



PRITISH NANDY COMMUNICATIONS LTD

29 ANNUAL REPORT AND ACCOUNTS 2022



Modern Love
Mumbai

PRITISH NANDY 
COMMUNICATIONS

STORYTELLERS TO THE WORLD



A PRITISH NANDY COMMUNICATIONS ORIGINAL FOR AMAZON PRIME

RAAT RANI

BAAI

MUMBAI DRAGON

MY BEAUTIFUL WRINKLES

I LOVE THANE

CUTTING CHAI

Modern Love
Mumbai

PRITISH NANDY COMMUNICATIONS LTD
29 ANNUAL REPORT AND ACCOUNTS 2022

BOARD OF DIRECTORS

Pritish Nandy | Chairman
Raghu Palat
Sunil Kumar Alagh
Karan Ahluwalia
Neerja Shah (from February 23 2022)
Rina Pritish Nandy
Pallab Bhattacharya | Wholetime Director & CEO
Rangita Pritish Nandy | Creative Director

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

CHAIRMAN'S STATEMENT

I welcome you to your Company's 29th Annual General Meeting.

As we enter this, our 30th year, having come out of a difficult and unprecedented crisis, the Covid-19 pandemic which has overwhelmingly impacted our lives, our business and our wellbeing, it is time for both celebration and introspection. The pandemic, one of those Black Swan events Nassim Nicholas Taleb speaks of, has not yet ended though and as the RBI warns it could take the economy 12 years to recover from its losses. This demands constant vigilance in every aspect of our business and a cautious road ahead.

The good news is that the worst of the pandemic appears to be behind us. During the past year, we worked through three full quarters to record an annual 425% growth in revenue and business. (The first quarter was under lockdown.) This is, by all accounts, a fine comeback after losing many months to Covid-19 and the lockdowns. Everyone in your Company came face to face with grief and personal loss during this period and it's a tribute to them that your Company made such a swift comeback.

We are confident that if there are no more unanticipated setbacks, your Company could do even better. It would be prudent however to point out the many risks that still exist.

The first and most obvious risk is that of a fourth wave that epidemiologists are talking about. Covid cases are rising again. Masks are back. We hear of new variations in the virus. Our margins thinned last year because of the large expenses incurred on safety protocols we adopted during the pandemic. We follow these even today as we do not want to compromise on the safety and wellbeing of not only our own staff but the hundreds of others, cast and crew, who work along with us when we undertake a project. This is particularly expensive when we film overseas. Unfortunately, budgets for most of our ongoing projects, as well as some forthcoming ones, were formalized prior to the pandemic or during it when we were not quite clear about how serious it would turn out to be or for how long it might last.

The second concern is cost inflation. Today's post-pandemic costs are way much higher than what we anticipated and originally budgeted for. Covid-19 and inflation have wreaked havoc on our estimates. As well as the rise in global fuel prices and the war in Ukraine which has had a serious cost impact on all economies. This too has impaired our operating margins. The continuing fall in the value of the rupee has also stressed our cost assumptions for overseas filming.

A third problem is that content changes over time. It reflects shifting (and often fickle) audience taste. Some of the content we began work on three to four years ago no longer look pertinent. People are watching new kinds of stories today. This is because emerging digital platforms have exposed us to amazing global content. The jury is still out on whether people will ever go back to watch the kind of movies they once flocked to in our theatres. Many single screens have shut down. Multiplexes are struggling to regain their audiences. We may thus have to revisit some of our own work in progress and possibly abandon a few projects we had invested in. This will align us better with new viewing trends. Grim stories no longer work. People are looking for hope and joy and stories that inspire.

Having said all that, the future looks bright for your Company. Technology for delivery may keep changing but the demand for high quality content continues to grow. We are today privileged to work with the best platforms in the world, reaching viewers

in 240 countries and territories. We try to make shows that work across the globe. In their original version as well as dubbed and subtitled in many other languages. This brings work to us-- and India-- from all over. It also brings us awards and global recognition.

Our most recent series *Modern Love Mumbai*, created in association with Amazon Prime Video and The New York Times, has opened to wide critical acclaim. Wildly appreciative reviews have appeared across the world, in both traditional and digital media, ensuring large viewership for all six films in the series. We were also privileged to work with some of India's finest film makers, actors and music composers in this Amazon Original series.

