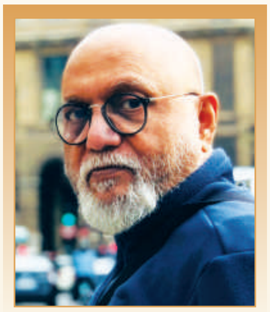
PRITISH NANDY COMMUNICATIONS LTD

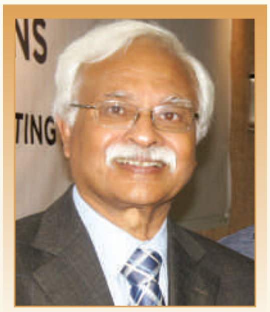
28 ANNUAL REPORT AND ACCOUNTS 2021

Four more SHOTS please! / S3 | FILMING RESTARTS

www.pritishnandycom.com

BOARD OF DIRECTORS


PRITISH NANDY
CHAIRMAN


RAGHU PALAT
INDEPENDENT DIRECTOR


PRADEEP GUHA
INDEPENDENT DIRECTOR


SUNIL ALAGH
INDEPENDENT DIRECTOR


RINA PRITISH NANDY
NON-EXECUTIVE DIRECTOR


KARAN AHLUWALIA
INDEPENDENT DIRECTOR


PALLAB BHATTACHARYA
WHOLETIME DIRECTOR & CEO


RANGITA PRITISH NANDY
CREATIVE DIRECTOR

CORPORATE LEADERSHIP TEAM

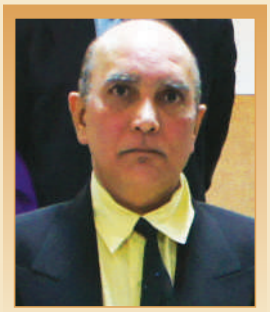

PALLAB BHATTACHARYA
DIRECTOR & CEO, CHAIRMAN


RANGITA PRITISH NANDY
CREATIVE DIRECTOR


ISHITA PRITISH NANDY
CHIEF BRAND STRATEGIST


KISHOR PALKAR
CHIEF FINANCIAL OFFICER


SANTOSH GHARAT
COMPANY SECRETARY


YATENDER VERMA
VICE PRESIDENT, FINANCE,
COMPLIANCE & LEGAL AFFAIRS


ANOOP KUMAR
CHIEF PRODUCTION OFFICER


IMTIAZ CHOUGLE
MANAGER, ACCOUNTS

PRITISH NANDY COMMUNICATIONS LTD

28 ANNUAL REPORT AND ACCOUNTS 2021

BOARD OF DIRECTORS

Pritish Nandy | Chairman
Raghu Palat
Sunil Kumar Alagh (from April 6 2021)
Karan Ahluwalia (from April 6 2021)
Rina Pritish Nandy
Pallab Bhattacharya | Wholetime Director & CEO
Rangita Pritish Nandy | Creative Director

Udayan Bose (till January 7 2021)
Hema Malini (till June 30 2021)
Pradeep Guha (till August 21 2021)

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 Kishor Palkar | Chief Financial Officer
Santosh Gharat | Company Secretary Yatender Verma | Vice President, Finance, Compliances & Legal Affairs
Anoop Kumar | Chief Production Officer Imtiaz Chougle | Manager, Accounts

CHAIRMAN'S STATEMENT

I welcome you to your Company's 28th Annual General Meeting.

It's unfortunate that for the second consecutive year we are having this meeting online and I will not have the pleasure of meeting you in person as I have done over the years. I will particularly miss the regulars, those who turn up every year to ask questions, voice their concerns if any, shake my hand and wish us all well for the coming year. I hope you are all well and looking after yourselves and your families in these difficult times. Life has not been easy for many of us during the past 19 months.

I am hopeful our next meeting will take place under more normal circumstances. And we will once again have the opportunity to discuss the many ambitious things your Company is planning to do. The pandemic has of course slowed us down. And multiple lockdowns have held us back from moving ahead at the pace we had set for ourselves.

But enough of that. Every crisis brings its own opportunities. It appears that we have now survived the worst and it's time to move ahead and try to make the best use we can of the rest of this year, as we wait for the pandemic's intensity to further subside and life to return to some sort of normal. I know it may seem foolhardy to be so optimistic when epidemiologists are still talking about a third wave. But hope and the indomitable spirit to succeed has seen your Company—as indeed this great nation of ours-- overcome many crises in the past and I am confident that we shall overcome whatever the pandemic may yet cast our way. It could take time. But I assure you, it will not break our spirit.

