



Soul of India



## Board of Directors

*Dr. R. P. Goenka*  
*Chairman*

*Mr. S. Goenka*  
*Vice Chairman*

*Mrs. S. Goenka*

*Mr. H. Neotia*

*Mr. S. Banerjee*

*Mr. P. K. Mohapatra*

*Mr. A. Nagpal*  
*Managing Director*

## **Company Secretary & Head Legal**

Mr. Tony Paul

## **Auditors**

Price Waterhouse  
*Chartered Accountants*

## **Legal Advisors**

Khaitan & Company

## **Registrars and Share Transfer Agents**

MCS Limited  
77/2A, Hazra Road  
Kolkata - 700 029

## **Bankers**

United Bank of India  
State Bank of India  
ICICI Bank Limited

## **Registered Office**

‘The Studios@Dum Dum’  
33, Jessore Road  
Dum Dum  
Kolkata - 700 028

**CORPORATE INFORMATION****Registered Office & Studios**

'The Studios @ Dum Dum'  
 33, Jessore Road  
 Kolkata - 700 028  
 Phone : (033) 2551 2984, 4773  
 Fax No. : (033) 2550 0817  
 e-mail : co.sec@saregama.com

Visit us at : [www.saregama.com](http://www.saregama.com)

**Regional Offices**

2, Chowringhee Approach  
 Kolkata - 700 072  
 Phone : (033) 6550 2113  
 Fax No. : (033) 2212 8911  
 e-mail : karim@saregama.com

High Tide, 1st Floor  
 Plot No. B/30, Juhu Tara Road  
 Santacruz (W), Mumbai - 400 049  
 Phone : (022) 6688 6200  
 Fax No. : (022) 2661 0059  
 e-mail : anurag.singh@saregama.com

4, DDA Commercial Complex  
 Panchsheel Park  
 New Delhi - 110 017  
 Phone : (011) 3093 4167  
 Fax No : (011) 3093 4162  
 e-mail : arun.kumar@saregama.com

Door No. 2, 3, 4 & 5  
 3rd Floor, Kasi Arcade  
 No. 116, Thyagaraya Road, T. Nagar  
 Chennai - 600 017  
 Phone : (044) 2815 1669 - 73  
 Fax No. : (044) 2815 1674  
 e-mail : br.vijayalakshmi@saregama.com

**CONTENTS**

	Page
Notice	3
Report of the Directors & Management Discussion and Analysis	5
Report on Corporate Governance	16
Auditors' Report	27
Balance Sheet	30
Profit & Loss Account	31
Schedules to the Accounts	32
Balance Sheet Abstract	54
Cash Flow Statement	55
Consolidated Accounts	57
Statement related to Subsidiary Companies	81

## NOTICE

### NOTICE

NOTICE is hereby given that the Sixty-Fourth Annual General Meeting of the Members of Saregama India Limited will be held at G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata-700 019 on Friday, the 29th day of July, 2011 at 10.15 A.M. to transact the following :

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date and the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Mr. S. Goenka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. S. Goenka who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

#### AS SPECIAL BUSINESS

To consider, and if thought fit, to pass with or without modifications, the following resolution :

##### 5. As an Ordinary Resolution

"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof, consent be and is hereby accorded to partially amending / varying the remuneration payable to Mr. Apurv Nagpal, Managing Director (Mr. Nagpal) as follows :-

With effect from 1st July, 2010

- Basic Salary : ₹ 3,34,000/- per month
- Management Allowance : ₹ 3,34,000/- per month
- Customized Allowance Pool (comprising of Leave Travel Allowance and Medical reimbursement) : ₹ 70,000/- per month

RESOLVED FURTHER that other allowances, reimbursements, benefits and perquisites payable to Mr. Nagpal shall remain unchanged except to the extent altered as above.

RESOLVED FURTHER that the total annual remuneration payable to Mr. Nagpal shall not exceed the limit approved by the Central Government by its letter reference No. A59536383/4/2011-CL.VII dated 27th April 2011."

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 30th June, 2011.

By Order of the Board

Tony Paul

Company Secretary & Head Legal

#### NOTES :

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item 5 is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
**THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
3. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
4. Members/Proxies should bring the Attendance Slips duly filled in, for attending the Meeting.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
6. In accordance with Clause 49 IV (G) of the Listing Agreement, a brief profile of the Directors seeking appointment and/or re-appointment according to Items 2 and 3 of this Notice is provided in the Notes annexed hereto.
7. The Register of Members and Share Transfer Books shall remain closed from 22nd July, 2011 to 29th July, 2011 (both days inclusive).
8. Pursuant to the provision of Section 205A of the Companies Act, 1956, dividend for the Financial Year ended 31st March, 1997 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The dividend for the Financial Year ended 31st March, 2008 is due to be transferred to the aforesaid account on or before 28th August, 2015. Shareholders who have not encashed their Dividend Warrant(s) for the Financial Year ended 31st March, 2008 are requested to apply to the Company's Registrar and Share Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata-700 029. It may be noted that on transfer of the unclaimed dividend to IEPF no claims shall lie in respect thereof.
9. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No. 2B with the Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata-700 029 (in the case of physical shares) or to the Depository Participants (in the case of dematerialised shares). The necessary Form will be supplied on request..
10. Members having queries relating to Accounts may send their queries at least 7 days before the date of the Meeting, to the Company's Secretarial Department at 33, Jessore Road, Kolkata-700 028.

#### ANNEXURE TO THE NOTICE

##### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

##### Item No. 5

Mr. Apurv Nagpal was appointed as the Managing Director of the Company with effect from 15th January, 2009 and his appointment and remuneration were approved by the shareholders at the Annual General Meeting held on 24th July, 2009 and subsequently by the Central Government by its letter reference No. A59536383/4/2011-CL.VII dated 27th April 2011. In terms of the said approval, Mr. Nagpal is entitled to a salary of ₹ 3,00,000/- per month

## NOTICE (contd.)

and a Management Allowance of ₹ 3,00,000/- per month respectively. The Board of Directors of your Company ('the Board') at its meeting held on 22nd December, 2010, on the recommendation of the Compensation Committee, approved, subject to the approval of the Members, an increase in the Salary and Management Allowance as well as restructuring of the allowances / reimbursements payable to Mr. Apurv Nagpal, Managing Director with effect from 1st July, 2010 as detailed hereinbelow to bring it in conformity with the remuneration structure of the Company.

Accordingly, the remuneration payable to Mr. Nagpal as Managing Director is proposed to be varied / altered with effect from 1st July, 2010 as follows:

- Basic Salary : ₹ 3,34,000/- per month
- Management Allowance : ₹ 3,34,000/- per month
- Customized Allowance Pool (comprising of Leave Travel Allowance and Medical reimbursement) : ₹ 70,000/- per month

The other allowances, reimbursements, benefits and perquisites payable to Mr. Nagpal as approved by the shareholders at its meeting held on 24th July, 2009 shall remain unchanged except to the extent altered as above. Further, the total annual remuneration payable to Mr. Nagpal shall not exceed the limit approved by the Central Government by its letter reference No. A59536383/4/2011-CL.VII dated 27th April 2011.

An abstract containing the variation / alteration in the terms of remuneration of Mr. Nagpal pursuant to section 302 of the Companies Act, 1956 had already been sent to the Members in the second week of May, 2011.

Your Board of Directors recommends that the resolution set out in item no. 5 of the Notice convening the Meeting be approved by the Members.

Copy of the Supplemental Agreement executed between Mr. Nagpal and the Company is available for inspection of Members at the Registered Office of the Company between 10 A.M. to 12 Noon on any working day of the Company and will also be available for inspection at the Meeting.

Except Mr. Nagpal, no other Director of the Company is concerned or interested in the above resolution.

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 30th June, 2011.

By Order of the Board  
Tony Paul  
Company Secretary & Head Legal

### Brief profile of Directors seeking re-appointment at the Annual General Meeting to be held on 29th July, 2011.

#### 1. Mr. S. Goenka

Mr. S. Goenka is Vice Chairman, RPG Enterprises, one of India's well-known industrial houses with an annual turnover of Rs. 7,000 crores.

His companies are involved in power generation and distribution, coal mining, retailing, carbon black, as also entertainment. Mr. Goenka is a former President of CII and he was also Chairman, Board of Governors, Indian Institute of Technology, Kharagpur and immediate Past President of All India Management Association (AIMA). He is currently Honorary Consul of Canada in Kolkata and a Member of India-China Eminent Persons' Group, Indo-French Forum and National Integration Council.

Qualification: B. Com (Hons.) from St. Xavier's College, Kolkata.

Date of Birth: 29th January, 1961

Directorship in other companies:

Mr. S. Goenka is also a Director in the following companies:

Phillips Carbon Black Limited – Chairman, Harrisons Malayalam Limited – Chairman, RPG Enterprises Limited – Vice Chairman, CESC Limited – Vice Chairman, Spencer & Company Limited – Director, Spencer International Hotels Limited – Director, Noida Power Company Limited – Director, Graphite India Limited – Director, Eveready Industries India Limited – Director, Sentinel Tea and Exports Limited – Director and Woodlands Multispeciality Hospital Limited – Chairman.

Membership of Committees of the Board:

Chairman of Shareholders/Investors Grievance Committee of CESC Limited, Member of Audit Committees of CESC Limited and Eveready Industries India Limited and Member of Remuneration Committee of Eveready Industries India Limited.

Shareholdings as stated in Clause 49 (IV) (E) (v): Not applicable.

#### 2. Mrs. Sushila Goenka

Mrs. Sushila Goenka is a connoisseur of Indian art, music and culture. She is associated with several social organizations, including Ladies Study Group, Kolkata.

Qualification: Home educated

Date of Birth: 15th August, 1936

Directorship in other companies: Nil.

Membership of Committees of the Board: Nil.

Shareholdings as stated in Clause 49 (IV) (E) (v): Nil.

## REPORT OF THE DIRECTORS WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Sixty-Fourth Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March, 2011.

### Financial Results

The performance of your Company for the year ended 31st March, 2011 is summarized below:

	(₹ in lakhs)	
	Year ended 31st March 2011	Year ended 31st March 2010
Total income	13778	10743
Profit/(Loss) from operations	229	407
Extraordinary item	Nil	Nil
Provision for Contingencies	Nil	Nil
Profit/(Loss) before tax	229	407
Provision for Taxation	(406)	345
Net Profit/(Loss) (after tax and extraordinary items)	635	62
Proposed Dividend (including tax thereon)	Nil	Nil
Transfer to general reserve	—	—
Reserves (excluding revaluation reserves)	11178	10537

Your Board is pleased to report a profit of ₹ 634.62 Lakhs in the year 2010-11.

### Operations

#### Music Audio Business

The physical audio business was driven this year with objective of consolidation of base revenues and improvement of contribution. The Company introduced centralized manufacturing and warehousing which dramatically improved logistics. The product mix was changed to include more high value multi CD options based on innovative concepts providing the customer delight. This arrested contribution erosion caused due to excessive reliance on MP3's as a product strategy used in the past. However, advances in technology such as – file sharing, online streaming, and USB, SD cards have given a big boost to piracy, hampering the music sales in physical formats.

The Company also re-invested its focus on high margin genres like Devotional and Classical music, with a view to start a major distribution initiative in traditional competitor strong holds such as all major religious towns. Another initiative this year that proved to be a game changer was the re-launch of the LP's which has met with tremendous success in the market. This again is a high margin initiative will help the Company to improve contribution in the physical business; given that in a short space of time, LP's would be almost 10 percent of the physical audio business turnover. The distribution network has been revamped by consciously hiring relevant marketing talent having long experience in the industry.

On the product front, the Company launched several umbrella brands under the “Best of \_\_\_ Ever Series” which will eventually have about 20 to 30 products under the umbrella. This would allow the Company to optimize promotional budgets to back and establish the individual brand. To protect the intellectual property rights, these brands have been registered with trade mark authorities. During the year, the Company acquired some of new Hindi and regional film soundtracks including 'Gumsuda', 'Satrangee Parachute', 'No One Killed Jessica', 'Ragini MMS', 'Gandhi to Hitler' and 'Chillar Party' (all in Hindi) and 'Mahanagar @ Kolkata', 'Shukno Lanka', 'Target' & 'Ranjana Ami Aar Asbona' (all in Bengali) and 'Mohan Na Monkies' (Gujrati), 'Aidhu Ondhla Aidu' (Kannada), 'Subhapradham' (Telugu), 'Ratha Charithram' & 'Naanga' (Tamil).

The publishing and new media business continued to register good growth with contributions generated from Caller Ring Back Tones, Ring-Tones and Radio. With its rich and expansive catalogue the Company is best positioned to take full advantage of the growth in mobile business. During the year all the major operators launched the 3G services and the same is expected to grow rapidly in the coming years. To keep pace with 3G services and reap the fruits of growth, the Company plans to acquire new video contents, create short films and convert the music catalogue to video so as to maintain equal foot hold in the market. This year saw new streams opening up in new media with Full Song Mobile Applications, Downloads, Celebrity Chat and Audio Cinema. This has bought a fresh change in the business dynamics and has enabled operators to park high revenues with the Music labels.

## REPORT OF THE DIRECTORS (contd.)

Nokia OVI Store though generating small business is getting replicated by more such online stores like Google Music, Samsung Fun Zone, etc. and would contribute to revenues of the Company in the coming years. The Company's initiative in directly dealing with the mobile operators for online streaming and downloading of songs will bring more discipline in monetization of content. This will also strengthen the portal business of the Company. The introduction of content for online distribution through black box will ensure timely reports and plug revenue losses of the Company.

The trend of using old songs in new films continued this year also and the Company's new policy to release version recording of songs and / or the entire movie songs has resulted in increase in publishing and digital revenues. In order to restrict misuse of the rich catalogue of the Company and increase in sale of original songs, the licensing permissions for version recordings are being restrictively given. The Company is expected to expand its business to more international markets like Pakistan, Bangladesh, Fiji, etc.

The Company has also forayed into high technology in room entertainment for hotels for interactive video on demand. It has tied up with world class technology partners from Austria, Sweden and Taiwan along with Hollywood studios to provide films for this segment. The first property with this technology is coming up in Pune.

