxation	5,081,757	(1,291,437)
12.	Proposed dividend	0	0
13.	% of shareholding	100%	99.78%

Notes:

1. Reporting period for all the subsidiaries is March 31, 2015.

ANNEXURE II

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Description	Ratio of median remuneration
Wholetime Directors (WTD)	
Pallab Bhattacharya	5.51
Rangita Pritish Nandy	5.43

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Name	% increase in remuneration in the financial year
Pallab Bhattacharya, WTD & CEO	85.77%
Rangita Pritish Nandy, Creative & WTD	96.69%
Rupali Vaidya, Erstwhile Company Secretary	7.38%

- c. The percentage increase in the median remuneration of employees in the financial year: 18%.

The number of permanent employees on the rolls of Company: 26

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

On an average, employees received an annual increase of 18%. The individual increments varied from 7% to 18%, based on individual performance.

- e. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (KMP): F.Y. 2014-2015	Amount (In ₹ Lakh)
Revenue	42.10
Remuneration of KMP (as % of revenue)	143.68
Profit Before Tax (PBT)	(534.76)
Remuneration of KMP (as % of PBT)	Not applicable in view of inadequate profits

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

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalization (in ₹ lakh)	1,736.04	1,546.52	12.25
Price Earnings Ratio	(3.28)	3.39	(196.61)

- g. Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31, 2015	IPO	% Change
Market Price (BSE)	12.00	155.00	(92.26)
Market Price (NSE)	12.50	155.00	(91.93)

- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 18%. Increase in the managerial remuneration for the year was 80.80%. The managerial remuneration was in recognition of their long standing efforts and to make their remuneration commensurate with industry standards.

- i. Comparison of remuneration of each key managerial personnel against the performance of the Company:

The company has not been able to generate revenues or profits which can be compared with the immediate earlier year since the release and exploitation of film 'Mastizaade' could not take place during the year due to circumstances beyond the control of the management. This resulted in payment of remuneration to Wholetime Directors exceeding the limits prescribed under Section 197 read with Part II of Schedule V of the Act, by ₹ 1,554,000.

- j. The key parameters for any variable component of remuneration availed by the directors:

The Company does not have any variable component of remuneration availed by the directors.

- k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:



ANNEXURE TO DIRECTORS' REPORT

BRITISH NANDY COMMUNICATIONS LTD
THE 22ND ANNUAL REPORT AND ACCOUNTS 2015

There is no employee drawing remuneration which exceeds the highest paid directors.

- l. Affirmation that the remuneration is as per the remuneration policy of the Company:
The Company affirms remuneration is as per the remuneration policy of the Company.

- m. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :
There was no employee drawing remuneration of sixty lakh rupees per annum or rupees five lakh per month.

ANNEXURE III

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by British Nandy Communications Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange in respect of Issue and Listing of Securities;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in the following cases:

- i. The Company has not appointed Chief Financial Officer as required under the provisions of Section 203 (iii) of the Companies Act, 2013 and the Listing Agreements with Stock Exchanges
- ii. The Company has paid remuneration to its whole time Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Companies Act, 2013

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For VN Deodhar & Co

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

Mumbai, July 24, 2015