

REVIEW
RETHINK
REBUILD
REBOOT
REGAIN

The movie business is back on its feet.



The Power of Entertainment.

www.pritishnandycom.com

We are already in the process of commencing the shooting of several new films that will feature top ranking stars and accomplished directors and technical crew.

Shaadi ke Side Effects starring
Farhan Akhtar and Vidya Balan,
two of the most successful stars of last year,
is scheduled to go on the floor end of this year.

So are three more films currently being written and cast.

”

An excerpt from the Chairman's Statement 2012

Pritish Nandy Communications Ltd
19th Annual Report and Accounts
2011/2012

Board of Directors

Pritish Nandy/ Chairman
Udayan Bose
Nabankur Gupta
Hema Malini
Rina Pritish Nandy
Dr Vishnu Kanhere
Tapan Chaki
Pallab Bhattacharya/ Wholetime Director & CEO
Rangita Pritish Nandy/ Creative Director

Company Secretary

Rupali Vaidya

Auditors

KR Khare & Co
Chartered Accountants

Principal Bankers

Yes Bank
Nariman Point Mumbai 400021
Standard Chartered Bank
Breach Candy Mumbai 400036

Registered Office

87/88 Mittal Chambers Nariman Point Mumbai 400021

Corporate Leadership Team

Pallab Bhattacharya/ Director and CEO, Chairman Rangita Pritish Nandy/ Creative Director
Rupali Vaidya/ Company Secretary Yatender Verma/ Vice President, Finance, Compliances and Legal Affairs
Ishita Pritish Nandy/ Chief Brand Strategist Upala KBR/ Vice President, Media and Projects Anoop Kumar/ Chief Production Officer
Shrinivas Gaine/ General Manager, PNC Wellness Ltd Merlyn Zabeth/ Assistant Manager, Human Resource and Administration
Mahesh Vyas/ Chief Manager, Accounts Kishor Palkar/ Chief Manager, Accounts

PNC is an equal opportunities employer. There are 11 members in the Corporate Leadership Team that runs the affairs of the Company. The Corporate Leadership Team has an average age of 40, combining youth and experience. Members of the CLT have been with PNC for an average of 8 years, demonstrating continuity and effective HR. Most members of the team have risen from the ranks.

	Year ended									
	31.3.2003	31.3.2004	31.3.2005	31.3.2006	31.3.2007	31.3.2008	31.3.2009	31.3.2010	31.3.2011	31.3.2012
	In ₹ lakh									
STATEMENT OF PROFIT AND LOSS										
Total turnover	4,136.54	3,188.08	3,586.43	3,480.25	3,950.07	3,384.11	1,533.11	1,506.87	1,320.09	586.55
Total expenditure	3,926.13	2,738.14	2,927.84	2,781.58	3,366.89	2,349.39	1,727.99	1,734.27	1,457.03	908.16
Profit/ (loss) before taxation	210.41	449.94	658.59	698.67	583.18	1,034.72	(194.88)	(227.40)	(136.94)	(321.61)
Provision for taxation	15.05	27.20	53.48	62.58	69.76	172.85	3.29	0.18	(23.03)	0.00
Net profit/ (loss)	195.36	422.74	605.11	636.09	513.42	861.87	(198.17)	(227.58)	(113.91)	(321.61)
Provision for deferred tax	32.43	162.82	194.06	234.12	236.71	200.66	(26.49)	11.85	4.18	(13.73)
Dividend (%)	7.5	10	10	10	10	10	0	0	0	0
BALANCE SHEET										
Tangible assets	705.45	705.59	675.87	571.92	221.00	165.09	164.29	177.15	166.21	158.49
Investments	973.09	1,275.55	285.10	746.47	405.59	140.18	140.18	140.18	140.18	380.18
Long term loans and advances	2,029.28	2,097.32	2,167.96	2,558.00	2,560.55	3,471.07	4,593.45	4,564.58	3,816.11	3,772.26
Current assets	3,539.55	3,999.67	4,659.02	4,981.30	8,456.27	8,663.22	6,896.04	7,013.17	7,223.38	6,728.82
Total application of funds	7,247.37	8,078.13	7,787.95	8,857.69	11,643.41	12,439.56	11,793.96	11,895.08	11,345.88	11,039.75
Long term borrowings	131.98	173.10	188.30	201.81	161.68	139.45	129.88	148.79	20.80	22.90
Deferred tax liabilities	261.71	424.53	614.77	848.88	1,085.61	1,286.27	1,259.78	1,271.64	1,275.81	1,262.09
Current liabilities	899.53	1,591.61	960.28	1,501.60	1,347.85	1,472.72	1,036.82	1,383.71	1,076.42	1,089.79
Paid-up capital	1,046.70	1,046.70	1,046.70	1,046.70	1,446.70	1,446.70	1,446.70	1,446.70	1,446.70	1,446.70
Reserves	4,907.45	4,842.19	4,977.90	5,258.70	7,601.57	8,094.42	7,920.78	7,644.24	7,526.15	7,218.27
Net worth	5,750.91	5,888.89	6,024.60	6,305.40	9,048.27	9,541.12	9,367.48	9,090.94	8,972.85	8,664.97

I welcome you all to your Company's 19th Annual General Meeting. As usual, it is a pleasure being here with all of you again.

Your Company has seen four difficult years in a row. During most of this period, the motion picture industry in India saw a steady de-growth, which touched 14 per cent two years ago with overseas sales dropping 30 per cent. Since then, things have slowly improved and this year we hope to see a distinct growth despite the adverse economic conditions which have been a cause of concern to all of us. This growth, if it happens, will take place despite certain segments of the motion picture business still lagging. For instance, despite film music being such a great draw across all social strata, sale of physical music keeps falling every year. Cassettes and CDs seem to have largely vanished from the shelves. Home video sales have dropped. DVD rights for many films have not been sold. Nor have satellite rights for many films. This is a disturbing trend; just as increasing piracy is. Both music and movies are now being downloaded by consumers, often illegally, violating the legal rights of copyright holders.

The good news, on the other hand, is that the number of screens in India is steadily increasing, particularly in the cities and small towns, and India theatrical collections have grown dramatically in recent months. It finally looks as if we are about to step out of the industry's recessionary phase with a record number of films in recent months crossing the Rs 100 crore box office threshold. In fact, box office analysts claim that in the current year we are likely to see more films crossing this threshold than we have seen in the past five years, since Ghajini first achieved this milestone in 2008. 3 Idiots went a step further in 2009 and was the first film to cross Rs 200 crore. In fact, it crossed Rs 100 crore in 9 days. In 2011, Bodyguard crossed Rs 100 crore in 7 days to set yet another record. This year, Ek Tha Tiger crossed it in 5 days.

In this environment, your Company is confident that it will shortly return to its past profitable track record. We are already in the process of commencing the shooting of several new films that will feature top ranking stars and accomplished directors and technical crew. Shaadi ke Side Effects starring Farhan Akhtar and Vidya Balan, two of the most successful stars of last year, is scheduled to go on the floor end of this year. So are three more films currently being written and cast. Your Company expects these films to do well in the theatres and return it to the profitability that was once its distinctive quality. Discussions are also on for co-productions and the Board of Directors are examining the possibility of raising funds that will allow your Company the opportunity to grow quicker and realize its true creative potential. Such a fund raise may not be exactly imminent, given the current state of the equity market but we intend to stay ready for it so that when the opportunity comes, we may be able to quickly implement it.

Consumption patterns in the entertainment business change every few years. Newer audiences emerge with different taste, different expectations and it often takes a Company some time to realign its creative mindset and production processes with the change in demand patterns. The PNC team is right in the midst of achieving this. I believe that given your Company's past track record of making critically acclaimed and commercially successful films, Team PNC will be able to achieve this task and return your Company to its growth and profit trajectory.

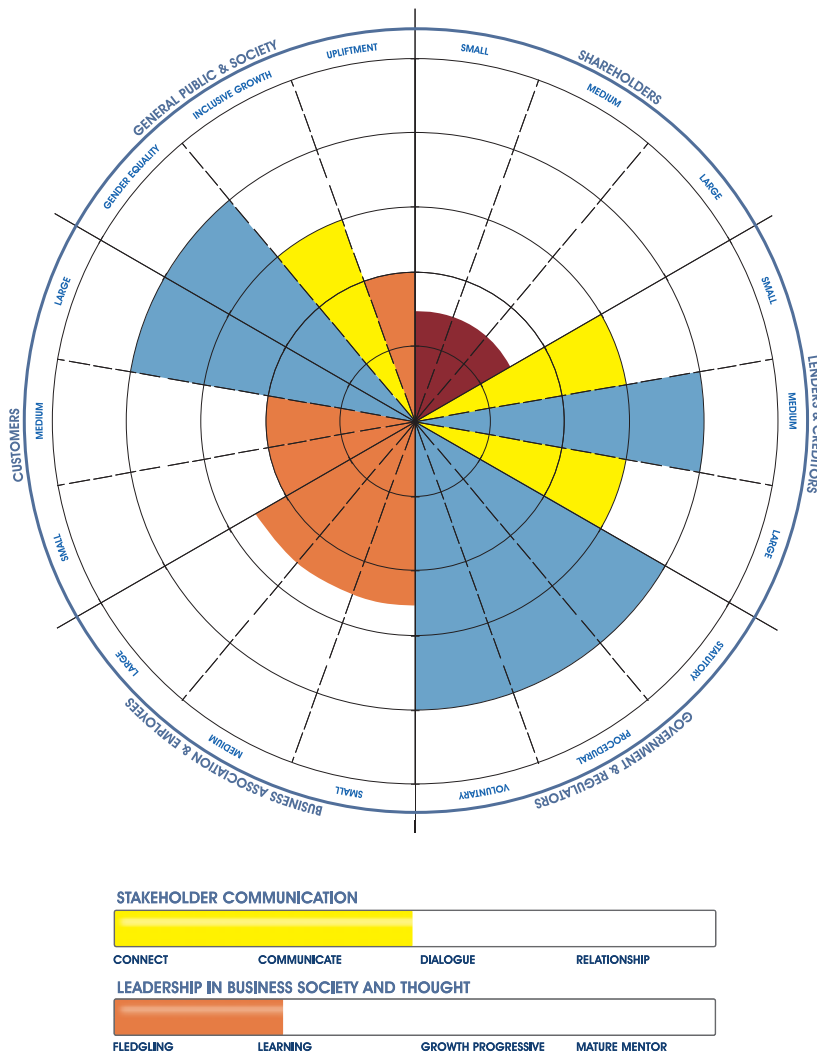
The Indian entertainment industry continues to be among the most successful in the world and the Indian motion picture business is its heartbeat. It is projected to grow at a CAGR of 10 per cent to touch Rs 134.5 billion in revenues in 2015, as per the estimate of KPMG in the FICCI report on the media and entertainment industry. If this growth is achieved, you can be certain that your Company will also play a crucial role in the future of this industry.

I thank all stakeholders of PNC for their support and patience shown during these difficult years. I also thank all those members of Team PNC who have struggled through yet another difficult year and kept their spirit high. With your continued support and encouragement, I would like to believe they will overcome every difficulty, cross every hurdle to take your Company ahead in the coming years.

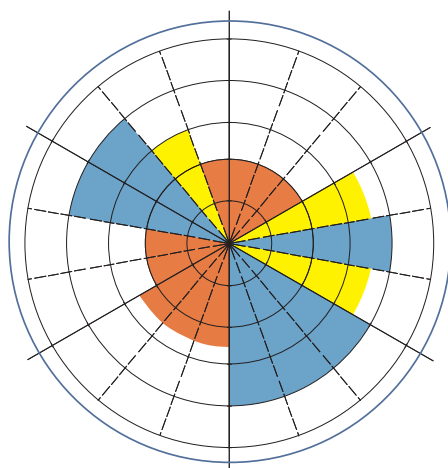
As Woody Allen once said, 90 per cent of all success is hanging in there. Now we need to address the other 10 per cent.

We at PNC always try to provide additional information over and above that prescribed by law. We were the first entertainment company in India to provide annual reports attested by key operating staff, before it became a statutory requirement. The report provided here is an attempt in this direction. It is not mandated by law and is not an exact measure. We caution investors that this is additional information and investors should rely on their own judgment in using and interpreting it. The Company is not responsible for any direct, indirect or consequential losses suffered by any person using this data.

COVERAGE AND TRANSPARENCY



IN COMPARISON WITH LAST YEAR



LEVEL 1 - POOR
LEVEL 2 - LOW
LEVEL 3 - MEDIUM
LEVEL 4 - HIGH
LEVEL 5 - EXCELLENT

360° Corporate Reporting is a performance model developed by IEMAR to evaluate companies on the basis of their scores in key areas usually difficult to measure and on the strength of their stakeholder reporting. This is the fifth year where the Company has been evaluated. The evaluation provides insight into companies in terms of their people, business strategies, brand, linkages, strengths and weaknesses, opportunities that exist and threats they need to ward off. It also conveys to stakeholders the environment in which their companies operate and assesses them on their processes, value of intangibles, transparency and effectiveness of their communication with stakeholders.

It thus conveys to stakeholders a lot of what cannot be precisely measured but needs to be appreciated in order to get the true import of the financial results. In that sense, it makes financial reporting more effective by providing additional information in quick read format.

In the long run, companies that are socio-ecologically progressive do better than those that are solely motivated by profits. This has been empirically proved, leading to the search for a more holistic reporting format. There are a number of initiatives that are currently used by companies. PNC has chosen 360° Corporate Reporting. This gives all round feedback to major stakeholder groups, improves transparency and ensures a shared vision.

To begin with, 360° Corporate Reporting acknowledges the fact that stakeholders, like shareholders, are not homogenous but comprise of different interest groups. It also incorporates crucial factors like creativity and innovation into the reporting framework. It moves from a logical progression of coverage, transparency, compliance, managing risks, managing enterprise to performance and profitability, social responsibility, strategic planning and research, creativity and innovation, ultimately leading to the creation of intangible assets and value.

The reporting is in a diagrammatic format. Different parameters represented by sectors come together in a circle where each sector is divided into subgroups representing detailed components. Each component is rated on a scale of 1 to 5.

The circle of stakeholders deals with coverage and transparency vis-à-vis different groups of stakeholders and is divided into 6 sectors subdivided into 3 segments each. These consist of shareholders, lenders and creditors, Government and regulators, business associates and employees, customers and society at large.

The circle of creation of value covers 7 sectors subdivided into 3 segments each.

These consist of compliance, managing risks and enterprise, performance and profitability, social responsibility, strategic

planning and vision, research, creativity, innovation, intangibles and value creation.

In the bars below the circles, the extent and effectiveness of stakeholder communication and reporting is judged in the context of the Company's ability to connect, communicate, establish dialogue and eventually achieve a sustainable relationship with all stakeholders. The Company's performance on various counts ranging from financial to value creation is judged on the basis of its ability to create ideas for successful projects, products and services and translate these ideas into action, resulting in capitalization and value creation. These assessments are supported by looking at the scope, size and scale of operations, activities and influence of the Company. Ultimately the leadership displayed by the Company in business, society and thought is judged on whether it is at the fledgling, learning, growth or a mature mentoring state.

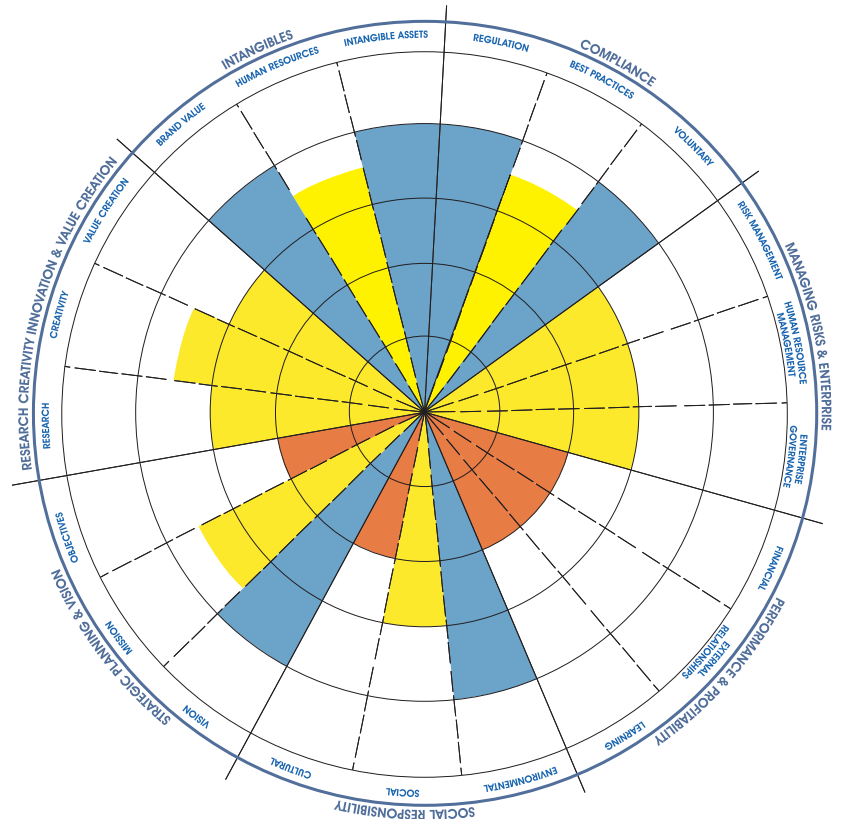
The model enables stakeholders as well as the Company to assess where it has come from and where it is moving, giving its true bearings in its journey towards progress. It is unique in as much as it incorporates seemingly opposite drivers such as transparency, corporate social responsibility on one hand and performance and profitability on the other and presents them in a graphic format that can be easily understood. A filled out shape reflects the best state. Wherever there are gaps and the shape shrinks back to the centre the Company needs to improve its performance. In the bars, values to the right indicate a better position than those to the left. The sectors are also color coded for easy understanding.

