

## FORM A

Format of covering letter of the annual audit report to be filed with the  
Stock Exchanges

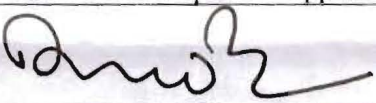
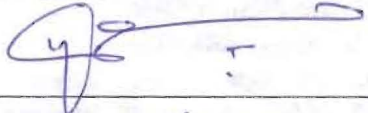

1	Name of the Company	Prithvi Nandy Communications Limited
2	Annual Financial Statement For the year ended	March 31, 2015
3	Type of Audit Observation	<p><b>Emphasis of Matter:</b></p> <p>1. Auditor has drawn attention to note 32 on the standalone financial statements which describes the facts related to the arbitration proceedings initiated by the Company against Prasar Bharati, on account of wrongful encashment of bank guarantee of Rs 75,050,000. 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 at this stage. Our opinion is not qualified in respect of this matter.</p> <p><b>Board of Directors Response:</b> Directors of the Company in the Directors' Report have stated that the matters referred to in segment relating to Emphasis of matter by the independent auditors in their report have been clarified in note number 32 on the financial statement forming part of Balance Sheet and Statement of Profit and Loss, which is self explanatory and reproduced below.</p> <p><b>Note 32 to the financial statements</b> - Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of Rs 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the Hon. High Court at Bombay for appointment of a sole Arbitrator in place and stead of Justice Chandrachud in January 2009. The Bombay High Court appointed Justice BN Srikrishna, former Judge of Supreme Court of India as sole Arbitrator vide order dated November 27, 2009 and the arbitration proceedings are ongoing. Opinion obtained by the Company from Justice AM Ahmadi, former Chief Justice of the Supreme Court of India, supports the Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasar Bharati as "Long Term Loans and Advances".</p> <p>The arbitration proceeding originally commenced in the financial year 2000-2001</p> <p>2. Auditor has drawn attention to note 38 on the standalone financial statements which describes the facts related to the legal proceedings initiated by the Company for the recovery of loans and advances aggregating to Rs 46,753,181. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this. We have relied on the same and consequently no provision of any amount there against is made at this stage. Our opinion is not qualified in respect of this matter.</p>



**Board of Directors Response:** Directors of the Company in the Directors' Report have stated that the matters referred to in segment relating to Emphasis of matter by the independent auditors in their report have been clarified in note number 38 on the financial statement forming part of Balance Sheet and Statement of Profit and Loss, which is self explanatory and reproduced below.

**Note 38 to the financial statements-** Loans and Advances of Rs 46,753,181 includes: i) Rs 15,000,000 advanced against the Music, Asian and Indian Satellite rights of a film, where the Company has lien over the exploitation of the said rights and ii) Rs 31,753,181 being balance amount advanced towards joint production of a film where the Company has joint re-exploitation rights. The Company has initiated recovery proceedings in respect of the aforesaid advances. i) The Company has filed a Summary Suit with the Hon. High Court at Bombay which is pending hearing and disposal and ii) The Company has initiated arbitration proceedings which are ongoing before Justice Smt KK Baam (Retired). The management considers the same are good and fully recoverable. Legal opinion obtained by the Company from SF Rego, Judge (Retired), City Civil and Sessions Court, Mumbai, supports this and consequently no provision has been made in the accounts at this stage. The Company is showing these amounts as "Long Term Loans and Advances".

This legal proceeding commenced in 2004.

4	Frequency of observation	1. Observation in point 1 appears since 2001 2. Observation in point 2 appears since 2004
5	Signed by Pallab Bhattacharya Wholtime Director and CEO	
	Yatender Verma Vice President Finance, Compliances and Legal Affairs	
	Kishore R Khare Proprietor K R Khare & Co Auditor of the Company	
	Vishnu Kanhere Independent Director Chairman of the Audit Committee	