On international front, territories of US, Europe and some of the South East countries continue to remain revenue earners for the Company due to presence of large Indian diaspora. Due to accelerated drop in physical volumes, the Company has shifted its focus on alternative but strong sources of revenue such as publishing, digital and events. During the year prestigious event featuring Asha Bhosle and Shujaat Ali Khan was organized in multiple cities of UK. The overall margins of international business continue to remain under pressure as alternative sources of revenues could not reach level to offset loss of margin due to drop in physical business.

### Films Business

In October, 2010, the Company released a Hindi film '*Jhoota Hi Sahi*', directed by Abbas Tyrewala and starring John Abraham, Pakhi, Raghu with guest appearances by Nandana Sen and R Madhavan. The pan-India response for the film was below average despite the film having notable director, actors and the Oscar winning music director AR Rahman.

The Company is currently producing a hi-concept, commercial mainstream Hindi film titled '*Soundtrack*'. This is the official remake of the award winning worldwide cult film 'It's All Gone Pete Tong'. The film directed by Neerav Ghosh stars Rajeev Khandelwal, Soha Ali Khan, Mrinalini Sharma and Mohan Kapoor among others, with the music score being composed by 'Midival Punditz' and 'Karsh Kale'. '*Soundtrack*' will release in cinemas across in the second quarter of next financial year. This film has been fully produced in-house resulting in savings in production budgets and completion within the anticipated timeline.

### TV Software

The Company continues to maintain its position of strength in producing TV content in all four South Indian languages. The Company has produced and telecasted the hit serials titled '*Athipookal*', '*My Dear Bootham*', '*Velan*', '*Soolam*', '*Raja Rajeshwari*' etc. During the year under review, a Bengali serial titled '*Raj Rajeshwari*' was telecasted on Zee Bangla.

The Company has now launched itself in the National TV scene. This Division will pitch shows to the various General Entertainment Channels like Star, Sony, Colors, Zee etc. and produce high quality family entertainment programs for them.

### Home Video

The Company distributes and markets Home Video titles predominantly catering English Home Video products of renowned international studios like BBC Worldwide Limited, Discovery, Entertainment Rights, Focus Features, Millennium Interactive, Power Sports, Kimmel Entertainment and other independent studios.

During the year under review the Company forayed into the niche and lucrative business vertical for production, distribution and marketing of audio and audio-visual content for children educational entertainment products including 'Rumble-n-Tumble Play time' by Preeti Sagar, 'Sweet Values', etc.

### Publication Business

The weekly current affairs and general features magazine "OPEN" published by the Company's 100% owned subsidiary Open Media Networks Pvt. Ltd. has grown in readership as well as repute. This smart and vibrant magazine is aimed at the intelligent Indian reader and has been well received by advertisers and readers at large. However, like any new player in the media space in its second year of operation, OPEN magazine still needs to go through the gestation period required for establishing its market position and achieve break even.

### Corporate Governance

The Company has adopted a Code of Conduct (the Code) for its Directors and Senior Management personnel, who have affirmed compliance with the Code.

## REPORT OF THE DIRECTORS (contd.)

The adoption of the Code stems from the fiduciary responsibility which the Directors and the Senior Management have towards the stakeholders of the Company. Your Directors and Senior Management act as trustees in the interest of all stakeholders of the Company by balancing conflicting interest, if any, between stakeholders for optimal benefit.

Your Board of Directors is committed to good governance practices based on principles of integrity, fairness, transparency and accountability for creating long-term sustainable shareholder value.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

A certificate of the auditors regarding compliance of the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to this Report.

### Management Discussion and Analysis (MD & A)

This Report includes MD & A as appropriate so that duplication and overlap between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

### Industry Structure and Developments

The revenue from sales of physical formats which earlier dominated in the industry with 81% share in 2006 has drastically dropped to 38% in 2010. The other factors of price erosion and piracy contributed to further de-growth of physical sales. However the silver lining to the industry has been gaining popularity and prominence of digital distribution of music with mobile and broadband penetration growing in India. Vast number of consumers from young population using mobile, radio and internet will remain revenue contributors for the industry after stabilization of the 3G data services, the business models prevalent in music industry are expected to substantially change. Radio and television has been a major platform for consumption of music. With expected growth of Radio industry at a CAGR of 15% and forthcoming auction of phase III of radio licenses, the radio would be a major platform for consumption of music. However the Copyright Board recommendation of revenue sharing between radio and Music Industry is not going to be margin friendly for the music industry.

### Opportunities and Threats

#### Opportunities

##### *Films Business*

The Film Entertainment business has managed to stem recession trends and the last year has seen bigger blockbuster hits than ever. Movie revenues continue to grow and newer technologies have allowed audiences to experience movies in a more pleasurable, more experiential environment. 3D has been a big growth driver for Hollywood films and now the Indian movie Industry is also waking to this new way to get film audiences. All of this has resulted in the growth of multiplexes and digital cinema which has given most screens the ability to play movies day and date across the country. An increased ticket price has allowed revenues to grow from the theatrical business. Additional revenue streams like internet, mobile and 3G will be the growth drivers enabling the industry to get incremental revenue from the same content.

##### *TV Software*

The Television scenario particularly in the Cable and Satellite (C&S) is booming. As per the reports, Television households are expected to grow ₹ 160 million by next 4 - 5 yrs. As digitization and addressability go main stream, the revenues from advertising and subscription revenues are expected to grow to ₹ 214 billion and ₹ 416 billion respectively. This growth in television industry augurs well for TV software production houses as the channels will require quality programming to attract and retain the advertisers.

##### *Home Video*

The market is opening up to newer formats such as BluRay, thanks to Hardware manufacturers going aggressive on these high-definition formats. Although the global Home Video business has been on a decline, BluRay as a format has seen growth, in India and overseas. The Company's foray into this segment was through the release of BBC's prestigious "David Attenborough: LIFE" series. The Company also saw opportunity in non-traditional revenue areas with major emphasis on Direct-To-Consumer marketing, which last year notched appreciable sales. Last year around 30 to 40% of movies were not released in Home Video because of prohibitive costs of acquisition. This has led to rationalization of acquisition cost providing opportunities to the Home Video players to make Home video business profitable.

##### *Publication Business*

Niche magazines cater to the focused viewers. Luxury brands and FMCG companies earmark large promotional spends to create appeal for higher SEC category of customers. For the magazines like "Open" which releases content and views different from the mass number of magazines, it provides the opportunity for the upmarket brands to advertise to reach out to the higher income households.

## REPORT OF THE DIRECTORS (contd.)

### Threats

#### *Music Audio Business*

The piracy continues to be a serious issue not only for physical sales but also for digital sales. With the advent of new powerful technologies and eventual roll out of 3G, piracy will see significant rise. In August 2010, Copyright Board directed that radio companies will have to pay 2% of their net ad revenue to the music providers. This is going to put a serious dent in the revenue of music companies. The Copyright Amendment Bill of 2010 is planning to create rights for the music composers and lyricist in the music created. This will create new paradigm in the music business compelling complete review of revenue and business model.

#### *Films Business*

There is a paucity of saleable stars in the Industry, and this coupled with the lack of compelling new scripts have resulted in movies not performing at the box-office. Media costs required to promote the film have galloped, and with increased fragmentation of media outlets, the money required to promote films have gone up many fold.

Film Piracy continues to be the big bane of the industry and with increased penetration of the internet, and faster download speed, movie piracy continues to be the single largest revenue loss for the industry.

The entry of international studios with bigger budgets has also contributed to inflated costs. Further, due to a limited number of leading male stars, the number of big budget commercial films continues to be limited. The revenues from theatrical exploitation, especially in respect of low and mid-sized budget films, are severely affected due to increasing physical and internet piracy.

#### *TV Software*

The increasing pressure from television artiste unions who are demanding substantial wage hike is adversely affecting the quality of work. Also an increase in telecast fees charged by TV channels is destabilizing the cost equilibrium status. Frequent changes in time slots from semi-prime to non-prime, without adequate advance notice by the TV channels, leads to loss of revenue. With an increasing number of film stars getting wooed towards television acting and the ever-inflating cost of software, the commercial viability of this segment could get into jeopardy.

The long gestation period and the short patience of the channel vis-à-vis the performance of a program and thus its life is of grave concern. Every individual who has and can come up with a concept is a potential Producer and creates unfair competition.

#### *Home Video*

With movies been shown on television immediately within four weeks of release in the theatres, there is an increase level of piracy in the Home Video. The popularity of legitimate Home Video has substantially gone down. Due to reduced volumes, Home Video distributors are not in a position to offer acquisition prices to the expectation of the film producers.

#### *Publication Business*

The magazine market is overcrowded with presence of over 60 genres catered by thousands of the magazines. This on one hand reduces share of Magazines as part of overall print industry and on the other allows Advertisers to demand rock bottom ad rates; compromising the financial feasibility of the Magazine.

### Productwise Performance

The Company's rich catalogue in various genres like old Hindi film, Classical and Regional music continued to do well.

Major non-film music albums, namely 'Naina Lagai Ke' by Asha Bhosle & Shujaat Khan, 'Sanwariya' by Hidayat Hussain, 'Sarhadein' – a compilation of songs by various renowned artistes like Lata Mangeshkar, Javed Akhtar etc. and 'Rewind Nine Lost Memories' by a Band were highly appreciated and acclaimed by the general public. The main stream Hindi Film titled 'Jhoota Hi Sahi' released in October 2010 was not a commercial success even though some of the rights of the film are still with the Company which expects to offer revenues in time to come. Due to high quality of the content in Tamil, TV software created for Sun Bouquet of channels commanded better pricing riding on the good TRPs. The software created for Zee Bangla on commission basis created successful program for the channel; however could draw only reasonable pricing as the software creation was for fixed fee per episode on commissioning basis. The magazine "Open" has gradually increased its circulation and ad revenue yield and commanded pricing better than the competition.

### Outlook

#### *Music Audio Business*

Indian Music industry will progressively see shift from physical to digital forms of music consumption. The trend where the consumers would now like to sample the music and thereafter pay for it will determine the digital product offerings. These are also emerging as strong

## REPORT OF THE DIRECTORS (contd.)

alternative to the pirated music. A sachetization of the digital music is expected to open up large “bottom of target audience”. As and when Copyright Amendment bill is passed the whole structure of music industry will undergo substantial change. Rolling out of 3G services by various telecom providers is expected to revolutionize the market dynamics and create a new set of revenue streams and content delivery platforms. Proliferation of organized merchant establishments and popularity of concerts amongst youth is expected to provide impetus to the music industry's revenue streams of public performance. In line with global trends, social networks such as MYSpace, Facebook and Twitter are increasingly being used by the music companies to promote their music. Number of operators are now bundling music to its mobile users as part of their monthly voice and messaging subscription. The services such as Nokia's 'Comes With Music' are offering music bundled with purchase of selected mobile devices. Large opportunities lie in sachetization of music content and thereby achieving penetration at the consumer base at bottom of the pyramid. Newer offerings like “All you can Listen in a Day” or a single day CRBT use for a small fee are becoming popular.

The future growth of the industry depends on how menace of piracy is contained. The government will be persuaded to start a three strike rule prevalent in certain parts of the world where the government enforces compliances using ISP.

### **Films Business**

The industry has seen correction in movie budgets over the last year and now the most film stars are open to working with lower fees with profit share. Digital film making techniques have also enhanced the quality of production as well as lowering of the budget of films. The foray of corporate companies and Hollywood studios into the Indian film business is creating structured and transparent business processes in the industry.

The last year has seen an increased number of box-office hits from newer talent, and the original ideas. Resultantly, the industry's dependence on the routine “masala movie” has seen a slow but steady fall.

The Company is planning to produce other high concept, controlled budget films; both in Hindi as well as regional languages. In addition, the Company has now acquired rights to the highly acclaimed bestseller 'Battle for Bittora' written by celebrated author Anuja Chauhan,

### **TV Software**

With advent of technology television industry are getting newer exploitation formats though 3G, broadband and mobile TV. The need for having customized content for each platform would lead to television channels forging strong partnership with the quality content producers so as to command premium pricing.

### **Home Video**

The Company will increasingly focus on various non-traditional categories which are slated to grow substantially such as Edutainment, Kids content etc., along with mainstream and popular products of BBC, Discovery and other international studios. This will on one hand will enhance the Home Video library and will help to continuously make multiple product offerings.

### **Publication Business**

Open as a magazine has already carved niche for itself in the industry. Efforts will be mounted to capitalize this equity by gaining better pricing and ad yield. Over the period, the magazine is expected to improve its business helping it to achieve the break even.

### **Risk and Concerns**

While digital music provides lucrative business opportunities for music industry, the major risk are high tech piracy and tendency of young consumers to have music free of cost. Alternative business models to ward off ill effect of the piracy are to devise the business models purely on the advertising revenues. Such business models are yet to mature in India and in the meanwhile industry would face risk of decreased revenue. There is lack of clarity in terms of the copyright being enjoyed by the authors even though the contractual ownership is placed with the music labels. In the absence of such clarity, music industry on one hand is likely to witness a lot of litigation and on the other hand could hurt business opportunity of widespread exploitation of the music content.

As for the film business, the risk lies mainly in paucity of male stars as Indian cinema is still being driven by the power of stardom rather than story concept and the presentation of the same. For the television software business the concern is continuous trade off between the cost of content and its revenue potential. This is forcing television channels to withdraw the content on first fear of drop of TRPs even though the software producers would have invested large amount of uniform of certain fixed costs. As for the publication business, the hyper competition is becoming increasingly challenging to have a share of wallet of the consumers to whom the different medium of entertainment like television, music, films, games are available; some even free of cost. Typically print and publication business is a long gestation business as the volumes and ad-revenue rates built up on a very long period.

## REPORT OF THE DIRECTORS (contd.)

### Internal Control System and Adequacy

The Internal Audit department of the Company conducts both financial and system audit for all key operations. Such reports are placed before the Audit Committee of Directors and recommendations, if any, are implemented. The Company has also well documented standard operating procedures for all operational and functional areas. Further, the Board periodically reviews the policies and procedures for risk identification and mitigation.

### Financial Performance with respect to Operational Performance

Strict budgetary control is maintained on all operational performance indicators, and review on working capital and cash flow is carried on for improving the operational efficiency.

