



27 ANNUAL REPORT AND ACCOUNTS 2020

PRITISH NANDY COMMUNICATIONS LTD

www.pritishnandy.com

The New York Times

The show forces a discussion on feminism— what it is and what it isn't, and what the modern Indian woman looks like. It challenges the Indian audience to confront its collective fantasies and anxieties.



South China Morning Post

The juicy lives and adventures of four young women living in Mumbai are setting small screens across India alight. *Four More Shots Please!* is currently the platform's most watched TV show of 2020 in India.

The Sydney Morning Herald

Season 1 of *Four More Shots Please!* was one of the top three Indian Amazon original series in 2019. Since the debut of Season 2 in mid-April, it has become Amazon's most watched original Indian series this year.

*Aparna Purohit,
Head, Amazon India Originals*

PRITISH NANDY COMMUNICATIONS LTD
27 ANNUAL REPORT AND ACCOUNTS 2020

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Santosh Gharat

CHIEF FINANCIAL OFFICER

Kishor Palkar

AUDITORS

BD Jokhakar & Co
Chartered Accountants

PRINCIPAL BANKER

Yes Bank
Nariman Point Mumbai 400021

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
Kishor Palkar | Chief Financial Officer Yatender Verma | Vice President, Finance, Compliances & Legal Affairs
Anoop Kumar | Chief Production Officer Imtiaz Chougale | Manager, Accounts

CHAIRMAN'S STATEMENT

I welcome you to your Company's 27th Annual General Meeting.

For the first time in 27 years we are conducting this meeting as an online event for reasons you are all aware of. I will not have the privilege of meeting some of you in person and shaking your hand as I have been doing for all these years. This is a bit disconcerting but then many things have changed in recent times and this is just one more change we will perhaps have to learn to live with for a while.

The content business has also changed dramatically over the years. This is not surprising because every generation makes its own cultural and artistic choices. The nature of entertainment depends on these very choices. Technology has also moved at a remarkable pace and those who have not changed with it find themselves left behind. Fortunately, your Company is not one among them. We have always believed in and anticipated change, and tried to stay one step ahead of it. That is why your 27-year old Company still has the indomitable spirit of a new start-up.

We began 27 years ago as makers of news content for State-run terrestrial television, covering the national elections and debating issues that most concern the nation. From news and interviews we moved on to entertainment as the market for that opened up with the coming of satellite television and the opening of private channels for whom we made some path breaking shows. Then, after a few years, we decided to take our skill sets to the motion picture business and produced a genre of movies that brought your Company both success and critical acclaim. And then, four years ago, we anticipated the arrival of streaming platforms and shifted focus to content that best suits the needs of growing audiences who are watching these platforms today. Now our shows appear in 200 countries across continents, in multiple language versions reaching a massive global audience.

Needless to say, each change we made was ahead of its times, and helped us to stay in business. Content defines the viewing habits of a generation and it is always a challenge to anticipate today what tomorrow's viewers would like to watch. And as the profile of viewership changes and becomes younger and more demanding over the years, to stay in the race we must be prescient and responsive to changes in viewing habits and the constantly evolving taste of consumers. Today's audiences watch different kinds of shows from what audiences watched a decade back. In fact, I would like to believe they are today watching shows that audiences even five years ago would not have watched, nor had access to.

Just like satellite television brought about a total change in content and its viewership, streaming has transformed what people today watch and respond to. Streaming has also successfully grown the viewership of entertainment content, scripted and unscripted, and demonstrated that home entertainment is what content makers must focus on. OTT is clearly the new future.

This is precisely why four years ago your Company retooled itself towards making content for OTT platforms and you will be pleased to know that our first and most successful show, *Four More Shots Please!* (we are readying to make its third season) has been acknowledged as the year's most watched show on Amazon. In the New York Times, no less. We are developing more shows for some of the world's most prestigious OTT platforms and you would have seen some of them streaming this year were it not for the pandemic that rudely interrupted your Company's production schedule.