In a few weeks, the widely-anticipated third season of our popular International Emmy-nominated series *Four More Shots Please!* will also drop on Amazon Prime Video. Expectations from it are forever increasing since it is already acknowledged as "India's most-watched show". We have invested in many more stories in development in different writers' rooms. Some of these will go on the shooting floor soon. New seasons are also being written for our existing shows. All this will keep your Company busy in coming months.

30 years is a long time in the entertainment business. The constant churning of new ideas makes the creation of content such an exciting proposition. Particularly because most of these ideas are developed and produced inhouse. Our older films are still being watched across multiple satellite, network and streaming platforms. Our new shows are drawing in large audiences, young and not so young. And social media is awash with the music we have made over the years.

In September 1993, we began as *The Ideas Company*.

Today we are *Storytellers to the World*.

Your Company remains unwaveringly committed to the task we set ourselves 30 years ago. To emerge as a world class creative team. 7 out of our first 10 employees are still with us. A bright new batch of young talent has joined us over the years. Our average employee is 38 and has been with us for almost a decade. Gender balance keeps improving every year. While the industry average is 8%, we have over 40% women working on our projects today.

Merit defines our HR policy. Your Company is an equal opportunities employer. We do not discriminate on the basis of gender, race, faith or caste. We hire the best talent affordable. And we nurture an environment in which they can flourish. At 30, it's also time for some succession planning. We are ready with the next generation of creative and management talent in place, trained to play leadership roles.

As always, I take this occasion to thank our shareholders, business associates, bankers, talent and crew—as well as Team PNC who have worked against great odds to keep things going during very difficult times, despite their own personal tragedies. Their dedication, their fearlessness, and their unwavering faith in the future of your Company will go a long way in taking PNC ahead.

July 25, 2022

To
The Members
Pritish Nandy Communications Limited

Your Directors present the 29th Annual Report on the business and operations of the Company together with the audited financial accounts for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

Total income for this year was ₹ 4,466.83 lakh as compared to ₹ 774.96 lakh for the earlier year. The Company made a loss of ₹ 34.59 lakh before tax as compared to a loss of ₹ 570.14 lakh before tax in the preceding year.

In ₹ lakh

Particulars	Standalone	
	Year ended March 31, 2022	Year ended March 31, 2021
Income from operations	4,466.83	774.96
Other income	38.98	84.28
Total turnover	4,505.81	859.24
Total expenditure	4,540.40	1,429.38
Profit/ (loss) before exceptional and extraordinary items and tax	(34.59)	(570.14)
Current tax	0.00	0.00
Profit/ (loss) after current tax	(34.59)	(570.14)
Deferred tax	(14.78)	(34.62)
Short/ (excess) provision for tax (earlier year)	0.00	(0.96)
Profit/ (loss) after tax	(19.81)	(534.56)
Dividend (%)	0	0
Transfer to reserves	0	0
Balance in statement of profit and loss	(661.12)	(638.33)
Paid up capital	1,446.70	1,446.70
Earnings per share	(0.14)	(3.70)
Book value per share	53.41	53.56

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The first quarter of the year under review continued to be a difficult period for your Company as the second wave of the pandemic persisted, as did lockdowns and work interruptions.

It was during the second quarter that actual work commenced, that too under somewhat restrictive conditions with many staff members continuing to WFH. Despite that, your Company was able to achieve decent results. Quarters three and four also did well, as a consequence of which we have achieved in three quarters a 425% growth in revenue as compared to the year before.

Quarter two recorded a 541% revenue growth over the same quarter the year before. Quarter three recorded a 700% revenue growth. And now, quarter four has recorded a 245% revenue growth. Overall, we achieved a revenue growth of 425% over the year before.

There was an operating profit but the Company decided to write off some pre-pandemic costs incurred on developing content that can no longer be used as well as two unpaid amounts by debtors who have ceased to do business.

As you are aware, the core strength of your Company comes from its creative team. This team continued its work throughout the pandemic and was able to write and ready the shows that instantly went into active production mode the moment things began to open up. Several pitches were made for new shows as well during the pandemic. To existing and new clients. Some of these have made their way into development now. There is a likelihood some may go into production this year.