During the past 19 months, as millions of people across the world remained trapped indoors, mostly at home, there was an exponential rise in the consumption of digital content. Largely, entertainment. Scripted and unscripted. And this is precisely the business we are in.

Subscribers of streaming services multiplied many times over as theatres shut down and widespread cord-cutting shrunk audiences for cable and satellite content in many parts of the world. Millions of people shifted from watching traditional shows and serials to the new kind of content that the world's leading streaming platforms offered. With technology advances, quality improved. So did variety. More important, the global market opened up for content makers like us.

People across the world are now watching Israeli action drama, Korean romances, delightful French productions, Mexican narco-thrillers, Japanese horror stories, British comedies, adventurous Spanish heists and popular American sitcoms. Modern technology has delivered them into our living rooms. For viewing at our convenience, no longer by appointment. We watch them on our TVs, our computers and laptops, on millions of smart phones that have democratized the reach of compelling content. There is so much to watch and every week, there are new shows, new films, new documentaries dropping. It's an opportune time for content makers to showcase their best work before the world.

Fortunately, your Company has been one of the first movers in this business.

We started this Company 28 years ago to make news content for State-run terrestrial television, covering the national elections and debating vital political issues. From fireside chats with prime ministers to exit polls. From that we switched over to entertainment as the market opened up with the coming of satellite television and private channels. From TV content to motion pictures was a short journey. We successfully restyled our skill sets to produce movies that brought your Company both success and critical acclaim. Five years ago, as we watched the internet grow, we anticipated the rise of digital streaming content and prepared ourselves to shift gears again.

Our shows and movies are watched in 200 countries across the world, in many languages, dubbed and subtitled, reaching a massive global audience. In India, our viewership has grown exponentially with the increasing reach of streaming platforms. At 28, we retain the indomitable spirit of a new start-up, constantly innovating, constantly coming up with new ideas for changing audiences. Talking to them in a language they best understand.

In the midst of a raging pandemic, we got one of the highest accolades in the business when our series *Four More Shots Please!* won an international Emmy nomination last year. The New York Times reported Amazon's content head declaring the series as their most-watched show out of India. This was followed by several other top awards like best script from the Screenwriters Association, best web series at the 6th Annual Web Series Festival Global in Los Angeles and Asia's Best Rising Star Award at Busan's Asian Content Awards. Cosmo bloggers voted us as their favourite show.

The pandemic also gave us time to create and write new shows, some of which have been greenlit for production. Last month we restarted filming Season 3 of *Four More Shots Please!* which was interrupted by the first lockdown in March 2020. We will also be on the floor this year with a major show featuring six famous Indian directors- for a leading global streaming platform in association with the world's most famous newspaper. As a small experiment, we also went out during the pandemic and made a short film for the Amazon anthology *Unpaused,* with two actors and four crew members on the sets. This brief excursion in Covid times won us much critical acclaim.

Currently, we are working on several new shows and movies. A fascinating repertoire of contemporary campus stories; a new age musical; a family drama; a modern day love story winding itself across different continents; an edgy thriller set in a picturesque, baroque seaside locale; a gender-busting heist with a subliminal twist; an exotic romance in the heart of decadent royalty; a spectacular, adrenaline-driven fantasy adventure tale; and a story about the princess inheritors in the uber-rich jungles of South Mumbai. Quite a lot actually.

As formulaic content yields way to new age shows, your Company leads the change. For us, the future is here. And this is the best time to quickly repair our wounds from the pandemic and get back into the thick of battle. To win over audiences with the kind of stories we enjoy telling. All of them developed inhouse under the creative leadership of our own show-running team.

Another matter of pride is that we have improved upon the gender ratio in the business. A recent study by Ormax showed that women held barely 8% HOD jobs in the making of content. Our shows have more than 50% women working on them. We believe in pay parity too. Women are well represented on our board of directors as well.

Unfortunately, we recently lost two distinguished board members, investment banker Udayan Bose and media expert Pradeep Guha, both independent directors. Mr Bose was with us for over a decade and headed our audit committee. Mr Guha joined more recently. Both were always available for advice, support and guidance. We place on record our gratitude for their contribution and convey our sympathies to their bereaved families.

Renowned actress and Member of Parliament, Hema Malini, also on our board as an independent director for over a decade, recently stepped down to be able to spend more time on relief work during the pandemic. We shall miss her gracious presence, her support.

Finally, I thank all our stakeholders. Our clients, business associates, talent and crew; our bankers; our vendors-- and all members of Team PNC who worked against immeasurable odds to keep things going during these difficult months, despite many personal tragedies. Even now, they are working under severe restrictions. Their fearlessness, their dedication, their unwavering faith in the future of your Company will hopefully go a long way towards our returning to business in full strength.