The way things are, it will be difficult (and a tad improper) for me to predict today how things will shape out in the immediate future. But you can be reassured by the fact that we have, during the lockdown, signed on new shows and are developing

several more. Once things return to normal—whatever that new normal may be-- your Company will be among the first off the mark to return to the screen. It is 13 years since we last raised money and yet we remain debt free. Our pursuit of excellence has taken us to the best global platforms where our shows are repeatedly winning awards. The latest, an International Emmy nomination for *Four More Shorts Please!* is the highest possible recognition for what we do. We have also won Asia's Best Rising Star Award at Busan's Asia Content Awards.

What is of concern, however, is the impact of the pandemic on our production schedules and the delays this will entail. This will impact our performance in the current year. While pointing this out, I must also impress upon you that your Company, despite the crippling lockdowns, is taking every possible step to reduce costs and prepare itself to make up for time lost. Work on new projects are proceeding apace, at the development level. Your Company is confident it can return to business swiftly once actual production commences, with safety protocols in place.

This is a year when we must pause to thank every stakeholder. Our bankers, our business associates, our clients, our vendors-- and all members of Team PNC who have won us so many plaudits in these trying times. Their support, their commitment, their unwavering faith in the future of your Company will go a long way towards our returning to business in full strength once the pandemic is under control and the nation returns to the urgent task of rebuilding its economy.

4 DIRECTORS' REPORT

PRITISH NANDY COMMUNICATIONS LTD
THE 27TH ANNUAL REPORT AND ACCOUNTS 2020

To
The Members
Pritish Nandy Communications Limited

Your Directors present the 27th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 2,728.27 lakh as compared to ₹ 1,504.27 lakh for the earlier year. The Company made a profit of ₹ 66.04 lakh before tax as compared to a profit of ₹ 86.01 lakh before tax in the preceding year.

In ₹ lakh

| Particulars | Standalone | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Income from operations | 2,728.27 | 1,504.27 |
| Other income | 69.39 | 64.64 |
| Total turnover | 2,797.66 | 1,568.91 |
| Total expenditure | 2,731.62 | 1,482.90 |
| Profit/(loss) before exceptional and extraordinary items and tax | 66.04 | 86.01 |
| Current tax | 14.50 | 26.26 |
| Profit/(loss) after current tax | 51.54 | 59.75 |
| Deferred tax | (12.68) | (35.06) |
| Short/ (excess) provision for tax (earlier year) | (23.87) | 0.97 |
| Profit/(loss) after tax | 88.09 | 93.84 |
| Dividend (%) | 0 | 0 |
| Transfer to reserves | 0 | 0 |
| Balance in statement of profit and loss | (106.87) | (189.17) |
| Paid up capital | 1,446.70 | 1,446.70 |
| Earnings per share | 0.61 | 0.65 |
| Book value per share | 57.24 | 56.67 |

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The increasing demand for content, mainly serialized and filmed digital streaming shows, added to your Company's revenues and we are actively developing and growing our footprint in the digital content market. Your Company is well positioned to deliver shows for OTT platforms—particularly the international ones-- to grab mindshare of the new age youth audiences, the largest consumers of such content across all different platforms. It is an audience your Company has been successfully addressing in the past as well. But a new orientation is now taking place and a growth in the global entertainment market that allows for more OTT content to be delivered and consumed. Your Company has repeatedly demonstrated its ability to successfully relate to the content expectations of new generation viewers but it was perhaps a bit ahead of its time. The global OTT business has now given us the opportunity to do so and, that too, on a global scale where both our content and its quality have found new takers.

Your Company visualizes an increasing opportunity for creating and producing more shows for these international OTT services. We have successfully delivered two seasons of an Amazon Prime Original, Four More Shots Please which has been appreciated by both audiences and critics across 200 countries and territories. This show was among the three most popular Amazon shows last year and this year Amazon has announced that it is its most watched show out of India. Leading international newspapers like the New York Times, South China Morning Post and the Sydney Morning Herald have reported on its extraordinary success.