### Human Resources

The Company's human resource management systems and processes aim to create a responsive, market-focused, customer-centric culture and enhance organizational vitality, so that each business is internationally competitive and equipped to seize emerging market opportunities.

As on the date of this Report, the Company has 389 employees.

### Information Technology

The Company is in the process of consolidating the benefits of implementation of ERP from SAP equipped module handling Intellectual Property Rights Management. This initiative would not only efficiently utilize the Company's vast content but also build capabilities for the future and help to keep its operations contemporary.

### Forward-looking Statements

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words "anticipate", "believe", "estimate", "expect", "intend", "will" and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

### Directors' Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors states:

- That, in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- That your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- That your Directors have taken proper and sufficient care of the maintenance of adequate accounting records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That your Directors have prepared the Annual Accounts on a going concern basis.

### Employee Stock Option Plan

The Members of the Company, at its Annual General Meeting held on 24th September, 2001, approved the introduction of the Employee Stock Option Scheme for eligible employees of the Company and its subsidiaries. Due to separation of the employees number of options has lapsed till 31st March, 2011. The necessary disclosures prescribed under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is set out in the Annexure to this Report.

### Issue of equity shares on preferential basis

In accordance with SEBI Guidelines / Regulations as amended upto date and necessary approvals of the members, 27,27,000 Equity shares of ₹10/- each and at a premium of ₹ 92.47 each were allotted to promoters and others on preferential basis on 11th September, 2009.

## REPORT OF THE DIRECTORS (contd.)

### Rights Issue

The Company offered 5,338,628 Equity shares of face value of ₹ 10/- each for cash at a premium of ₹ 35/- per share on Rights basis to the existing Members of the Company in the ratio of 4 Equity shares for every 7 Equity shares held on the Record Date (14th March, 2005) aggregating ₹ 2402 lakhs. Out of the total issue, 5,332,025, 1,113 and 200 Equity shares were allotted in the year 2005-06, 2006-07 and 2009-10 respectively and the balance 5,290 Equity shares were kept in abeyance due to pending litigation and identification of beneficiaries of the clearing members by NSDL and CDSL.

### Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

### Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act read with the revised Clause 32 of the Listing Agreement as notified by Securities and Exchange Board of India, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company. None of the employees as set out in the said Annexure is related to any Director of the Company.

### Directors

In terms of Article 102 of the Articles of Association, Mr. S. Goenka and Mrs. S. Goenka retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The particulars regarding the Directors proposed to be re-appointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement of the Stock Exchanges, has been given in the Notes annexed to the Notice convening the meeting.

The resignation of Mr. D. Basu was accepted by the Board in its meeting held on 30th June, 2011. Your Directors place on record their appreciation for the services rendered by Mr. Basu during his tenure as a Director of the Company.

### Auditors

M/s Price Waterhouse, the Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### Subsidiary Companies

In compliance with the requirements of Section 212(8)(v) of the Companies Act, 1956 the audited accounts and other particulars of Saregama Plc., RPG Global Music Limited, Kolkata Metro Networks Limited and Open Media Network Private Limited shall be available for inspection at the registered office of the Company.

### Consolidated Financial Statements

The Consolidated Financial Statements as stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors' Report thereon form part of the Annual Report.

## REPORT OF THE DIRECTORS (contd.)

### Conservation of Energy and Technology Absorption

#### A. Conservation of energy:

##### (a) Energy conservation measures taken ;

During the year an energy audit was conducted by external experts and the recommendations have been implemented.

##### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy ;

No additional investments for reduction in energy consumption have been made or are proposed to be made presently.

##### (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;

The Company has achieved marginal savings during 2010-2011 due to the measures at (a) above.

#### B. Technology absorption:

##### (d) Efforts made in technology absorption as per Form B under :

#### FORM B (See Rule 2)

#### Form for disclosure of particulars with respect to absorption.

#### Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	No Research & Development activities have been carried out by the Company during the year.
2. Benefits derived as a result of the above R & D	—
3. Future plan of action	—
4. Expenditure on R & D :	Nil
(a) Capital	—
(b) Recurring	—
(c) Total	—
(d) Total R & D expenditure as a percentage of total turnover	—

#### Technology absorption, adaptation and innovation:

##### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The technology for manufacturing audio cassettes was imported nearly 10 years earlier and has been absorbed fully.

##### 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

None.

##### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

Not Applicable.

(a) Technology imported.	—
(b) Year of import.	—
(c) Has technology been fully absorbed?	—
(d) If not fully absorbed, areas where this has not taken place, reason therefore and future plans of action.	—

## REPORT OF THE DIRECTORS (contd.)

### Foreign Exchange earnings and outgo

- a) The International business of the Company is handled by its foreign subsidiaries viz. Saregama Plc. and RPG Global Music Limited. Although, in line with the laid down policy of the Company, the foreign operations are directly handled by such subsidiaries, the Company actively assists and guides these companies in its marketing efforts, content creation, appointment of foreign sub-publishers etc. which leads to foreign exchange earnings for the Company.
- b) Total foreign exchange used and earned:

(₹ in lakhs)

	<u>Current Year</u>	<u>Previous Year</u>
Foreign Exchange used	139.15	113.17
Foreign Exchange earned	740.39	583.64

### Acknowledgement

Your Directors express their sincere thanks to all stakeholders including the employees, artistes, composers, musicians, film producers and shareholders for their continued support and cooperation.

Kolkata,  
30th June, 2011

By Order of the Board

**R. P. Goenka**  
Chairman

## REPORT OF THE DIRECTORS (contd.)

### Annexure to the Report to the Directors for the 12 months period ended 31st March, 2011

#### Disclosure as required under Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

In accordance with Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the following are details of ESOPs offered:

	Options Granted during 2001-02	Options Granted during 2006-07	Options Granted during 2008-09	Options Granted during 2010-11	Total
Options granted	59533	91500	25000	12000	188033
Pricing Formula	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the definitions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.	The exercise price of the option is the closing price of the Bombay Stock Exchange as on the date of the grant. The pricing is based in accordance with the definitions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.	The exercise price of the option is the closing price of the Bombay Stock Exchange as on the date of the grant. The pricing is based in accordance with the definitions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.	The exercise price of the option is the closing price of the Bombay Stock Exchange as on the date of the grant. The pricing is based in accordance with the definitions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.	
Options Vested	21799	6400	3000	Nil	31199
Options exercised	9282	Nil	Nil	Nil	9282
Number of shares arising as a result of exercise of Options	Nil	Nil	Nil	Nil	Nil
Options Lapsed	37734	48000	Nil	Nil	85734
Variation of terms of Options	Nil	Nil	Nil	Nil	Nil
Money realised by the exercise of the Options	Nil	Nil	Nil	Nil	Nil
Total number of Options in force	21799	26000	25000	12000	84799
Weighted average Exercise price	119.85	184.85	56.20	100.80	—
Weighted average Fair Value	56.61	121.64	33.96		—

#### Description of the method and significant assumptions used during the year to estimate the fair values of options

- (a) **For Option granted during 2001-02** : Method : Black Scholes Options pricing model; (b) Assumptions: Risk free interest rate - 6.5%; Expected life - 7 years; Expected Volatility - 30%; Expected dividends - Nil and market price at the time of the Option grant : ₹ 119.85.
- (a) **For Option granted during 2006-07** : Method : Black Scholes Options pricing model; (b) Assumptions: Risk free interest rate - 7.83% (Weighted average for 5 yrs); Expected life - 7 years (Weighted Average for Option granted during 2006-07); Expected Volatility - 56.37%; Expected dividends - Nil and market price at the time of the Option grant : ₹ 184.85.
- (a) **For Option granted during 2008-09** : Method : Black Scholes Options pricing model; (b) Assumptions: Risk free interest rate - 7.10% (Weighted average for 5 yrs); Expected life - 7 years (Weighted Average for Option granted during 2008-09); Expected Volatility - 51.93%; Expected dividends - 0.88 and market price at the time of the Option grant : ₹ 56.20.

**REPORT OF THE DIRECTORS (contd.)****Employee-wise details of Options granted under Employee Stock Option Scheme****i) Senior Management personnel**

Name	Designation	Options Granted during 2001-02	Options Granted during 2006-07	Options Granted during 2008-09	Options Granted during 2010-11	Total
Apurv Nagpal	Managing Director			25000		25000
Subroto Chattopadhyay	Managing Director		17500			17500
G. B. Aayeer	CFO		12000			12000
Atul Churamani	V. P. - A&R and Publishing		12000			12000
Harish Dayani	Chief Executive - Film Business	3397				3397
Biman Mitra	V. P. - Manufacturing & Q.A.	2193				2193
Kulmeet Makkar	Chief Executive - Music Business	2285	12000			14285
Sweta Agnihotri	V. P. - Home Video	1200	12000			13200
Adarsh Gupta	Head - Music Business				12000	12000

**ii) Employees granted 5% or more of the Options in any one year:**

Name	Designation	Options Granted during 2001-02	Options Granted during 2006-07	Options Granted during 2008-09	Options Granted during 2010-11	Total
Apurv Nagpal	Managing Director			25000		25000
Subroto Chattopadhyay	Managing Director		17500			17500
G. B. Aayeer	CFO		12000			12000
Atul Churamani	V. P. - A&R and Publishing		12000			12000
Harish Dayani	Chief Executive - Film Business	3397				3397
Kulmeet Makkar	Chief Executive - Music Business		12000			12000
Sweta Agnihotri	V. P. - Home Video		12000			12000
M. Kansal	Business Unit-GM		6000			6000
B. R. Sharan	Controller-TV & Films		6000			6000
Adarsh Gupta	Head - Music Business				12000	12000

**iii) Employees granted Options equal to or exceeding 1% of the issued capital during any one year : None**

**Disclosure Pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

	Options Granted during 2001-02	Options Granted during 2006-07																
(i) Method of calculation of employee compensation cost		The Company has calculated the employee compensation cost using the intrinsic value method of accounting for Options issued under the "Stock Option plan 2006-07". The stock-based compensation cost as per the intrinsic value method for the financial year 2006-07 is Nil.																
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options																		
(iii) The impact of this difference on profits and on EPS of the Company		<div>The effect of adopting the fair value method on the net income and earnings per share is presented below:</div> <div>₹ in thousands</div> <table><tr><td>Net Income</td><td></td></tr><tr><td>As reported</td><td>63,462</td></tr><tr><td>Add: Intrinsic value Compensation cost</td><td>Nil</td></tr><tr><td>Less: Fair Value Compensation cost</td><td>1,375</td></tr><tr><td>Adjusted Net Income</td><td>62,087</td></tr><tr><td>Earnings Per Share (Basic and Diluted)</td><td></td></tr><tr><td>- As reported</td><td>3.65</td></tr><tr><td>- As adjusted</td><td>3.57</td></tr></table>	Net Income		As reported	63,462	Add: Intrinsic value Compensation cost	Nil	Less: Fair Value Compensation cost	1,375	Adjusted Net Income	62,087	Earnings Per Share (Basic and Diluted)		- As reported	3.65	- As adjusted	3.57
Net Income																		
As reported	63,462																	
Add: Intrinsic value Compensation cost	Nil																	
Less: Fair Value Compensation cost	1,375																	
Adjusted Net Income	62,087																	
Earnings Per Share (Basic and Diluted)																		
- As reported	3.65																	
- As adjusted	3.57																	

By Order of the Board

Kolkata,  
30th June, 2011**R. P. Goenka**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy on Corporate Governance

Saregama India Limited is committed to good governance practices by conducting its business in a transparent manner and creating long term sustainable shareholder value.

### 2. Board of Directors

#### A. Composition of the Board of Directors as on 31st March, 2011

The Board of Directors of the Company comprised

- 7 Non-Executive Directors (including 4 Independent Directors)
- 1 Executive Director

The names and categories of Directors, the number of Directorships and Committee positions held by them in other companies and also their shareholdings in the Company as on 31st March, 2011 are given below :

Sl. No.	Name of the Directors	Category of Director	No. of Directorships in other Public Limited companies incorporated in India <sup>1</sup>		No of other Committee Membership(s)/ Chairmanship(s) held <sup>2</sup>		No. of Equity Shares held
			As Chairperson	As Member	As Chairperson	As Member	
1.	Dr. R. P. Goenka	Non-Executive (Chairman)	2	—	—	—	—
2.	Mr. S. Goenka	Non-Executive (Vice Chairman)	2	9	1	2	—
3.	Mrs. S. Goenka	Non-Executive	—	—	—	—	—
4.	Mr. S. Banerjee	Non-Executive Independent	—	6	—	2	—
5.	Mr. P. K. Mohapatra	Non-Executive Independent	3	4	—	2	—
6.	Mr. H. Neotia	Non-Executive Independent	8	6	4	1	—
7.	Mr. D. Basu <sup>3</sup>	Non-Executive Independent	4	3	2	1	—
8.	Mr. A. Nagpal	Managing Director	—	2	—	—	—

1 Excluding Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

2 Pursuant to Clause 49 of the Listing Agreement, only two committees viz, Audit and Shareholders Grievance Committees, have been considered for this purpose.

*Directors namely Dr. R. P. Goenka, Mr. S. Goenka and Mrs. S. Goenka are related to each other.*

3. Resigned from the Board at the close of the business hours on 30.06.2011.

#### B. Attendance of Directors at the Board Meetings during the period 1st April, 2010 to 31st March, 2011 and at the last Annual General Meeting.

Sl. No.	Name of Directors	Number of Meetings Attended out of four Board Meetings held during the year	Attendance at the last AGM on 23.7.2010
1.	Dr. R. P. Goenka	—	No
2.	Mr. S. Goenka	4	No
3.	Mrs. S. Goenka	—	No
4.	Mr. S. Banerjee	4	No
5.	Mr. P. K. Mohapatra	2	No
6.	Mr. H. Neotia	3	No
7.	Mr. D. Basu <sup>1</sup>	—	No
8.	Mr. A. Nagpal	4	Yes

<sup>1</sup>Resigned from the Board at the close of the business hours on 30.06.2011.

Note : The Chairman of the Audit Committee, who is the Managing Director of another company could not attend the Annual General Meeting as he had to attend the Annual General Meeting of that company wherein he is the Managing Director.

