



24 ANNUAL REPORT AND ACCOUNTS 2017

PRITISH NANDY COMMUNICATIONS LTD

www.pritishnandycom.com

While strong economic fundamentals would continue to drive growth, the Indian M&E industry is on the cusp of rapid transformation with digital media taking centre stage. Digital media, which was earlier being viewed as just another touch point, is rapidly emerging as a core revenue engine.

**PRITISH NANDY COMMUNICATIONS LTD
24TH ANNUAL REPORT AND ACCOUNTS 2017**

BOARD OF DIRECTORS

Pritish Nandy | Chairman
Udayan Bose
Nabankur Gupta
Hema Malini
Rina Pritish Nandy
Raghu Palat
Pallab Bhattacharya | Wholetime Director & CEO
Rangita Pritish Nandy | Creative Director

COMPANY SECRETARY

Santosh Gharat

AUDITORS

KR Khare & Co
Chartered Accountants

PRINCIPAL BANKERS

Yes Bank
Nariman Point Mumbai 400021

Standard Chartered Bank
Kemps Corner 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 Santosh Gharat | Company Secretary
Yatender Verma | Vice President, Finance, Compliances & Legal Affairs Anoop Kumar | Chief Production Officer
Kishor Palkar | Chief Manager, Accounts Imtiaz Chougale | Manager, Accounts

THE CHAIRMAN'S STATEMENT

PRITISH NANDY COMMUNICATIONS LTD
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

I welcome you all to your Company's 24th Annual General Meeting. As always, it is a pleasure to be with you here today and to share the highs and lows of the year that went by. Perhaps a tad more important is to note that this month we have entered the 25th year of your enterprise, which is the perfect opportunity for us to reflect on how much the nature of our content business has changed in India and worldwide and how much more we can expect it to transform in years to come.

Your Company began with making content for news television. Our election shows on Doordarshan were widely appreciated. And so was *The Pritish Nandy Show*, India's first signature show on television. Then, when satellite television came, we grew our repertoire to include news, business and entertainment shows. *Fiscal Fitness* on Zee TV was the first business show on satellite TV. *Maneka's Ark*, an animal rights and environment show, won several awards for its pathbreaking stories.

Around the time we went public in 2000, the opportunity came to corporatize the motion picture business and your Company was one of the first to do so, making in the process some of the most memorable films that are still viewed, telecast and streamed all over the world. Just recently we have renewed the lease for some of our films with Star TV. From *Kaante* to *Chameli* to the cult classic *Hazaaron Khwaishein Aisi*. From *Jhankaar Beats* to *Shabd* to the enormously popular *Pyaar ke Side Effects* and its sequel *Shaadi ke Side Effects*. From *Bollywood Calling* to *Ugly aur Pagli* to *Ek Khiladi Ek Haseena* to even an adult comedy like *Mastizaade*. Our movies covered all genres, largely successfully.

Now, while we continue to make movies, we have also decided to take advantage of the new digital revolution and one of our works in progress is a serialized television show to be streamed as an Original on one of the world's most successful streaming platforms, Amazon. We are also developing shows for other platforms and eventually want to be content providers not only for the motion picture business but also for television studios and streaming services of the future and whatever new twists and turns that technology takes in the coming years to deliver content to avid consumers. Be it on the silver screen, the television box or the constantly upgrading smartphone which the Indian consumer has taken as fish to water. Content is beginning to emerge as the new powerhouse of the future and all the major global players of the new technology scenario, often described as the FAANG economy, are now here in India playing out the future of the very business we had once so humbly stepped into.

What is the FAANG economy? Facebook, Amazon, Apple, Netflix and Google the five global tech stocks that boast a collective market cap of \$2.5 trillion. They are the pillars of new media technology and are opening up windows in artificial intelligence, predictive analytics, machine learning algorithms, cybernetics and robotics, all working to shape a new future for the world of content. All five are now in India and growing apace, offering services and opportunities that are likely to present a strong prospect for your Company to demonstrate its content making expertise acquired proudly over the past 25 years. Hopefully they will also give us a playbook that will extend beyond our traditional audiences limited by language and geography.