All ten episodes of the second season of the show were dropped for binge-watching on April 17, 2020 across the global Amazon Prime Video platform and immediately demonstrated the show's popular appeal. The show has been imagined and developed in-house; both the creator and the associate creator, who double up as the show-runners of Four More Shots Please are senior in-house professionals. This is the creative hot shop that the Company set out to be 26 years ago and, today, we take pride not only in the sustainable model of business that we have created in the content business but also in the talent we have built up over the years to produce and execute our own creative projects.

Your Company after having successfully worked within the budget and deadlines for the first two seasons, has developed the third season of Four More Shots Please and is ready to immediately go on the floor with it. Owing to concerns over the Covid-19 pandemic and the subsequent lockdown announced by both the Union and State Governments, filming was held back from its original starting schedule in mid-March. We intend to commence filming once conditions and protocols are restored to ensure the safety of our cast and crew. Their security and wellbeing is our primary concern in the current circumstances.

Another Original show planned for shooting in the current financial year 2020-21 has also been delayed, as well as an anthology film shoot in which the Company was participating. We will be ready to start work on these shows and the film when normal life and work resumes and it is possible to commence filming safely with cast and crew. Meanwhile, work on the writing of other shows already commissioned continues. We consider writing as one of the most important aspects of our production business and we intend to stay the course on it.

Your Company is also in dialogue with several other international OTT players for developing scripted and unscripted shows.

The Company's existing film library is also being streamed on a non-exclusive basis on several OTT platforms, including Netflix, Amazon, Disney+Hotstar, Jio, Sony LIV, Eros Now, MX Player and Spuul.

Meanwhile, the Company has made a detailed assessment of the impact of the pandemic on its business and cash flows. It being an unanticipated global event, our options are limited and we will require some more time to return to normalcy and what that new normal will be is a matter of intense international conjecture and debate. The Company is working on the assumption that the setback caused to its business because of the pandemic will be only temporary and we can return to production in the current financial year. The Company does not anticipate material medium to long term risks to its business prospects. In fact, it appears from global reports, that the business of our clients, the streaming networks, has actually increased during the lockdown as millions of viewers have shifted to online entertainment even as theatres remain closed both in India as well as in many parts of the world where our shows are viewed.

As a preventive measure, your Company has reduced salaries of all its employees during the current financial year. It has also negotiated a reduced rent for the registered office and shut down its production office since shooting is currently not taking place. It has also taken several measures to preserve its available resources and cut overhead costs to bring down cash burn during the current period. It is however possible that your Company may face a cash crunch if the commencement of filming gets delayed beyond the next six months. However, in the view of the management, the ability of the Company and constituents of the group to continue as a going concern shall not be affected.

As mentioned earlier, the safety of our employees, and the cast and crew of our shows is currently of paramount importance to us and till date no case of Covid-19 has been reported from among them. Production, when it commences, will take place under carefully drawn out safety protocols and abundant precaution, following guidelines agreed upon by the government and the industry.

DIVIDEND

To conserve cash resources 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 2020-21 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: 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 its subsidiaries.

Pursuant to Section 129(3) of the Act, in addition to the financial statements provided under Section 129 (2) of the Act, consolidated financial statements of the Company and 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 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 its subsidiaries are available on the Company's website.

PNC Digital Limited

The principal business of this Subsidiary Company is sourcing content for digital streaming, setting up delivery systems for digital streaming and running the business of content aggregation as well as any other technology business using the internet as its primary delivery platform. Net enabled platforms for distributing and exploiting media and entertainment content have emerged as the most powerful means of delivery and the fastest growing. Single screen cinema halls have been downing shutters over the past decade while multiplexes have been severely compromised by the lockdown and no one quite knows when they will return to business as usual. This subsidiary explores new opportunities that may emerge in the streaming business by leveraging the goodwill and stature of the PNC brand. One of its roles can be that of an intermediary providing distribution services to content makers who are struggling to shift from traditional media to digital, where our Company believes the future lies.