## REPORT ON CORPORATE GOVERNANCE (contd.)

### C. Number of Board Meetings held and the dates of Board Meetings

Number of Board Meetings held during the Financial Year 2010-2011 – Four.

#### Dates of the Board Meetings

22nd June, 2010; 6th September, 2010; 22nd December, 2010 and 22nd March, 2011.

### 3. Committee of Directors

#### (i) Composition

The composition of the Committee of Directors as on 31st March, 2011 is as under:

Name of the Directors	Position	Category of Director
Mr. S. Goenka	Chairman	Non-executive Director
Mr. S. Banerjee	Member	Non-executive Independent Director
Mr. P. K. Mohapatra	Member	Non-executive Independent Director
Mr. A. Nagpal	Member	Managing Director

#### (ii) Meetings

During the financial year ended 31st March, 2011, the Committee of Directors met three times on 13th August, 2010, 13th November, 2010 and 14th February, 2011 respectively.

The attendance of the Committee of Directors at the said meetings are detailed below :-

Sl. No.	Name of the Directors	Number of Meetings attended out of three meetings held during the year
1.	Mr. S. Goenka	–
2.	Mr. S. Banerjee	2
3.	Mr. P. K. Mohapatra	2
4.	Mr. A. Nagpal	3

### 4. Code of Conduct and Ethics for Directors and Senior Management

The Board has adopted a Code of Conduct for its Directors and Senior Executives, who have affirmed compliance with the Code.

The adoption of this Code of Conduct (the Code) stems from the fiduciary responsibility which the Directors and the Senior Management have towards the stakeholders of the Company. The Directors and Senior Management acts as trustees in the interest of all stakeholders of the Company by balancing conflicting interest, if any, between stakeholders for optimal benefit.

### 5. Compliance Reports

At each meeting of the Board of Directors, the Managing Director places a certificate covering compliance of various provisions of law, as applicable.

### 6. Audit Committee

#### (i) Terms of Reference

The terms of reference of the Audit Committee include the powers set out in Clause 49 II (C), role as stipulated in Clause 49 II (D) and review of information pursuant to Clause 49 II (E) of the Listing Agreement with the Stock Exchanges and broadly covers inter alia overseeing the Company's financial reporting process, reviewing with the management the financial statements and adequacy of the internal audit function, discussing significant internal audit findings and statutory compliance issues. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

#### (ii) Composition

The composition of the Audit Committee as on 31st March, 2011 is as under :

Name of the Directors	Position	Category of Director
Mr. S. Banerjee	Chairman	Non-executive Independent Director
Mr. H. Neotia	Member	Non-executive Independent Director
Mr. P. K. Mohapatra	Member	Non-executive Independent Director

The Members of the Audit Committee are eminent persons in the industry and have expertise in finance and accounting. The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

## REPORT ON CORPORATE GOVERNANCE (contd.)

### (iii) Meetings

During the financial year ended 31st March, 2011, the Audit Committee met five times on 29th April, 2010, 22nd June, 2010, 13th August, 2010, 13th November, 2010 and 14th February, 2011 respectively.

The Managing Director and Chief Financial Officer are invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

The attendance of the Audit Committee Members at the said meetings are detailed below :-

Sl. No.	Name of the Directors	Number of Meetings attended out of five meetings held during the year
1.	Mr. S. Banerjee	4
2.	Mr. H. Neotia	4
3.	Mr. P. K. Mohapatra	3

## 7. Remuneration Committee

### (i) Terms of Reference

The Remuneration Committee of the Company, under the nomenclature "Compensation Committee" was constituted on 30th April, 2001.

The Compensation Committee frames and implements the remuneration policy of the Company including remuneration payable to executive directors and employees and the Employees Stock Option Scheme.

### (ii) Composition

The composition of the Compensation Committee as on 31st March, 2011 is as under :

Name of the Directors	Position	Category of Director	Attendance
Mr. S. Banerjee	Chairman	Non-executive Independent Director	2
Mr. P. K. Mohapatra	Member	Non-executive Independent Director	2
Mr. H. Neotia	Member	Non-executive Independent Director	2

### (iii) Meetings

During the financial year ended 31st March, 2011, Compensation Committee met twice on 26th October, 2010 and 22nd March, 2011.

## 8. Remuneration to Directors

The Non-Executive Directors do not draw any remuneration from the Company except sitting fees in accordance with Article 93 of the Articles of Association of the Company.

The Managing Director has been paid remuneration approved by the shareholders at its meeting held on 24th July, 2009 duly approved by the Government of India, Ministry of Corporate Affairs vide its letter No. A59536383/4/2011 -CL.VII dated 27th April, 2011. The subsequent increment in his remuneration effective 1st July, 2010 (which is within the overall limit as per the aforesaid Government of India, Ministry of Corporate Affairs approval) has been approved by the Board of Directors at its meeting held on 22nd December, 2010 and is subject to approval of the shareholder at the ensuing Annual General Meeting.

The remuneration structure of the Managing Director comprises salary, allowances, perquisites and contributions to the Provident and other funds.

## REPORT ON CORPORATE GOVERNANCE (contd.)

Details of remuneration paid to the Directors, both executive and non-executive, for the Financial Year 2010-2011 are given hereunder :

### A. Executive Directors

(₹ in thousands)

Name	: Mr. A. Nagpal	
Designation	: Managing Director	
Remuneration	: Salaries and allowances	11,864
	Contribution to Provident Fund	469
	Contribution to Gratuity Fund	174
	Contribution to Superannuation Fund	586
	Other benefits / perquisites	177
	Total	<u>13,270</u>

#### Note:

Service Contract	: For a period not exceeding 5 years with effect from 15th January, 2009.
Notice period	: (i) Not less than 120 days' notice or 120 days' basic salary in lieu of notice (ii) Termination of Agreement by the Company by giving one month notice or one month's basic salary in lieu of notice.
Severance fees	: Nil.
Stock Option details	: The Company has granted 25,000 stock options in 2008-09 under Employee Stock Option Scheme to Managing Director (Mr. A. Nagpal). The exercise price per option is ₹56.20 as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Of the aforesaid 25,000 options 7,500 options are not linked to performance and the balance are linked to performance Vesting schedule of the said options granted is as below :- <ul style="list-style-type: none"> <li>– after 1 year from the date of grant : 20 % of the options *</li> <li>– after 2 years from the date of grant : 20 % of the options *</li> <li>– after 3 years from the date of grant : 20 % of the options</li> <li>– after 4 years from the date of grant : 20 % of the options</li> <li>– after 5 years from the date of grant : 20 % of the options</li> </ul> Exercise period is 10 years from the vesting date. Exercise of options by the option holder shall entail issuance of shares by the Company on compliance/completion of related formalities. 3000 (previous year-1500) options not linked to performance have vested. No option has been exercised during the year. * Based on the decision of the Compensation Committee, options linked to performance have not vested in 2009-10 and 2010-11, which will be considered along with the next tranche of vesting in 2011-12.

### B. Non-executive Directors

Sl. No.	Name of the Directors	Sitting Fees Paid / Payable (₹)
1.	Dr. R. P. Goenka	—
2.	Mr. S. Goenka	95000
3.	Mrs. S. Goenka	—
4.	Mr. S. Banerjee	135000
5.	Mr. P. K. Mohapatra	90000
6.	Mr. H. Neotia	90000
7.	Mr. D. Basu	—
	Total	410000

### 9. Investors'/Shareholders' Grievance Committee

#### (i) Composition

In line with the Listing Agreement, the Company has a Shareholders Grievance Committee of the Board of Directors under the Chairmanship of Mr. S. Goenka, Non-executive Director. The Committee is responsible for attending to the grievances of the shareholders.

## REPORT ON CORPORATE GOVERNANCE (contd.)

The following is the composition of the Shareholders Grievance Committee as on 31st March, 2011 is as under:

Name of the Directors	Position	Category
Mr. S. Goenka	Chairman	Non-executive Director
Mr. P. K. Mohapatra	Member	Non-executive Independent Director
Mr. S. Banerjee	Member	Non-executive Independent Director

Any grievances / complaints from shareholders are placed regularly at the Meeting of the Board of Directors. During the year ended 31st March, 2011 three Meetings of the Shareholders Grievance Committee were held on 29th April, 2010, 6th September, 2010 and 22nd December, 2010 respectively.

The attendance of the Shareholders Grievance Committee Members at the said meetings are detailed below :-

Sl. No.	Name of the Directors	Number of Meetings attended out of three meetings held during the year
1.	Mr. S. Goenka	3
2.	Mr. P. K. Mohapatra	3
3.	Mr. S. Banerjee	3

Mr. Tony Paul, Company Secretary & Head Legal is the 'Compliance Officer'.

### Status of Shareholders' Complaints :

Complaints pending as on 1st April, 2010	Nil
Number of complaints	
– received during the year	8
– resolved during the year	8
Complaints pending as on 31st March, 2010	Nil

“Share Transfer Sub-Committee” constituted by the Board of Directors is responsible for share transfers, transmissions and allied matters.

The composition of Share Transfer Sub-Committee as on 31st March, 2011 is as under :

Mr. A. Nagpal, Managing Director

Mr. G. B. Aayeer, Chief Financial Officer

Mr. Tony Paul, Company Secretary & Head Legal.

The Share Transfer Sub-Committee held 21 meetings during the financial year ended 31st March, 2011.

## 10. General Body Meetings

### (i) Location and time of the last three Annual General Meetings (AGM) held

Date	Type	Venue	Time	Special Resolutions Passed
23rd July, 2010	63rd AGM	G. D. Birla Sabhagar, Kolkata.	10.30 AM	No
24th July, 2009	62nd AGM	G. D. Birla Sabhagar, Kolkata.	10.30 AM	Yes
30th July, 2008	61st AGM	G. D. Birla Sabhagar, Kolkata.	10.30 AM	No

### Note :

There was no special resolution put through postal ballot in the last Annual General Meeting (AGM) held on 23rd July, 2010. As on date no resolution is proposed to be conducted through postal ballot in the ensuing AGM.

## REPORT ON CORPORATE GOVERNANCE (contd.)

- (ii) Disclosure regarding appointment or reappointment of Directors in accordance with Clause 49 IV (G) of the Listing Agreement has been provided in the Notice convening the Annual General Meeting of the Company.

### 11. Disclosures

- (i) Details of related party transactions during the year have been set out under Note 24 of Schedule XX of the Annual Accounts. These are not having any potential conflict with the interests of the Company at large.
- (ii) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI except for the submission of its audited results for the year ended 31st March, 2011 within the time stipulated under clause 41 of the listing agreement with the stock exchanges.

There has been no non-compliance, penalties or strictures imposed by SEBI, Stock Exchanges or any other statutory authority on matters relating to capital markets during the last three years ended on 31st March, 2010.

- (iii) Out of the 53,38,628 equity shares of ₹ 10/- each for cash at a premium of ₹ 35/- (issue price - ₹ 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.10 - 5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2011.
- (iv) Laid down procedures for assessment and minimisation of risk are being reviewed and updated periodically by the Board of Directors.
- (v) All mandatory requirements have been appropriately complied with read with the note on para 2B herein above and the non mandatory requirements are dealt with at the end of the Report.
- (vi) Certificate from the Managing Director and Chief Financial Officer in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2011 was placed before the Board of Directors of the Company at its meeting held on 30th June, 2011.

The Company has established internal control systems and procedures which in certain cases are in the process of being further documented and updated.

### 12. Subsidiary Companies

Of the subsidiaries of the Company, the unlisted Indian subsidiaries (Kolkata Metro Networks Limited and Open Media Network Pvt. Ltd.) as on 31st March, 2011 does not come under the purview of "material non-listed Indian subsidiary" as stipulated in Clause 49 of the Listing Agreement.

### 13. Means of Communication

- Quarterly results which newspapers normally published in : Financial Express (English) and Aajkaal (Bengali).
- Any website, where displayed : www.saregama.com
- Whether it displays official news releases and presentations made to institutional investors or to the analysts : Not Applicable.
- Whether Management Discussions and Analysis is a part of Annual Report or not : Yes, annexed to the Directors' Report.

### 14. General Shareholder Information

- a) **AGM : Date, Time and Venue** : 29th July, 2011 at 10.15 A.M. at G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019.
- b) **Financial Year** : 1st April to 31st March.
- c) **Dates of book closure** : From 22nd July, 2011 to 29th July, 2011 (both days inclusive).
- d) **Dividend Payment Date** : No Dividend proposed.
- e) **Listing on Stock Exchanges** : The Calcutta Stock Exchange Ltd.  
7, Lyons Range, Kolkata - 700 001.  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  
National Stock Exchange of India Ltd.  
'Exchange Plaza', C-1, Block G, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051.

The Company has paid Listing fees upto the year 2011-2012 to all the Stock Exchanges.