25 August 2021

To
The Members
Pritish Nandy Communications Limited

Your Directors present the 28th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 774.96 lakh as compared to ₹ 2,728.27 lakh for the earlier year. The Company made a loss of ₹ 570.14 lakh before tax as compared to a profit of ₹ 66.04 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Standalone	
	Year ended March 31, 2021	Year ended March 31, 2020
Income from operations	774.96	2,728.27
Other income	84.28	69.39
Total turnover	859.24	2,797.66
Total expenditure	1,429.38	2,731.62
Profit/ (loss) before exceptional and extraordinary items and tax	(570.14)	66.04
Current tax	0.00	14.50
Profit/ (loss) after current tax	(570.14)	51.54
Deferred tax	(34.62)	(12.68)
Short/ (excess) provision for tax (earlier year)	(0.96)	(23.87)
Profit/ (loss) after tax	(534.56)	88.09
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(638.33)	(106.87)
Paid up capital	1,446.70	1,446.70
Earnings per share	(3.70)	0.61
Book value per share	53.57	57.24

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The year under review has been a difficult period for most businesses, not just in India but across the world. The Covid-19 pandemic has been unrelenting in its spread and the frequent lockdowns announced by both the Union and State governments have severely impacted your Company's functioning. Offices were shut for almost the entire year and the filming of content, which is our primary business, was not possible under the strict restrictions imposed by the lockdowns

There was a brief gap between the first and the second wave of the pandemic and it was during this gap that your Company was able to seize the opportunity to make a short film called Rat-a-Tat for an Amazon Prime Video anthology called Unpaused. The film attracted critical acclaim. No other filming was possible during the entire year, barring 11 days of filming in March 2021 of the third season of Four More Shots Please. This was the show that your Company was about to commence filming when the first lockdown was announced. It is a show widely acclaimed as Amazon Prime Video's most watched show out of India. We are yet to recommence its filming since the current lockdown regulations are not conducive to viable production activity.

Having said this, it is important to point out that during this year the consumption of content—the kind of content that your Company makes and is reputed for —has grown substantially. The streaming platforms have enlarged their viewership manifold during the pandemic, at the expense of movie theatres, which perforce had to shut down during most of the year, and there is a general recognition (worldwide, in fact) that the immediate future of the content business lies with these streaming platforms.

Your Company's show Four More Shots Please, for instance, found release in 200 countries and territories and its very first season received the highest accolade in the content business by getting a prestigious international Emmy nomination.

Despite the inability to produce content, your Company has successfully used the year to create, write and pitch to our clients multiple shows and feature films which it will take to production as soon as the pandemic eases and regulations allow us to film under viable and safe conditions. The enormous growth in the consumption of streamed content during the year under review has also empowered us to make more shows and feature films that meet the expectations of young audiences, the largest consuming group in the demographics of entertainment viewers.

We are also noticing wide global interest in content emerging from India. The way this is growing, India may soon emerge as an important source of global content. Our familiarity with the English language, our cost structure, our creative and technical talent and the latest innovations in production and post-production technology give us an advantage as far as global content is concerned. At the same time, regional platforms are also emerging stronger and attracting large viewership in different languages. So are the many pan-India platforms. Creating a substantial demand for both international quality content for the world as well as low cost, high impact content for local consumption. This is the best thing that could have happened to the digital content business. The pandemic, which has lost us many months of productivity, has also helped to enhance the market for home entertainment, thus enlarging the scope of the business your Company is in.

Conversations on and reviews of our shows on global news media and social engagement sites have brought inquiries for our content from across the world. Many of our older films are now streaming across the globe on multiple OTT platforms, giving them a new life, a new audience. We expect this to grow further and we are discussing several new shows and films with clients across the world.

Our shows are largely imagined, created and developed in-house. Outside talent is then recruited to direct and produce them under your Company's creative supervision. This makes your Company the amazing creative hot shop that we set out to be 28 years ago and, today, we take pride not only in the sustainable model of business that we have created in the content industry but also in the talent we have built up over the years to produce and execute our own creative projects.

The Company also continues to remain engaged in the development and production of feature film content. But, again, mainly for OTT platforms.

Thus, despite all the limitations imposed on your Company's business by the pandemic, the year has not gone entirely in vain. In fact, your Company stands stronger, more future ready.

The sharp fall in revenue over the year is owing to the fact that your Company was unable to film during the year because of the lockdowns. But creating, writing and development work continued in full steam throughout the year. This will eventually translate into production in coming months and years. The loss this year was also because of the write off of ₹ 3.39 crore owing to the settlement of a two decade old dispute with Prasar Bharati over the encashment of a PNC bank guarantee of ₹ 7.505 crore which went into arbitration.