360° Corporate Reporting is like a compass that covers learning, growth, creativity and innovation. It is not designed to provide an exact measure of the distance travelled but indicates the direction in which the Company has progressed on its corporate journey.

The change over the last year shows that shareholders had even lesser opportunities for growth offered by the stock. The standing in the debt market due to liquidity and solvency has dipped further viz-a-viz lenders and creditors. Compliances with government, regulators and statutory authorities continue to be good. Relations with business associates, customers and employees are maintained in adverse conditions but there is a dip in visibility. Responsibility towards general public and society is maintained. Company's vision, mission, goals and objectives have the right direction but are not being reflected in results, affecting performance and profitability. The Company continues to build certain new relationships, which may provide the required impetus when conditions improve. This together with continued emphasis on social responsibility, strategic planning and vision, research, innovation and value creation, despite adverse conditions have helped the Company to manage in adverse conditions.

IEMAR (The Institute of Environmental Management Accounting and Research - www.iemar.org) is a non profit research organization that is working in the area of transparent, sustainable reporting and evolving techniques to measure, evaluate report and communicate economic activity and corporate performance in socio economic, environmental and cultural terms integrating with financial growth and other performance aspects. IEMAR can be contacted on iemarindia@yahoo.com.

CREATION OF VALUE



SCOPE OF BUSINESS



LOCAL REGIONAL NATIONAL GLOBAL

SCALE OF BUSINESS



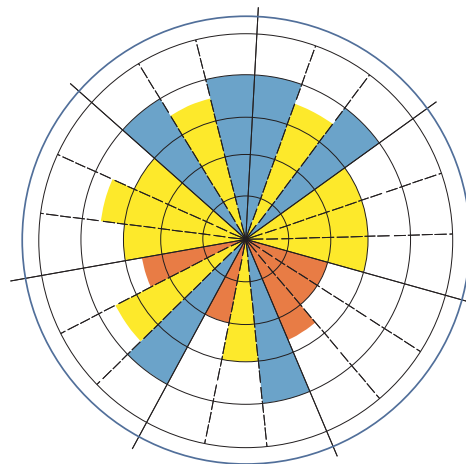
SMALL MEDIUM LARGE VERY LARGE

INNOVATION AND VALUE CREATION



CREATE TRANSFORM OPERATIONALISE CAPITALISE

IN COMPARISON WITH LAST YEAR



To
The Members

Your Directors present the 19th Annual Report on the business and operations of the Company together with the audited financial accounts for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

Turnover for this year was ₹ 586.55 lakh as compared to ₹ 1,320.09 lakh for the preceding year. The Company incurred a loss of ₹ 321.61 lakh before tax as compared to a loss of ₹ 136.94 lakh before tax in the preceding year.

in ₹ lakh

Particulars	Year ended				
	31.3.2008	31.3.2009	31.3.2010	31.3.2011#	31.3.2012
Revenue from operations	3,073.20	1,285.39	1,314.03	1,167.60	449.35
Other income	310.91	247.72	192.84	152.49	137.20
Total revenue	3,384.11	1,533.11	1,506.87	1,320.09	586.55
Total expenditure	2,349.39	1,727.99	1,734.27	1,457.03	908.16
Profit/ (loss) before taxation	1,034.72	(194.88)	(227.40)	(136.94)	(321.61)
Provision for current tax	170.35	0.39	0.18	(23.03)*	Nil
Profit/ (loss) after current tax	864.37	(195.27)	(227.58)	(113.91)	(321.61)
Fringe benefit tax	2.50	2.90	Nil	Nil	Nil
Provision for deferred tax	200.66	(26.49)	11.85	4.18	(13.73)
Net profit/ (loss) after tax	661.21	(171.68)	(239.43)	(118.09)	(307.88)
Dividend (%)	10	Nil	Nil	Nil	Nil
Transfer to reserves	65.68	Nil	Nil	Nil	Nil
Prior period adjustment (net debit)	4.38	1.96	37.11	Nil	Nil
Balance in statement of profit and loss	1,153.48	979.84	703.30	585.21	277.33
Paid up capital	1,446.70	1,446.70	1,446.70	1,446.70	1,446.70
Earning per share	4.54	(1.20)	(1.91)	(0.82)	(2.13)
Book value per share	65.95	64.75	62.84	62.02	59.89

#Regrouped as per revised schedule VI to make it comparable with financial information pertaining to FY 2011-2012

*Net of MAT credit

PRESENT ECONOMIC SITUATION AND PERFORMANCE OF THE COMPANY

The Media and Entertainment industry worldwide is continuing to go through a difficult phase. Your Company's turnover and profitability also fell in such an adverse market scenario. The Management has continued its efforts to combat pressures on the bottom line and tried its best to maximize the return.

The Media and Entertainment industry and PNC have enormous potential for growth and the government has been supportive by exempting the temporary transfer of copyright relating to original literary, dramatic, musical, artistic work and cinematographic films from the levy of service tax in the Finance Bill 2012. The outlook on the Media and Entertainment industry is positive with digitization and telecom expected to provide a boost to the Media and Entertainment industry and PNC is ready to play a significant role.

DIVIDEND

Considering the financial results, your Directors do not recommend dividend for the year ended March 31, 2012.

LISTING WITH THE STOCK EXCHANGES

The equity shares of the Company continue to remain listed with 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 2012-2013 have been paid.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies, Act 1956 and the rules framed thereunder.

SUBSIDIARIES

The Company has two subsidiaries namely PNC Productions Ltd and PNC Wellness Ltd. The Ministry granted general exemptions vide circular number 2/2011 dated February 8, 2011 under section 212(8) of the Companies Act, 1956 exempting the Company from the applicability of section 212(1) of the Companies Act, 1956 in respect of both these subsidiaries. Accordingly, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial statements of the Company have been consolidated with the above referred subsidiaries as required under clause 32 of the Listing Agreement with the BSE and NSE and which gives financial information of the entire group for the current fiscal. The financial information of the subsidiary companies, as required by the said approval, is disclosed in the Annual Report. Annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors, on request. Copies of the annual accounts of the subsidiary companies are available for inspection to members at the registered office of the Company. In compliance with the Listing Agreement and the Companies Act, 1956, the Directors have reviewed the affairs of the subsidiary companies. Nabankur Gupta, independent Director of the Company, is a Director on the Board of PNC Wellness Ltd. Vishnu Kanhere, independent Director, is a Director on the Board of PNC Productions Ltd.

CORPORATE GOVERNANCE

The Company complies with clause 49 of the Listing Agreement. The Board of Directors of the Company has adopted a Corporate Governance policy meant to ensure fair and transparent practices and a code of conduct for its Directors and Senior Management. Both the Corporate Governance policy and the Code of Conduct are available on the website of the Company www.pritishnandy.com.

Further, the Board has also adopted a Code of Conduct for prevention of insider trading in the securities of the Company which is in line with the model Code of Conduct prescribed by SEBI. A separate report on Corporate Governance along with the Auditor's certificate on the compliance of Corporate Governance requirements of clause 49 of the Listing Agreement is given in this report.

QUALITY AND SYSTEMS CONTROL

The Company has set up internal systems to meet and maintain the highest standards of quality in its business and was certified to be ISO 9001:2000 compliant by SGS of UK, the world's biggest inspection company in July 2004. Since then, it has been regularly systems audited every year and has met all its required obligations to obtain renewal of the ISO certification, which is in process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 and according to the information and explanations provided to them and based on representation received from the operating management, your Directors hereby state

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- ii. that they have selected such Accounting Policies, applied them consistently, 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 as at March 31, 2012 and of the loss of the Company for the year ended on that date;
- iii. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that they have prepared the accounts on a going concern basis.

DIRECTORS

Vishnu Kanhere and Hema Malini, Directors retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the above Directors is furnished in the notice of the ensuing Annual General Meeting and also forms part of the Corporate Governance Report in this annual report.

COMPANY SECRETARY

Anand Upadhyay resigned from the post of Company Secretary with effect from January 9, 2012. Rupali Vaidya was appointed as Company Secretary with effect from January 9, 2012.

AUDITORS

KR Khare & Co, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received confirmation from KR Khare & Co, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified from such appointment in terms of section 226 of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors have invited reference to a) note no 22.1 regarding recognition of group gratuity liability on the basis of gratuity report provided by LIC of India and not on the basis of actuarial valuation report as required by Accounting Standard 15, the effect of which cannot be ascertained. b) note no 33 regarding reliance being placed on legal opinion obtained by the Company that the bank guarantee of ₹ 75,050,000 wrongfully encashed by Prasara Bharati in the year ended March 31, 2001 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non-provision of any amount there against and c) note no 41 in respect of loans and advances aggregating to ₹ 46,753,181 where Company has initiated recovery proceedings. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this and consequently no provision of any amount is made thereagainst at this stage.

Your Directors confirm that the gratuity liability is fully covered by LIC Group Gratuity Policy. The Company is in the process of obtaining actuarial valuation report for the group gratuity liability as required by Accounting Standard 15.

Your Directors further confirm that the references invited by the Auditors in their report vide (vi) (b) and (c) have been clarified in note no 33 and note no 41 of Notes to the accounts forming parts of Balance Sheet and Statement of Profit and Loss, which are self explanatory and reproduced below. Your Directors concur with the non-provisioning of any amount thereagainst.

Note 33 - Arbitration proceedings initiated by the Company against Prasara Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the 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 Hon. 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 Company's stand that the amount is fully recoverable. In view of this, the management of the Company does not consider it necessary to make a provision there against in the accounts. The Company is showing amount withheld by Prasara Bharti as "Long Term Loans and Advances" and

Note 41 - Loans and advances of ₹ 46,753,181 includes: i) ₹ 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) ₹ 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 and 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.

COST ACCOUNTING RECORDS

The Company has maintained cost accounting records pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956. The compliance report in respect thereof, as specified by the Central Government shall be filed within the time prescribed under the abovesaid rules.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on Management Discussion and Analysis is enclosed as an annexure to this report.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

Your Directors have taken note of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs (MCA) in December 2009. The Company is committed to maintaining the highest standards of Corporate Governance and is compliant with all the mandatory standards. The Board would consider adopting the relevant provisions of the said voluntary guidelines at appropriate time.

PERSONNEL

There were no employees drawing remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956. Therefore, the details as required by the provisions of the aforesaid section of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2011 are not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

BRAND PNC

Brand Finance, the UK-based brand valuation experts, last valued the Pritish Nandy Communications brand at ₹ 265.30 crore in January 2007. The Brand Council, an independent authority on branding, named Pritish Nandy Communications as the first Superbrand among motion picture companies putting it within the top 10 per cent of all brands across all segments and all categories. Brand PNC's score was arrived at by tabulating consumer responses which were then scrutinized by members of The Brand Council which selects Superbrands in India.

ACKNOWLEDGMENT

The Board thanks all stakeholders in the Company, clients, business associates, bankers and financial institutions for their continued support during the year. It wishes to record its appreciation of all the efforts put in by the staff and associates of the Company.

For and on behalf of the Board of Directors

Mumbai, May 29, 2012

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

ANNEXURE TO DIRECTORS' REPORT

ADDITIONAL INFORMATION GIVEN AS REQUIRED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

FOREIGN EXCHANGE EARNINGS AND OUTGO

		March 31, 2012	March 31, 2011
1.	Total foreign exchange earned	Nil	Nil
2.	Total foreign exchange used		
a.	On import of raw material and capital goods	Nil	Nil
b.	Expenditure in foreign currencies on travel, participation fees, subscription, etc	₹ 101,500 (US\$ 2,000)	₹ 313,821 (US\$ 6,811.90)
		₹ 211,840 (GBP 2,800)	Nil
		₹ 657,262 (Euro 9,620)	Nil
		Nil	₹ 20,284 (Thailand Baht 14,029)
c.	Dividend remitted in foreign currencies	Nil	Nil

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Considering the nature of the business of this Company, the particulars required under this clause are not applicable.

STATEMENT PURSUANT TO APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARIES

	Name of Subsidiary	PNC Wellness Ltd	PNC Productions Ltd
	Financial year ended on	March 31, 2012 (₹)	March 31, 2012 (₹)
1.	Capital	6,600,000	5,000,000
2.	Reserves	10,985,944	1,430,442
3.	Total assets	39,002,178	64,574,848
4.	Total liabilities	39,002,178	64,574,848
5.	Details of investments	Nil	Nil
6.	Turnover (including other income)	18,447,274	247,378
7.	Profit/ (loss) before taxation	(3,762,999)	163,274
8.	Provision for taxation	(1,167,822)	55,000
9.	Profit/ (loss) after taxation	(2,595,177)	108,274
10.	Proposed/ interim dividend	Nil	Nil

STATEMENT UNDER SECTION 212 RELATING TO THE SUBSIDIARIES NAMED BELOW

	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
1.	Name of subsidiary	PNC Wellness Ltd	PNC Productions Ltd
2.	The financial year of the company ended/ ending on	March 31, 2012	March 31, 2012
3.	Date from which it became a subsidiary	April 27, 2006	October 17, 1996
4.	Shares of the subsidiary company held by Pritish Nandy Communications Ltd on the above date		
a.	Number of equity shares	660,000	496,850
b.	Extent of holding in equity shares	100 %	99.37%
c.	Face value of share	₹ 10	₹ 10
5.	The net aggregate amount of the subsidiary's profit/ (losses) not dealt with in holding Company's accounts		
a.	Current year	₹ (2,595,177)	₹ 108,274
b.	Previous year	₹ (1,098,466)	₹ 42,228
6.	The net aggregate amount of the subsidiary's profit/ (losses) dealt with in holding Company's accounts		
a.	Current year	Nil	Nil
b.	Previous year	Nil	Nil

For and on behalf of the Board of Directors

Mumbai, May 29, 2012

Pallab Bhattacharya
Wholetime Director and CEO

Vishnu Kanhere
Director

The Media and Entertainment industry worldwide is continuing to go through a difficult phase. Company's turnover and profitability also fell in such an adverse market scenario registering negative growth. The Management has continued its efforts to combat pressures on the bottom line and tried its best to maximize return.

The Media and Entertainment industry and PNC have enormous potential for growth and the government has been supportive by exempting the temporary transfer of copyright relating to original literary, dramatic, musical, artistic work and cinematographic films from the levy of service tax in the Finance Bill 2012. The outlook on the Media and Entertainment industry is positive with digitization and telecom expected to provide a boost to the Media and Entertainment industry and PNC is ready to play a significant role.

1. INDUSTRY SEGMENT-WISE PERFORMANCE, OPPORTUNITIES AND OUTLOOK

a. CONTENT

PNC continues to maintain its presence in almost all areas of the content business. With digitization and the telecom sector opening up a wide range of new delivery systems, Media and Entertainment industry's and PNC's opportunities to create and distribute new content products grow. New emerging mediums are set to enhance revenues of the entertainment business. Telecom companies are continuously bringing in new products for handhelds. Broadband, IPTV and DTH subscriptions are growing exponentially.

The business dynamics of the Media and Entertainment industry continues to change. Indian content is finding appreciation and viewership worldwide. Imported content is also enjoying popular viewership in mainstream Indian cinema. PNC continues to maintain its presence in this space with its content reflecting the youth's vision and aspirations.

The year under review was a period of caution. Active content production continued but abundant caution was exercised in every area of the business to ensure that losses were minimized. Mobile Telecom Rights were licensed and the feature film Fatso was readied for release. To generate revenues PNC divested a share of the IPR in Fatso. PNC continued consolidating its production business. PNC also dealt in some content rights. PNC also got empanelled with Rajya Sabha TV for 60 and 90 seconds spots/ quickies.