## REPORT ON CORPORATE GOVERNANCE (contd.)

### f) Stock Code :

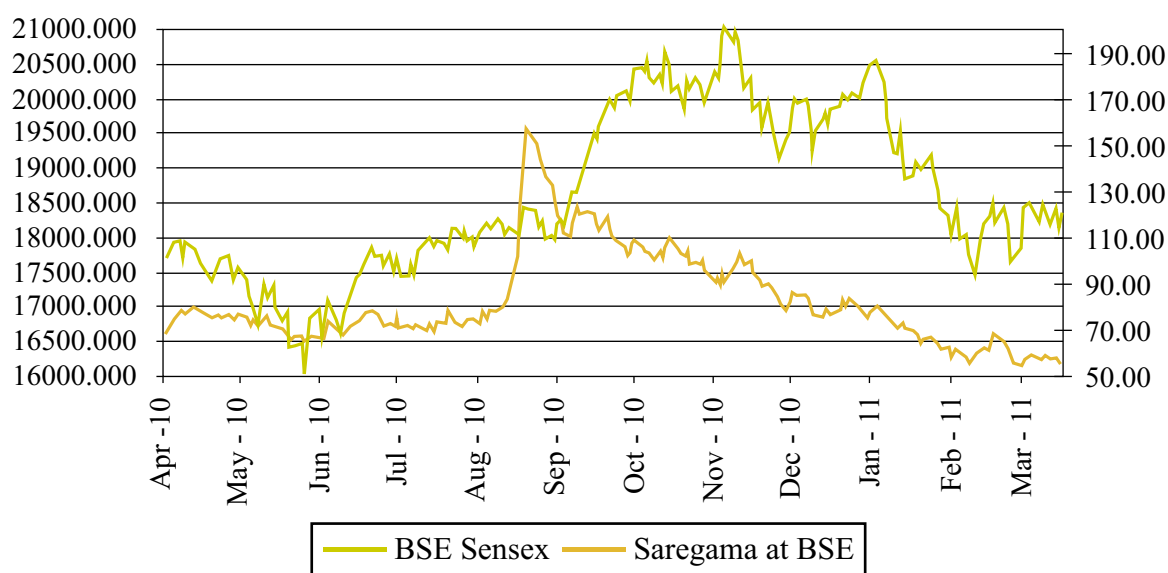
The Calcutta Stock Exchange Ltd.	: 17177 for physical and 10017177 for demat scrips.
Bombay Stock Exchange Ltd.	: 532163.
National Stock Exchange of India Ltd.	: SAREGAMA EQ.
ISIN Number for NSDL and CDSL	: INE979A01017

### g) Market Price Data - As quoted in NSE and BSE and reference of Saregama in comparison with BSE Sensex :

Month	Saregama Share prices with NSE		Saregama Share prices with BSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
April, 2010	84.00	67.20	84.80	67.50	18047.86	17276.80
May, 2010	78.00	64.20	78.00	63.05	17536.86	15960.15
June, 2010	82.60	65.25	82.60	65.55	17919.62	16318.39
July, 2010	84.80	69.25	84.90	70.00	18237.56	17395.58
August, 2010	165.00	72.50	163.30	72.55	18475.27	17819.99
September, 2010	128.00	99.50	127.85	99.05	20267.98	18027.12
October, 2010	112.80	93.05	113.70	94.50	20854.55	19768.96
November, 2010	104.90	76.00	107.80	75.25	21108.64	18954.82
December, 2010	90.90	72.90	89.90	72.75	20552.03	19074.57
January, 2011	85.55	55.20	82.45	58.55	20664.80	18038.48
February, 2011	70.00	52.70	69.65	53.50	18690.97	17295.62
March, 2011	63.00	54.60	63.00	53.00	19575.16	17792.17

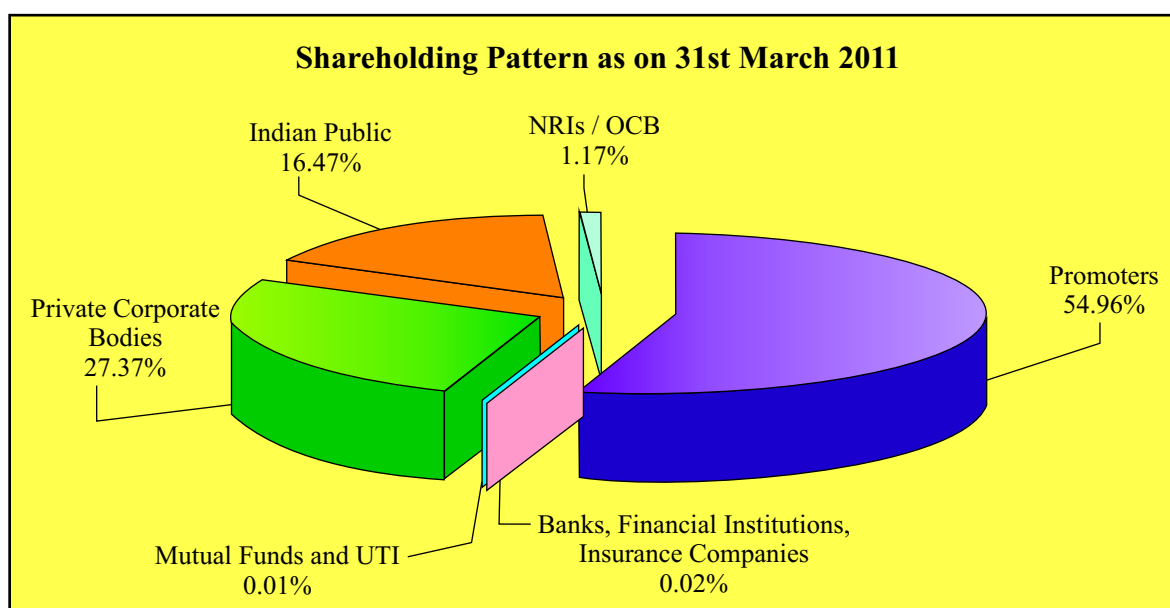
### h) Stock Performance of Saregama India Vs. BSE Indices :

Saregama Share Price versus BSE Sensex



**REPORT ON CORPORATE GOVERNANCE (contd.)****i) Shareholding pattern as on 31st March, 2011 :**

Sl. No.	Category	No. of Equity shares held	Percentage %
1	Promoters	9564859	54.96
2	Mutual Funds and UTI	475	0.01
3	Banks, Financial Institutions, Insurance Companies	3960	0.02
4	Foreign Institutional Investors	Nil	Nil
5	Private Corporate Bodies	4763029	27.37
6	Indian Public	2867479	16.47
7	NRIs /OCB	203136	1.17
8	Any other	Nil	Nil
	Total	17402938	100.00

**j) Distribution of Holdings as on 31st March, 2011 :**

Category	No. of Shareholders	Percentage%	No. of Shares	Percentage %
Upto 500	17011	95.63	1023265	5.88
501 – 1000	384	2.16	305846	1.76
1001 – 2000	177	0.99	264422	1.52
2001 – 3000	67	0.38	173317	0.99
3001 – 4000	35	0.20	124610	0.72
4001 – 5000	20	0.11	93144	0.53
5001 – 10000	32	0.18	240131	1.38
10001 – 50000	35	0.20	657354	3.78
50001 – 100000	10	0.06	676957	3.89
100001 & above	17	0.09	13843892	79.55
Total	17788	100.00	17402938	100.00

## REPORT ON CORPORATE GOVERNANCE (contd.)

### k) Registrar and Share Transfer Agents :

MCS Limited, 77/2A, Hazra Road, Ground Floor, Kolkata - 700 029.

(Contacts: *Mr. Ramesh Agarwal / Mr. A. Mukherjee*)

Telephone: (033) 2454 1892 / 93 Fax: (033) 2454 1961

Email: mcskol@rediffmail.com

### l) Share transfer system :

A Share Transfer Sub-Committee is constituted to approve the transfers and transmissions of shares and allied matters. MCS Limited the Registrars and Share Transfer Agents looks after the share transfers (for both physical and dematerialised shares) and redressal of investor complaints. In addition, the Company Secretary & Head Legal oversees the work of MCS Limited to ensure that the queries of the investors are replied to within a reasonable period and that share transfers and transmissions are registered at least every fortnight.

The Company's Registrars, MCS Limited, have adequate infrastructure to serve the shareholders and process the share transfers. In compliance with the Listing Agreement every six months the share processing system is audited by a Practicing Company Secretary and a Certificate to that effect is issued ensuring that shares are transferred within the period specified under Clause 47(c) of the Listing Agreement.

### m) Dematerialisation of shares and liquidity :

With effect from 29th May, 2000, the Company's scrip forms part of the SEBI's compulsory demat segment for all investors. To facilitate the investors in having an easy access to the Demat System, the Company has signed up with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through the Company's Registrars, MCS Limited. As at 31st March, 2011, a total of 1,67,11,949 Equity Shares of the Company (includes 27,27,200 shares in process), constituting 96.03% of the paid-up share capital, stand dematerialised.

### n) Outstanding GDR / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on Equity :

None.

### o) Plant location :

'The Studios @ Dum Dum'

33, Jessore Road, Kolkata - 700 028

### p) Address for correspondence :

**Registered Office** : 'The Studios @ Dum Dum', 33, Jessore Road, Kolkata - 700 028

**Contact Person** : Mr. Tony Paul, *Company Secretary & Head Legal*

Telephone: (033) 2551 2984, 4773

Fax No. : (033) 2550 0817

Email: co.sec@saregama.com

## STATUS OF ADOPTION OF THE NON MANDATORY REQUIREMENTS

### 1. The Board

The Chairman's office is not maintained by the Company. Three of the independent directors have a tenure of more than nine years in aggregate considering their initial dates of induction on the Board.

### 2. Remuneration Committee

The Board has constituted a Remuneration Committee as reported in Section 7 above.

### 3. Audit Qualification

The Company does not have any qualification pertaining to the financial statements.

### 4. Other Items

The rest of the non-mandatory requirements viz. **Shareholder Rights; Training of Board Members; Mechanism for evaluating non-executive Board Members and Whistle Blower Policy** may be implemented in future as and when deemed necessary by the Board of Directors.

Kolkata  
30th June, 2011

By Order of the Board  
Tony Paul  
*Company Secretary & Head Legal*

## REPORT ON CORPORATE GOVERNANCE (contd.)

### Declaration by the Managing Director under Clause 49I(D)(ii) of the Listing Agreement

I, Apurv Nagpal, Managing Director of Saregama India Limited declare that all the Members of the Board of Directors and Senior Management personnel have, for the year ended 31st March, 2011, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

Kolkata  
30th June, 2011

A. Nagpal  
Managing Director

### Certification by Chief Executive Officer and Chief Financial Officer of the Company

30th June, 2011

To  
The Board of Directors,  
Saregama India Limited,  
33, Jessore Road,  
Kolkata 700 028

Dear Sirs,

Pursuant to Clause 49(V) of the Listing Agreement, we hereby certify that for the year ended 31st March 2011 :

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and are not aware of deficiencies in the design or operation of such internal controls, if any, which need to be disclosed to the Auditors and the Audit Committee.
- (d) We have indicated to the Auditors and the Audit committee that
  - (i) there were no significant changes in internal control over financial reporting during the year;
  - (ii) there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faithfully,  
For SAREGAMA INDIA LIMITED

A. Nagpal  
Managing Director

G. B. Aayeer  
Chief Financial Officer

## AUDITORS' CERTIFICATE

### Auditors' Certificate regarding compliance of conditions of Corporate Governance

#### To the Members of Saregama India Limited

We have examined the compliance of conditions of Corporate Governance by Saregama India Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement other than (i) attendance of the Chairman of the Audit Committee in the last Annual General Meeting and (ii) submission of audited results for the year ended 31st March, 2011 within the stipulated period, as mentioned in Note on paragraph 2B and paragraph 11(ii) respectively of the Corporate Governance Report.

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

For Price Waterhouse  
Firm Registration No. : 301112 E  
Chartered Accountants  
(P. Law)  
Partner  
Membership No. 51790

Place : Kolkata  
Date : 30th June, 2011

#### GROUP:

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) for the purpose Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

ACE Applied Software Services Private Limited	Indent Investments Limited	Solty Commercial Private Limited
Accurate Commodore Private Limited	Instant Holdings Limited	South Asia Electricity Holdings Limited
Adapt Investments Limited	Integral Estates Trust	Space Estates Trust
Adorn Investments Limited	Integrated Coal Mining Limited	Spencer & Co. Limited
Alipore Towers Private Limited	KEC International Limited	Spencer International Hotels Limited
Allwin Apartments LLP	Kestrel Investments Limited	Spencer's Retail Limited
Altantic Holdings Limited	Kutub Properties Private Limited	Spencer's Travel Services Limited
Au Bon Pain Café India Limited	Malabar Coastal Holdings Limited	Spotboy Tracom Private Limited
Amber Apartments Private Limited	Monitor Portfolio Trust	S S Tarama Clean Energy Private Limited
B N Elias & Company Private Limited	Music World Retail Limited	Stellar Energy Trust
Best Apartments Private Limited	Nalanda Power Company Limited	Stylefile Events Limited
Billion Trust	Noida Power Company Limited	Subhashi Vinimay Private Limited
Blue Niles Holdings Limited	Nucleus Life Trust	Summit Securities Limited
Brabourne Investments Limited	Off-Shore India Limited	Surya Vidyut Limited
Carnival Investments Limited	Organic Trust	Swallow Associates Limited
Ceat Limited	Organised Investments Limited	Tirumala Dealtrade Private Limited
CESC Limited	Pedriano Investments Limited	Trade Apartments Limited
CESC Infrastructure Limited	Peregrine Enterprises Limited	Ujala Agency Private Limited
CESC Properties Limited	Petrochem International Limited	Universal Industrial Fund Limited
Chattarpati Investments Limited	Phillips Carbon Black Limited	Vayu Udaan Aircraft Private Limited
Crescent Power Limited	Prism Estates Trust	Vision Estates Trust
Crystal India Tech Trust	Puffin Investments Limited	Wonder Land Limited
Dakshin Bharat Petrochem Private Limited	Rainbow Investments Limited	Zensar Technologies Limited
Dhariwal Infrastructure Limited	Ritushree Vanijya Private Limited	Shri Rama Prasad Goenka
Doon Dooars Plantations Limited	RPG Cellular Investments & Holdings Private Limited	Smt. Sushila Goenka
Dotex Merchandise Private Limited	RPG Enterprises Limited	Shri Harsh Vardhan Goenka
Eastern Aviation & Industries Private Limited	RPG Industries Private Limited	Smt. Mala Goenka
Ektara Enterprises Private Limited	RPG Infrastructure Investments Private Limited	Shri Sanjiv Goenka
FGP Limited	RPG Life Sciences Limited	Smt. Preeti Goenka
Goodhope Sales Private Limited	Saregama India Limited	Shri. Anant Vardhan Goenka
Goodluck Dealcom Private Limited	Secura India Trust	Smt. Radha Goenka
Haldia Energy Limited	Sentinel Tea & Exports Limited	Shri. Shashwat Goenka
Harrisons Malayalam Limited	Shaft Investments Private Limited	Rama Prasad Goenka & Sons (HUF)
Highway Apartments Private Limited	Shri Krishna Chaitanya Trading Co. Private Limited	Harsh Anant Goenka (HUF)
Horizon Master Trust	Shri Parvathi Suthan Trading Co. LLP	Sanjiv Goenka & Others (HUF)
Idea Tracom Private Limited	Shreeya Warehousing & Logistics Private Limited	Anant Vardhan Goenka (HUF)

## AUDITORS' REPORT

To The Members of Saregama India Limited

1. We have audited the attached Balance Sheet of Saregama India Limited (the 'Company'), as at 31st March, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. We have conducted our audit in accordance with the 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 misstatement. 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :
  - 3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (other than for certain fixed assets for which locations are not recorded adequately).
  - (b) The fixed assets are physically verified by the Management according to phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
  - 3.2 (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of physical verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
  - 3.3 (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
  - (b) 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 Act.
  - 3.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
  - 3.5 According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
  - 3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
  - 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
  - 3.8 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Act for any of the products of the Company.
  - 3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing during the year the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, and generally regular in respect of service tax, as applicable with the appropriate authorities.