And yes, this could make a fundamental impact on the future of your Company's business and lead us into new terrain and new opportunities. With the amazing growth of the digital universe (you may proudly recall that your Company, as a CSR initiative,

opened the first CyberCafe in India at The Leela Kempinski in Mumbai even before the internet actually arrived here, so that people could find out what it was) the whole world will be opening up for quality content and its exploitation. There is a clear shift in the consumption patterns of the feature film business and millions of people are already watching what we have made and continue to make on their cell phones and laptops, tablets and desk computers. Exciting new series and short features are the flavour of the season and the digital marketplace for new age content is rapidly increasing as the millennial generation is unabashedly asserting its own choices. Censorship remains a somewhat contentious issue. But that too will hopefully change as the Government is talking about introducing a rating programme to replace the censor's over-active scissors.

Your company is one of the first content makers trying to explore and exploit the opportunities that this digital market offers. We may have been slow in terms of scaling up but we are not slow in assessing and keeping up with the changing demands of the marketplace. 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 handheld viewings and the length of films and formats will keep changing to attract viewers of different age groups and their viewing preferences. That indeed is the future: Customized and interactive digital content at an affordable cost to the consumer. The fall in data prices in recent times has helped. More and more people are watching more and more content and that is a good thing.

We recognize it is time to alter the scale of our business and diversify from our core strength as a niche creative content maker and become a versatile, multi-platform player. This will mean a new vision, a new strategy, and developing new talent. If Tesla's worth can be higher than the worth of Ford and General Motors, selling barely 1% of what they sell, it shows that the way the world looks at valuations is also changing. Scale is not everything. Certainly not in this business. Innovation is important. Quality is important.

This statement will be incomplete without thanking all of you, our stakeholders. We are slowly recovering from a difficult phase and it is the management's belief that results will 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 hard to keep pace. 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. And above all, thank you for being patient with us as we cope with all the change around us and try to adapt to new scenarios. If there is anything more you may want to know, please feel free to contact our Vice President Yatender Verma at verma@prishnandyc.com. The company's official internet site will also continue to keep you informed of all developments on a regular basis.

May I also suggest, in keeping with the general shift to online, you provide your Company with your email ID so we can directly inform you from time to time about all the things we do? It will also ensure this Annual Report never gets delayed in reaching you.

To
 The Members
 Pritish Nandy Communications Limited

Your Directors present the 24th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 476.46 lakh as compared to ₹ 2,185.29 lakh for the earlier year. The Company made a loss of ₹ 155.30 lakh before tax as compared to profit of ₹ 251.02 lakh before tax in the preceding year.

| Particulars | In ₹ lakh | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Income from operations | 221.79 | 2,123.46 |
| Other income | 254.67 | 61.83 |
| Total turnover | 476.46 | 2,185.29 |
| Total expenditure | 631.76 | 1,934.27 |
| Profit/ (loss) before exceptional and extra ordinary items and tax | (155.30) | 251.02 |
| Current tax | 0.19 | 44.63 |
| Profit/ (loss) after current tax | (155.49) | 206.39 |
| Deferred tax | (18.17) | 323.49 |
| Profit/ (loss) after deferred tax | (137.32) | (117.10) |
| Dividend (%) | 0 | 0 |
| Transfer to reserves | 0 | 0 |
| Balance in statement of profit and loss | (617.02) | (479.70) |
| Paid up capital | 1,446.70 | 1,446.70 |
| Earnings per share | (0.95) | (0.81) |
| Book value per share | 53.71 | 54.66 |