PNC will continue to focus on film content with several projects at advanced pre-production stage planned to move into production shortly. PNC aims to grow its presence in the new emerging platforms for movie content to give brand PNC global reach and visibility.

b. WELLNESS

Moksh, The Wellness Place at Breach Candy, a wholly owned PNC subsidiary, expanded with launch of Moksh Zip, their new wellness facility located at Warden Road. Customer service operations began in October 2011. It will continue to look for further expansion possibilities, through the franchisee model to grow this well established product into a chain of wellness places nationwide. Towards this PNC Wellness Ltd signed an agreement with Franchise India, India's leading franchise developer and marketeer.

2. RISKS, CONCERNS AND THREATS

PNC's model of de-risking the content business by transferring risks to professional distribution partners is becoming difficult and a substantial part of the commercial risks now remain attached to PNC at the time of release. Shifting audience tastes has also made the market fickle and unpredictable with distributors unwilling to take risks by paying minimum guarantees upfront. PNC is therefore focusing on strategies for first recovering its investment in content prior to or at the time its release. PNC however plays a vital role in designing the marketing and release of its films.

PNC continues its multi-product portfolio approach to minimize and manage the inherent risks of the business. PNC is also constantly researching audience tastes and creating innovative products that can meet the challenge of changing audience expectations through constantly evolving technology.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems in place. These systems constantly assess and vet creative ideas. There is collective responsibility at every stage of decision making and a Corporate Leadership Team, which includes all the department heads, examines and clears each project for implementation.

4. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's financial performance viewed in the backdrop of the global slowdown is not comparable with past years. PNC continues to make movies tailored to meet audience tastes and expectations. The Company is focusing on returning to growth and profitability.

5. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company is continuously building its talent base. Its Corporate Leadership Team has qualified and experienced members drawn from different specializations. The middle management cadre is being developed. However, the Company, as a policy, sees its core content making business essentially as project management. It prefers to assemble talent teams for each content project and these teams are disbanded once the project is complete. The talent bank that PNC has access to remains independent and is available to PNC at short notice.

The Company enjoys cordial relations with its employees and the talent that it hires on a project-to-project basis.

6. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied.

The Company is committed to maintaining high standards of Corporate Governance. It believes in fair dealing, ethical conduct and best practices that recognize the importance of all stakeholders.

This means ensuring accountability, efficiency and compliance. The Company believes that its action must reflect a sense of social responsibility and incorporate the importance of values in all transactions. Therefore, a systematic approach has been followed for proper internal controls, timely dissemination of information to investors and compliance with listing norms. Information to investors is being provided through the website of the Company and through the stock exchanges, as well as by publication of quarterly financial results in newspapers and through the annual report and accounts to shareholders.

1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy is to maintain high levels of transparency, accountability and equity in all areas of its operations and in all interaction with its stakeholders. It believes that it must attain the objective of enhancing stakeholder value on a continuing and sustainable basis.

At the core of the Company's Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of its stakeholders. Your Company believes an active, well-informed, independent Board is crucial to ensure high standards of Corporate Governance.

The Company's Corporate Governance policy is meant to assist the Board in the exercise of its responsibilities. This policy is subject to future changes as may be required in the light of the amendments in various regulations. To ensure that stakeholders are aware of all such changes, these are posted on the Company website www.pritishnandycom.com.

2. BOARD OF DIRECTORS

The composition of the Board of Directors of the Company is governed by the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges where the securities issued by the Company are listed. The Board has 9 Directors as on March 31, 2012 of whom 7 are non-executive and 2 are wholetime Directors. All 7 non-executive Directors are eminent professionals with specialist experience. Wholtime Directors in the Company have grown from the ranks.

During 2011-2012, the Board met 5 times: on May 27, 2011, August 10, 2011, November 10, 2011, February 10, 2012 and March 2, 2012. The time gap between any 2 meetings was not more than 4 calendar months. The following table gives details of Directors, their attendance at Board Meetings and at the previous Annual General Meeting, number of memberships held by Directors on the board and committees of various companies as on March 31, 2012.

Director (Designation)	Category	Number of Board Meetings attended	Whether last AGM attended	Number of other Company's directorships*, Committee+ memberships and chairmanship			Shareholdings#
				Director	Committee Member	Committee Chairman	Equity share of ₹ 10 each
Pritish Nandy**(Chairman)	Promoter, Non-Executive Director	4	Yes	1	-	-	2,952,197
Udayan Bose	Independent, Non-Executive Director	3	No	2	-	1	-
Nabankur Gupta	Independent, Non-Executive Director	5	Yes	9	3	2	10,000
Hema Malini	Independent, Non-Executive Director	-	No	-	-	-	-
Tapan Chaki	Independent, Non-Executive Director	2	Yes	1	1	-	-
Rina Pritish Nandy**	Promoter, Non-Executive Director	4	Yes	1	-	-	625,000
Vishnu Kanhere	Independent, Non-Executive Director	5	Yes	2	1	-	-
Pallab Bhattacharya (Wholtime Director and CEO)	Executive Director	5	Yes	2	-	-	12,000
Rangita Pritish Nandy** (Creative Director)	Promoter, Executive Director	5	Yes	1	-	-	193,500

*Other company directorships do not include directorship in private limited companies, foreign companies and companies registered under section 25 of the Companies Act, 1956.

*Committee includes only two committees: Audit Committee and Shareholders/ Investors Grievances Committee of other public companies.

#Shareholdings represent holdings in Director's personal capacity.

**Relationship among Directors: Pritish Nandy and Rina Pritish Nandy are husband and wife and Rangita Pritish Nandy is their daughter.

All Directors have made necessary disclosures regarding Committee positions occupied by them in other companies. The membership and chairmanship of committees of other companies in which the Directors of the Company are member or chairman are in compliance with clause 49 of the Listing Agreement.

Profile of Directors retiring by rotation/ re-appointed at the Annual General Meeting

Vishnu Kanhere, independent Director of the Company was re-appointed at the Annual General Meeting held on September 16, 2009

Dr Kanhere is a practising Chartered Accountant and a qualified Cost Accountant. He is a PhD in Management from Jannalal Bajaj Institute of Management Studies, University of Mumbai. He is also a Certified Fraud Examiner (Association of Certified Fraud Examiners, USA), a Certified Information Systems Auditor (Information Systems Audit & Control Association, USA), Certified in the Governance of Enterprise IT – CGEIT (USA) and IRCA (UK) accredited Auditor for 9001:2008 Quality Management System. His expertise in finance, commerce and information technology provides valuable inputs to the Company. The author of a book on Software Valuation, Dr Kanhere is known in academic circles for his research on valuation techniques for intangible corporate assets.

Other directorships of Dr Kanhere are PNC Productions Ltd and Tilaknagar Industries Ltd.

Besides his chairmanship of the Audit Committee of the Company, he is also Chairman of Compensation Committee and member of Audit Committee and Remuneration Committee in Tilaknagar Industries Ltd.

Dr Kanhere holds 2000 shares in the Company as a Karta of his HUF. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Hema Malini is an independent Director on the Board of the Company. She is a renowned classical dancer, a famous actress with a rich and successful repertoire of films to her credit and is an ex-member of the Parliament of India. From 2000 to 2003, she was Chairman of the National Film Development Corporation of India, a Government organization formed to encourage and promote Indian cinema worldwide. In 2000, she was awarded the Padma Shri for her contribution to cinema and performing arts. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

3. AUDIT COMMITTEE

The constitution of the Audit Committee meets with the requirements of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement with the stock exchanges as amended till date. The terms of reference specified by the Board to the Audit Committee are as per clause 49 of the Listing Agreement and the same is part of the Corporate Governance policy adopted by the Board.

As on March 31, 2012, the Audit Committee consists of Vishnu Kanhere as Chairman, Udayan Bose, Nabankur Gupta and Tapan Chaki as members. All members of the Audit Committee including the Chairman are independent Directors and financially literate. The Chairman, Dr Kanhere is a practicing Chartered Accountant and has extensive expertise in financial management. Rupali Vaidya, Company Secretary, acts as Secretary of the Audit Committee.

During the year 2011-2012, the Audit Committee met 4 times: on May 27, 2011, August 10, 2011, November 10, 2011 and February 10, 2012. Attendance of Committee members during the year 2011-2012 is as under

Name of member	Attendance	May 27, 2011	August 10, 2011	November 10, 2011	February 10, 2012
Vishnu Kanhere (Chairman)	4	Yes	Yes	Yes	Yes
Udayan Bose	2	No	Yes	No	Yes
Nabankur Gupta	4	Yes	Yes	Yes	Yes
Tapan Chaki	1	No	No	Yes	No

4. REMUNERATION COMMITTEE

Constitution of the Remuneration Committee and the terms of reference specified by the Board to the Committee are as per the requirements of Listing Agreement and schedule XIII of the Companies Act, 1956. Remuneration Committee consists of Vishnu Kanhere as Chairman, and Nabankur Gupta, as member. All members of the Committee including the Chairman are independent Directors. Rupali Vaidya, Company Secretary, acts as Secretary of the Remuneration Committee.

Directors' Remuneration

- Advisory fees: The Company has paid ₹ 60 lakh per annum as advisory fee to the non-executive Chairman. The payment of this fee is approved under Section 309(1) of the Companies Act, 1956 by the Government of India, Ministry of Law, Justice & Company Affairs, Department of Company Affairs.
- Sitting fees: Sitting fees are paid to non-executive Directors for attending Board Meetings. All non-executive Directors are paid a sitting fee of ₹ 10,000 for attending Board Meetings and Audit Committee Meetings.
- Remuneration: Details of current remuneration paid to Wholtime Directors are as under

Pallab Bhattacharya, Wholtime Director and CEO is appointed for a period of 5 years commencing February 18, 2010. He is entitled to a remuneration of ₹ 130,000 per month which includes reimbursement of authorised expenses. Mr Bhattacharya has been paid a total remuneration of ₹ 1,410,000 for the year ended March 31, 2012.

Rangita Pritish Nandy, Creative Director is appointed for a period of 5 years commencing January 31, 2010. She is entitled to a remuneration of ₹ 121,000 per month which includes reimbursement of authorised expenses. Ms Nandy has been paid a total remuneration of ₹ 1,452,000 for the year ended March 31, 2012.

Wholtime Directors of the Company are entitled to annual increments, as decided by the Board, effective from 1st April every year. Annual increments are merit based and take into account the Company's performance. The Company provides a car with driver to Wholtime Directors and gratuity is payable to them as per the rules of the Company at the end of their tenure. Wholtime Directors are entitled to reimbursement of traveling, hotel and other reasonable expenses actually incurred in the performance of their duties. If in any financial year, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites will be subject to the provisions of schedule XIII of the Companies Act, 1956.

Shareholdings of the non-executive Directors of the Company

Of the 7 non-executive Directors, Promoter Directors Pritish Nandy and Rina Pritish Nandy hold 2,952,197 (20.41%) and 625,000 (4.32%) equity shares of the Company respectively, Nabankur Gupta, independent Director holds 10,000 equity shares of the Company and Vishnu Kanhere holds 2,000 equity shares of the Company as a Karta of his HUF as on March 31, 2012.

Wholtime Director and CEO, Pallab Bhattacharya and Creative Director, Rangita Pritish Nandy, hold 12,000 and 193,500 equity shares of the Company respectively.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

Shareholders'/ Investors' Grievances Committee is constituted under the chairmanship of Independent Director, Vishnu Kanhere and Pallab Bhattacharya is its member.

Rupali Vaidya, Company Secretary is the Compliance Officer. The Committee reviews and redresses all matters connected with the transfer of securities, dividend and other investor grievances like non receipt of Balance Sheet and non receipt of dividends. The Committee also oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to this Committee.

No investor's request or complaint was received during the year 2011-2012.

6. SELECTION COMMITTEE

Constitution of the Selection Committee and the terms of reference specified by the Board to the Committee are as per the requirements of section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Amendment Rules, 2011. Selection Committee consists of Nabankur Gupta, independent Director as Chairman, Vishnu Kanhere, independent Director, Tapan Chaki, independent Director and Ravi Jasra, expert in the field of design and creative as members of the Committee. Rupali Vaidya, Company Secretary, acts as Secretary of the Selection Committee.

7. GENERAL BODY MEETINGS

Year	Location	Date and time
2008-2009	MC Ghia Hall, Mumbai 400001	September 16, 2009 at 3.00 PM
2009-2010	MC Ghia Hall, Mumbai 400001	September 30, 2010 at 3.00 PM
2010-2011 ⁺	MC Ghia Hall, Mumbai 400001	September 29, 2011 at 3.00 PM

⁺At the Annual General Meeting held on September 29, 2011 a special resolution under section 314 of the Companies Act, 1956 for office of Ishita Pritish Nandy, Chief Brand Strategist was passed.

During the year ended March 31, 2012, the Company sought the approval through a Postal Ballot pursuant to section 192A of Companies Act, 1956 and Companies (Passing of Resolution through Postal Ballot) Rules, 2011 for enhancing the borrowing powers of the Company under the provisions of section 293(1)(d) of the Companies Act, 1956.

8. DISCLOSURES

- a. Disclosures on materially significant related party transactions ie transactions of the Company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large - None of the transactions with any related party were in conflict with the interests of the Company.
- b. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years - There were no instances of non-compliance on any matter related to the capital markets during the last 3 years.
- c. Whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee - The Company has not adopted the non-mandatory requirement of a whistle blower policy. However, no personnel has been denied access to the Audit Committee.
- d. Details of compliance with mandatory requirements and adoption of the non mandatory requirements of clause 49 - The Company has complied with all mandatory requirements of clause 49 of the Listing Agreement. The Company has constituted Remuneration Committee, which is a non mandatory requirement.

9. MEANS OF COMMUNICATION

- a. The unaudited quarterly financial statements, audited annual financial statements and quarterly shareholding pattern are posted on the website of the Company at www.pritishnandycom.com. The website also carries official news about the Company's upcoming activities.
- b. The quarterly unaudited and annual audited financial statements are generally published in all editions of the Financial Express and Dainik Sagar, Mumbai, a vernacular Marathi daily. All the material information(s) about the Company including the financial results are immediately submitted to stock exchanges, where the shares of the Company are listed to enable them to upload the same on their website.
- c. The Company also makes presentations to investors from time to time.
- d. Management Discussion and Analysis forms part of this Annual Report.

10. GENERAL SHAREHOLDER INFORMATION

10.1 Annual General Meeting

Date and time	: September 27, 2012 at 2.30 PM
Venue	: MC Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubhash Marg, Mumbai 400001

10.2 Financial calendar (tentative) for financial year : April 1, 2012 to March 31, 2013

a. Board Meetings to consider financial results	
Before August 14, 2012	: Results for the first quarter
Before November 14, 2012	: Results for the second quarter
Before February 14, 2013	: Results for the third quarter
Before May 30, 2013	: Results for the fourth quarter and year ending March 31, 2013

b. Annual General Meeting	: September, 2013
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10.3 Date of book closure : September 18, 2012 to September 27, 2012 (both days inclusive)

10.4 Dividend payment date : Not applicable

10.5 Listing on stock exchanges :

- a. Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400023
- b. National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051

10.6 Stock code and other information :

Bombay Stock Exchange: 532387
National Stock Exchange: PNC
Market lot: 1 share
ISIN: INE 392B01011 (Equity)

Equity shares of the Company are traded only in dematerialized form

10.7 Company's share price performance in comparison to broad based indices – BSE SENSEX and NSE NIFTY

Period (As on March 31, 2011 and March 31, 2012)	% change in Company's share price	% change in Indices
BSE-SENSEX	-47.00%	-10.50%
NSE-NIFTY	-34.75%	-9.23%

10.8 Market price data

	NSE		BSE	
	Month's high price (₹)	Month's low price (₹)	Month's high price (₹)	Month's low price (₹)
April 2011	22.70	17.10	22.60	17.25
May 2011	18.60	15.00	18.00	15.00
June 2011	16.70	14.00	17.00	14.15
July 2011	19.50	14.40	20.00	14.25
August 2011	16.85	12.15	16.45	12.10
September 2011	16.15	12.45	16.80	12.75
October 2011	15.00	12.35	15.35	12.55
November 2011	15.65	11.15	14.74	11.60
December 2011	13.85	09.70	13.30	10.06
January 2012	14.70	09.80	14.99	10.01
February 2012	14.15	12.80	14.30	12.80
March 2012	15.25	11.20	15.10	11.17

- 10.9 Registrar and share transfer agent : Link Intime India Pvt Ltd
- 10.10 Share transfer system : Share transfer requests received in physical form are registered within 30 days from the date of receipt and demat requests are normally confirmed within an average of 15 days from the date of receipt.

