



23 ANNUAL REPORT AND ACCOUNTS 2016

PRITISH NANDY COMMUNICATIONS LTD

www.pritishnandycom.com

Content clearly is indispensable for the success of a movie and it is imperative that the producers take cognisance of the changing tastes of the consumers and reassess their budgets and business models to create profitable films. The audience has become more experimental and open to new concepts, platforms and other sources of entertainment. The industry is inching closer towards digital as a potential revenue stream, which could disrupt the industry and completely alter its outlook, provided the industry is able to leverage and monetise it aptly.

PRITISH NANDY COMMUNICATIONS LTD
23RD ANNUAL REPORT AND ACCOUNTS 2016

BOARD OF DIRECTORS

Pritish Nandy | Chairman
Udayan Bose
Nabankur Gupta
Hema Malini
Rina Pritish Nandy
Dr Vishnu Kanhere (up to May 26, 2016)
Raghu Palat (w.e.f. August 9, 2016)
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
Ishita Pritish Nandy | Chief Brand Strategist Vikas Shaw | Company Secretary
Yatender Verma | Vice President, Finance, Compliances & Legal Affairs Anoop Kumar | Chief Production Officer
Kishor Palkar | Chief Manager, Accounts Imtiaz Chougale | Manager, Production Accounts

As the Prime Minister's dream project of Digital India translates into reality, we are expecting the digital marketplace to grow even larger, reaching out to audiences all over India and the world. The big screen will be supported by all kinds of handset viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. In fact, that is the future: Customized and interactive digital content at an affordable cost to the consumer.

I welcome you all to your Company's 23rd Annual General Meeting. It is a pleasure to be with you here today and to share the experiences of the year in retrospect. But more important is the fact that in the coming year we will enter our 25th year of business, a landmark we look forward to celebrating with all the stakeholders of this enterprise.

These past few years have seen some important changes in the nature of the media and entertainment business, changes that are going to fundamentally impact the future of the business and your company.

As a content maker we have traditionally had little control over the distribution process. Once we created the content we passed it on to studios and distributors who negotiated its release with exhibitors nationwide and overseas. The box office was the ultimate arbiter of the success of what we produced. And once we were able to pass that test, we released our content on television and home video.

Now, with the amazing growth of the digital universe, the whole world will be opening up for the exploitation of our content. There is a clear shift in the consumption patterns of the industry and millions of people are already watching what we make on their cell phones and laptops, tablets and desk computers. Exciting new web series and short features are currently the flavour of the season and the digital marketplace for feature films is growing apace. Even our promotional features and songs are getting a reach that far exceeds our expectations.

Your company is one of the first content makers to explore and exploit the opportunities that this expansion of the digital market offers. As the Prime Minister's dream project of Digital India translates into reality, we are expecting the digital marketplace to grow even larger, reaching out to audiences all over India and the world. The big screen will be supported by all kinds of handset viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. In fact, that is the future: Customized and interactive digital content at an affordable cost to the consumer. Bought either by subscription or through an a la carte menu offered by streaming services.

This will mean enlarging our content offering. Both in theatres and on digital platforms that are available or will soon be available. We have already acquired the technology for distribution and online streaming and intend to put that out once we have adequate content offering of different formats in our library and the emerging business model for streaming acquires a more predictable nature.

The future looks quite rewarding but everything will depend on how the new digital scenario eventually pans out. The entire media and entertainment business is likely to go through a further sea change. Your company will be no exception. We are preparing ourselves for this transformation which is likely to yield better working results in years to come.

This statement will be incomplete without thanking all our stakeholders. We are slowly recovering from a difficult phase and it is the management's belief that results will continue to improve as we go along. 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 so hard to keep pace with the changing scenario of the business. We look forward to bettering our performance as we go ahead.

Thank 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, please feel free to contact our Vice President Yatender Verma at verma@pritishnandycom.com. The company's official internet site will continue to keep you informed of all developments on a regular, day to day basis.

To
The Members

Your Directors present the 23rd Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 2,185.29 lakh as compared to ₹ 219.39 lakh for the earlier year. The Company made a profit of ₹ 251.02 lakh before tax as compared to a loss of ₹ 534.76 lakh before tax in the preceding year.

Particulars	Standalone	
	Year ended March 31, 2016	Year ended March 31, 2015
Income from operations	2,123.46	42.10
Other income	61.83	177.29
Total turnover	2,185.29	219.39
Total expenditure	1,934.27	535.73
Profit/ (loss) before exceptional and extra ordinary items and tax	251.02	(316.33)
Exceptional and extra ordinary items	0	218.43
Profit/ (loss) after exceptional and extra ordinary items and before tax	251.02	(534.76)
Provision for current tax	44.63	0
Profit/ (loss) after current tax	206.39	(534.76)
Provision for deferred tax	323.49	(5.38)
Profit/ (loss) after deferred tax	(117.10)	(529.38)
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(479.70)	(362.59)
Paid up capital	1,446.70	1,446.70
Earnings per share	(0.81)	(3.66)
Book value per share	54.66	55.47

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The Indian film industry has always displayed strong potential for growth. The current industry scenario has encouraged several innovations in content production which are clearly backed by a growing acceptance by the audience. Good, intelligent, sharp content is meeting commercial success side-by-side with traditional content. This encourages your Company to go back to its roots, re-align itself with the audience's new acceptances and focus on making good cinema which can cut through clutter as well as mass reach cinema which may have commercial appeal across audiences. Your Directors believe that your Company has the capability, expertise and experience to emerge as one of the leading companies in this renewed entertainment industry. During the year, your Company's film Mastizaade released worldwide.