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The Indian film industry has a strong potential for growth and has encouraged several innovations in content production backed by a growing acceptance by the audience. Contemporary topical content with well written screenplays is garnering commercial success along with traditional content. Your Company is positioning itself in sync with the audience's new content preferences and focus on good cinema which appeals to discerning audiences as well as mass reach cinema targeting commercial appeal across all categories of audiences. Your Company is working with Amazon Prime Video, the international streaming service which Amazon launched in India in December last year, to develop one of their first bunch of Originals. The Original being discussed is a 10-12 part fiction series set in Mumbai tentatively titled '4 More Shots Please!'. Apart from green lighting three new movie projects, your Company has also signed Remo D'Souza for its forthcoming film project. Your Company also reissued the Satellite broadcast rights of 17 films of its library during the year gone by. Your Directors believe that your Company has the energies, skillset, talent, competence and experience to position itself among the leading companies in this repositioned entertainment industry.

DIVIDEND

In view of the loss 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 2017-2018 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. Your Company has agreed to provide its films to this Subsidiary to explore revenue opportunities across digital platforms and exploit their commercial advantage but this Subsidiary was unable to generate income from its operational activities in the year gone by. This Subsidiary will continue its efforts in future. During the year under review this Subsidiary exited at par from Ogle Technologies Ltd, its overseas subsidiary. Expenses relating to the Ogle technology project were entirely written off and charged to revenue in F Y 2016-17 resulting in a loss for this year.

PNC Wellness Ltd

There has been no material change in the nature of the business of this Subsidiary. During the year, this Subsidiary operated only in one business segment, i.e. wellness segment. There was no revenue generation during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its afore said brands. This Subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. Considering that there was no revenue generation during the year under review your Company has made provision for diminution in values of its investments by 1/5th of its book value and will review the value of this investment from time to time. Your 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 loss 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 are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and Articles of Associations of the Company, Rangita Prithi Nandy, Creative Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for re-appointment.

COMPLIANCE ON CRITERIA OF INDEPENDENCE BY THE 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.

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.

BOARD MEETINGS HELD DURING THE YEAR

As required under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year 4 meetings of the Board of Directors were held and one meeting of Independent Directors was also held. The details of the meetings of the Board are furnished in Corporate Governance Report.

ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

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.

Further, the Independent Directors, at their exclusive meeting held during the year on March 28, 2017, reviewed the performance of the Board, its Chairman and non-executive Directors and other items as stipulated under the SEBI Listing Regulations.

MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE OF REPORT

There has been no material change and commitment, affecting the financial performance of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this report.

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

The term of existing Statutory Auditors KR Khare & Co, Chartered Accountants (FRN 105104W), is coming to an end at the conclusion of the forthcoming Annual General Meeting. Your Directors recommend the appointment of BD Jokhakar & Co, Chartered Accountants, (FRN 104345W) to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

The Company has received a letter from them to the effect that their appointment, if made, would be within the provision prescribed under Section 139 of the Act. Your Directors recommend their appointment.

AUDITOR'S REPORT

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

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

"We draw attention to Note 33 on the Standalone 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 guarantees of ₹ 75,050,000. The Company has obtained a legal opinion from Justice AM Ahmadi, former Chief Justice of the 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 38-i on the Standalone Financial Statements which relates to investment in Subsidiary Company "PNC Wellness Ltd.". The investment in this Subsidiary stands at ₹ 23,280,000 whereas the net worth of the Subsidiary is ₹ 8,590,306 as at March 31, 2017. Considering that the Company has made a provision for diminution in value of investment in this Subsidiary by 1/5th of its book value and considers the balance retained book value as fully realizable no further provision is made for the diminution in book value of investment which is considered as temporary.

We further draw attention to Note 38-ii on the Standalone Financial Statements which relates to investment in Subsidiary Company "PNC Digital Ltd.". The investment in this Subsidiary stands at ₹ 7,019,700 whereas the net worth of the Subsidiary is ₹ 1,218,754 as at March 31, 2017. The Company has agreed to provide its films to this Subsidiary Company to explore revenue opportunities across digital platforms and exploit their commercial advantage. In view of the fact that this Subsidiary has unfettered access to the film content of the holding company and requires no additional substantive capital deployment to generate revenue no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

We further draw attention to Note 39 on the standalone financial statements which describes facts related to the legal proceedings initiated by Company for the recovery of advances 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 relating to Emphasis of Matter by the independent auditors in their report have been clarified in Notes 33, 38-i, 38- ii and 39 of the financial statements forming part of the Balance Sheet and Statement of Profit and Loss, and 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 Honorable 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 Prasara Bharati as "Long Term Loans and Advances".