10.11 Distribution of shareholding as on March 31, 2012

Shares of nominal value of	Equity shares of face value of ₹ 10 each				
	Number of shareholders	%	Number of shares	Share amount in (₹)	%
Up to 5,000	5,334	80.51	864,837	8,648,370	5.98
5,001 to 10,000	634	9.57	533,421	5,334,210	3.69
10,001 to 20,000	299	4.51	472,807	4,728,070	3.27
20,001 to 30,000	111	1.68	285,158	2,851,580	1.97
30,001 to 40,000	41	0.62	148,913	1,489,130	1.03
40,001 to 50,000	44	0.66	205,844	2,058,440	1.42
50,001 to 100,000	76	1.15	586,374	5,863,740	4.05
100,001 and above	86	1.30	11,369,646	113,696,460	78.59
Total	6,625	100.00	14,467,000	144,670,000	100.00

Distribution of shareholding as on March 31, 2012 (Category wise)	%
Promoters holding	: 36.84
Banks and financial institutions	: 1.50
Foreign institutional investors	: 20.82
Public and private corporate bodies	: 9.32
NRIs/ OCBs	: 3.28
Indian public and others	: 28.24
Total	: 100.00

- 10.12 Dematerialization of shares and liquidity: About 14,462,619 equity shares of the Company are held in dematerialized form which constitutes 99.97% of the total number of equity shares as on March 31, 2012. Trading in the equity shares of the Company is permitted only in dematerialized form. The equity shares of the Company are actively traded on BSE and NSE.

- 10.13 Outstanding GDR/ ADRs warrants or convertible instruments : The Company has no outstanding instruments convertible into equity shares.

- 10.14 Plant locations : The Company has no plant.

10.15 Address for investor correspondence

a. Registrar and share transfer agent	b. Company
Link Intime India Pvt Ltd	The Company Secretary
Unit: Pritish Nandy Communications Ltd	Pritish Nandy Communications Ltd
C-13, Pannalal Silk Mills Compound	87/88, Mittal Chambers
LBS Marg, Bhandup (West)	Nariman Point
Mumbai 400078	Mumbai 400021
Tel : 022 2596 38 38	Tel : 022 4213 00 00
Fax : 022 2596 26 91	Fax : 022 4213 00 33
Email : rnt.helpdesk@linkintime.co.in	Email : investorgrievance@prishnandycom.com
Website : www.linkintime.co.in	Website : www.pritishnandycom.com

OTHER INFORMATION

- a. Listing fees for the financial year 2012-2013 have been paid to both the exchanges.

- b. Code of conduct for Board of Directors

The Board has adopted a code of conduct for its Directors and senior management of the Company. This Code of conduct has been followed by all. The code is available on the website of the Company.

- c. PNC's code for prevention of insider trading

The Board has adopted a Code of Conduct in accordance with the model Code of conduct prescribed by SEBI. The Code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary has been appointed as the Compliance Officer for monitoring implementation of the Code. The Code of Conduct is applicable to all employees who have access to unpublished price sensitive information relating to the Company as well as the Directors; they have complied with the Code and the Company has received confirmation to that effect. During the time of declaration of results, dividend and other material events, the trading window is closed as per the Code.

- d. Risk management

The Company has adopted procedures for risk assessment and minimization. The Risk Management Policy is adopted by the Board.

- e. CEO/ CFO Certification

A certificate from the Wholtime Director and CEO and the Vice President, Finance, Compliances and Legal Affairs on the financial statement of the Company was placed before the Board.

For and on behalf of the Board of Directors

Mumbai, May 29, 2012

Pallab Bhattacharya
Wholtime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Rupali Vaidya
Company Secretary

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Pritish Nandy Communications Ltd

We have examined the compliance of conditions of Corporate Governance by Pritish Nandy Communications Ltd, for the year ended on March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

AUDITORS' REPORT

To
The Members
Pritish Nandy Communications Ltd

We have audited the attached Balance Sheet of Pritish Nandy Communications Ltd as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. *Further reference is invited to*
 - a. *note no 22.1 regarding recognition of group gratuity liability on the basis of gratuity report provided by LIC of India and not on the basis of actuarial valuation report as required by Accounting Standard (AS) 15, the effect of which can not be ascertained.*
 - b. *note no 33 regarding reliance being placed on legal opinion obtained by the Company, that the bank guarantee wrongfully encashed of ₹ 75,050,000 by Prasar Bharti in the year ended March 31, 2001 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non provision of any amount there against.*
 - c. *note no 41 in respect of loans and advances aggregating to ₹ 46,753,181, where Company has initiated recovery proceedings. The Management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this and consequently no provision of any amount is made there against at this stage.*

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes on financial statements, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- i in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- ii in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Annexure referred to in paragraph (2) of Auditors' Report to the Members of Pritish Nandy Communications Ltd on the Accounts for the year ended March 31, 2012.

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- c. In our opinion and according to the information and explanations given to us by the Management, fixed assets disposals during the year were not substantial and therefore do not affect the going concern assumption.
2. a. As explained to us by the Management, the production/ making of content requires various types, qualities and quantities of content related consumable and inputs in different denominations. Due to the multiplicity and complexity of the items, it is not practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to it. All the purchases of content related consumable(s) are treated as consumed. In view of this the Company does not maintain stock register and also does not carry out physical verification of stock. However, the Management physically verifies the finished content in hand at the end of the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of finished content followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.
- c. In view of the clause (a) above this clause is not applicable for content under production. However, in respect of finished content the Company has maintained proper records. As explained to us, there were no material discrepancies noticed on physical verification of finished content as compared to register of finished content.
3. a. The Company has not granted any loans or advances, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 other than the balance consideration receivable on transfer of wellness business segment to its wholly owned subsidiary company which has been considered as interest bearing unsecured loan as per mutual understanding and the temporary interest free advances to its wholly owned subsidiary company for meeting operational expenses. The said loan has been fully recovered during the year. The details of the said loan and advances are as under

Name of the Company	Relationship	Maximum amount involved	Year end balance
PNC Wellness Ltd	Wholly owned subsidiary		
Unsecured loan		₹ 17,910,820	Nil
Interest on above unsecured loan		₹ 3,472,612	Nil
Temporary advances		₹ 2,782,339	₹ 713,510

- b. In our opinion and according to the information and explanations given to us and on the basis of rescheduled terms and conditions of the above, the terms and conditions of the said unsecured loan were not prima facie prejudicial to the interest of the Company. There are no terms and conditions for repayment of temporary advances or interest thereon.
- c. According to the information and explanations given to us and on the basis of rescheduled terms and conditions of the above said unsecured loan and temporary advances, repayment of the principal amount and payment of interest had not been stipulated. In view of this, no comments are made on terms of repayment of loan, temporary advances and interest thereon.
- d. In our opinion and according to information and explanations given to us and in the absences of any terms and conditions for the repayment schedule we are unable to comment whether any amounts are overdue for recovery.
- e. As the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of content, related consumables and fixed assets and for the sale of content. During the course of audit and according to information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the internal control system.
5. a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been entered.
- b. In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011, prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however not made a detailed examination of the cost records.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities as applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable except VAT liability amounting to ₹ 11,723,042.
- b. According to information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax and Cess, which have not been deposited on account of any dispute except the following

Name of statute	Nature of dues	Period to which relate	Amount ₹	Forum where pending
VAT Act, 2005	VAT	FY 2003-04	1,520,760	JT Commissioner of sales tax (Appeals) II, Mumbai city division, Mumbai
VAT Act, 2005	VAT	FY 2004-05	355,268	JT Commissioner of sales tax (Appeals) II, Mumbai city division, Mumbai

10. The Company does not have accumulated losses as at March 31, 2012. However, the Company has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and/ or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
14. In our opinion and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantee for loan taken by its wholly owned subsidiary company from bank during the year. In our opinion the terms and conditions thereof are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, generally the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, a temporary overdraft of ₹ 24,000,000 was used for subscribing to equity shares of the wholly owned subsidiary and the same has been repaid fully in a week's time. No long term funds were used for short term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no instance of fraud on or by the Company was noticed or reported during the year.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

BALANCE SHEET

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

				As at March 31, 2012	
		Note No	March 31, 2012 ₹	March 31, 2011 ₹	
EQUITY AND LIABILITIES					
1.	Shareholders' funds				
a.	Share capital	2	144,670,000	144,670,000	
b.	Reserve and surplus	3	721,827,063	752,615,155	897,285,155
2.	Non current liabilities				
a.	Long term borrowings	4	2,289,870	2,079,513	
b.	Deferred tax liabilities (net)	5	126,208,747	127,581,400	129,660,913
3.	Current liabilities				
a.	Short term borrowings	6	50,892,324	51,691,684	
b.	Trade payables	7	26,542,937	25,739,842	
c.	Other current liabilities	8	31,522,010	30,190,651	
d.	Short term provision	9	22,200	20,300	107,642,477
			<u>1,103,975,151</u>	<u>1,134,588,545</u>	
ASSETS					
1.	Non current assets				
a.	Fixed assets				
	Tangible assets	10	15,848,888	16,621,266	
b.	Non current investments	11	38,018,200	14,018,200	
c.	Long term loans and advances	12	377,226,061	381,611,291	412,250,757
2.	Current assets				
a.	Cinematic and television content	13	443,437,138	456,727,523	
b.	Trade receivables	14	50,626,585	38,498,836	
c.	Cash and cash equivalents	15	137,675,414	159,436,154	
d.	Short term loans and advances	16	37,210,170	64,685,718	
e.	Other current assets	17	3,932,695	2,989,557	722,337,788
			<u>1,103,975,151</u>	<u>1,134,588,545</u>	
Significant accounting policies and notes on financial statements		1 to 46			

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

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For the year ended March 31, 2012

	Note No	March 31, 2012 ₹	March 31, 2011 ₹
INCOME			
Revenue from operations	18	44,935,058	116,760,161
Other income	19	13,720,163	15,248,650
Total revenue		<u>58,655,221</u>	<u>132,008,811</u>
EXPENSES			
Cost of material consumed	20	10,999	46,170,028
Purchase of stock in trade		18,947,000	78,933,737
Changes in inventories of finished goods, work-in-progress and stock in trade	21	13,290,385	(25,217,642)
Employee benefits expenses	22	9,503,688	9,925,863
Finance cost	23	8,486,330	7,622,705
Depreciation and amortisation expense	10	1,918,877	1,944,007
Other expenses	24	38,658,687	26,324,343
Total expenses		<u>90,815,966</u>	<u>145,703,041</u>
Profit/ (loss) before tax		(32,160,745)	(13,694,230)
Tax expense			
Current tax		0	(2,302,855)
Deferred tax		(1,372,653)	417,803
Profit/ (loss) from continuing operations		<u>(30,788,092)</u>	<u>(11,809,178)</u>
Earning per equity share			
Basic and diluted	25	(2.13)	(0.82)
Significant accounting policies and notes on financial statements	1 to 46		

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 General

- a. The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting policies.
- b. Expenses and revenue are generally accounted for on accrual basis, except those associated with significant uncertainties and ex-gratia which are accounted on cash basis.

1.2 Revenue recognition

- a. In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas.
- b. In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
- c. In respect of cinematic content produced/ acquired, income is recognised on the following basis
- In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
 - In respect of cinematic content, which is complete but not released, income is recognised as - so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries/ realisations/ confirmed contracts bears to the total expected realisations.
 - In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause (ii) above.
 - In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas.
 - In respect of music rights, income is recognised on its release or exploitation contract.
- d. In respect of consultancy services, income is recognised as and when services are actually rendered resulting in enforceable claim.
- e. Dividend from investments is recognised when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists. Interest income is recognised on accrual basis.

1.3 Cinematic content

The cinematic content has been valued on the following basis

- a. Incomplete cinematic content : at lower of allocated/ identified cost or net realizable value.
- b. Abandoned/ shelved cinematic content : at lower of cost or net realisable value.
- c. Completed cinematic content : at lower of unamortised allocated cost as estimated by the management depending on the genre, nature and contents of the cinematic content or net realizable value.

The Company allocates cost of production amongst music rights, exhibition rights, other rights and residual rights on an equitable basis.

Basis of amortisation of allocated costs

- a. Music rights are amortised at 100% on the basis of release of music/ exploitation contract.
- b. All rights other than music and residual rights are amortised as under
- | First release | Second release | Third release |
|---------------|----------------|---------------|
| 50% | 30% | 20% |
- c. Residual rights are amortised on an equitable basis.

The Company estimates useful life of the cinematic content over 20 years.

Notes

- The production/ acquiring costs are amortised on the above basis by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
- No unamortised costs are retained once the entire rights in respect of the cinematic content are sold out on an outright basis.

1.4 Television content

The television content has been valued on the following basis

- Unexploited television content : at lower of average of allocated cost or net realizable value.
- Unfinished television content : at lower of average of allocated cost or net realizable value.
- Production property : at lower of allocated cost or net realisable value.
- Exploited television content is amortised as under
- Exploited television content : at lower of unamortised cost as estimated by the management on the following basis or net realizable value

Particulars	1 st Telecast	2 nd Telecast	3 rd Telecast	Residual value
Entertainment content	50%	30%	15%	5%
Current affairs and news based content	95%	-	-	5%
Commissioned content	100%	-	-	-

No unamortised costs shall be carried forward beyond a period of 10 years.

Notes

- The Company amortises production costs in respect of television content once telecast and further retelecastable on the basis of the nature and contents of the television content and the expected number of telecasts as per the chart depicted above.
- The production costs are amortised as per the above-referred policy followed by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
- The Company retains one copy of its own television content for record purpose.

1.5 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises purchase price including any attributable cost of bringing the asset to its working condition for its intended use and any other identifiable direct expenses.

All expenditure incurred prior to commencement of project is carried forward as pre-operative expenditure which would be capitalised/ written off on commencement of business.

1.6 Depreciation

Depreciation has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 as under

- No depreciation has been charged on the assets, which have not been put to use during the period.
- Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
- Depreciation on improvement to leave and licence premises is calculated over the period of leave and licence.

1.7 Taxation

Current tax: Provision for current tax for the year has been made after considering deductions/ allowances/ claims admissible to the Company under the Income Tax Act, 1961.

Deferred tax: Deferred tax is recognised, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

1.8 Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are stated at lower of cost or market value.

1.9 Writing off deferred revenue expenditures

Deferred revenue expenditure has been written off at 20% of the total cost.

1.10 Contingent liabilities

No provision has been made for liabilities, which are contingent in nature.

1.11 Foreign currency transactions

- Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the balance sheet date; gains/ losses are reflected in the statement of profit and loss.
- Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

1.12 Retirement benefits

- Regular contributions are made to Provident Fund and charged to revenue.
- The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity. The expense is recognised at the present value of the amount payable determined using gratuity report provided by LIC of India.
- The Company does not have any policy for leave encashment.

1.13 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.14 Impairment of Assets

At Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds the recoverable amount.

1.15 Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past events, that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statement.

NOTE 2

SHARE CAPITAL

Authorised share capital
20,000,000 (LY 20,000,000)
equity shares of ₹ 10 each

Issued, subscribed and fully paid-up
14,467,000 (LY 14,467,000)
equity shares of ₹ 10 each

	March 31, 2012 ₹	March 31, 2011 ₹
Authorised share capital	200,000,000	200,000,000
Issued, subscribed and fully paid-up equity shares of ₹ 10 each	144,670,000	144,670,000
	144,670,000	144,670,000

NOTE 2.1

Company has only one class of share referred to as equity share with voting right.