## AUDITORS' REPORT (contd.)

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty and cess as at 31st March, 2011, as applicable, which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (₹ in Thousands)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	8,808	1996-97 to 1998-99	Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	162	2005-06 to 2006-07	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	426	1987-88 to 1990-91 1993-94 1998-99 2003-04	Deputy Commissioner
Central Sales Tax Act, 1956	Sales Tax	35,766	1999-00 2002-03 2004-05 to 2007-08	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	188,052	2008-09	Assistant Commissioner of Commercial/Sales taxes
West Bengal Sales Tax Act, 1994	Sales Tax	17,441	1989-90 1994-95 2001-02 2003-04	Deputy Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax	2,993	2000-01 2004-05	Additional Commissioner
Madhya Pradesh Commercial Tax Act, 1994	Sales Tax	40	2005-06	Additional Commissioner
Delhi Sales Tax Act, 1975	Sales Tax	691	1987-88 1988-89 1991-92	Deputy Commissioner
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	675	1986-1987 to 1991-92	Tamil Nadu Taxation Special Tribunal
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	379	2005-06 to 2007-08	Assistant Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	1,615	2000-01	Tribunal
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	328	2004-05	Deputy Commissioner
Kerala General Sales Tax Act, 1963	Sales Tax	530	1999-00 2000-01 2002-03	Deputy Commissioner
Kerala General Sales Tax Act, 1963	Sales Tax	418	1997-98	Sales Tax Officer
Kerala General Sales Tax Act, 1963	Sales Tax	1,527	2003-04 to 2004-05	Deputy Commissioner
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	233	2001-02 2005-06 2006-07	Joint Commissioner
Customs Act, 1962	Custom Duty	6,675	2003-04 to 2007-08	Commissioner of Customs
Income-tax Act, 1961	Income Tax	13,433	2000-01 2006-07	Commissioner
Income-tax Act, 1961	Income Tax	23,156	2007-08	Commissioner

- 3.10 The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

**AUDITORS' REPORT (contd.)**

- 3.11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the Balance Sheet date.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 3.15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 3.16 In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 3.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 3.19 The Company has not issued any debenture during the year and no amount is outstanding in respect of debenture as on the balance sheet date.
- 3.20 The Company has not raised any money by public issues during the year.
- 3.21 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, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management other than for loss arising from piracy, the amount of which is not ascertainable.
- 3.22 The other clauses, (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g) and (v)(b) of paragraph 4 of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.
4. Further to our comments in paragraph 3 above, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - 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;
  - The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act;
  - On the basis of the written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Act;
  - In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata,  
30th June, 2011

For Price Waterhouse  
Firm Registration No. : 301112 E  
Chartered Accountants  
(P. Law)  
Partner  
Membership No.51790

## BALANCE SHEET

(₹ in Thousands)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	174,029	174,029
Reserves and Surplus	II	1,423,374	1,360,437
		<b>1,597,403</b>	1,534,466
<b>Loan Funds</b>			
Secured Loans	III	300,785	306,671
Unsecured Loans	IV	227,568	167,889
		<b>528,353</b>	474,560
		<b>2,125,756</b>	2,009,026
<b>Application of Funds</b>			
<b>Fixed Assets</b>	V		
Gross Block		1,545,459	1,171,809
Less : Depreciation/Amortisation		565,331	350,969
Net Block		<b>980,128</b>	820,840
<b>Investments</b>	VI	<b>416,799</b>	416,799
<b>Deferred Tax Asset ( net )</b> ( Note 10 on Schedule XX )		<b>47,591</b>	—
<b>Current Assets, Loans and Advances</b>			
Inventories	VII	115,295	115,260
Debtors	VIII	260,205	160,256
Cash and Bank Balances	IX	174,652	69,409
Other Current Assets	X	16,752	19,714
Loans and Advances	XI	804,337	1,009,034
		<b>1,371,241</b>	1,373,673
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	XII	564,054	461,628
Provisions	XIII	125,949	140,658
		<b>690,003</b>	602,286
<b>Net Current Assets</b>		<b>681,238</b>	771,387
		<b>2,125,756</b>	2,009,026
<b>Statement on Significant Accounting Policies</b>	XIX		
<b>Notes to Accounts</b>	XX		

This is the Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of the Balance Sheet

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Membership No. - 51790

On behalf of the Board

Kolkata,  
30th June, 2011

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

**PROFIT AND LOSS ACCOUNT**

(₹ in Thousands)

	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Income</b>			
Sales and Licence Fees	XIV	1,319,647	994,323
Other Income	XV	58,225	80,038
		<u>1,377,872</u>	<u>1,074,361</u>
<b>Expenditure</b>			
Materials, Films, Television Serials etc.	XVI	296,979	269,702
Expenses	XVII	785,179	677,008
Interest	XVIII	48,396	55,066
Depreciation/Amortisation		224,972	32,496
Less: Transferred from Revaluation Reserve		525	596
		<u>224,447</u>	<u>31,900</u>
		<u>1,355,001</u>	<u>1,033,676</u>
<b>Profit before Taxation</b>		22,871	40,685
Provision for Taxation			
Current Tax (Note 29 on Schedule XX)		7,000	34,500
Deferred Tax Charge / (Credit)		(47,591)	—
<b>Profit after Taxation</b>		63,462	6,185
Balance brought forward from previous year		80,017	73,832
Balance carried to Balance Sheet		<u>143,479</u>	<u>80,017</u>
Basic and Diluted Earnings per share (₹) ( Note 14(b) on Schedule XX )		3.65	0.38
<b>Statement on Significant Accounting Policies</b>	XIX		
<b>Notes to Accounts</b>	XX		

This is the Profit and Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of the Profit and Loss Account.

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Membership No. - 51790

Kolkata,  
30th June, 2011

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

## SCHEDULES TO THE ACCOUNTS

### SCHEDULE I

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Share Capital</b>		
Authorised		
25,000,000 Equity Shares of ₹ 10/- each	250,000	250,000
Issued, subscribed and paid up		
1,74,02,938 Equity Shares of ₹ 10/- each fully paid up	174,029	174,029
Of the above:-		
1,373,370 Equity Shares of ₹ 10/- each was allotted as fully paid up pursuant to a scheme of amalgamation without payment being received in cash.	174,029	174,029

#### Notes:

- Out of the 53,38,628 equity shares of ₹ 10/- each for cash at a premium of ₹ 35/- (issue price - ₹ 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.10 - 5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2011.
- The Company has granted (net of options lapsed) 21,799 (31.03.2010 - 21,799) stock options in 2001-02 under the Employees Stock Option Scheme. All the options have already vested in earlier years. No vested options have been exercised during the year. Pending completion of related regulatory formalities, the 9282 (previous year 9282) exercised options are yet to be allotted by the Company. Exercise Price per option is ₹119.85. Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Company on compliance/completion of related formalities on the basis of 1:1.
- The Company has granted (net of options lapsed) 26,000 (31.03.2010- 32,000) stock options in 2006-07 under Employee Stock Option Scheme, to eligible employees / the then Managing Director at an exercise price of ₹ 184.85 per option, as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999.  
Vesting schedule linked to performances of the said options granted is as below :-  
  - after 1 year from the date of grant : 20 % of the options
  - after 2 years from the date of grant : 20 % of the options \*
  - after 3 years from the date of grant : 20 % of the options \*
  - after 4 years from the date of grant : 20 % of the options \*
  - after 5 years from the date of grant : 20 % of the options
Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Company on compliance/completion of related formalities on the basis of 1:1. No option has been exercised during the year.  
\* Based on the decision of the Compensation Committee, options have not vested in 2008-09, 2009-10 and 2010-11, which will be considered along with the next tranche of vesting in 2011-12.
- The Company has granted 25,000 stock options in 2008-09 under Employee Stock Option Scheme to Managing Director (Mr. A. Nagpal). The exercise price per option is ₹56.20 as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Of the aforesaid 25,000 options 7,500 options are not linked to performance and the balance are linked to performance.  
Vesting schedule of the said options granted is as below :-  
  - after 1 year from the date of grant : 20 % of the options \*
  - after 2 years from the date of grant : 20 % of the options \*
  - after 3 years from the date of grant : 20 % of the options
  - after 4 years from the date of grant : 20 % of the options
  - after 5 years from the date of grant : 20 % of the options
Exercise period is 10 years from the vesting date. Exercise of options by the option holder shall entail issuance of equity shares by the Company on compliance/completion of related formalities on the basis of 1:1. 3000 (previous year - 1500) options not linked to performance have vested. No option has been exercised during the year.  
\* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2009-10 and 2010-11, which will be considered along with the next tranche of vesting in 2011-12.
- The Company has granted 12,000 stock options in 2010-11 under Employee Stock Option Scheme to eligible employees. The exercise price per option is ₹100.80 as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.  
Vesting schedule of the said options granted is as below :-  
  - after 1 year from the date of grant : 20 % of the options
  - after 2 years from the date of grant : 20 % of the options
  - after 3 years from the date of grant : 20 % of the options
  - after 4 years from the date of grant : 20 % of the options
  - after 5 years from the date of grant : 20 % of the options
Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Company on compliance/completion of related formalities on the basis of 1:1.

**SCHEDULES TO THE ACCOUNTS (contd.)****SCHEDULE II**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Reserves and Surplus</b>		
<b>Fixed Assets Revaluation Reserve</b>		
Balance as per last Account	306,121	306,717
Less: Transferred to Profit and Loss Account [Note 5(d) on Schedule XX]	525	596
	305,596	306,121
<b>Share Premium Account</b>		
Balance as per last Account	907,910	655,737
Add : During the year	—	252,173
	907,910	907,910
<b>General Reserve</b>		
Balance as per last Account	66,389	66,389
<b>Profit and Loss Account</b>	143,479	80,017
	1,423,374	1,360,437

**SCHEDULE III**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Secured Loans</b>		
Term loan from bank	168,333	170,000
Cash credit from banks	130,514	135,466
Vehicle Loan from Banks / Non Banking Financial Company ( NBFC )		
– Banks	1,822	858
– NBFC	116	347
For nature of security, refer Note 1 on Schedule XX		
	300,785	306,671

**SCHEDULE IV**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Unsecured Loans - Short Term</b>		
<b>From Bank</b>		
Temporary Bank Overdraft	—	321
<b>Others</b>		
Inter Corporate Deposit	222,000	162,000
Interest accrued and due	5,568	5,568
	227,568	167,889

**SCHEDULES TO THE ACCOUNTS (contd.)**

**SCHEDULE V**

FIXED ASSETS	GROSS BLOCK					DEPRECIATION/AMORTISATION			NET BLOCK	
	Cost/ Valuation as at 31st March, 2010	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2011	As at 31st March, 2010	For the year	On Deletions/ Adjustments during the year	As at, 31st March 2011	As at 31st March, 2011	As at 31st March, 2010
<b>(A) Tangible Assets</b>										
Land - Freehold	656,747	—	—	656,747	—	—	—	—	656,747	656,747
Buildings - Freehold	77,196	—	—	77,196	29,666	1,751	—	31,417	45,779	47,530
Leasehold Buildings	7,060	—	—	7,060	2,395	197	—	2,592	4,468	4,665
Plant and Machinery	182,819	1,168	4,895	179,092	158,226	9,575	4,806	162,995	16,097	24,593
Furniture, Fittings and Equipment	175,236	4,384	3,744	175,876	113,350	11,439	3,016	121,773	54,103	61,886
Vehicles	20,100	2,501	2,905	19,696	8,733	1,817	1,971	8,579	11,117	11,367
<b>(B) Intangible Assets</b>										
Copyrights	13,740	4,880	3,710	14,910	2,781	1,605	817	3,569	11,341	10,959
Feature Film	—	375,972	—	375,972	—	195,819	—	195,819	180,153	—
Softwares	38,911	—	—	38,911	35,818	2,769	—	38,587	324	3,093
<b>Total</b>	<b>1,171,809</b>	<b>388,905</b>	<b>15,254</b>	<b>1,545,459</b>	<b>350,969</b>	<b>224,972</b>	<b>10,610</b>	<b>565,331</b>	<b>980,128</b>	<b>820,840</b>
<b>Previous Year</b>	<b>1,172,042</b>	<b>11,014</b>	<b>11,247</b>	<b>1,171,809</b>	<b>323,610</b>	<b>32,496</b>	<b>5,137</b>	<b>350,969</b>	<b>820,840</b>	

**SCHEDULES TO THE ACCOUNTS (contd.)****SCHEDULE VI**

Investments	Number		Face Value of each share/unit	(₹ in Thousands)	
	As at 31st March, 2011	As at 31st March, 2010		Book Value as at 31st March, 2011	Book Value as at 31st March, 2010
<b>A. Long Term - Trade</b>					
<b>Unquoted - Fully Paid</b>					
Saregama Regency Optimedia Private Limited	1,459,684	1,459,684	₹ 10	14,597	14,597
				<u>14,597</u>	<u>14,597</u>
<b>B. Long Term - Other than Trade</b>					
<b>1. Fully Paid Debentures</b>					
<b>Unquoted</b>					
₹ 5,000 6 1/2% Non-redeemable Registered Debentures, 1962 of The Bengal Chamber of Commerce and Industry				5	5
₹ 7,500 5% Non-redeemable Mortgage Debenture Stock, 1957 of Woodlands Multispeciality Hospital Ltd. (formerly Woodlands Hospital and Medical Research Centre Ltd.)				7	7
₹ 7,500 1/2% Debentures of Woodlands Multispeciality Hospital Ltd. (formerly Woodlands Hospital and Medical Research Centre Ltd.)				—	—
				<u>12</u>	<u>12</u>
<b>2. Fully Paid Equity/Ordinary Shares in Subsidiary Companies</b>					
<b>Quoted*</b>					
Saregama Plc.	7,012,222	7,012,222	1 pence	4,852	4,852
* based on OFEX trading facility in London					
<b>Unquoted</b>					
RPG Global Music Ltd.	2,314,885	2,314,885	US \$ 1	102,620	102,620
Kolkata Metro Networks Ltd.	50,000	50,000	₹ 10	500	500
Open Media Network Private Limited	10,000	10,000	₹ 10	100	100
				<u>108,072</u>	<u>108,072</u>
<b>3. Fully Paid Equity Shares in Other Companies</b>					
<b>Quoted</b>					
CESC Ltd.	1,544,988	1,544,988	₹ 10	397,186	397,186
Phillips Carbon Black Ltd.	100	100	₹ 10	6	6
KEC International Ltd.##	760	144	₹ 2	12	7
Harrisons Malayalam Ltd.	100	100	₹ 10	4	4
CFL Capital Financial Services Ltd.	100	100	₹ 10	2	2
CEAT Ltd.	75	75	₹ 10	5	5
RPG Cables Ltd.#	—	170	₹ 10	—	5
Sentinel Tea and Exports Ltd.*	100	—	₹ 10	—	—
Summit Securities Ltd.**	13	—	₹ 10	16	—
RPG Life Sciences Ltd.	100	100	₹ 8	—	—

Contd.....