NOTE 38

i. Investment in Subsidiary – PNC Wellness Ltd

The Company has an investment of ₹ 23,280,000 (L Y ₹ 29,100,000) in equity shares of Wholly Owned Subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 8,590,306 as on March 31, 2017. There was no revenue generation by this Subsidiary during the year under review. This Subsidiary, which owns several wellness brands like Moksh and sub brands like Power Yoga, Passion Yoga, Cool Yoga, Couple Yoga, etc is exploring avenues to commercialise its aforesaid brands. This Subsidiary is in the process of realigning its business by making efforts to commercialise and lease its various brands through collaborative arrangements with other parties. The Company is facilitating and supporting the revival of this Subsidiary's business. Considering that there was no revenue generation during the year under review the management has made provision for diminution in value of investment in this Subsidiary by 1/5th of its book value and considers the retained book value as fully realizable.

ii. Investment in Subsidiary – PNC Digital Ltd

The Company has an investment of ₹ 7,019,700 (L Y ₹ 7,019,700) in equity shares of Subsidiary viz PNC Digital Ltd. The net worth of this Subsidiary is ₹ 1,218,754 as on March 31, 2017.

The Company has agreed to provide its films to this Subsidiary to explore revenue opportunities across digital platforms and exploit their commercial advantage but this Subsidiary was unable to generate income from its operational activities in the year gone by. This Subsidiary will continue its efforts in future. In view of the fact that this Subsidiary has unfettered access to the film content of the Holding Company and requires no additional substantive capital deployment to generate revenue, no provision for diminution in value of investment, which is considered temporary, has been made in the accounts.

NOTE 39

"Advance for Content" under Long Term Loans and Advances include ₹ 15,000,000 given 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 for hearing and disposal. The management of the Company considers the same as 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.

SECRETARIAL AUDITOR'S REPORT

VN Deodhar & Company, Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the F Y 2016-17, 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:



DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

1. 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.
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 Companies Act, 2013.
3. The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities. The Company has not spent this amount on CSR activity and is accordingly in violation of Section 135(5) of the Companies Act, 2013.

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. This year was devoted to finalising and putting in place new content projects to be taken up by the Company for production. Such projects are now in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.
3. The amount of ₹ 68,837 required to be spent on CSR activity was quantified at the conclusion of the last Annual General Meeting held on September 21, 2016. The amount, being a small amount, the Company was unable to identify a suitable CSR activity for spending the same. The Company shall identify a suitable CSR activity shortly and spend this amount.

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 all risks and their mitigating actions continuously.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT

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 37 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. Hema Malini

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

The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities. This amount was quantified at the conclusion of last Annual General Meeting held on September 21, 2016. The amount, being a small amount, the Company has been unable to identify a suitable CSR activity for deploying the same. The Company shall identify a suitable CSR activity shortly and spend this amount.

DISCLOSURE REQUIREMENT

As per SEBI Listing Regulations, Corporate Governance Report with Auditor's 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.pritishnandyc.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 with stock exchanges.

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 12.1 and 18.1 of the Financial Statements of the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts which remained unclaimed and unpaid for a period of 7 years from the date of declaration of dividend.