NOTE 2.2

The reconciliation of the number of shares outstanding is set out below

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2011	14,467,000	144,670,000	14,467,000	144,670,000
Add: Issued during the year	0	0	0	0
Closing balance as at March 31, 2012	14,467,000	144,670,000	14,467,000	144,670,000

NOTES ON FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

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NOTE 2.3

The details of share holders holding more than 5% equity shares

Particulars	As at March 31, 2012		As at March 31, 2011	
	No of share held	%	No of share held	%
Name of shareholder				
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	730,593	5.05	652,822	4.51
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 3

RESERVES AND SURPLUS

Capital reserve

Opening balance as at April 1, 2011	36,865		36,865	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2012	36,865	36,865	36,865	36,865

General reserve

Opening balance as at April 1, 2011	22,098,279		22,098,279	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2012	22,098,279	22,098,279	22,098,279	22,098,279

Surplus as per statement of profit and loss

Opening balance as at April 1, 2011	58,521,191		70,330,369	
Add: Current years profit/ (loss)	(30,788,092)		(11,809,178)	
Closing balance as at March 31, 2012	27,733,099	27,733,099	58,521,191	58,521,191

Security premium reserve

Opening balance as at April 1, 2011	671,958,820		671,958,820	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2012	671,958,820	671,958,820	671,958,820	671,958,820

NOTE 4

LONG TERM BORROWINGS

Secured term loan

(Secured against the hypothecation of vehicles)

Kotak Mahindra Prime Ltd	2,289,870		1,620,347	
Tata Capital Ltd	0		459,166	
	2,289,870		2,079,513	

NOTE 4.1

Secured loans repayable in monthly equitable instalments are as follows

Particulars	As at March 31, 2012		As at March 31, 2011	
	Amount ₹	Rate of interest p a	Amount ₹	Rate of interest p a
Repayable upto July, 2012	0	0	459,166	11.20%
Repayable upto August 2013	54,586	12.91%	175,244	12.91%
Repayable upto February, 2016	1,133,422	11.83%	1,445,103	11.83%
Repayable upto March, 2016	1,101,862	12.10%	0	0
Total	2,289,870		2,079,513	

NOTE 4.2

Finance lease commitments

Particulars	As at March 31, 2012		As at March 31, 2011	
	Principal	Interest	Principal	Interest
Not later than one year	892,322	278,236	1,691,684	305,935
Later than one year and not later than five years	2,289,870	357,237	2,079,513	367,907
Later than five years	0	0	0	0
Total	3,182,192	635,473	3,771,197	673,842

NOTE 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	For the year	Deductions	Total	As at March 31, 2012	As at March 31, 2011
Improvement to lease hold premises	723,764	0	0	723,764	511,911	63,329	0	575,240	148,524	211,853
Furniture and fixtures	1,327,572	0	0	1,327,572	426,776	84,035	0	510,811	816,761	900,796
Office equipment	8,371,545	143,209	23,000	8,491,754	2,327,675	398,227	5,827	2,720,075	5,771,679	6,043,870
Motor car	10,687,302	1,725,135	1,330,080	11,082,357	2,198,250	1,063,354	473,841	2,787,763	8,294,594	8,489,052
Computers, printers and software	2,028,097	151,567	0	2,179,664	1,052,402	309,932	0	1,362,334	817,330	975,695
Total	23,138,280	2,019,911	1,353,080	23,805,111	6,517,014	1,918,877	479,668	7,956,223	15,848,888	16,621,266
As at March 31, 2011	24,751,413	3,842,167	5,455,300	23,138,280	7,036,911	1,944,007	2,463,904	6,517,014	16,621,266	

NOTE 5

DEFERRED TAX LIABILITIES

Deferred tax liabilities

Opening balance as at April 1, 2011	127,581,400		127,163,597	
Add: Additional adjustment for current year	(1,372,653)	126,208,747	417,803	127,581,400
		126,208,747		127,581,400

NOTE 5.1

The Company estimates deferred tax charge/ credit using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2012 is given below

Particular	As at April 1, 2011	Created during the year	Reversed during the year	As at March 31, 2012
Deferred tax liabilities				
Unamortised content	(1,328.43)	0	13.29	(1,315.14)
Depreciation and capital loss	1.45	0	0.44	1.89
Adjustment for change in tax rate	51.16	0	0	51.16
Total	(1,275.82)	0	13.73	(1,262.09)

NOTE 6

SHORT TERM BORROWINGS

Secured

Working capital short term loan

(Secured against the fixed assets, current assets and films negative)

Yes Bank Ltd	50,000,000		50,000,000	
Term loan				
(Secured against the hypothecation of vehicles)				
Kotak Mahindra Prime Ltd	433,160		399,782	
Tata Capital Ltd	459,164		1,291,902	
	50,892,324		51,691,684	

NOTE 7

TRADE PAYABLES

Total outstanding dues to micro, small and medium enterprises

		0		0
Others				
For cinematic and television content	23,356,558		23,828,177	
For expenses and other liabilities	3,186,379	26,542,937	1,911,665	25,739,842
		26,542,937		25,739,842

NOTE 7.1

The Company has not received any intimation from suppliers regarding their status under The Micro, Small And Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

NOTE 8

OTHER CURRENT LIABILITIES

Advances and liabilities

Interest on loan from Yes Bank

Unclaimed dividend*

	30,765,453		29,444,366	
	605,137		583,904	
	151,420		162,381	
	31,522,010		30,190,651	

NOTE 8.1

*These figures does not include any amounts, due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 9

SHORT TERM PROVISION

Provision for wealth tax

	22,200		20,300	
	22,200		20,300	

NOTES ON FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
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NOTE 11

LONG TERM INVESTMENTS

Long term investments
Unquoted investments
In subsidiary company
PNC Productions Ltd
496,850 (LY 496,850) equity shares of
face value of ₹ 10 each fully paid-up
In wholly owned subsidiary company
PNC Wellness Ltd
660,000 (LY 60,000) Shares of
₹ 10 each fully paid-up
Quoted investments
Moving Picture Company (India) Ltd
95,000 (LY 95,000) equity shares of
face value ₹ 10 each fully paid-up
Market value ₹ 1.63 (LY ₹ 2.60)

March 31, 2012	March 31, 2011
₹	₹
6,999,200	6,999,200
29,100,000	5,100,000
1,919,000	1,919,000
38,018,200	14,018,200

NOTE 11.1

Aggregate value of quoted and unquoted investments ₹

	March 31, 2012		March 31, 2011	
	Cost	Market value	Cost	Market value
Quoted investments	1,919,000	154,850	1,919,000	247,000
Unquoted investments	36,099,200	NA	12,099,200	NA

NOTE 12

LONG TERM LOANS AND ADVANCES

Loan to PNC Wellness Ltd - wholly owned subsidiary
Advances to PNC Productions Ltd - subsidiary
Income tax
Other advances
Advances for content

March 31, 2012	March 31, 2011
₹	₹
0	21,383,432
58,086,310	58,163,846
17,915,314	14,113,133
106,803,181	106,803,181
194,421,256	181,147,699
377,226,061	381,611,291

NOTE 13

CINEMATIC AND TELEVISION CONTENT

At cost or net realisable value whichever is lower
(As valued and certified by management)

Unamortised content	397,525,565	401,827,530
Unexploited content	40,823,730	48,730,356
Unfinished content	5,087,843	5,749,692
Production property and tapes	0	419,945
	443,437,138	456,727,523

NOTE 14

TRADE RECEIVABLES

Unsecured, considered good
Over six month
Others

25,280,285	20,955,690
25,346,300	17,543,146
50,626,585	38,498,836

NOTE 14.1

Trade receivables over six months includes an amount aggregating to ₹ 2,985,000 (LY ₹ 3,085,000) in respect of which legal proceedings have been initiated by the company. The management considers the same are good and fully recoverable; hence no provision has been made in the accounts at this stage.

NOTE 15

CASH AND CASH EQUIVALENTS

Cash and imprest account
(As verified and certified by the management)
Cash at bank - current account
Cash at bank in exchange earners foreign currency account
Cash at bank - fixed deposits
(Includes ₹ 10,000,000 (LY ₹ 10,000,000)
kept under lien with Banks against secured loan)
Cash at bank - unpaid dividend account

March 31, 2012	March 31, 2011
₹	₹
18,503	15,972
71,858,167	8,009,686
417,276	363,102
65,230,048	150,885,013
151,420	162,381
137,675,414	159,436,154

NOTE 16

SHORT TERM LOANS AND ADVANCES

(Unsecured considered good)

a. Loans			
Staff	246,493	271,493	
Others	15,000	14,500	285,993
b. Advances			
Advances to wholly owned subsidiary			
PNC Wellness Ltd	713,510	2,782,339	
Other advances	29,319,503	53,814,476	
c. Deposits	6,681,894	7,602,992	
d. Pre-paid expenses	233,770	199,918	
	37,210,170	64,685,718	

NOTE 17

OTHER CURRENT ASSETS

Accrued interest on fixed deposits

3,932,695	2,989,557
3,932,695	2,989,557

NOTE 18

REVENUE FROM OPERATIONS

Sales

Owened content	25,824,058	37,139,703
Traded content	19,111,000	79,620,458
	44,935,058	116,760,161

NOTE 19

OTHER INCOME

Interest on fixed deposits (TDS ₹ 1,359,021 (LY ₹ 1,089,522))	13,590,212	12,360,711
Interest on advances to subsidiary	0	1,343,312
Interest on income tax refund	0	1,336,068
Gain on foreign rate exchange difference	54,174	1,982
Miscellaneous income	75,777	206,577
	13,720,163	15,248,650

NOTE 20

COST OF MATERIAL CONSUMED

Cost of production	10,999	46,170,028
	10,999	46,170,028

NOTE 21

CHANGES IN INVENTORIES

Opening balance as at April 1, 2011			
Unamortised content	401,827,530	400,014,194	
Unexploited content	48,730,356	26,140,000	
Unfinished content	5,749,692	4,935,742	
Production property	419,945	419,945	431,509,881
Less: Closing balance as at March 31, 2012			
Unamortised content	397,525,565	401,827,530	
Unexploited content	40,823,730	48,730,356	
Unfinished content	5,087,843	5,749,692	
Production property and tapes	0	419,945	456,727,523
	443,437,138	419,945	(25,217,642)

NOTE 22

EMPLOYEE BENEFITS EXPENSES

Salaries	9,356,309	8,846,127
Group gratuity obligation account	147,379	1,053,744
Contribution to provident fund	0	25,992
	9,503,688	9,925,863

NOTE 22.1

The disclosures as required under the Accounting Standard (AS) 15 (Revised) in respect of gratuity, a defined benefit scheme is as follows

Group gratuity liability is recognised on the basis of gratuity report provided by LIC of India.

During the year, Company has recognised the following amounts in the financial statements

	March 31, 2012	March 31, 2011
	₹	₹
a. Defined contribution plan		
Particulars		
• Contribution to defined contribution plan, recognised as expense for the year are as under Employer's contribution to Provident Fund	0	25,992
b. Defined benefit plan		
Particulars		
• Reconciliation of opening and closing balances of defined benefit obligation		
Defined benefit obligation at the beginning of the year	1,829,636	1,128,360
Current service cost	182,387	110,045
Interest cost	146,371	90,269
Actuarial gain/ (loss)	20,734	1,029,075
Benefit paid	0	(528,113)
Defined benefit obligation at the end of year	2,179,128	1,829,636
• Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation		
Fair value of plan assets at the beginning of the year	1,890,085	2,242,553
Expected return on plan assets	202,113	175,645
Actuarial gain/ (loss)	0	0
Employers contribution	362,546	0
Benefit paid	0	(528,113)
Fair value of plan assets at the end of the year	2,454,744	1,890,085
• Actual return on plan assets		
Expected return on plan assets	202,113	175,646
Actuarial gain/ (loss) on plan assets	0	0
Actual return on plan assets	202,113	175,646

NOTES ON FINANCIAL STATEMENTS

BRITISH NANDY COMMUNICATIONS LTD
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NOTE 22.1 (contd)

	March 31, 2012 ₹	March 31, 2011 ₹
• Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2012	2,454,744	1,890,085
Present value of obligation as at March 31, 2012	(2,179,128)	(1,829,636)
Amount recognised in Balance Sheet	275,616	60,449
• Expenses recognised during the year		
Current service cost	182,387	110,045
Interest cost	146,371	90,269
Expected return on plan assets	(202,113)	(175,645)
Actuarial gain/ (loss)	20,734	1,029,075
Expenses recognised in Statement of Profit and Loss	147,379	1,053,744
• Investment details		
The Company made annual contribution to LIC of India of an amount advised by them. The Company was not informed by LIC of the investments made or the break down of plan assets by investment type.		
• Actuarial assumptions	March 31, 2012	March 31, 2011
Discount rate (per annum)	8%	8%
Salary escalation (per annum)	4%	4%

NOTE 23

FINANCE COST

Finance charges	432,158	319,617
Processing and documentation charges	918,965	1,001,670
Interest on secured loan	7,127,796	6,301,418
Interest and bank charges	7,411	0
	8,486,330	7,622,705

NOTE 24

OTHER EXPENSES

Annual listing fees	107,543	82,725
Auditors' remuneration	303,325	303,325
Advances, deposits and interest written off	20,000	42,000
Bad debts and amount written off	11,503,221	1,598,441
Bank charges	4,582	17,391
Business promotion expenses	1,495,590	1,239,796
Rent, rates, taxes and business service centre charges	6,258,756	5,093,824
Communications expenses	525,947	606,292
Conveyance and motor car expenses	2,015,023	820,968
Directors sitting fees	340,000	290,000
Impairment of fixed assets	0	709,750
Insurance charges	240,496	154,032
Internet subscription and website expenses	413,368	311,563
Licenses, registration and processing charges	12,400	0
Legal, professional and consultancy fees	5,327,188	3,860,127
Loss on sale of fixed assets	516,790	1,043,070
Membership and subscriptions	139,046	95,898
Profession tax	2,500	2,500
General expenses	1,709,690	5,461,717
Printing and stationery	365,601	505,488
Repairs and maintenance - equipments	3,675	48,751
Repairs and maintenance - others	27,262	124,998
Research and development expenses	824,504	680,778
ROC filing fees and stamp duty	442,100	296,225
Traveling expenses	3,377,838	1,361,306
Interest on VAT, service tax and stamp duty	2,682,242	1,573,378
	38,658,687	26,324,343

NOTE 24.1

Payment to auditors as

a. Statutory audit fees	259,205	259,205
b. Tax audit fees	44,120	44,120
c. Certification and consultation fees	57,908	70,000
	361,233	373,325

NOTE 24.2

Expenditure in foreign currency

Traveling expenses	667,840	247,784
Business promotion	302,762	86,321
	970,602	334,105

NOTE 24.3

Operating lease

Not later than one year	6,347,568	6,362,568
Later than one year and not later than five years	2,776,820	14,134,974
Later than five years	0	0
	9,124,388	20,497,542

NOTE 24.4

A sum of ₹ 1,119,687 (LY ₹ 14,618) is included under other expenses representing prior period items.

NOTE 25

Earning per share (EPS)

Net profit/ (loss) after tax as per statement of profit and loss attributable to equity share holders	(30,788,092)	(11,809,178)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(2.13)	(0.82)
Face value per equity share	10	10

NOTE 26

Estimated amount of contracts to be executed on capital account

Net of capital advances	Nil	Nil
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NOTE 27

Bank guarantee issued by the bankers	Nil	Nil
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NOTE 28

CONTINGENT LIABILITIES

a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT liability	1,876,028	1,876,028

Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment/ decision pending with authorities.

NOTE 29

Remuneration to Directors and Wholtime Directors charged to the accounts

a. Remuneration to Managing Director	Nil	Nil
b. Professional fees to Director	6,000,000	6,000,000
c. Sitting fees to Directors	340,000	290,000
d. Payment to Wholtime Directors	2,862,000	2,765,613
e. Contribution to Provident Fund and other Funds	Nil	Nil

NOTE 30

Dividend remitted in foreign currency	Nil	Nil
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NOTE 31

a. CIF value of imports	Nil	Nil
b. FOB value of imports	Nil	Nil

NOTE 32

The Company is engaged in the production/ making of cinematic and television content, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of the items it is not practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to the same. Hence quantitative details are not maintained. Physical stock of finished content is taken at the end of year. The Ministry of Corporate Affairs vide its Notification dated February 8, 2011 has granted exemption from giving quantitative details of para 3(ii)(a)(1) & (2) of Part II, Schedule VI to the Companies Act, 1956 to manufacturing Companies like our Company. The Board has given the consent required under the aforesaid notification.

NOTE 33

Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the 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 Hon. 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 Bharti as "Long Term Loans and Advances".

NOTE 34

Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence there is a presumption that intangible assets have a useful life of 10 years. In respect of cinematic content, the Company has persuasive evidence that the useful life of cinematic content is over 20 years.

The management has considered the following factors viz. the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz. shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the numbers of distribution channels, rapid multiplication of remaking, animation and other new versions etc. is of the view that the useful life of the cinematic content is over 20 years. Hence, amortisation of ₹ 46,444,466 is not required to be made. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms which will become mandatory from 2014.

NOTES ON FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
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NOTE 34 (contd)

The details of cinematic and television content is as under

	Cinematic Content ₹	Television Content ₹	Total ₹
Gross carrying amount	1,364,561,916	811,389,424	2,175,951,340
Add: Additions during the year	18,957,999	0	18,957,999
Total	1,383,519,915	811,389,424	2,194,909,339
Less: Accumulated amortisation	941,189,173	778,454,589	1,719,643,762
Less: Amortised during the year	28,558,901	3,269,538	31,828,439
Net carrying amount	413,771,841	29,665,297	443,437,138

There is no individual content that is material to the financial statements of the Company as a whole. There is no content whose title is restricted. The cinematic content of carrying value of ₹ 413,771,841 is pledged to Yes Bank Ltd as security for working capital loan of ₹ 50,000,000.

The total cost of content as at March 31, 2012 is ₹ 443,437,138. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

NOTE 35

As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there is any indications that any assets has impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making any provision for impairment.

NOTE 36

Segment information

During the year, Company operated in only one business segment viz content business.