PNC Wellness Limited

This Subsidiary Company operates in the wellness business segment which it pioneered in India when it opened Moksh: The Wellness Place in Mumbai. After a decade of pioneering activity, with rentals increasing and the wellness business, like many others, shifting to digital platforms Moksh was shut down. The subsidiary however continues, intending to use the brand's goodwill and reputation to build a digital opportunity at an appropriate time. It has designed several yoga brands that it hopes to commercialize as yoga picks up pace as a matter of intense global interest. Considering there was no revenue generation during the year under review, the Company has made further 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.

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 were adequate and operating effectively;
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and articles of associations of the Company, Rangita Pritish Nandy, Director of the Company, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers herself for reappointment. A resolution seeking shareholders' approval for her re-appointment forms part of the notice.

Santosh Gharat, Company Secretary of the Company who was also appointed additionally as Chief Financial Officer, has relinquished this additional responsibility with effect from November 14, 2019 and in his place Kishor Palkar was appointed as Chief Financial Officer of the Company. Mr Palkar has been in the employment of the Company since the last 18 years and his last designation was Chief Accounts Officer of the Company.

COMPLIANCE ON CRITERIA OF INDEPENDENCE 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.

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 five meetings of the Board of Directors were held and no meeting of Independent directors was held. The details of the meetings of the Board are furnished in the Corporate Governance Report.

ANNUAL EVALUATION OF THE 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 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) and the SEBI Listing Regulations.

Further, the meeting of independent directors could not be held due to lockdown and it was later also exempted vide MCA General Circular No. 11 /2020 - F No.2/1/2020-CL-V wherein MCA confirmed that there will be no violation if the meeting of independent directors was not held.

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 occurred 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

Statutory Auditors

BD Jokhakar & Co., Chartered Accountants (FRN 104345W) were appointed as Statutory Auditors of the Company for a period of four consecutive years at the Annual General Meeting (AGM) of the Members held on September 24, 2018 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Pursuant to the amendments made to Section 139 of the Act by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at the ensuing AGM is not being sought.

There is no audit qualification, reservation or adverse remark for the year under review.

AUDITORS' REPORT

The Auditors' 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 36 (a) on the standalone financial statements which relates to investment in wholly owned subsidiary company "PNC Wellness Ltd.". The investment in this subsidiary stands at ₹ 58.20 lakh whereas the net worth of the subsidiary is ₹ 32.79 lakh as at March 31, 2020. Considering that the Company has made provision for diminution in value of investment in this subsidiary of 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 36 (b) on the standalone financial statements which relates to investment in subsidiary company "PNC Digital Ltd.". The investment in this subsidiary stands at ₹ 70.20 lakh whereas the net worth of the subsidiary is ₹ 7.42 lakh as at March 31, 2020. The Company has agreed to provide its films to this Subsidiary Company to explore revenue opportunities on the digital platform and exploit it to its 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 38 (a) on the standalone financial statements which describe the facts related to the legal proceedings initiated by the Company for the recovery of an advance of ₹150 lakh. 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.

We further draw attention to Note 38 (b) on the standalone financial statements which describes that the Company has received an award of ₹ 352 lakh in its favour in the arbitration case filed against White Feather Films. White Feather Films has gone in appeal against the above said award and has been directed to deposit an amount of ₹ 300 lakh by the Bombay High Court. Proceedings are ongoing and in view of the same, outstanding of ₹317.53 lakh is considered as fully recoverable and consequently the Company has not made provision of any amount there against.

We further draw attention to Note 39 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 guarantee of ₹750.50 lakh. The Company has obtained legal opinion from Justice A M 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 46 to the standalone financial statements, which describes the impact of COVID-19 pandemic on the operations of the Company.

Our opinion is not modified in respect of the above 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 36(a), 36(b), 38(a), 38(b), 39 and 46 on the financial statements forming part of the Balance Sheet and Statement of Profit and Loss, and are self-explanatory and reproduced below..