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

Pallab Bhattacharya
Wholetime Director and CEO
DIN: 00008277

Udayan Base
Director
DIN: 00004533

Mumbai, May 24, 2017

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 | | | |
|-------------|--|------------------|-----------------|
| 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 | 50,00,000 |
| 4. | Reserves and surplus | 1,990,306 | (3,781,246) |
| 5. | Total assets | 9,662,159 | 2,040,352 |
| 6. | Total liabilities (except share capital and reserve and surplus) | 1,071,853 | 821,598 |
| 7. | Investments | 0 | 0 |
| 8. | Turnover (including other income) | 0 | 8,006 |
| 9. | Profit/ (loss) before taxation | (577,198) | (4,106,122) |
| 10. | Provision for taxation (including deferred tax) | 1,600,856 | 0 |
| 11. | Profit/ (loss) after taxation | (2,178,054) | (4,106,122) |
| 12. | Proposed dividend | Nil | Nil |
| 13. | % of shareholding | 100% | 99.78% |

Notes: 1. Reporting period for all the Subsidiaries is March 31, 2017.

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 |
|-----------------------|------------------------------|
| Wholtime Directors | |
| Pallab Bhattacharya | 7.18 |
| Rangita Pritish Nandy | 7.01 |

- 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, (Wholtime Director and CEO) | Nil |
| Rangita Pritish Nandy (Creative Director) | Nil |
| Vikas Shaw, Company Secretary (up to November 9, 2016) | Nil |
| Santosh Gharat, Company Secretary (w.e.f. November 9, 2016) | Nil |

- c. The percentage increase in the median remuneration of employees in the financial year: (15.69)%.

The number of permanent employees on the rolls of Company: 18

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

There were no increments during 2016-2017.

- 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 2016-2017 | Amount (In ₹ lakh) |
|---|--------------------|
| Revenue | 476.46 |
| Remuneration of KMP (as % of revenue) | 12.91% |
| Profit/ (loss) before tax (PBT) | (155.30) |
| Remuneration of KMP (as % of PBT) | NA |

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

| Particulars | March 31, 2017 | March 31, 2016 | % Change |
|-----------------------------------|----------------|----------------|----------|
| Market Capitalization (in ₹ lakh) | 3,052.54 | 2,003.68 | 52.35 |
| Price Earnings Ratio | (21.75) | (17.10) | (27.22) |

- 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, 2017 | IPO | % Change |
|--------------------|----------------|-----|----------|
| Market Price (BSE) | 21.10 | 155 | (86.39) |
| Market Price (NSE) | 21.65 | 155 | (86.03) |

- 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 in the salaries of employees during the year.

- i. Comparison of remuneration of each Key Managerial Personnel against the performance of the Company:

This year was devoted to finalising and putting in place new projects to be taken up by the Company. Such projects are in an advanced stage of pre-production. These projects will generate revenue on completion and release. Consequently, the Company was unable to make adequate profit resulting in excess payment on Directors' remuneration account.

- 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 Director but receive remuneration in excess of the highest paid Director during the year:

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

- 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 TO DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD
THE 24TH ANNUAL REPORT AND ACCOUNTS 2017

ANNEXURE III

FORM No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To

The Members

Pritish Nandy Communications Limited

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, 2017 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, 2017 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, 2015;
 - 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 (Share Based Employee Benefits) Regulations, 2014 (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);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- vi. We have been informed that the management has identified and confirmed the following law as specifically applicable to the Company:

- a. The Cinematograph Act, 1952

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:

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 Wholtime Directors in excess of the limits prescribed under Schedule V read with Section 197 of the Act.
3. The average net profit of the Company during the last three financial years for the purpose of computation of CSR activities is ₹ 3,441,859. Accordingly, the Company is required to spend an amount of ₹ 68,837 on CSR activities. The Company has not spent this amount on CSR activity and is accordingly in violation of Section 135(5) 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 VN Deodhar & Co

Vinayak N Deodhar
Proprietor
FCS NO.1880
C P No. 898

Mumbai, May 24, 2017

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,

The members

Pritish Nandy Communications Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.
5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For VN Deodhar & Co

Vinayak N Deodhar
Proprietor
FCS NO.1880
C P No. 898

Mumbai, May 24, 2017