NOTE 37

Related Party Disclosure

In accordance with Accounting Standard (AS) 18 "Related Party Disclosure", the disclosure in respect of transactions with the Company's related parties are as given below

i. Subsidiaries of the Company	a. PNC Productions Ltd
	b. PNC Wellness Ltd (wholly owned subsidiary)
ii. Key managerial personnel	a. Pallab Bhattacharya - Wholetime Director and CEO
	b. Rangita Pritish Nandy - Wholetime Director and Creative Director
	c. Anand Upadhyay - Company Secretary (Resigned wef January 9, 2012)
	d. Rupali Vaidya - Company Secretary (Appointed wef January 9, 2012)
iii. Non executive Directors and their relatives	a. Pritish Nandy - Non-Executive Chairman
	b. Rina Pritish Nandy - Non-Executive Director
	c. Udayan Bose - Non-Executive, Independent Director
	d. Nabankur Gupta - Non-Executive, Independent Director
	e. Vishnu Kanhere - Non-Executive, Independent Director
	f. Tapan Chaki - Non-Executive, Independent Director
	g. Hema Malini - Non-Executive, Independent Director
	h. Ishita Pritish Nandy - daughter of Non-Executive Chairman

Details relating to parties/ persons referred to in above items are as under

	Nature of transaction	March 31, 2012	In ₹ lakh March 31, 2011
Subsidiary companies	Advances given	65.43	3.29
	Advance/ loan received back	300.73	0
	Balance outstanding as at year end Receivable	588.00	823.30
Key management personnel	Remuneration/ Reimbursement	32.58	31.66
	Balance outstanding as at year end Payable	2.41	2.24
	Remuneration/ Reimbursement/ sitting fees	79.65	73.83
Non executive Directors and their relatives	Balance outstanding as at year end Payable	10.46	10.31

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

NOTE 38

The Company has incurred loss during the year. Managerial remuneration paid/ payable is within the limit of minimum remuneration payable as per Part II of Schedule XIII of the Companies Act, 1956. The payment of remuneration is duly approved by the Remuneration Committee.

	March 31, 2012 ₹
a. Managerial remuneration to Wholetime Directors	
Salary	1,898,160
Other perquisites	963,840
Total	2,862,000
b. Directors' sitting fees	340,000
Total Managerial remuneration	3,202,000
c. Computation of profit in accordance with Section 198/ 349 of the Companies Act, 1956	
Profit/ (loss) before taxes	(32,160,745)
Add	
Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	2,862,000
Loss on sale of assets	516,790
Advances written off	20,000
Net profit/ (loss) for Section 198/ 349 of the Companies Act, 1956.	(28,761,955)

NOTE 39

The company has an investment of ₹ 29,100,000 (LY ₹ 5,100,000) in wholly owned subsidiary viz PNC Wellness Limited as at March 31, 2012. Further temporary advances of ₹ 713,510 were receivable as at March 31, 2012.

NOTE 40

In view of loss, no provision has been made for income tax liability during the year.

NOTE 41

Loans and Advances of ₹ 46,753,181 includes: i) ₹ 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) ₹ 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.

NOTE 42

Balances of trade receivable, trade payables and loans and advances are subject to confirmation by the respective parties.

NOTE 43

In the opinion of the management investments, current assets and loans and advances are of the value stated in the financial statements are realisable in the ordinary course of business. The provisions for all known liabilities and depreciation are adequate and are not in excess of the amounts considered, reasonably necessary.

NOTE 44

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2012.

NOTE 45

All known liabilities have been provided in the books of accounts.

NOTE 46

The previous year figures have been regrouped/ reclassified wherever necessary to bring conformity to the current year's presentation.

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

STANDALONE CASH FLOW STATEMENT

For the year ended March 31, 2012

	March 31, 2012 ₹	March 31, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	(32,160,745)	(13,694,230)
Bad debts, rebate and discount	11,503,221	1,598,441
Depreciation	1,918,877	1,944,007
Finance cost	8,486,330	7,622,705
Loss on sale of assets	516,790	1,043,070
Impairment of assets	0	709,750
Advances written off	20,000	42,000
Sundry creditors balances written back	(172,058)	(523,887)
Interest on fixed deposit	(13,590,212)	(12,360,711)
Foreign exchange rate difference - income	(54,174)	(1,982)
Operating cash flow before working capital changes	(23,531,971)	(13,620,837)
Adjusted for		
Cinematic and television content	13,290,385	(25,217,643)
Trade receivables	(23,630,970)	22,234,101
Long term loans and advances	4,385,529	65,481,130
Short term loans and advances	27,475,548	(56,796,733)
Other current assets	(943,137)	4,080,792
Trade payables	975,153	400,297
Other current liabilities	1,333,259	238,770
Cash generated from operations before taxes paid	(646,204)	(3,200,123)
Direct taxes paid	(20,300)	(17,600)
Net cash from/ (used in) operating activities	(666,504)	(3,217,723)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,019,911)	(3,842,167)
Sale of fixed assets	356,622	958,889
Changes in investments	(24,000,000)	0
Interest on fixed deposit	13,590,212	12,360,711
Foreign exchange rate difference income	54,174	1,982
Net cash used in investing activities	(12,018,903)	9,479,415
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowing	1,292,470	2,772,744
Repayment of borrowing	(1,881,473)	(13,296,554)
Finance and other cost	(8,486,330)	(7,622,705)
Net cash used in financing activities	(9,075,333)	(18,146,515)
Net changes in cash and cash equivalents (A+B+C)	(21,760,740)	(11,884,823)
Cash and cash equivalents- opening balance	159,436,154	171,320,977
Cash and cash equivalents- closing balance	137,675,414	159,436,154

Notes

- The above cash flow statement has been prepared as per indirect method.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Figures in brackets represents deductions/ outflows.
- Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Authenticated by us
For Prithish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances
and Legal Affairs

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Mumbai, May 29, 2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PRITISH NANDY COMMUNICATIONS LTD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PRITISH NANDY COMMUNICATIONS LTD AND ITS SUBSIDIARIES.

We have examined the attached consolidated Balance Sheet of Prithish Nandy Communications Ltd and its subsidiaries as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Management of Prithish Nandy Communications Ltd. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

- We conducted our audit in accordance with generally accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Prithish Nandy Communications Ltd and its subsidiaries included in the consolidated financial statements.
- Further reference is invited to
 - note no 22.1 regarding recognition of group gratuity liability on the basis of gratuity report provided by LIC of India and not on the basis of actuarial valuation report as required by Accounting Standard (AS) 15, the effect of which can not be ascertained.
 - note no 33 regarding reliance being placed on legal opinion obtained by the company, that the bank guarantee wrongfully encashed of ₹75,050,000 by Prasar Bharti in the year ended March 31, 2001 in respect of marketing of Olympic Games 2000 is fully recoverable and consequent non provision of any amount there against and
 - note no 40 in respect of loans and advances aggregating to ₹46,753,181, where Company has initiated recovery proceedings. The management considers the same as good and fully recoverable. The legal opinion obtained by the Company supports this and consequently no provision of any amount is made there against at this stage.

Subject to above, on the basis of the information and explanations given to us, we are of the opinion that the said consolidated financial statements read together with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India

- in the case of consolidated Balance Sheet, of the state of affairs of Prithish Nandy Communications Ltd and its subsidiaries as at March 31, 2012;
- in the case of consolidated Statement of Profit and Loss, of the consolidated results of operations of Prithish Nandy Communications Ltd and its subsidiaries for the year ended on that date; and
- in the case of consolidated Cash Flow Statement, of the consolidated cash flows of Prithish Nandy Communications Ltd and its subsidiaries for the year ended on that date.

For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

CONSOLIDATED BALANCE SHEET

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

			As at March 31, 2012	
	Note No		March 31, 2012 ₹	March 31, 2011 ₹
EQUITY AND LIABILITIES				
1. Shareholders' funds				
a. Share capital	2	144,670,000		144,670,000
b. Reserves and surplus	3	706,195,433	850,865,433	739,471,160
2. Minority interest			40,562	39,829
3. Non current liabilities				
a. Long term borrowings	4	12,264,870		1,690,784
b. Deferred tax liabilities (net)	5	121,191,302	133,456,172	123,731,778
4. Current liabilities				
a. Short term borrowings	6	52,317,324		52,080,413
b. Trade payables	7	27,320,539		26,856,819
c. Other current liabilities	8	40,091,136		34,923,866
d. Short term provision	9	36,292	119,765,291	40,300
			<u>1,104,127,458</u>	<u>1,123,504,949</u>
ASSETS				
1. Non current assets				
a. Fixed assets				
Tangible assets	10	38,659,550		31,297,917
b. Non current investments	11	1,919,000		4,419,000
c. Long term loans and advances	12	383,699,672	424,278,222	363,645,934
2. Current assets				
a. Cinematic and television content	13	439,928,879		453,219,265
b. Trade receivables	14	51,183,681		38,741,018
c. Cash and cash equivalents	15	147,081,500		165,131,161
d. Short term loans and advances	16	37,451,495		63,526,006
e. Other current assets	17	4,203,681	679,849,236	3,524,648
			<u>1,104,127,458</u>	<u>1,123,504,949</u>
Significant accounting policies and notes on financial statements	1 to 45			

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

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For the year ended March 31, 2012

	Note No	March 31, 2012 ₹	March 31, 2011 ₹
INCOME			
Revenue from operations	18	63,217,220	133,565,100
Other income	19	14,132,653	14,690,304
Total revenue		<u>77,349,873</u>	<u>148,255,404</u>
EXPENSES			
Cost of material consumed	20	10,999	46,170,028
Purchase of stock in trade		18,947,000	78,933,737
Changes in inventories of finished goods, work-in-progress and stock in trade	21	13,290,386	(25,217,643)
Employee benefit expenses	22	9,660,785	9,925,863
Finance cost	23	9,247,562	7,622,705
Depreciation and amortisation expense	10	3,123,174	2,843,879
Other expenses	24	58,830,436	43,272,039
Total expenses		<u>113,110,342</u>	<u>163,550,608</u>
Profit before tax		(35,760,469)	(15,295,204)
Tax expense			
Current tax		55,000	(2,282,855)
Deferred tax		(2,540,475)	(146,935)
Profit/ (loss) from continuing operations		<u>(33,274,994)</u>	<u>(12,865,414)</u>
Share of minority interest		(733)	(266)
Net profit/ (loss) after minority interest		<u>(33,275,727)</u>	<u>(12,865,680)</u>
Earning per equity share			
Basic and diluted	25	(2.30)	(0.89)
Significant accounting policies and notes on financial statements	1 to 45		

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993

Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

NOTE 1 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

- The consolidated financial statements relate to Pritish Nandy Communications Limited and its Subsidiaries.
- Basis of Accounting

The financial statements of the Subsidiaries Company viz PNC Productions Ltd and PNC Wellness Ltd, used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2012.

The financial statements of the Company and its Subsidiaries have been prepared in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India, and generally accepted accounting principles.

- Principles of consolidation

The consolidated financial statements have been prepared on the following basis

The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

- Information on subsidiary companies

The following subsidiaries are considered in the consolidated financial statements

Name of the Company	% of holding
a. PNC Productions Ltd	99.37
b. PNC Wellness Ltd	100

B. SIGNIFICANT ACCOUNTING POLICIES

- General

- The financial statements have been prepared as per historical cost convention and in accordance with generally accepted accounting policies.
- Expenses and revenue are generally accounted for on accrual basis, except those associated with significant uncertainties and ex-gratia which are accounted on cash basis.

- Revenue recognition

- In respect of commissioned content/ content produced/ acquired, income is recognised as on date of delivery of Digi Betas.
- In respect of sponsored content/ content produced/ acquired, income is recognised as and when the relevant content is telecast.
- In respect of cinematic content produced/ acquired income is recognised on the following basis
 - In respect of cinematic content, which is not complete i.e. under production, no income is recognised.
 - In respect of cinematic content, which is complete but not released, income is recognised as – so much of the estimated income on release as bears to the whole of the estimated income the same proportion as the actual recoveries/ realisations/ confirmed contracts bears to the total expected realisations.
 - In respect of cinematic content completed and released during the year, income is recognised on release/ delivery of release prints except income, if any, already recognised as per clause (ii) above.
 - In respect of cinematic content, which is complete but not released, income from streams other than theatrical release is recognised on the basis of contracts/ deal memo and delivery of Digi Betas.
 - In respect of music rights, income is recognised on its release or exploitation contract.
- In respect of consultancy services income is recognised as and when services are actually rendered resulting in enforceable claim.
- In respect of wellness business, income from membership fee is recognised over the period of membership.
- In respect of services rendered in wellness business, income is recognised as and when services are rendered.
- In respect of PNC Productions Ltd, income from professional/ supervision activity is recognised as and when services are actually rendered resulting in enforceable claim.
- Dividend from investments is recognised when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists. Interest income is recognised on accrual basis.

- Cinematic content

The cinematic content has been valued on the following basis

- Incomplete cinematic content : at lower of allocated/ identified cost or net realisable value.
- Abandoned/ shelved cinematic content : at lower of cost or net realisable value.
- Completed cinematic content : at lower of unamortised allocated cost as estimated by the management depending on the genre, nature and contents of the cinematic content or net realizable value.

The Company allocates cost of production amongst music rights, exhibition rights, other rights and residual rights on an equitable basis.

Basis of amortisation of allocated costs

- Music rights are amortised at 100% on the basis of release of music/ exploitation contract.
- All rights other than music and residual rights are amortised as under

First release	Second release	Third release
50%	30%	20%

- Residual rights are amortised on an equitable basis.

The Company estimates useful life of the cinematic content over 20 years.

Notes

- The production/ acquiring costs are amortised on the above basis by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
- No unamortised costs are retained once the entire rights in respect of the cinematic content are sold out on an outright basis.

- Television content

The television content has been valued on the following basis

- Unexploited television content : at lower of average of allocated cost or net realizable value.
- Unfinished television content : at lower of average of allocated cost or net realizable value.

Production property : at lower of allocated cost or net realisable value.

Exploited television content is amortised as under

Exploited television content : at lower of unamortised cost as estimated by the management on the following basis or net realizable value

Particulars	1st Telecast	2nd Telecast	3rd Telecast	Residual value
Entertainment content	50%	30%	15%	5%
Current affairs and news based content	95%	-	-	5%
Commissioned content	100%	-	-	-

No unamortised costs shall be carried forward beyond a period of 10 years.

Notes

- The Company amortises production costs in respect of television content once telecast and further retelectable on the basis of the nature and contents of the television content and the expected number of telecasts as per the chart depicted above.
- The production costs are amortised as per the above referred policy followed by the Company. The production costs are revenue costs and are treated as such for the purposes of taxation.
- The Company retains one copy of its own television content for record purpose.

- Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises purchase price including any attributable cost of bringing the asset to its working condition for its intended use and any other identifiable direct expenses.

All expenditure incurred prior to commencement of project is carried forward as pre-operative expenditure which would be capitalised/ written off on commencement of business.

- Depreciation

Depreciation has been provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956 as under

- No depreciation has been charged on the assets, which have not been put to use during the period.
- Depreciation on addition/ deletion to assets is calculated on a pro-rata basis from the month of such addition/ deletion.
- Depreciation on improvement to leave and licence premises is calculated over the period of leave and licence.

- Taxation

Current tax: Provision for current tax for the year has been made after considering deductions/ allowances/ claims admissible to the Company under the Income Tax Act, 1961.

Deferred tax: Deferred tax is recognised, on timing differences, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

- Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Current investments are stated at lower of cost or market value.

- Writing off deferred revenue expenditures

Deferred revenue expenditure has been written off at 20% of the total cost.

- Contingent liabilities

No provision has been made for liabilities, which are contingent in nature.

- Foreign currency transactions

- Transactions in foreign currency are recorded at the rate prevailing on the date when the amount is received or remitted.
- Foreign currency assets and liabilities are converted into rupee at the exchange rate prevailing on the Balance Sheet date; gains/ losses are reflected in the profit and loss account.
- Exchange difference on account of acquisition of fixed assets is adjusted to carrying cost of fixed assets.

- Retirement benefits

- Regular contributions are made to Provident Fund and charged to revenue.
- The Company contributes to Employees Group Saving Linked Insurance Scheme with Life Insurance Corporation of India to cover its liability towards employee gratuity.
- The Company does not have any policy for leave encashment.

- Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

- Impairment of Assets

At Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognised in the accounts to the extent the carrying amount exceeds, the recoverable amount.

- Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past events, that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statement.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

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	March 31, 2012 ₹	March 31, 2011 ₹
NOTE 2		
SHARE CAPITAL		
Authorised share capital	200,000,000	200,000,000
20,000,000 (LY 20,000,000) equity shares of ₹ 10 each		
Issued, subscribed and fully paid-up		
14,467,000 (LY 14,467,000) equity shares of ₹ 10 each	144,670,000	144,670,000
	144,670,000	144,670,000

NOTE 2.1

Company has only one class of share referred to as equity share with voting right.