**SCHEDULES TO THE ACCOUNTS (contd.)**

Investments (Contd.)	Number		Face Value of each share/unit	(₹ in Thousands)	
	As at 31st March, 2011	As at 31st March, 2010		Book Value as at 31st March, 2011	Book Value as at 31st March, 2010
<b>Unquoted</b>					
Spencer and Company Ltd.	200	200	₹ 10	7	7
Summit Securities Ltd.**	—	14	₹ 10	—	16
				<b>397,238</b>	<b>397,238</b>
Total				<b>519,919</b>	<b>519,919</b>
Less: Provision for Diminution in Value of Investment				<b>103,120</b>	<b>103,120</b>
				<b>416,799</b>	<b>416,799</b>
Aggregate Book Value of Investments					
Quoted				<b>402,083</b>	<b>402,067</b>
Unquoted (net of provision)				<b>14,716</b>	<b>14,732</b>
				<b>416,799</b>	<b>416,799</b>
Aggregate Market Value of Quoted Investments				<b>483,161</b>	<b>597,344</b>

# Pursuant to a sanctioned Scheme of Amalgamation (the Scheme) between RPG Cables Limited (RPGCL) and KEC International Limited (KEC), the aforesaid RPGCL got merged with aforesaid KEC and the Company was entitled to receive 8 shares in KEC based on the ratio and cash for the fractional entitlements as set out in the Scheme. Accordingly, the Company's holding in KEC increased to 152 equity shares of ₹10/- each after the Scheme.

## Pursuant to an Ordinary Resolution passed by the shareholders of KEC International Limited (KEC), KEC split its existing equity shares of face value of ₹10/- each into 5 equity shares of face value of ₹ 2/- each. Accordingly, during the year the Company received 760 equity shares of ₹ 2/- each in lieu of 152 equity shares of ₹ 10/- each in KEC.

\* Pursuant to a sanctioned Scheme of Arrangement (the Scheme) between Harrisons Malayalam Limited and Sentinel Tea and Exports Limited, an undertaking of Harrisons Malayalam Limited got demerged and transferred to Sentinel Tea and Exports Limited on consideration of 1 fully paid equity share of ₹ 10/- each in Sentinel Tea and Exports Limited for every 1 equity share of ₹ 10/- each in Harrisons Malayalam Limited. Accordingly, during the year the Company received 100 equity shares of ₹ 10/- each in Sentinel Tea and Exports Limited.

\*\* Summit Securities Limited became a listed company during the year and the Company was allotted 13 number of Quoted Equity shares of ₹ 10/- each in lieu of its holding of 14 number of Unquoted Equity Shares of ₹ 10/- each.

**SCHEDULES TO THE ACCOUNTS (contd.)****SCHEDULE VII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Inventories</b>		
Stores and Spares	76	678
Raw Materials	1,370	5,920
Work in Progress		
– Pre recorded Cassettes	–	560
– Films and Television serials under production	35,741	17,519
Finished Goods		
– Films and untelecasted Television serials	6,089	4,908
– Pre recorded Cassettes/Audio Compact Discs/Digital Versatile Discs/Others	72,019	85,675
	<u>115,295</u>	<u>115,260</u>

**SCHEDULE VIII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Debtors</b>		
Unsecured		
Debts outstanding for over six months :		
Considered Good	26,659	16,288
Considered Doubtful	96,126	114,558
Other debts		
Considered Good	233,546	143,968
	<u>356,331</u>	<u>274,814</u>
Less : Provision for Doubtful Debts	96,126	114,558
	<u>260,295 *</u>	<u>160,256 *</u>

\* Includes ₹ 23,868 thousands [(net of provision ₹ 1,038 thousands); 31.03.10 - ₹ 11,847 thousands (net of provision ₹ 412)] due from subsidiary company.

## SCHEDULES TO THE ACCOUNTS (contd.)

### SCHEDULE IX

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Cash and Bank Balances</b>		
Cash in hand	418	421
Cheques in hand	35,587	23,676
Balances with Scheduled Banks on -		
Rights Issue	189	194
Current Account [including Remittances in transit of ₹ 8,114 thousands; (31.03.10 ₹ 10,069 thousands)]	93,102	44,759
Unpaid Dividend Account	131	134
Margin Money Deposit	5,000	—
Term Deposit	40,000	—
Term Deposit with The Municipal Cooperative Bank Ltd. [maximum amount outstanding at any time during the year ₹ 225 thousands (previous year ₹225 thousands)]	225	225
	<u>174,652</u>	<u>69,409</u>

### SCHEDULE X

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Other Current Assets</b>		
Unsecured-Considered Good		
Deposits	16,752	19,714
	<u>16,752</u>	<u>19,714</u>

### SCHEDULE XI

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Loans and Advances</b>		
Unsecured - considered good (unless otherwise stated below)		
Loan to Employees	1,045	1,356
Advances recoverable in cash or in kind or for value to be received from -		
Balances with Excise Authorities	6	3
Subsidiary Companies		
(including considered doubtful ₹ 5,104 thousands; 31.03.10-₹ Nil)	492,792	362,950
Less : Provision for Doubtful Advances	(5,104)	—
Capital Advances (including considered doubtful ₹ 200 thousands; 31.03.10-₹200 thousands)	1,038	975
Less : Provision for Doubtful Advances	(200)	(200)
Minimum Guarantee Royalty Advances	6,844	7,300
Advance against Film Projects (including considered doubtful ₹ 19,714 thousands; 31.03.10-₹ 8,383 thousands)	52,995	378,233
Less : Provision for Doubtful Advances	(19,714)	(8,383)
Others	257,940	191,342
(including considered doubtful ₹ 69,027 thousands; 31.03.10 ₹51,006 thousands)		
Less: Provision for Doubtful Advances	(69,027)	(51,006)
Advance payment of Income Tax and Tax deducted at source [net of provision for taxation ₹ 105,759 thousands (31.03.10- ₹133,894 thousands)]	83,174	124,745
Advance payment of Fringe Benefit Tax (net of provision ₹14,787 thousands: 31.03.10- ₹ 15,076 thousands)	2,008	1,719
	<u>804,337</u>	<u>1,009,034</u>

**SCHEDULES TO THE ACCOUNTS (contd.)****SCHEDULE XII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Current Liabilities</b>		
Sundry Creditors		
Due to Micro and Small Enterprises (Note 13 on Schedule XX)	1,387	1,200
Others	399,523	374,836
	<u>400,910</u>	<u>376,036</u>
Advance from Customers	56,948	9,950
Investor Education and Protection Fund shall be credited by the following amounts namely :		
Unpaid Dividend ( Note below)	131	134
Unpaid application money ( Note below )	189	194
Other Liabilities (Note 2 on Schedule XX)	105,876	71,884
Interest accrued but not due on loan	—	3,430
	<u>564,054</u>	<u>461,628</u>

Note: There is no amount due to be credited to Investor Education and Protection Fund as at Balance Sheet date.

**SCHEDULE XIII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Provisions</b>		
Provision for Gratuity	(1,316)	744
Provision for Leave Encashment	14,970	14,050
Provision for Royalty (Note 27 on Schedule XX)	112,295	125,864
	<u>125,949</u>	<u>140,658</u>

**SCHEDULE XIV**

	Year ended 31st March, 2011 (Qty '000) (₹ '000)		Year ended 31st March, 2010 (Qty '000) (₹ '000)	
<b>Sales and Licence Fees</b>				
Audio Compact Discs	7,038	388,737	5,467	292,540
Digital Versatile Discs	231	38,077	62	12,198
Free Commercial Time		123,454		105,113
Distribution rights		64,758		3,391
Licence Fees		646,032		550,296
Others		58,589		30,785
		<u>1,319,647</u>		<u>994,323</u>

**SCHEDULES TO THE ACCOUNTS (contd.)**
**SCHEDULE XV**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Other Income</b>		
Liabilities no longer required written back	3,430	17,319
Provision for Royalty no longer required written back	—	5,524
Provision for doubtful Debts/ Advances no longer required written back	20,382	27,712
Dividend from Long Term (other than trade ) Investments	6,182	6,181
Interest (Gross)		
— on Bank Deposits	498	21
— on Security Deposits (Tax deducted at source ₹ 26 thousands, Previous year ₹ 54 thousands )	264	264
— on Income Tax Refund	4,711	1,573
Profit on sale of Fixed Assets	2,385	38
Rent Income [Note 23(B) on Schedule XX] (Tax deducted at source - ₹ 848 thousands, Previous year ₹1,125 thousands)	11,434	11,582
Gain on Exchange Fluctuation	1,511	1,547
Miscellaneous Income	7,428	8,277
	<b>58,225</b>	<b>80,038</b>

**SCHEDULE XVI**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Materials, Films, Television Serials etc</b>		
<b>A) Pre recorded Cassettes/Audio Compact Discs/ Digital Versatile Discs/Others</b>		
Raw Materials consumed (Note 18 on Schedule XX)	5,018	6,292
Purchase and Contract Manufacturing Charges		
Opening Stocks      — Work in Progress	560	923
— Finished Goods	85,675	110,511
Add : Purchase and Contract Manufacturing Charges (Note 17 on Schedule XX)	146,204	128,920
Less : Closing Stocks   — Work in Progress	—	560
— Finished Goods	72,019	85,675
	<b>160,420</b>	<b>154,119</b>
<b>B) Films and Television Serials [Note 28(b) on Schedule XX]</b>		
Opening Stock      — Work in Progress	17,519	39,592
— Finished Goods	4,908	4,775
Add: Cost of Production of Films and Television Serials	147,845	87,351
Less: Closing Stock   — Work in Progress	35,741	17,519
— Finished Goods	6,089	4,908
	<b>128,442</b>	<b>109,291</b>
<b>C) Cost of Production Portal Development</b>	<b>3,099</b>	<b>—</b>
	<b>296,979</b>	<b>269,702</b>

**SCHEDULES TO THE ACCOUNTS (contd.)****SCHEDULE XVII**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Expenses</b>		
Salaries, Wages, Bonus, etc.	197,684	189,388
Contribution to Provident Fund	8,186	7,909
Contribution to Superannuation Fund	1,151	1,769
Contribution to Gratuity Fund	1,175	1,804
Contribution under Employees' State Insurance Scheme	1,845	534
Workmen and Staff Welfare	9,581	9,113
Consumption of Stores and Spare Parts	2,360	842
Power and Fuel	9,039	9,671
Rent [ Note 23 (a) on Schedule XX ]	28,210	27,921
Repairs – Buildings	1,412	2,858
– Machinery	5,277	1,388
– Others	2,846	2,882
Royalties	134,930	103,593
Recording Expenses	31,025	13,431
Carriage, Freight and Forwarding Charges	40,903	53,366
Rates and Taxes	12,093	13,778
Insurance	1,039	1,082
Travel and Conveyance	16,021	20,098
Subscriptions and Donations	5,764	6,394
Advertisement and Sales Promotion	137,525	31,777
Printing and Communication Expenses	14,921	16,417
Bad Debts/Advances written off	–	637
Provision for Doubtful Debts/Advances (including provision for subsidiary company ₹ 6,142 thousands; previous year-₹ 412 thousands)	36,406	56,921
Provision for Diminution in value of Investment	–	25,620
Directors' Fees	410	475
Loss on sale of Fixed Assets	1,203	2,163
Assets Written off / Scrapped (including music copyrights ₹ 2,893 thousands, previous year - ₹ 2,131 thousands)	2,893	2,151
Legal/Consultancy Expenses	41,652	36,241
Event Management Expenses	1,590	701
Loss on Exchange Fluctuation	153	2,481
Miscellaneous Expenditure	37,884	33,603
	<b>785,179</b>	<b>677,008</b>

**SCHEDULE XVIII**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Interest</b>		
Interest on :		
Fixed Loans	29,370	29,142
Bank and other accounts	19,026	25,924
	<b>48,396</b>	<b>55,066</b>

## SCHEDULES TO THE ACCOUNTS (contd.)

### SCHEDULE XIX

#### Significant Accounting Policies

##### (a) Basis of the Preparation of the Financial Statements

The Financial Statements have been prepared under the Historical Cost Convention (except for revaluation of certain Fixed Assets as detailed below and in Notes 5(a), 5(b) and 5(c) on Schedule XX) in accordance with the accounting principles generally accepted in India and the applicable Accounting Standards in India. The Financial Statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India. A summary of important accounting policies, which have been applied, is set out below.

##### (b) Fixed Assets

###### (i) Tangible Assets

Fixed Assets are stated at their original cost less depreciation other than revalued items which are stated at valuation less depreciation, as referred to in Notes 5(a), 5(b), 5(c) and 5(d) on Schedule XX.

Impairment loss is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

###### (ii) Intangible Assets

The cost incurred for producing and purchasing feature films wherein future economic benefits are established to accrue over medium to long term period are treated as intangible asset in the year of release 50% of the cost of making the film including negatives or purchase cost.