Meanwhile, your Company completed the filming of its most ambitious show: the Mumbai chapter of the globally acclaimed international show Modern Love, an Amazon Original in association with the New York Times that will premiere in 240 countries and territories across the world on May 13. On the Prime Video platform. This six-part show features, for the first time, the work of six celebrated Indian film makers in an anthology. Some of the today’s best actors feature in it. So do some of the finest music directors and singers. Sony Music will release the music album globally.

Also, during the year, your Company renewed work on the interrupted filming of the third season of its International Emmy nominated show, Four More Shots Please! another Amazon Original widely acclaimed as India’s most watched show. The last part of the production schedule is now being filmed in Italy, near Milan. The show is likely to premiere later this year, again across 240 countries and territories. It was delayed by many months because of the pandemic and global travel restrictions.

With streaming platforms growing their viewership, the immediate future of the content business looks stable and strong. Particularly for a Company like yours which makes shows for global audiences.

There is also growing interest from across the world in content emerging from India. And it is likely that India may soon emerge as an important source of global content in a world that is increasingly cutting cord and switching over to streaming. Our familiarity with the English language, our costs structure, our creative and technical talent and the latest tech innovations we have adopted give us a strong advantage. As indeed our skill as a nation of formidable storytellers.

The good news is also that the PNC film library is now streaming across the globe (and in India) on multiple platforms, giving our earlier work a new life, a new audience apart from those who watch these films on satellite television on the Star platform that is now called Disney+Hotstar. This growing viewership strengthens your Company’s repute as Storytellers to the World.

This September, your Company turns 30. Over these past years, creativity has been its key asset as it has traversed from news to entertainment across different tech platforms, reaching newer and broader audiences every time.

However, a word of caution. The pandemic has severely hurt all economic activity in India and across the globe. The Reserve Bank of India in its recent report Scars of the Pandemic states that it will take 12 long years for India to overcome the Covid losses. Your Company too is hurt and will make every effort to recover as soon as possible from the consequences of the time and money lost to Covid-19.

Performance over the past three quarters has demonstrated its will to fight back and regain lost ground. If there are no further interruptions in work, your Company will continue to show growth and improved performance.

Your Company has faced (and continues to face) large, unanticipated costs in ensuring the safety and security of its staff and all those who work for it on different projects. These costs are incurred in following very strict safety protocols that are mandated as well as considered necessary. They were not built into budgets planned and submitted to clients before the pandemic and could continue to impact your Company’s results for a while.

What may also impact your Company’s performance is the post-pandemic inflation in almost all costs, particularly in the cost of travel and talent. Most of our costs were budgeted in pre-pandemic times and some were during the pandemic. We did not take into account such a large inflation in costs across almost all heads.

Thirdly, your Company was working on several projects over the past three to four years which, post-pandemic and the sudden and sharp shift in audience viewing habits, are now no longer looking that viable. We may have to redesign, rewrite or abandon some of them in coming times.

A pandemic changes many things. And its long-term impact may take some time to fully assess. Your Company is attempting to do precisely that.

Other imponderables include: The possibility of another wave of Covid which is being predicted by some; impact of the Russian war on Ukraine and its consequences on the world economy; the future of work (your Company has now adopted a hybrid model of work incorporating both WFO and WFH, depending on what is most productive in specific areas) and the increasing cost of money in an inflationary economy. The fall of the rupee has also made filming costs overseas much more expensive than originally estimated.

Your Company is reframing its plans for the future to incorporate these possibilities and find ways and means to deal with them adequately.

DIVIDEND

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 2022-23 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 your 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.

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 2021-2022.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

After the sudden demise of Independent Director Pradeep Guha during the year, the Company Board was short of one Independent Director. Neerja Shah was appointed to fill this vacancy with effect from February 23, 2022 through a circular resolution. The approval of the shareholders was taken in the Extra-Ordinary General meeting on May 5, 2022.

Re-appointment of Raghu Palat, Independent Director, for another term of 5 years was approved by the Board. The same will be taken up as a special resolution in the AGM to be held on August 26, 2022 to seek the approval of the Company's Shareholders.

Mr Palat, Non-Executive and Independent Director, will turn 75 in the next calendar year. The Board approved the continuance of Mr Palat, as Non-Executive and Independent Director post attaining 75 years of age and Pritish Nandy as Non-Executive Director and Chairman of the Company, who has also turned 75. The same will be taken up as a special resolution in the AGM to be held on August 26, 2022 to seek the approval of the Company's shareholders, as required under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations, 2015").