Note – 36 (a)

PNC Wellness Limited

The Company has an investment of ₹ 58.20 lakh (PY ₹ 116.40 lakh) in equity shares of wholly owned subsidiary viz PNC Wellness Limited. The net worth of this subsidiary is ₹ 32.79 lakh as on March 31, 2020. 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 realisable. No further provision is made for the diminution in book value of investment which is considered as temporary.

Note – 36 (b)

PNC Digital Limited

The company has an investment of ₹ 70.20 lakh (LY ₹ 70.20 lakh) in equity shares of subsidiary viz PNC Digital Limited. The net worth of this subsidiary is ₹ 7.42 lakh as on March 31, 2020. The Company has agreed to provide its films to this subsidiary Company to explore revenue opportunities on the digital platform and exploit it to its commercial advantage but this subsidiary Company was not able to generate income from its operational activities in the year gone by. This subsidiary will continue its efforts. 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. This Company will leverage its market standing to facilitate other smaller production houses to gain access to large digital content distributors to facilitate them getting better prices and commercial terms for their content.

Note – 38(a)

The legal proceedings initiated by the Company for the recovery of an advance of ₹ 150 lakh which was 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 management of the Company considers the same as good and fully recoverable. Legal opinion obtained by the Company supports this. Auditors have relied on the opinion and consequently no provision has been made in the accounts at this stage.

Note – 38(b)

The Company has received an award of ₹ 352 lakh in its favour in the arbitration case filed against White Feather Films. Company has filed an Execution Application with the Bombay High Court for recovery of the Arbitral Award amount. The Execution Application will be mentioned before the Bombay High Court when it reopens. White Feather Films has gone in appeal against the above said award and has been directed to deposit an amount of ₹ 300 lakh by the Bombay High Court. Proceedings are ongoing and in view of the same, outstanding of ₹ 317.53 lakh is considered as fully recoverable.

Note - 39

Arbitration proceedings initiated by the company against Prasara Bharati on account of wrongful encashment of bank guarantee of ₹ 750.50 lakh. 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.

Note – 46

Due to restrictions imposed by the Union and State Governments for the ongoing Covid-19 pandemic, the Company had to hold back the scheduled shoot of Season 3 of Four More Shots Please which was scheduled to commence in the third week of March, 2020. Another Original show planned for shooting in the current financial year 2020-21 has been delayed, as well as an anthology film shoot in which PNC was participating. We will be ready to start work on these shows and the film when normal life and work resumes and it is possible to commence filming safely with cast and crew. Meanwhile, work on the writing of other shows continues. This is one of the most important aspects of our production business and we hope to stay ready with what we have in hand. Meanwhile, the Company has made a detailed assessment of the impact of the pandemic on its business and cash flows. It being an unanticipated global event, our options are limited and we will require some more time to return to normalcy and what that new normal will be is a matter of intense international debate. The Company is working on the assumption that the setback caused to its business because of the pandemic will be only temporary and we can return to the floors in the current financial year. The Company does not anticipate material medium to long term risks to its business prospects. In fact, it appears from global reports, that the business of our clients, the streaming networks, has actually increased during the lockdown as millions of viewers have shifted to online entertainment as theatres remain closed both in India as well as in many parts of the world where our shows are viewed. As a preventive measure, the Company has reduced salaries of all its employees during the current financial year. It has also negotiated a reduced rent for the registered office and shut down its production office since shooting is currently not taking place. It has also taken several measures to preserve its available resources and cut overhead costs to bring down cash burn during the current period. It is possible the Company may face a cash crunch if the commencement of shoot gets delayed beyond the next six months. However, in the view of the management, the ability of the company and constituents of the group to continue as a going concern shall not be affected. The safety of our employees, and the cast and crew of our shows is currently of paramount importance to us and till date no case of Covid 19 has been reported from among them. Production, when it commences, will take place under carefully drawn out safety protocols and abundant precaution, following necessary guidelines.

SECRETARIAL AUDITORS' REPORT

VN Deodhar & Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2020, as required under Section 204 of the Act and rules thereunder.