NOTE 2.2

The reconciliation of the number of shares outstanding is set out below

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount ₹	Number of shares	Amount ₹
Equity shares				
Opening balance as at April 1, 2011	14,467,000	144,670,000	14,467,000	144,670,000
Add: Issued during the year	0	0	0	0
Closing balance as at March 31, 2012	14,467,000	144,670,000	14,467,000	144,670,000

NOTE 2.3

The details of share holders holding more than 5% shares

Name of shareholders	As at March 31, 2012		As at March 31, 2011	
	No of share held	%	No of share held	%
Pritish Nandy	2,952,197	20.41	2,952,197	20.41
Artinvest India Pvt Ltd	730,593	5.05	652,822	4.51
Cresta Fund Ltd	1,000,000	6.91	1,000,000	6.91
Elara India Opportunities Fund Ltd	1,000,000	6.91	1,000,000	6.91
Mavi Investment Fund Ltd	1,000,000	6.91	1,000,000	6.91

NOTE 3

RESERVES AND SURPLUS

Capital reserve				
Opening balance as at April 1, 2011	36,865		36,865	
Add: Transferred during the year	0		0	
Closing balance as at March 31, 2012	36,865	36,865	36,865	36,865
General reserve				
Opening balance as at April 1, 2011	22,098,279		22,098,279	
Add: Transferred during current year	0		0	
Closing balance as at March 31, 2012	22,098,279	22,098,279	22,098,279	22,098,279
Surplus as per statement of profit and loss				
Opening balance as at April 1, 2011	45,377,196		58,242,876	
Add: Current years profit/ (loss)	(33,275,727)		(12,865,680)	
Closing balance as at March 31, 2012	12,101,469	12,101,469	45,377,196	45,377,196
Security premium reserve				
Opening balance as at April 1, 2011	671,958,820		671,958,820	
Add: Additions during the year	0		0	
Closing balance as at March 31, 2012	671,958,820	671,958,820	671,958,820	671,958,820
		706,195,433		739,471,160

NOTE 4

LONG TERM BORROWINGS

Secured term loans
(Secured against the hypothecation of equipments and vehicles)

From bank	9,975,000	0
From others	2,289,870	1,690,784
	12,264,870	1,690,784

NOTE 4.1

Secured loans repayable in monthly equitable instalments are as follows

Particulars	As at March 31, 2012		As at March 31, 2011	
	Amount ₹	Rate of interest p a	Amount ₹	Rate of interest p a
Repayable upto July, 2012	0	0	398,881	11.20%
Repayable upto August, 2013	54,586	12.91%	175,244	12.91%
Repayable upto February, 2016	1,133,422	11.83%	1,116,659	11.83%
Repayable upto March, 2016	1,101,862	12.10%	0	0
Repayable upto August, 2016	9,975,000	14.75%	0	0
Total	12,264,870		1,690,784	

NOTE 4.2

Finance lease commitments	As at March 31, 2012		As at March 31, 2011	
	Principal	Interest	Principal	Interest
Not later than one year	2,317,322	1,937,851	1,691,684	305,935
Later than one year and not later than five years	12,264,870	3,111,560	1,690,784	367,907
Later than five years	0	0	0	0
Total	14,582,192	5,049,411	3,382,468	673,842

NOTE 5

DEFERRED TAXATION

Deferred tax liabilities				
Opening balance as at April 1, 2011	127,581,400		127,163,597	
Add: Additional adjustment for current year	(1,372,653)	126,208,747	417,803	127,581,400
Deferred tax assets				
Opening balance as at April 1, 2011	3,849,623		3,284,884	
Add: Additional adjustment for current year	1,167,822	5,017,445	564,738	3,849,622
		121,191,302		123,731,778

NOTE 5.1

The Company estimates deferred tax charge/ credit using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability as at March 31, 2012 is given below

in ₹ lakh				
Particular	As at April 1, 2011	Created during the year	Reversed during the year	As at March 31, 2012
Deferred tax liabilities				
Unamortised content	(1,328.43)	0.00	13.29	(1,315.14)
Depreciation and capital loss	1.45	0.00	0.44	1.89
Adjustment for change in tax rate	51.16	0.00	0.00	51.16
Deferred tax assets				
Depreciation	14.25	0.00	0.00	14.25
Unabsorbed business loss	24.25	11.68	0.00	35.93
Net deferred tax liabilities	(1,237.32)	11.68	13.73	(1,211.91)

NOTE 6

SHORT TERM BORROWINGS

Secured				
Working capital short term loan (Secured against the fixed assets, current assets and films negative)				
Yes Bank Ltd	50,000,000	50,000,000	50,000,000	50,000,000
Term loans (Secured against the hypothecation of equipments and vehicles)				
From bank	1,425,000		0	
From others	892,324	2,317,324	2,080,413	2,080,413
		52,317,324		52,080,413

NOTE 7

TRADE PAYABLES

Total outstanding dues to micro, small and medium enterprises	0	0
Others		
For cinematic and television content	23,356,558	23,828,177
For expenses and other liabilities	3,963,981	3,028,642
	27,320,539	26,856,819

NOTE 7.1

The Company has not received any intimation from suppliers regarding their status under The Micro, Small And Medium Enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

NOTE 8

OTHER CURRENT LIABILITIES

Current maturity of long term debt		
Advances and liabilities	34,540,188	33,352,603
Unclaimed dividend*	151,420	162,381
Deposits from associates	3,513,000	0
Interest on loan from Yes Bank	747,949	583,904
Other liabilities	1,138,579	824,978
	40,091,136	34,923,866

NOTE 8.1

*These figures do not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 9

SHORT TERM PROVISION

Provision for taxation (net)	14,092	20,000
Provision for wealth tax	22,200	20,300
	36,292	40,300

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

NOTE 10

TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	For the year	Deductions	Total	As at March 31, 2012	As at March 31, 2011
Improvement to lease hold premises	723,764	0	0	723,764	511,911	63,329	0	575,240	148,524	211,853
Lease premises and fixtures	18,368,825	2,953,307	0	21,322,132	18,368,825	147,665	0	18,516,490	2,805,642	0
Furniture and fixtures	1,327,572	585,604	0	1,913,176	426,775	102,569	0	529,344	1,383,832	900,797
Office equipment	27,316,238	5,942,606	23,000	33,235,844	6,595,718	1,436,325	5,827	8,026,216	25,209,628	20,720,520
Motor car	10,687,302	1,725,135	1,330,080	11,082,357	2,198,250	1,063,354	473,841	2,787,763	8,294,594	8,489,052
Computers, printers and software	2,190,597	151,567	0	2,342,164	1,214,902	309,932	0	1,524,834	817,330	975,695
Total	60,614,298	11,358,219	1,353,080	70,619,437	29,316,381	3,123,174	479,668	31,959,887	38,659,550	31,297,917
As at March 31, 2011	62,071,448	3,998,149	5,455,299	60,614,298	28,936,406	2,843,879	2,463,904	29,316,381	31,297,917	

NOTE 11

LONG TERM INVESTMENTS

Long term investments

Quoted investments

Moving Picture Company (India) Ltd

95,000 (LY 95,000) equity shares of

face value Rs 10 each fully paid-up

Market value ₹ 1.63 (LY ₹ 2.60)

Unquoted investments

Rural Electrification Bond

NOTE 11.1

Aggregate value of quoted and unquoted investments

	March 31, 2012		March 31, 2011	
	Cost	Market value	Cost	Market value
Quoted investments	1,919,000	154,850	1,919,000	247,000
Unquoted investments	NA	NA	2,500,000	NA

NOTE 12

LONG TERM LOANS AND ADVANCES

Income tax

Deposits

Other advances

Advance for content

NOTE 13

CINEMATIC AND TELEVISION CONTENT

At cost or net realisable value whichever is lower
(As valued and certified by management)

Unamortised content

Unexploited content

Unfinished content

Production property and tapes

NOTE 14

TRADE RECEIVABLE

Unsecured, considered good

Over six months

Others

NOTE 14.1

Trade receivables over six months include an amount aggregating to ₹ 2,985,000 (LY ₹ 3,085,000) in respect of which legal proceedings have been initiated by the company. The management considers the same are good and fully recoverable; hence no provision has been made in the accounts at this stage.

NOTE 15

CASH AND CASH EQUIVALENTS

Cash and imprest account

(As verified and certified by the management)

Cash at bank

Cash at bank in exchange earners foreign currency account

Cash at bank - fixed deposits

Includes ₹ 12,140,937 (LY ₹ 10,000,000)
(kept under lien with Banks against secured loan)

Cash at bank - unpaid dividend account

NOTE 16

SHORT TERM LOANS AND ADVANCES

(Unsecured considered good)

a. Loans

Staff

Others

b. Advances

c. Deposits

d. Pre-paid expenses

NOTE 17

OTHER CURRENT ASSETS

(Unsecured considered good)

Accrued interest on fixed deposits

Accrued interest on REC Bonds

Unamortised expenditure

NOTE 18

REVENUE FROM OPERATIONS

Sales

Owned content

Traded content

Income from services

Other operating revenues

NOTE 19

OTHER INCOME

Interest on fixed deposits

(TDS ₹ 1,388,931 (LY ₹ 1,124,516))

Miscellaneous income

Gain on foreign rate exchange difference

Interest on income tax refund

Interest on Rural Electrification Bond

Sundry creditors balance written back

NOTE 20

COST OF MATERIAL CONSUMED

Cost of productions

NOTE 21

CHANGES IN INVENTORIES

Opening balance as at April 1, 2011

Unamortised content

Unexploited content

Unfinished content

Production property

Less: Closing balance as at March 31, 2012

Unamortised content

Unexploited content

Unfinished content

Production property and tapes

NOTE 22

EMPLOYEE BENEFITS EXPENSES

Salaries

Contribution to provident fund

Group gratuity obligation

March 31, 2012
₹March 31, 2011
₹March 31, 2012
₹March 31, 2011
₹March 31, 2012
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₹March 31, 2011
₹

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

29

NOTE 22.1

The disclosures as required under the Accounting Standard 15 (Revised) in respect of gratuity, a defined benefit scheme is as follows

Group gratuity liability is recognised on the basis of gratuity report provided by LIC of India.

During the year, Company has recognised the following amounts in the financial statements

	March 31, 2012 ₹	March 31, 2011 ₹
a. Defined contribution plan		
Particulars		
• Contribution to defined contribution plan, recognised as expense for the year as under Employer's contribution to provident fund	0	25,992
b. Defined benefit plan		
Particulars		
• Reconciliation of opening and closing balances of defined benefit obligation		
Defined benefit obligation at the beginning of the year	1,829,636	1,128,360
Current service cost	182,387	110,045
Interest cost	146,371	90,269
Actuarial gain/ (loss)	20,734	1,029,075
Benefit paid	0	(528,113)
Defined benefit obligation at the end of year	2,179,128	1,829,636
• Reconciliation of opening and closing balances of fair value of plan assets defined benefit obligation		
Fair value of plan assets at the beginning of the year	1,890,085	2,242,553
Expected return on plan assets	202,113	175,646
Actuarial gain/ (loss)	0	0
Employers contribution	362,546	0
Benefit paid	0	(528,113)
Fair value of plan assets at the end of the year	2,454,744	1,890,085
• Actual return on plan assets		
Expected return on plan assets	202,113	175,646
Actuarial gain/ (loss) on plan assets	0	0
Actual return on plan assets	202,113	175,646
• Reconciliation of fair value of plan assets and benefit obligation		
Fair value of assets as at March 31, 2012	2,454,744	1,890,085
Present value of obligation as at March 31, 2012	(2,179,128)	(1,829,636)
Amount recognised in Balance Sheet	275,616	60,449
• Expenses recognised during the year		
Current service cost	182,387	110,045
Interest cost	146,371	90,269
Expected return on plan assets	(202,113)	(175,645)
Actuarial gain/ (loss)	20,734	1,029,075
Expenses recognised in Statement of Profit and Loss	147,379	1,053,744
• Investment details		
The Company made annual contribution to LIC of India of an amount advised by them. The Company was not informed by LIC of the investments made or the break down of plan assets by investment type.		
• Actuarial assumptions	March 31, 2012	March 31, 2011
Discount rate (per annum)	8%	8%
Salary escalation (per annum)	4%	4%

NOTE 23

FINANCE COST

	March 31, 2012 ₹	March 31, 2011 ₹
Finance charges	432,157	319,617
Processing and documentation charges	1,445,249	1,001,670
Interest on secured loans	7,362,745	6,301,418
Interest and bank charges	7,411	0
	9,247,562	7,622,705

NOTE 24

OTHER EXPENSES

	March 31, 2012 ₹	March 31, 2011 ₹
Annual listing fees	107,543	82,725
Auditors' remuneration	353,887	349,252
Advances, deposits and interest written off	20,000	42,000
Bad debts and amount written off	11,503,221	1,699,725
Bank charges	4,582	17,391
Business promotion expenses	1,763,773	1,256,076

NOTE 24

OTHER EXPENSES (contd)

	March 31, 2012 ₹	March 31, 2011 ₹
Rent, rates, taxes and business service centre charges	15,935,888	13,445,824
Communications expenses	525,947	606,292
Conveyance and motor car expenses	950,540	833,218
Directors sitting fees	340,000	290,000
Impairment of fixed assets	0	709,750
Insurance charges	240,496	154,032
Internet subscription and website expenses	648,321	311,563
Licenses, registration and processing charges	12,400	6,178
Legal, professional and consultancy fees	8,692,556	7,422,367
Loss on sale of fixed assets	516,790	1,043,070
Membership and subscriptions	139,046	95,898
Profession tax	2,500	2,500
General expenses	8,799,870	10,108,679
Printing and stationery	652,346	505,488
Repairs and maintenance - equipments	136,044	245,336
Repairs and maintenance - others	27,262	124,998
Research and development expenses	824,504	680,778
ROC filing fees and stamp duty	566,950	298,325
Traveling expenses	3,377,838	1,361,306
Preliminary expenses written off	5,890	5,890
Interest on VAT, service tax and stamp duty	2,682,242	1,573,378
	58,830,436	43,272,039

NOTE 24.1

Payment to auditotrs as

	March 31, 2012 ₹	March 31, 2011 ₹
a. Statutory audit fees	298,531	294,102
b. Tax audit fees	55,356	55,150
c. Certification and consultation fees	57,908	70,000
	411,795	419,252

NOTE 24.2

Expenditure in foreign currency

	March 31, 2012 ₹	March 31, 2011 ₹
Traveling expenses	667,840	247,784
Business promotion	302,762	86,321
	970,602	334,105

NOTE 24.3

Operating lease

	March 31, 2012 ₹	March 31, 2011 ₹
Not later than one year	16,184,568	8,450,568
Later than one year and not later than five years	15,073,070	14,134,974
Later than five years	0	0
	31,257,638	22,585,542

NOTE 24.4

A sum of ₹ 1,119,687 - debit (LY ₹ 149,811 - net credit) is included in/ reduced from other expenses representing prior period items.

NOTE 25

Earning per share (EPS)

	March 31, 2012 ₹	March 31, 2011 ₹
Net profit/ (loss) after tax as per statement of profit and loss attributable to equity share holders	(33,275,727)	(12,865,680)
Weighted average number of equity shares used as denominator for calculating EPS	14,467,000	14,467,000
Basic and diluted earning per share	(2.30)	(0.89)
Face value per equity share	10	10

NOTE 26

Estimated amount of contracts to be executed on capital account.

	March 31, 2012 ₹	March 31, 2011 ₹
Net of capital advances	Nil	Nil

NOTE 27

	March 31, 2012 ₹	March 31, 2011 ₹
Bank guarantee issued by the bankers	Nil	Nil

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

PRITISH NANDY COMMUNICATIONS LTD
THE 19TH ANNUAL REPORT AND ACCOUNTS 2012

NOTE 28

CONTINGENT LIABILITIES

	March 31, 2012 ₹	March 31, 2011 ₹
a. Claims against the Company not acknowledged as debts.	150,100,000	150,100,000
b. VAT liability	1,876,028	1,876,028

Future cash outflow in respect of (a) and (b) above are determinable only on receipt of judgment decision pending with authorities.

NOTE 29

Remuneration to Directors and Wholtime Directors charged to the accounts

	March 31, 2012 ₹	March 31, 2011 ₹
a. Remuneration to Managing Director	Nil	Nil
b. Professional fees to Director	6,000,000	6,000,000
c. Sitting fees to Directors	340,000	290,000
d. Payment to Wholtime Directors	2,862,000	2,765,613
e. Contribution to Provident Fund and other Funds	Nil	Nil

NOTE 30

Dividend remitted in foreign currency

	March 31, 2012 ₹	March 31, 2011 ₹
	Nil	Nil

NOTE 31

- a. CIF value of imports
b. FOB value of imports

	March 31, 2012 ₹	March 31, 2011 ₹
	Nil	Nil

NOTE 32

The Company is engaged in the production/ making of cinematic and television content, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of the items it is not practicable to maintain the quantitative record/ continuous stock register, as the process of making content is not amenable to the same. Hence quantitative details are not maintained. Physical stock of finished content is taken at the end of year. The Ministry of Corporate Affairs vide its Notification dated February 8, 2011 has granted exemption from giving quantitative details of para 3(ii)(a)(1) and (2) of Part II, Schedule VI to the Companies Act, 1956 to manufacturing Companies like the Company. The Board has given the consent required under the aforesaid notification.