The Company's filmed content library continues to defy its existing life cycle and is now widely streaming across many OTT platforms, including Netflix, Amazon, Disney+Hotstar, Jio, Sony Liv, Eros Now, MX Player and BSNL-Lokdhun. Renewals are happening from time to time, asserting your Company's conviction that good content never goes out of fashion. Its life cycle keeps increasing over the years. Our feature films are also available on the satellite platform of the Star TV Network.

Your Company has made a detailed assessment of the impact of the ongoing pandemic on its business and cash flows. As this is an unanticipated global event, our options are limited and we will have to depend on factors beyond our control to return to normalcy. As we speak, the government and reputed epidemiologists have issued a warning that a third wave could be imminent.

It is therefore difficult to predict when the pandemic will ease and the lockdowns lift. What the new normal will be is also anybody's guess. Your 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 itself. The Company does not anticipate material medium to long term risks to its business prospects. But it all depends on how long it takes the world to tame the pandemic. A global business depends on global stability.

Your Company did not remove any payroll staff during the pandemic. It introduced, instead, temporary pay cuts and negotiated reduced rents for its office and production stores. The production office is temporarily shut down. Measures have been taken to preserve the Company's resources and cut overhead costs to bring down cash burn. It is however quite possible that your Company may face a cash crunch if the commencement of filming gets delayed indefinitely. However, in the view of the management, the ability of your Company to continue as a going concern remains unaffected as on date.

As mentioned earlier, we follow a Safety-First protocol to ensure the wellbeing of our staff, and the cast and crew of our shows. A considerable amount of effort has been put into making sure that none of our employees have been put to risk during this period. The filming of the anthology short was done under carefully drawn-out safety protocols, following guidelines prescribed by the government and the industry. The same will be strictly followed when we get back to production.

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 2021-22 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 (AGM) 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 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 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 is hopes to commercialize. 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 with this, the value of investments in this subsidiary has been fully provided for.

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 2020-21.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

After the unfortunate demise of Udayan Bose, Independent Director, on January 7, 2021 the Company appointed Sunil Alagh and Karan Ahluwalia, both Independent Directors, on April 6, 2021. The Company has also received a request from Hema Malini to relieve her since the pandemic had increased the work load in her constituency as a member of Parliament.

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) of the Act 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 four meetings of the Board of Directors were held and one 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 independent Directors, at their exclusive meeting held during the year on March 25, 2021, 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 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 Companies Act, 2013 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 diminution of investment in wholly owned subsidiary company "PNC Wellness Ltd." which is now fully provided for.

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 ₹ 14.79 lakh as at March 31, 2021. 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 plus interest of ₹ 35 lakhs received by the Company in its favour in the arbitration case filed against White Feather Films (Proprietor Sanjay Gupta). White Feather Films has gone in appeal against the above said award. The court has directed the proprietor not to dispose off/create any third party rights on his properties which are valued at ₹ 1,200 lakh. Proceedings are ongoing and in view of the same outstanding of ₹ 317.53 lakh is considered as fully recoverable and consequently there is no provision made of any amount there against.

We further draw attention to note 40(a) on the standalone financial statements which describes change in accounting estimates in respect of cost of content and amortization thereof. Consequent to the change in the aforesaid accounting estimate, the Company has written off an amount of ₹ 76.39 lakh for the year 2020-21 as per revised accounting estimates instead of ₹143.75 lakh as per the earlier accounting estimates. In the opinion of the management, the impact on future periods is impracticable to estimate at this stage.

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) 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 Nil investment (PY ₹ 58.20 lakh) in equity shares of wholly owned subsidiary viz PNC Wellness Ltd. The net worth of this subsidiary is ₹ 32.44 lakh as on March 31, 2021. 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 and with this, the diminution in value of investments in this subsidiary has been fully provided for.

Note – 36 (b)

PNC Digital Limited

The Company has an investment of ₹ 70.20 lakh (PY ₹ 70.20 lakh) in equity shares of subsidiary viz PNC Digital Limited. The net worth of this subsidiary is ₹ 14.79 lakh as on March 31, 2021. 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 had received an award of ₹ 3.52 crore plus interest of ₹ 35 lakh in its favour in the arbitration filed against White Feather Films (Proprietor Sanjay Gupta). White Feather Films has gone in appeal against the award and was directed to deposit an amount of ₹ 3 crore by the Bombay High Court, which they failed to do. The Company filed a petition for execution of the arbitration award. The Bombay High Court has restrained Sanjay Gupta from disposing of, encumbering, alienating, transferring, parting with possession of or creating any third party rights or interest in his three properties in Pune and Khandala valued at ₹ 12 crore. The advance of ₹ 3.17 crore is therefore considered as fully recoverable

Note – 40(a)

During the year, Company has reviewed its accounting estimate in respect of cost of content and amortization.

