

MANAGEMENT DISCUSSION AND ANALYSIS

Economy Scenario:

COVID-19 has triggered the deepest global recession in decades, has delivered an enormous global shock, leading to steep recessions in many countries. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging market and developing economies. It will also do lasting damage to labor productivity and potential output. The immediate policy priorities are to alleviate the human costs and attenuate the near-term economic losses. Once the crisis abates, it will be necessary to reaffirm a credible commitment to sustainable policies and undertake the reforms necessary to buttress long-term prospects. Global coordination and cooperation will be critical. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020—the deepest global recession in decades. Per capita incomes in most emerging and developing economies will shrink this year. The pandemic highlights the urgent need for policy action to cushion its consequences, protect vulnerable populations, and improve countries' capacity to cope with similar future events. It is also critical to address the challenges posed by informality and limited safety nets and undertake reforms that enable strong and sustainable growth. (source: <https://www.worldbank.org>)

Media and Entertainment Industry:

The COVID-19 pandemic has had a substantial impact on the film industry in 2020, mirroring its impacts across all arts sectors. Across the world and to varying degrees, cinemas and movie theaters have been closed, festivals have been cancelled or postponed, and film releases have been moved to future dates or delayed indefinitely. Due to cinemas and movie theatres closing, the global box office has dropped by billions of dollars, and streaming has become more popular, while the stock of film exhibitors has also dropped dramatically. Many blockbusters originally scheduled to be released between March and November have been postponed or cancelled around the world, with film productions also halted. (source: <https://www.wikipedia.org>)

In January 2020, just weeks after the first cases of the Coronavirus appeared in the Chinese city of Wuhan, cinemas across the region began to close. The timing was particularly devastating, coming on the eve of the Chinese New Year holiday, which ordinarily makes for one of the most lucrative weeks of cinema visits anywhere in the world. In 2019, the same 20-day period had brought in \$1.5 billion in revenue; this year amounted to just \$3.9 million. Soon after, almost all of China's 70,000 theatres shuttered, and as the virus spread across the world, cinemas in Italy, Spain, and the Arab world followed. In France, the UK and Ireland, efforts were made to enforce social distancing in cinemas through seat separation and reduced capacity, but the move was short-lived. By the time they were ordered to close by local governments, many already had due to lack of demand. Some independent cinemas,

overwhelmed by rental payments, may not be able to reopen. (source: www.vogue.in)

Covid-19's ripple effect was felt when film bodies including Federation of Western Indian Cine Employees (FWICE) and Indian Film & Television Directors' Association (IFTDA) decided to halt shooting of movies, TV shows and web series. Major production houses also promptly called off all production activity. Amid this, various state governments ordered the closing down of cinema halls. Prime Minister's announcement on March 24 of a 21-day national lockdown sealed the fate for several projects. (source: www.indianexpress.com)

According to a Financial Express report, the film industry faced a decline of 29.1 per cent to Rs 1062.4 crore in the first quarter of 2020, which stood at Rs 1499.4 Crore for the same period last year.

Business Overview:

Pooja Entertainment And Films Limited (BSE Script Code: 532011) is a leading Entertainment content house in the India and an Integrated player in the Media and Entertainment Industry. It co-produces and produces films, as well as exploits and distributes films in India and also in overseas through music release, theatrical distribution, DVD and VCD release, television licensing, and other new media distribution avenues..

Business Strategy:

The company is having a twofold focus approach; one with development of own high quality content and second in distributing Bollywood as well as international movies.

Our focus is on growth while delivering exceptional values to our customers, viewers and stakeholders. We strive to build strong competitive position in M&E industry on the back of quality content.

We emphasis on the need of the consumer which varies based on various factors like age-group, geography and language. We maintain our position by predicting audience preferences.

At PEFL, we distribute our content globally, using a robust network that we have built over decades. We are able to use our distribution strength to effectively monetize content and capture higher value.

Customer segmentation is driving a multi - strategy approach

Operational Overview:

During the year, PEFL has released 1 movie worldwide. These include –

- Khamoshi

Company continues its focus on building a strong movie slate for the future.

Financial Performance Overview:

Particulars	(₹ In Lakhs)			
	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	4317.44	3468.21	4483.08	3557.02
Total Expenses	1942.56	3515.77	2038.61	3600.71
Profit before exceptional items & tax	2374.88	(47.56)	2444.47	(43.69)
Exceptional items	0.00	0.00	0.00	0.00
Profit before Tax	2374.88	(47.56)	2444.47	(43.69)
Tax Expenses	(79.71)	(57.81)	(79.71)	(57.81)
Other comprehensive income (net of tax)	0.00	0.00	11.77	(0.51)
Total comprehensive income for the year	2454.59	10.25	2535.95	13.61

Operational Overview:

During the financial year 2019-20, total revenue on standalone and consolidated basis increased to ₹4317.44 Lakhs and ₹4483.08 Lakhs respectively as against ₹3468.21 and ₹3557.02 respectively in the previous year; Profit before Tax for the current year is standalone ₹2374.88 Lakhs and consolidated ₹2444.47 Lakhs as against standalone ₹(47.56) Lakhs and consolidated ₹(43.69) Lakhs in the previous year and the total comprehensive income for the current year stood at standalone ₹2454.59 Lakhs and consolidated ₹2535.95 Lakhs as against standalone ₹10.25 Lakhs and consolidated ₹13.61 Lakhs in the previous year.