The Secretarial Auditors' Report is given as Annexure III which forms part of this report. The Secretarial Auditors' 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.

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 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 34 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.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC). While maintaining the highest governance norms, the Company has, within the ICC, appointed an external independent person who has worked in this area and has the requisite experience in handling such matters.

During the year, no complaint of sexual harassment was received by the Company. To build awareness in this area, the Company has been conducting induction and refresher programs in the organization on a continuous basis.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/ or Board under Section 143(12) of the Act and Rules framed thereunder.

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. Udayan Bose (Chairman)
2. Pallab Bhattacharya
3. Hema Malini

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

No CSR provision is applicable for the financial year ended on March 31, 2020 as the average net profit of the Company for the last three financial years is an inadequate profit.

However, the Company has put in place a policy that ensures all excess and unconsumed food for unit people, including cast and crew, during production shoots are immediately given away to the NGO Feeding India for urgent distribution to the needy and hungry.

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.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Details of the familiarization programs 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.

Policy on fair disclosure and code of Conduct required to be set out by the Company under SEBI (PIT) Regulations, 2015 effective from April 1, 2019, which is available on the website of the Company.

The website of the Company is 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 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 Annexure V which forms part of the report.

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

Mumbai, June 30, 2020

Pallab Bhattacharya
 Wholtime Director and CEO
 DIN: 00008277

Udayan Bose
 Director
 DIN: 00004533

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

(In ₹ lakh)

| 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 | 66.00 | 50.00 |
| 4. | Reserves and surplus | 0 | 0 |
| 5. | Total assets | 52.61 | 15.01 |
| 6. | Total liabilities (except share capital and reserve and surplus) | 19.82 | 7.59 |
| 7. | Investments | 0.00 | 0.00 |
| 8. | Turnover (including other income) | 0.00 | 0.00 |
| 9. | Profit/ (loss) before taxation | (0.63) | (0.14) |
| 10. | Provision for taxation (including deferred tax) | 0.00 | 0.00 |
| 11. | Profit/ (loss) after taxation | (0.63) | (0.14) |
| 12. | Proposed dividend | Nil | Nil |
| 13. | % of shareholding | 100% | 99.78% |

Note

1. Reporting period for all the Subsidiaries is March 31, 2020.

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 2019-20

| Description | Ratio of median remuneration |
|-----------------------|------------------------------|
| Wholetime Directors | |
| Pallab Bhattacharya | 4.70 |
| Rangita Pritish Nandy | 8.05 |

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2019-20

| Name | % increase in remuneration in the financial year |
|---|--|
| Pallab Bhattacharya, Wholetime Director and CEO | 0.00 |
| Rangita Pritish Nandy, Creative Director | 0.00 |
| Kishor Palkar, CFO | 37.50 |
| Santosh Gharat, Company Secretary | 25.81 |

- c. The percentage increase in the median remuneration of employees in the financial year: 6.43%.

The number of permanent employees on the rolls of Company: 19

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

The increment in remuneration during the year 2019-20 was 5.20%.

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

| Aggregate remuneration of Key Managerial Personnel (KMP) | |
|--|--------------------|
| FY 2019-20 | Amount (In ₹ lakh) |
| Revenue from operation | 2,728.27 |
| Remuneration of KMP (as % of revenue) | 3.63 |
| Profit/ (loss) before tax (PBT) | 66.04 |
| Remuneration of KMP (as % of PBT) | 150.02 |

- 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, 2020 | March 31, 2019 | % Change |
|-----------------------------------|----------------|----------------|----------|
| Market Capitalization (in ₹ lakh) | 1,085.03 | 2,553.45 | (57.51) |
| Price Earnings Ratio | 11.83 | 27.15 | (59.44) |

- 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, 2020 | IPO | % Change |
|--------------------|----------------|-----|----------|
| Market Price (BSE) | 7.50 | 155 | (95.16) |
| Market Price (NSE) | 7.45 | 155 | (95.19) |

- 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 salaries of employees was increased by 11.38 % 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 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.