DIVIDEND

To conserve the resources of the Company and invest them in forthcoming projects, your Directors do not recommend any dividend for this year.

LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with the 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 2016-2017 have been paid.

TRANSFER TO RESERVES

Your Company has not transferred any amount to the general reserve.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits within the meaning of Sections 73, 74 and 76 of the Companies Act, 2013 (the Act) and the rules framed thereunder.

SUBSIDIARIES

The Company has two subsidiaries viz. PNC Digital Ltd and PNC Wellness Ltd. There are no associate companies within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries.

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-I is appended as Annexure 1.

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

PNC Digital Ltd

There has been no material change in the nature of the business of this subsidiary. Its principal business is creating content for digital streaming, setting up a delivery system for digital streaming and running the business of content streaming as well as any other technology business using the internet as its primary delivery platform. In April 2015 this subsidiary identified and entered into an arrangement with an investor who was 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. This subsidiary owns 51% of the issued and paid up capital of Ogle Technologies Ltd. The commercial exploitation of Ogle will be taken up and conducted by Ogle Technologies Ltd. The launch of Ogle has not yet commenced due to operational reasons beyond the management's control. However the subsidiary has launched and is actively pursuing the business of creating content for digital streaming through its existing content creation talent.

PNC Wellness Ltd

There has been no material change in the nature of the business of this subsidiary. During the year, this subsidiary company operated only in one business segment, i.e. wellness segment. Although there was no revenue generation, this subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. This subsidiary company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The Holding Company is facilitating and supporting the revival of this subsidiary's business.

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:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- 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;
- 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;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and operating effectively;
- 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

In accordance with the provisions of the Act and articles of associations of the Company, Pallab Bhattacharya, wholetime Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent Director under Section 149(7) of the Act, that he/ she meets the criteria of independence laid down in Section 149(6) of the Act, and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

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) 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 pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by the Securities and Exchange Board of India (SEBI) and the SEBI Listing Regulations.

In a separate meeting of independent Directors, the 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 this Directors' report.

AUDITORS

Statutory Auditor

At the Annual General Meeting held on September 21, 2015, K R Khare & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of the forthcoming four Annual General Meetings, concluding four years of his term. In terms of the first proviso to Section 139 of the Act, such appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of K R Khare & Co, Chartered Accountants, Statutory Auditors of the Company, is placed for ratification by the shareholders.

AUDITOR'S 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 on the standalone 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 Company has obtained a 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.

We further draw attention to note 37 on the standalone financial statements which relates to investment in subsidiary company PNC Wellness Ltd. The investment in this subsidiary stands at ₹ 29,100,000 whereas the net worth of the subsidiary is ₹ 10,768,360 as at March 31, 2016. The management considers the diminution in value of this investment as of temporary nature, in view of its commitment to the business in the new form. In view of this no provision for diminution in value of investment, which is considered temporary, is made at this stage.

We further draw attention to note 38 on the standalone financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of advance amounting to ₹ 15,000,000. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the opinion and consequently the Company has not made provision of any amount there against.

Our opinion is not modified in respect of these matters.

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 notes 32, 37 and 38 on the financial statement forming part of the Balance Sheet and Statement of Profit and Loss, and 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 Bharti as "Long Term Loans and Advances".

NOTE 37

Investment in wholly owned subsidiary, PNC Wellness Ltd

The Company has an investment of ₹ 29,100,000 (last year ₹ 29,100,000) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 10,768,360 as on March 31, 2016.

This subsidiary company owns the wellness brand Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga etc. This subsidiary is in the process of realigning its business through the digital medium and is in an ongoing dialogue with others in the wellness segment to develop a non-rental model which delivers wellness services to customers without depending on the uncertainty of increasing costs relating to rental premises. This subsidiary company has obtained a valuation report from M/s Dharmendra Molani & Co, Chartered Accountants, valuing the business enterprise at ₹ 216.30 lakh. The management is of the view that the diminution in net worth of this subsidiary is temporary and transient and not of a permanent nature. Therefore the management considers the investment as fully realisable.

NOTE 38

Loans and Advances of ₹ 15,000,000 against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights. The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending hearing and disposal. The management considers the same is 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 this amount as "Long Term Loans and Advances".

SECRETARIAL AUDITOR'S REPORT

VN Deodhar & Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2016, as required under Section 204 of the Act, and rules thereunder.

The Secretarial Auditor's 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 Agreements with Stock Exchanges.
2. 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 Act.