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 LODR 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 LODR Regulations, 2015, during the year four meetings of the Board of Directors and one meeting of Independent Directors were held. 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 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 on March 29, 2022, 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 that 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**

The term of existing Statutory Auditors BD Jokhakar & Co., Chartered Accountants (FRN 104345W) is coming to an end at the conclusion of the forthcoming Annual General Meeting. Your Directors recommend the re-appointment of same Auditor for next term of 5 consecutive years on a remuneration mutually agreed upon by Board of Directors and the Statutory Auditors.

The Statutory Auditor will be appointed from the conclusion of this Annual General Meeting for this year and continue till the conclusion of Annual General Meeting for the year 2026-27. In other words, the appointment of Statutory Auditor will be for the financial years 2022-23 to 2026-27.

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

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 34(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 ₹ 18.95 lakh as at March 31, 2022. 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 36(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 36(b) on the standalone financial statements. 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 above said award. The court has directed the proprietor not to dispose off or 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.

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 34(b), 36(a) and 36(b) on the financial statements forming part of the Balance Sheet and Statement of Profit and Loss, and are self-explanatory and reproduced below.

NOTE – 34 (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 ₹ 18.95 lakh as on March 31, 2022. 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. During the year this subsidiary has generated nominal income from its operational activities. 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 – 36(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 – 36(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). They have 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

SECRETARIAL AUDITORS' REPORT

VN Deodhar & Company, practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the fiscal year 2022, as required under Section 204 of the Act, 2013 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 32 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 complaints were received by the Company.

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, animal welfare 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, 2022 as the average net profit of the Company for the last three financial years is inadequate.

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 Company's website.

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

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

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 Company's website.

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
 Wholtime Director and CEO
 DIN:00008277

Raghu Palat
 Director
 DIN:00311994

Mumbai, May 6, 2022

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.	Date of incorporation	June 4, 1999	March 4, 1994
2.	Reporting currency	INR	INR
3.	Exchange rate	NA	NA
4.	Share capital	66.00	50.00
5.	Reserves and surplus	(52.79)	(31.05)
6.	Total assets	33.77	19.15
7.	Total liabilities (except share capital and reserve and surplus)	20.56	0.20
8.	Investments	0.00	0.00
9.	Turnover (including other income)	0.00	4.25
10.	Profit/ (loss) before taxation	(0.30)	4.16
11.	Provision for taxation (including deferred tax)	18.93	0.00
12.	Profit/ (loss) after taxation	(19.23)	4.16
13.	Proposed dividend	Nil	Nil
14.	% of shareholding	100%	99.78%

Note

1. Reporting period for all the Subsidiaries is March 31, 2022.

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 2021-22

Description	Ratio of median remuneration
Wholetime Directors	
Pallab Bhattacharya	3.04
Rangita Pritish Nandy	5.64

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2021-22.

Name	% increase in remuneration in the financial year
Pallab Bhattacharya, Wholetime Director and CEO	28.57%
Rangita Pritish Nandy, Creative Director	25%
Kishor Palkar, CFO	33.33%
Santosh Gharat, Company Secretary	38.46%

- c. The percentage increase in the median remuneration of employees in the financial year: (88.89%).

The number of permanent employees on the rolls of Company: 22

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

The increment in remuneration during the year 2021-22 was 28.83%.

- e. Comparison of the remuneration of the key managerial personnel against the performance of the Company for financial year 2021-22.

Particulars	Amount (In ₹ lakh)
Aggregate remuneration of Key Managerial Personnel (KMP)	100.73
Revenue	4,466.83
Remuneration of KMP (as % of revenue)	2.26 %
Profit/ (loss) before tax (PBT)	(34.59)
Remuneration of KMP (as % of PBT)	(291.21) %

- 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, 2022	March 31, 2021	% Change
Market Capitalization (in ₹ lakh)	6,813.96	6,039.97	12.81%
Price Earnings Ratio	(336.43)	(11.28)	2,881.52%

- 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, 2022	IPO	% Change
Market Price (BSE)	47.10	155	(69.61)
Market Price (NSE)	47.25	155	(69.52)

- h. Average percentile increase already made in the salaries of employees 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

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

This year the above comparison is not applicable.

- 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 ₹102 lakh per annum or ₹ 8.5 lakh per month.