NOTE 33

Arbitration proceedings initiated by the Company against Prasar Bharati on account of wrongful encashment of bank guarantees of ₹ 75,050,000 were ongoing before former Chief Justice YV Chandrachud. The parties completed the pleadings before the Arbitrator but unfortunately he passed away in July 2008 while the cross examinations were on. The Company had filed a petition before the 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 Bharti as "Long Term Loans and Advances".

NOTE 34

Accounting Standard (AS) 26 on "Intangible Assets" states that in the absence of persuasive evidence there is a presumption that intangible assets have a useful life of 10 years. In respect of cinematic content, the Company has persuasive evidence that the useful life of cinematic content is over 20 years.

The management has considered the following factors viz. the expected usage of the asset by the enterprise, typical product life cycles, technical, technological or other types of obsolescence, expected actions by competitors or potential competitors, the level of maintenance expenditure required to obtain the expected future economic benefits from the asset, the period of control over the asset, the useful life of the asset and for reasons viz. shelf lives of movies have substantially increased since 2000, getting better value for longer lease in excess of ten years, emergence of channels dedicated only for featuring content more than ten years old, growth in the numbers of distribution channels, rapid multiplication of remaking, animation and other new versions etc., is of the view that the useful life of the cinematic content is over 20 years. Hence, amortisation of ₹ 46,444,466 is not required to be made. The Company is in line with International Accounting Practices and this is a step towards complying with IFRS norms which will become mandatory from 2014.

The details of cinematic and television content is as under

	Cinematic content ₹	Television content ₹	Total ₹
Gross carrying amount	1,368,811,046	811,389,423	2,180,200,469
Add: Additions during the year	25,422,000	0	25,422,000
Total	1,394,233,046	811,389,423	2,205,622,469
Less: Accumulated amortisation	953,525,948	773,875,201	1,727,401,149
Less: Amortised during the year	35,022,902	3,269,539	38,292,441
Net carrying amount	405,684,196	34,244,683	439,928,879

There is no individual content that is material to the financial statements of the Company as a whole. There is no content whose title is restricted. The cinematic content of carrying value of ₹ 405,684,196 is pledged to Yes Bank Ltd as security for working capital loan of ₹ 50,000,000.

The total cost of content as at March 31, 2012 is ₹ 439,928,879. Based on a review of estimates of future realisations taken as a whole, the management is of the view that future recoverable amount from content rights to be more than its carrying unamortised cost of content. Hence, no impairment/ write down is considered necessary on this account.

NOTE 35

As per Accounting Standard (AS) 28 on "Impairment of Assets", the Company has assessed whether there is any indications that any assets has impaired. Since the carrying amount is less than the recoverable amount, there is no necessity for making any provision for impairment.

NOTE 36

Segment information

The consolidated financial statements are divided into two business segment viz content and wellness. This business segments have been identified in line with Accounting Standard (AS) 17 "Segment Reporting". Segment revenue results include amounts identifiable to each segment for consolidated purpose. Other un-allocable expenditure includes revenues and expenditures, which are not directly identifiable to the individual segment as well as expenses, which relate to the Company as whole.

	Content (₹)	Wellness (₹)	Total (₹)
Revenue			
External	44,935,058	18,282,162	632,217,220
Inter segment	0	0	0
Total revenue	44,935,058	18,282,162	632,217,220
Expenditure			
Cost of material consumed	10,999	0	10,999
Purchase of stock in trade	18,947,000	0	18,947,000
Changes in inventories of finished goods, work in progress and stock in trade	13,290,386	0	13,290,386
Employee benefit expense	9,503,688	157,097	9,660,785
Finance cost	8,486,330	761,232	9,247,562
Depreciation and amortisation expense	1,918,877	1,204,297	3,123,174
Other expenses	38,742,791	20,087,645	58,830,436
Total expenditure	90,900,071	22,210,271	113,110,342
Result	(45,965,013)	(3,928,109)	(49,893,122)
Add: Other income	13,967,541	165,112	14,132,653
Segment results	(31,997,472)	(3,762,997)	(35,760,469)
Profit before tax	(31,997,472)	(3,762,997)	(35,760,469)
Current tax	55,000	0	55,000
Profit before deferred tax	(32,052,472)	(3,762,997)	(35,815,469)
Deferred tax	(1,372,653)	(1,167,822)	(2,540,475)
Profit after tax	(30,679,819)	(2,595,175)	(33,274,994)
Other information			
Segment assets	1,070,142,725	33,961,173	1,104,103,898
Segment liabilities	237,536,184	15,685,279	253,221,463
Depreciation	1,918,877	1,204,297	3,123,174

NOTE 37

Related Party Disclosure

In accordance with Accounting Standard (AS) 18 "Related Party Disclosure", the disclosure in respect of transactions with the companies related parties are as given below

i. Key managerial personnel	a. Pallab Bhattacharya – Wholtime Director and CEO b. Rangita Pritish Nandy – Wholtime Director and Creative Director c. Anand Upadhyay – Company Secretary (Resigned wef January 9, 2012) d. Rupali Vaidya – Company Secretary (Appointed wef January 9, 2012)
ii. Non executive Directors and their relatives	a. Pritish Nandy – Non-Executive Chairman b. Rina Pritish Nandy – Non-Executive Director c. Udayan Bose – Non-Executive, Independent Director d. Nabankur Gupta – Non-Executive, Independent Director e. Vishnu Kanhere – Non-Executive, Independent Director f. Tapan Chaki – Non-Executive, Independent Director g. Hema Malini – Non-Executive, Independent Director h. Ishita Pritish Nandy – daughter of Non-Executive Chairman

Details relating to parties/ persons referred to in above items are as under

	Nature of transaction	March 31, 2012	In ₹ lakh March 31, 2011
Key management personnel	Remuneration/ Reimbursement	32.58	31.66
	Balance outstanding as at year end Payable	2.41	2.24
Non Executive Directors and their relatives	Remuneration/ Reimbursement/ sitting fees	79.65	73.83
	Balance outstanding as at year end Payable	10.46	10.31

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

NOTE 38

The Company has incurred loss during the year. Managerial remuneration paid/ payable is within the limit of minimum remuneration payable as per Part II of Schedule XIII of the Companies Act, 1956. The payment of remuneration is duly approved by the Remuneration Committee.

	March 31, 2012
	₹
a. Managerial remuneration to Wholetime Directors	
Salary	1,898,160
Other perquisites	963,840
Total	2,862,000
b. Directors' sitting fees	340,000
Total Managerial remuneration	3,202,000
c. Computation of profit in accordance with section 198/ 349 of the Companies Act, 1956	
Profit/ (loss) before taxes	(35,760,469)
Add	
Remuneration to Directors (excluding provision of Gratuity as separate actuarial valuations are not available)	2,862,000
Loss on sale of assets	516,790
Advances written off	20,000
Net profit/ (loss) for section 198/ 349 of the Companies Act, 1956.	(32,361,679)

NOTE 39

In view of loss, no provision has been made for income tax liability during the year.

NOTE 40

Loans and Advances of ₹ 46,753,181 includes: i) ₹ 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) ₹ 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.

NOTE 41

Balances of trade receivables, trade payables and loans and advances are subject to confirmation by the respective parties.

NOTE 42

In the opinion of the management investments, current assets and loans and advances are of the value stated in the financial statements and realisable in the ordinary course of business. The provisions for all known liabilities and depreciation are adequate and are not in excess of the amounts considered, reasonably necessary.

NOTE 43

There are no dues payable to the Investor Education and Protection Fund as at March 31, 2012.

NOTE 44

All known liabilities have been provided in the books of accounts.

NOTE 45

The previous year figures have been regrouped/ reclassified wherever necessary to conform to the current year's presentation.

As per our attached report of even date
For KR Khare & Co
Chartered Accountants
FRN 105104W

Kishor R Khare
Proprietor
M No 032993
Mumbai, May 29, 2012

Authenticated by us
For Pritish Nandy Communications Ltd

Pallab Bhattacharya
Wholetime Director and CEO

Yatender Verma
VP, Finance, Compliances and Legal Affairs

Mumbai, May 29, 2012

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2012

	March 31, 2012	March 31, 2011
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxes	(35,760,469)	(15,295,204)
Bad debts, rebate and discount	11,503,221	1,699,725
Depreciation	3,123,174	2,843,879
Preliminary expenses written off	5,890	5,890
Advances written off	20,000	42,000
Finance cost	9,247,562	7,622,705
Loss on sale of assets	516,790	1,043,070
Impairment of assets	0	709,750
Foreign exchange rate difference - income	(54,174)	(1,982)
Sundry creditors balances written back	(172,058)	(523,887)
Interest on fixed deposit	(13,887,200)	(12,720,151)
Operating cash flow before working capital changes	(25,457,264)	(14,574,205)
Adjusted for		
Cinematic and television content	13,290,386	(25,217,643)
Trade receivable	(23,945,884)	22,039,654
Long term loans and advances	(20,073,739)	(12,017,669)
Short term loans and advances	26,074,512	22,672,606
Other current assets	(684,923)	(3,471,382)
Trade payables	635,778	(2,496,104)
Other current liabilities	5,167,270	62,220
Cash generated from operations before taxes paid	(24,993,864)	(13,002,523)
Taxes paid	(59,008)	(322,000)
Net cash from/ (used in) operating activities	(25,052,872)	(13,324,523)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11,358,219)	(3,998,149)
Sale of fixed assets	356,622	958,889
Changes in investments	2,500,000	0
Interest on fixed deposit	13,887,200	12,720,151
Foreign exchange rate difference - income	54,174	1,982
Net cash used in investing activities	5,439,777	9,682,873
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	11,001,604	3,848,429
Repayment of borrowings	(190,608)	(14,372,239)
Finance and other cost	(9,247,562)	(7,622,705)
Net cash used in financing activities	1,563,434	(18,146,515)
Net changes in cash and cash equivalents (A+B+C)	(18,049,661)	(21,788,165)
Cash and cash equivalents- opening balance	165,131,161	186,919,326
Cash and cash equivalents- closing balance	147,081,500	165,131,161

Notes

- The above cashflow statement has been prepared as per indirect method.
- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- Figures in brackets represents deductions/ outflows.
- Previous year's figures have been regrouped wherever necessary

Vishnu Kanhere
Director

Rupali Vaidya
Company Secretary

ENGAGE.



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The 19th Annual Report and Accounts 2012



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NOTICE

Notice is hereby given that the 19th Annual General Meeting of the members of PRITISH NANDY COMMUNICATIONS LTD will be held on Thursday, September 27, 2012 at 2.30 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 to transact the following business

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at March 31, 2012 and Statement of Profit and Loss for the year ended on that date along with the Reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Vishnu Kanhere who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Hema Malini who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, KR Khare & Co, Chartered Accountants (FRN 105104W), the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors in consultation with the Audit Committee of the Company.”

By Order of the Board of Directors

Rupali Vaidya
Company Secretary

Mumbai, May 29, 2012

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021

NOTES

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such a proxy need not be a member of the Company. The instrument appointing a proxy, in order to be valid, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order names will be entitled to vote.
4. The Company has already announced closure of register of members and share transfer books of the Company from Tuesday, September 18, 2012 to Thursday, September 27, 2012 (both days inclusive) for the purpose of annual book closure.
5. Members desirous of seeking any information at the Annual General Meeting are requested to send in their request(s) so as to reach the registered office of the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
6. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days, except Saturdays, between 11 am and 1 pm upto the date of the Annual General Meeting.
7. As a measure of economy copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
8. Your Company has implemented the Green Initiative as per the Ministry of Corporate Affairs (“MCA”) Circular Nos 17/ 2011 and 18/ 2011 dated April 21, 2011 and April 29, 2011, respectively, which allows the Company to serve all notices/ documents and Annual Reports to its shareholders through an electronic mode. Henceforth, the email addresses registered by the shareholders: (a) in respect of shareholding in demat mode - with the respective Depository Participant which will be periodically downloaded from NSDL/ CDSL and (b) in respect of physical holding - through a written request letter to the Registrar and Share Transfer Agent of the Company, Link Intime India Private Limited; will be deemed to be the registered email address for serving all notices/ documents including those covered under section 219 read with section 53 of the Companies Act. Members are therefore requested to keep their email addresses updated in case of electronic holding with their respective Depository Participant and in case of physical holding with the Registrar and Share Transfer Agent of the Company. The Annual Report of your Company for the Financial Year 2011-2012 will also be displayed on the website of the Company ie www.pritishnandycom.com. As a member of the Company you will be entitled to be furnished, free of cost, an Annual Report of the Company upon receipt of a written request from you at any time.

9. The dividend for the financial years 2004-2005 and 2005-2006 declared at the Annual General Meeting held on September 27, 2005 and September 30, 2006 respectively can be claimed on or before September 26, 2012 and September 29, 2013 respectively. Members who have not yet encashed their dividend warrants may send the same to the Company's Registrar and Share Transfer Agent for revalidation and encash it before the said date. Members are requested to note that no claims shall lie against the Company or the Investor Educations and Protection Fund in respect of any amounts which were unpaid or unclaimed for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.
10. The information required to be provided under the Listing Agreement entered into with the Stock Exchanges regarding the Directors who are proposed to be appointed/ re-appointed are given herein below

Vishnu Kanhere, independent Director of the Company was re-appointed at the Annual General Meeting held on September 16, 2009

Dr Kanhere is a practising Chartered Accountant and a qualified Cost Accountant. He is a PhD in Management from Jamnalal Bajaj Institute of Management Studies, University of Mumbai. He is also a Certified Fraud Examiner (Association of Certified Fraud Examiners, USA), a Certified Information Systems Auditor (Information Systems Audit & Control Association, USA), Certified in the Governance of Enterprise IT – CGEIT (USA) and IRCA (UK) accredited Auditor for 9001:2008 Quality Management System. His expertise in finance, commerce and information technology provides valuable inputs to the Company. The author of a book on Software Valuation, Dr Kanhere is known in academic circles for his research on valuation techniques for intangible corporate assets.

Other directorships of Dr Kanhere are PNC Productions Ltd and Tilaknagar Industries Ltd.

Besides his chairmanship of the Audit Committee of the Company, he is also Chairman of Compensation Committee and member of Audit Committee and Remuneration Committee in Tilaknagar Industries Ltd.

Dr Kanhere holds 2,000 shares in the Company as a Karta of his HUF. He is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Hema Malini is an independent Director on the Board of the Company. She is a renowned classical dancer, a famous actress with a rich and successful repertoire of films to her credit and is an ex-member of the Parliament of India. From 2000 to 2003, she was Chairman of the National Film Development Corporation of India, a Government organization formed to encourage and promote Indian cinema worldwide. In 2000, she was awarded the Padma Shri for her contribution to cinema and performing arts. She is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

By Order of the Board of Directors

Rupali Vaidya
Company Secretary

Mumbai, May 29, 2012

Registered Office
87/88 Mittal Chambers
Nariman Point
Mumbai 400021



PRITISH NANDY COMMUNICATIONS LTD

Registered Office: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021

ATTENDANCE SLIP

Folio No	
DP ID	
Client ID	
Number of Shares held	

I/ We hereby record my/ our presence at the 19th Annual General Meeting of the Company held on Thursday, September 27, 2012 at 2.30 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment thereof.

Signature of the Shareholder/s

Signature of the Proxy

Name of the Shareholder/s (in block letters)

Name of the Proxy

Note : 1. You are requested to sign and handover this slip at the entrance of the meeting venue.

2. The proxy form signed across revenue stamp of ₹ 1 should reach the Registered Office of the Company not less than 48 hours before the meeting.



PRITISH NANDY COMMUNICATIONS LTD

Registered Office: 87/88 Mittal Chambers, Nariman Point, Mumbai 400021

PROXY FORM

Folio No	
DP ID	
Client ID	
Number of Shares held	

I/ We _____ of _____ in the district of _____

being a member/ members of the above named Company, hereby appoint _____

_____ of _____ in the district of _____ or failing him _____

_____ of _____ in the district of _____

to attend and vote for me/ us and on my/ our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, September 27, 2012 at 2.30 pm at MC Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400001 and at any adjournment thereof.

Affix
Revenue
Stamp of
₹ 1

Signed this _____ day of _____ 2012

Signature of the Shareholder/s

Note : 1. The proxy need not be a member.

2. The proxy form signed across revenue stamp of ₹ 1 should reach the Registered Office of the Company not less than 48 hours before the meeting.