The Company has revised the accounting estimate and taken the useful life of its audio-visual entertainment content as 40 years considering the following:

i. The economic useful life of content post digitisation.

ii. New avenues of content exploitation with the emergence of new technologies.

iii. Long tail realisations from the library of produced content.

iv. Increased reach of Indian content in new and existing global markets.

v. Increased scope of content exploitation in many new ways and languages as well as through multiple exploitation of content IPRs.

vi. The continuing exploitation of the PNC library on existing platforms.

News-based content as well as content being produced currently for international streaming platforms on commissioned basis will continue to be 100% written off on exploitation as per the current practice. This is today the bulk of our content business. The revision applies only to our library of released movies.

Consequent to the change in the accounting estimate, the Company has written off ₹ 76.39 lakh for the year 2020-21 as per the revised accounting estimates instead of ₹ 143.75 lakh as per the earlier accounting estimates. The impact on future earning is impracticable to estimate at this stage.

Note – 46

Due to restrictions imposed by the Union and State Governments for the ongoing Covid-19 pandemic, after commencing shoot in March 2021, the Company had to hold back the scheduled shoot in April 2021 of Season 3 of Four More Shots Please. The Company will be ready to start work on this show 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. 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 itself. 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. The Company did not remove any payroll staff during the pandemic. It introduced, instead, as preventive measures, temporary pay cuts for staff and negotiated reduced rents for its office and production stores. The production office has been temporarily shut down. Measures have been taken to preserve its available resources and cut overhead costs to bring down cash burn. It is however quite possible that your Company may face a cash crunch if the commencement of filming gets delayed indefinitely. However, in the view of the management, the ability of your Company and constituents of the group to continue as a going concern remains unaffected as on date.

SECRETARIAL AUDITORS' REPORT

VN Deodhar & Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2021, 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 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. Sunil Alagh, Chairman
2. Karan Ahluwalia
3. Pallab Bhattacharya

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, 2021 as the average net profit of the Company for the last three financial years is inadequate.

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 which is available on the website of the Company.

The website of the Company is www.pritishnandycom.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.

ACKNOWLEDGEMENT

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	Raghu Palat
	Wholetime Director and CEO	Director
Mumbai, June 30, 2021	DIN: 00008277	DIN: 00311994

ANNEXURE - I

STATEMENT PURSUANT TO FIRST PROVISO 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	(33.56)	(35.21)
5.	Total assets	52.65	14.84
6.	Total liabilities (except share capital and reserve and surplus)	20.21	0.05
7.	Investments	0.00	0.00
8.	Turnover (including other income)	0.03	7.54
9.	Profit/ (loss) before taxation	(0.35)	7.37
10.	Provision for taxation (including deferred tax)	0.00	0.00
11.	Profit/ (loss) after taxation	(0.35)	7.37
12.	Proposed dividend	Nil	Nil
13.	% of shareholding	100%	99.78%

Note

1. Reporting period for all the Subsidiaries is March 31, 2021.

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 2020-21

Description	Ratio of median remuneration
Wholetime Directors	
Pallab Bhattacharya	4.48
Rangita Pritish Nandy	6.35

b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2020-21

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

However due to pandemic situation remuneration paid to all employee (including Key Managerial Persons) at 64.17% (reduction of 35.83).

c. The percentage increase in the median remuneration of employees in the financial year: (6.15%).

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 2020-21 was Nil.

e. Comparison of the remuneration of the key managerial personnel against the performance of the Company for financial year 2020-21.

Particulars	Amount (In ₹ lakh)
Aggregate remuneration of Key Managerial Personnel (KMP)	65.48
Revenue	774.96
Remuneration of KMP (as % of revenue)	8.45 %
Profit/ (loss) before tax (PBT)	(570.14)
Remuneration of KMP (as % of PBT)	(11.48) %

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, 2021	March 31, 2020	% Change
Market Capitalization (in ₹ lakh)	6,039.97	1,085.03	456.67
Price Earnings Ratio	(11.28)	12.30	(192.61)

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, 2021	IPO	% Change
Market Price (BSE)	41.75	155	(73.06)
Market Price (NSE)	41.85	155	(73.00)

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 managerial personnel were not increased 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.