Opportunities & Threats:

The health emergency that has force launched the biggest ever lockdown globally. Lack of work due to COVID-19 has led to a reverse exodus of workers. For film sector, multiple measures are needed to turn the tide and restore normalcy. Now, the nationwide lockdown due to the COVID-19 pandemic has created an unprecedented predicament. Since millions of workers have migrated to their hometowns due to lack of work, employers are dreading a nightmare scenario. Even when the lockdown is lifted, kick-starting operations will be extremely difficult for almost all sectors.

The current lockdown owing to the corona virus crisis has hugely impacted the world economy as well as a majority of sectors across the globe, including real estate. However, there lies an opportunity in every crisis, and Covid-19 looks no different.

Segment Wise Performance:

At present, the Company is engaged in the business of film production and distribution and there is no separate reportable segment.

Outlook:

This year presents unique challenges for India. The implied real GDP growth of 5 per cent for FY 2019-20 in the second advance estimates of the National Statistics Office, is now at risk from the pandemic's impact on the economy. The government has introduced several short-term relief measures to uplift the Indian economy from the immediate impact of the lockdown.

In India, the impact of the ongoing pandemic on business activities became more prominent since the beginning of March 2020.

Internal Control Systems and their Adequacy:

Adequate systems of internal controls that commensurate with the size of operation and the nature of business of the Company have been implemented. Risks and controls are regularly viewed by senior and responsible officers of the Company that assure strict adherence to budgets and effective and optimal use of resources. The Internal control systems are implemented to safeguard Company's assets from unauthorized use or disposition, to provide constant check on cost structure, to provide adequate financial and accounting controls and implement accounting standards.

Disclosure of Accounting Treatment:

In the preparation of the financial statements for the year ended 31st March, 2020, the applicable Indian Accounting Standards (Ind AS) have been followed. Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017.

Human Resource Development:

The Company comprises a small team of professionals, who are result oriented, committed and loyal. The number of permanent employees on the rolls of company as on 31.03.2020 was 5.

Key Financial Ratios:

In the key financial ratios for the Financial Year ended 31st March, 2020.

Ratios	Calculation	2020	2019	Explanations
Debtors Turnover Ratio	$\frac{\text{Sales Revenue}}{\text{Average Accounts Receivable}}$	1.66	1.78	Decreased, Due to Increase in Debtors
Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$	0.49	0.88	Decreased, Due to Low cost of Sales
Interest Coverage Ratio	$\frac{\text{EBITDA}}{\text{Interest Expenses}}$	132.87	0.68	Increased, Due to Increase in EBITDA and Decrease in Interest Expenses
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.67	1.13	Increased, Due to Increase in Current Assets and Decrease in current Liability
Debt Equity Ratio	$\frac{\text{Total Outside Liabilities}}{\text{Shareholder's Equity}}$	1.36	5.68	Low due to Decrease in outside liability and Increase in Shareholder's fund
Operating Profit Margin	$\frac{\text{EBITDA}}{\text{Sales Revenue}}$	56.10%	3.18%	Higher, due to Sale of Movies Negative Rights
Net Profit Margin	$\frac{\text{Net Income after tax}}{\text{Sales Revenue}}$	57.51%	0.31%	Higher, due to Sale of Movies Negative Rights
Return on Net Worth	$\frac{\text{Net Income after tax}}{\text{Shareholder's Equity}}$	70.20%	0.98%	Higher, due to Sale of Movies Negative Rights

Cautionary Statement:

Certain statements contained in this Management's Discussion and Analysis ("MD&A") constitutes "forward-looking statements". These include statements about Management's expectations, beliefs, intentions or strategies for the future, which are indicated by words such as "anticipate, intend, believe, estimate, forecast and expect" and similar words. All forward-looking statements reflect Management's current views with respect to future events, and are subject to numerous risks, uncertainties and assumptions that have been made. Actual results could differ materially from those expressed or implied, depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes and economic developments within India and overseas.

For and on Behalf of the Board of Directors

Place: London, UK
Date: 05-12-2020



Puja Bhagnani
Director
DIN: : 00044593

Deepshikha Deshmukh
Director
DIN: 02146210