Your Directors state that:

1. Your Company had advertised in newspapers to fill up the vacancy of Chief Financial Officer (CFO). No suitable candidate was found. Hence appointment of CFO could not be made. Your Company is continuing with its advertisement on the Company's website to identify and appoint a suitably qualified person and is also planning another newspaper advertisement.
2. The Company's film 'Mastizaade', released in January 2016 and due to its average collections could not generate your Company's expected theatrical collections. Consequently the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

MANAGEMENT DISCUSSIONS AND ANALYSIS

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

INTERNAL CONTROL SYSTEM AND ITS 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 the internal control system of the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Auditor, officers undertake corrective action in their respective areas and thereby strengthen control. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

RISK MANAGEMENT

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 impacts on business objectives and enhance the Company's competitive advantage. The Company has constituted a Business Process and Risk Management Committee to monitor the risks and their mitigating actions continuously.

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)

The Company's CSR policy is aimed at demonstrating care for the community through its focus on education, skill development, health, wellness and research on content.

Further in accordance with the provisions of Section 135 of the Act and rules framed thereunder, the Company has adopted and constituted a CSR Committee of Directors comprising of the following

1. Nabankur Gupta (Chairman)
2. Pallab Bhattacharya
3. Vikas Shaw

The detailed policy and constitution of the committee is available on the Company's website.

The average net profit/ (loss) of the Company during the last three financial years for the purpose of computation of CSR activities is (loss) ₹ 20,512,176. As there is average net loss of the Company, the Company is not required to spend any amount on CSR activities.

DISCLOSURE REQUIREMENT

As per SEBI Listing Regulations, 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.

Policy for determining material subsidiaries of the Company is available on the website of the Company.

Policy on dealing with related party transactions is available on the website of the Company.

The website of the Company is www.pritishnandycor.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 Section 177(9) of the Act and the SEBI Listing Regulations.

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

As per Section 134(3) (m) of the Act, the particulars of Energy Conservation, Research and Development and Technology Absorption are not applicable to your Company.

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

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to provisions of Section 124 (5) and 125 of the Act ₹ 532,876 which remained unclaimed, and therefore unpaid, 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, bankers and financial institutions for their continued support during the year. It also wishes to record its appreciation of the efforts put in by all staff and associates of the Company.

For and on behalf of the Board of Directors

Mumbai, 26 May, 2016

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

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
	Name of Subsidiary Company	PNC Wellness Ltd	PNC Digital Ltd
Sr. No.			
1.	Reporting currency	INR	INR
2.	Exchange rate	NA	NA
3.	Share capital	6,600,000	5,000,000
4.	Reserves and surplus	4,168,360	324,876
5.	Total assets	11,305,038	64,801,895
6.	Total liabilities (except share capital and reserve and surplus	536,678	59,477,019
7.	Investments	0	32,838
8.	Turnover (including other income)	4,599,931	21,386
9.	Profit before taxation	4,146,926	(13,695)
10.	Provision for taxation (including deferred tax)	2,907,109	0
11.	Profit after taxation	1,239,817	(13,695)
12.	Proposed dividend	Nil	Nil
13.	% of shareholding	100%	99.78%

Notes: Reporting period for all the Subsidiaries is March 31, 2016.

ANNEXURE II

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013, 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	6.04
Rangita Pritish Nandy	5.96

- 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	Nil
Rangita Pritish Nandy (Creative Director & WTD)	Nil
Vikas Shaw, Company Secretary	Nil

- c. The percentage increase in the median remuneration of employees in the financial year: (8.83)%.

The number of permanent employees on the rolls of Company: 16

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

There were no increments during 2015-16.

- 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 2015- 2016	Amount (In ₹ lakh)
Revenue	2,185.29
Remuneration of KMP (as % of revenue)	2.85
Profit Before Tax (PBT)	253.07
Remuneration of KMP (as % of PBT)	24.83

- 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, 2016	March 31, 2015	% Change
Market Capitalization (in ₹ lakh)	2,003.68	1,736.04	15.42
Price Earnings Ratio	(17.10)	(3.29)	(419.35)

- g. Percentage increase over 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, 2016	IPO	% Change
Market Price (BSE)	13.85	155	(91.06)
Market Price (NSE)	14.05	155	(90.94)

- 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:

There was no increase during the year.



ANNEXURE TO DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD
THE 23RD ANNUAL REPORT AND ACCOUNTS 2016

- i. Comparison of remuneration of each key managerial personnel against the performance of the Company:
The Company's revenues or profits which can not be compared with the immediate earlier year. The film 'Mastizaade', released in January 2016, could not generate the expected theatrical collections. 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:
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

FORM No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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,
Pritish 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 Pritish Nandy Communications Ltd (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, 2016 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, 2016 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; (Not applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period);
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from December 1, 2015.
- vi. We have been informed that there are no laws applicable specifically to the Company. Additionally, a declaration on compliance of various statutes is submitted to the Board on quarterly basis.

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 Act 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 Act

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.

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.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 V N Deodhar & Co

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