Outright acquisition of music copyrights wherein future economic benefits are established are capitalised.

Softwares are capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs includes license fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

##### (c) Depreciation / Amortisation

Depreciation on original cost of tangible fixed assets is provided on straight line method at rates prescribed in Schedule XIV to the Companies Act, 1956 of India. Additional depreciation on the amount added on revaluation is provided on straight line basis and is adjusted against the available balance in revaluation reserve account in respect of the related items.

Feature Films/music copyrights are amortised over a period of 1-10 years based on license period or management estimation of future revenue potential as the case may be. The Company reviews the expected future revenue potential at the end of each accounting period and recognised impairment loss, where required.

Softwares are amortised on a straight line basis over a period of three years from the date of capitalisation.

##### (d) Investments

Long term investments are stated at cost/ cost less write down. Provision for diminution is made to recognise a decline other than temporary in the carrying amount of long term investments as determined by the Board of Directors on periodical review.

Current investments are carried at lower of cost and fair value.

##### (e) Inventories

###### (i) Raw Materials, Stores & Spares and Finished Goods

Inventories are valued at lower of cost and net realisable value.

The cost is determined on specific identification / weighted average basis, as considered appropriate by the Company, and includes, where applicable, appropriate share of overheads.

Provision is made for obsolete, slow moving and defective stocks, where necessary.

###### (ii) Films

Films under production are included under 'Work-in-Progress' at cost or under.

The cost incurred for producing and purchasing feature film wherein future economic benefits are established to accrue over a short term period of 1 - 2 years are recognised as inventory and the cost is amortised over a period of 1 - 2 years, based on net expected revenue.

## SCHEDULES TO THE ACCOUNTS (contd.)

### Significant Accounting Policies (Contd.)

#### (iii) Television Serials

Television serials under production are included under 'Work-in-Progress' at cost or under and charged off on the basis of telecast.

Untelecasted television serials are stated at lower of cost and net expected revenue under 'Finished Goods'.

#### (f) Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered. Contribution towards superannuation at rates specified in related approved scheme covering eligible employees opting for such contribution is recognised as expense and funded.

Contribution towards provident fund to Government administered provident fund is recognised as expense.

Liability towards gratuity (defined benefit), covering eligible employees, is provided and funded on the basis of year-end actuarial valuation.

Accrued liability towards leave encashment benefits (defined benefit), covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as charge.

Contribution to Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge.

Actuarial gains/losses arising in Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.

#### (g) Sales and Licence Fees

Sales represent invoiced value of products sold (net of trade discounts) and services rendered. Licence Fees represent income from music rights.

Revenue from films is recognised on assignment of distribution rights and revenue relating to television serials is recognised on the basis telecast.

#### (h) Royalty

Minimum guarantee royalty is recognised as expense within the license period or ten years, whichever is earlier.

Royalty on sales, other than physical sales, is provided on the basis of management's best estimate of the expenditure required to settle the obligation.

Other royalty payments are charged at agreed rates on related sales.

#### (i) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end exchange rates. Gains / losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise.

#### (j) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rate and laws.

Deferred tax is provided/recognised on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax asset on the unabsorbed depreciation and carry forward of losses under the tax laws are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

## SCHEDULE XX

### Notes to the Accounts

#### 1 Secured Loans (Schedule III)

##### Nature of Security

Term Loan from Scheduled bank is secured by revenue from Phonographic Performance Limited (by way of escrow account), demand promissory note and first charge created on three properties in Mumbai and one property in Kolkata in terms of the related agreement.

Bank borrowings for working capital are secured by first charge of entire stocks of raw materials, stock in process, finished goods, receivables/book debts and other current assets of the Company ranking pari passu with other consortium banks.

Vehicle loans from Banks/Non Banking Financial Company are secured by hypothecation of the vehicles financed.

#### 2 Other Liabilities (Schedule XII) include -

a) ₹ 9,853 thousands (31.03.10 - ₹13,074 thousands) being advance from sub-lessees adjustable over the sub-lease period.

b) ₹ 2,500 thousands (31.03.10 - ₹ 2,500 thousands) being advance from a party against proposed sale of certain fixed assets.

#### 3 Capital commitments (net of advances of ₹ 1,408 thousands; 31.03.10 - ₹ 975 thousands) as at 31st March, 2011 are estimated at ₹ 1,783 thousands (31.03.10 - ₹ 675 thousands).

## SCHEDULES TO THE ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

#### 4 Contingent liabilities in respect of-

- (a) Any unpaid amount out of specified liabilities of the Company amounting to ₹ 1,74,906 thousands (31.03.10 - ₹ 1,74,906 thousands) against certain receivables of ₹ 1,70,406 thousands (31.03.10 - ₹ 1,70,406 thousands) of the Company taken over by the assignee in 2006-07 has to be discharged by the Company.

(b) (₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
(i) Guarantees given by Banks	5,150	150
(ii) Claims against the Company not acknowledged as debts in respect of -		
– Copyright matters	–	7,500
– Income Tax matters	43,256	20,100
– Sales tax/value added tax/entry tax matters	70,165	68,527
– Excise duty matters	5,608	5,608
– Customs duty matters	26,675	26,675

Interest at appropriate rate relating to excise duty matter, which is not readily ascertainable.

- (c) The Company has decided to continue providing financial support to one of its wholly-owned subsidiaries, if required.

- 5 (a) Based on valuation reports of valuers, appointed for the purpose, the fixed assets (other than furniture, fittings and equipment, vehicles and certain items of plant and machinery) were revalued on 31st March, 1984 and again (except for those relating to record making machinery items) on 30th September, 1987 after considering the then (a) current market value/ derived rates attributable to land (b) current replacement cost after depreciation etc. and ₹ 58,731 thousands and ₹ 62,819 thousands were added to the book value of the related assets (with corresponding credit to Fixed Asset Revaluation Reserve) on 31st March, 1984 and 30th September, 1987 respectively.
- (b) Certain assets of the Company viz Land and Buildings were revalued in June 2003 by registered valuers at the lower of current replacement cost and realisable value. Resultant incremental value amounting to ₹ 237,411 thousands were added to the book value of the related assets with utilisation of the corresponding credit amount pursuant to an approved scheme of arrangement.
- (c) Company's land was revalued on 31st March, 2007 by registered valuers, at lower of current replacement cost and realisable value. Resultant incremental value amounting to ₹ 442,130 thousands were added to the book value of land with corresponding credit to Revaluation Reserve of ₹ 269,756 thousands and utilisation of the balance amount of ₹ 172,374 thousands pursuant to a sanctioned scheme of amalgamation of erstwhile Saregama Films Limited with the Company in 2006-07.
- (d) In respect of fixed asset covered by revaluation made in the earlier years, depreciation has been calculated on their respective amounts and includes additional charge of ₹ 525 thousands (previous year - ₹ 596 thousands) which has been transferred from Revaluation Reserve.

#### 6 Amount paid/payable to Auditors :

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
As Auditors -		
– Audit Fees	1,600	1,200
– Tax Audit	400	400
– Limited Reviews	525	525
– Others [certificates, etc.]	475	300
Reimbursement of Expenses (including Service Tax ₹ 255 thousands - previous year ₹ 250 thousands)	356	306

- 7 Total consumption of stores and spares during the year amounted to ₹ 2,360 thousands (previous year - ₹ 842 thousands).

**SCHEDULES TO THE ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

8 (a) Remuneration paid/ payable to Managing Director and Directors' Fees (₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Remuneration paid/ payable to Managing Director		
Salaries and Allowances	11,864	10,154
Contribution to Provident Fund	469	432
Contribution to Gratuity Fund	174	120
Contribution to Superannuation Fund	586	540
Other benefits/ perquisites	177	624
	<b>13,270</b>	<b>11,870</b>
Directors' Fees	410	475
Total	<b>13,680</b>	<b>12,345</b>

8 (b) Managing Director's remuneration [Note 8(a) above] include ₹ 864 thousands for which Shareholders' approval is pending.

8 (c) The Company has granted 25,000 stock options to the Managing Director (Mr. Apurv Nagpal) in 2008-09 under Employee Stock Option Scheme, of which 1500 options have been vested in 2009-10 and 1500 options have been vested in 2010-11. No options have been exercised by the said Managing Director.

9 Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme of Amalgamation of RPG Music International Limited and Gramco Music Publishing Limited with The Gramophone Company of India Limited (now Saregama India Limited) in 1999-2000, such assets and liabilities remain included in the books of the Company under the name of the Transferor Companies.

10 The major companies of deferred tax liabilities and assets are : (₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
Deferred Tax Asset on :-		
Provision for doubtful debts, advances and royalty	96,077	—
Items allowable for tax purpose on payment basis	6,706	34
Others	3,045	—
Total (A)	<b>105,828</b>	<b>34</b>
Deferred Tax Liability on Depreciation	58,237	34
Total (B)	<b>58,237</b>	<b>34</b>
Deferred Tax Asset (Net) (A-B)	<b>47,591</b>	<b>—</b>

The Company has unabsorbed depreciation and carry forward losses, which on prudent basis have not been recognised.

11 Expenses (Schedule XVII) include reimbursements.

12 (a) In keeping with the Company's gratuity scheme (a defined benefit plan - funded), eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / resignation. Also refer Note 1 (f) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity.

(₹ in Thousands)

	2010-11	2009-10
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	51,770	48,147
(b) Current Service Cost	3,002	3,403
(c) Interest Cost	3,840	3,510
(d) Actuarial (Gain)/Loss	(1,135)	(607)
(e) (Benefits Paid)	(3,800)	(2,683)
(f) Present Value of Obligation at the end of the year	<b>53,677</b>	<b>51,770</b>

**SCHEDULES TO THE ACCOUNTS (contd.)**
**Notes to the Accounts (contd.)**

(₹ in Thousands)

	2010-11	2009-10
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	51,026	43,515
(b) Expected Return on Plan Assets	4,719	4,187
(c) Actuarial Gain/(Loss)	(187)	315
(d) Contributions by employer	3,233	5,692
(e) (Benefits Paid)	(3,800)	(2,683)
(f) Fair Value of Plan Assets as at the end of the year	54,991	51,026
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>		
(a) Present Value of Obligation as at the end of the year	53,677	51,770
(b) Fair Value of Plan Assets as at the end of the year	54,991	51,026
(c) Liability recognised in the Balance Sheet	(1,316)	744
<b>IV. Expense charged to the Profit and Loss Account</b>		
(a) Current Service Cost	3,002	3,403
(b) Interest Cost	3,840	3,510
(c) (Expected Return on Plan Assets)	(4,719)	(4,187)
(d) Actuarial (Gain)/Loss	(948)	(922)
(e) Total expense charged to the Profit and Loss Account*	1,175	1,804
* reflected as 'Contribution to Gratuity Fund' under 'Expenses' on Schedule XVII of respective year		
<b>V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date</b>		
(a) Fund with Life Insurance Corporation of India	84%	84%
(b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	8%	8%
(c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	4%	4%
(d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	4%	4%
<b>VI. Actual Return on Plan Assets</b>	4,532	4,502
<b>VII. Principal Actuarial Assumptions as at Balance Sheet date</b>		
(a) Discount Rate	8.0%	7.7%
(b) Expected Rate of Return on Plan Assets	9.3%	9.3%
(c) Salary Escalation		
– Management Staff	7.0%	7.0%
– Non Management Staff	7.0%	7.0%
(d) Inflation Rate	7.0%	7.0%

**VIII. Other Disclosures**

	2010-2011	2009-2010	2008-2009	2007-2008
(a) Present value of the Plan Obligation as at the end of the year	53,677	51,770	48,147	40,273
(b) Fair value of Plan Assets as at the end of the year	54,991	51,026	43,515	37,984
(c) (Surplus) / Deficit as at the end of the year	(1,316)	744	4,632	2,289
(d) Experience Adjustment on Plan Obligation [(Gain) / Loss]	116	98	854	(674)
(e) Experience Adjustment on Plan Assets [(Gain) / Loss]	(187)	315	(148)	(952)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**SCHEDULES TO THE ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

The expected rate of return on plan assets is based on the composition of plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

- 12 (b) In keeping with the Company's leave benefit scheme (a defined benefit plan - unfunded), eligible employees are entitled to leave benefit (at 90 days eligible salary for management employees and 100 days eligible salary for non management employees after completion of one year of continuous service) on retirement / death / incapacitation / resignation. Also refer Note 1 (f) for accounting policy relating to leave benefit. Following are the further particulars with respect to leave benefit.

(₹ in Thousands)

	2010-11	2009-10
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	14,050	15,147
(b) Current Service Cost	1,861	2,417
(c) Interest Cost	1,010	1,044
(d) Actuarial (Gain)/Loss	(78)	(2,109)
(e) (Benefits Paid)	(1,875)	(2,449)
(f) Present Value of Obligation at the end of the year	14,968	14,050
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	—	—
(b) Expected Return on Plan Assets	—	—
(c) Actuarial Gain/(Loss)	—	—
(d) Contributions by employer	1,875	2,449
(e) (Benefits Paid)	(1,875)	(2,449)
(f) Fair Value of Plan Assets as at the end of the year	—	—
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>		
(a) Present Value of Obligation as at the end of the year	14,968	14,050
(b) Fair Value of Plan Assets as at the end of the year	—	—
(c) Liability recognised in the Balance Sheet	14,968	14,050
<b>IV. Expense charged to the Profit and Loss Account</b>		
(a) Current Service Cost	1,861	2,417
(b) Interest Cost	1,010	1,044
(c) (Expected Return on Plan Assets)	—	—
(d) Actuarial (Gain)/Loss	(78)	(2,109)
(e) Total expense charged to the Profit and Loss Account*	2,793	1,352
* Included under Salaries, Wages, Bonus, etc under 'Expenses' on Schedule XVII of respective year		
<b>V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date</b>	N/A	N/A
<b>VI. Actual Return on Plan Assets</b>	N/A	N/A
<b>VII. Principal Actuarial Assumptions as at Balance Sheet date</b>		
(a) Discount Rate	8.0%	7.7%
(b) Expected Rate of Return on Plan Assets	0.0%	0.0%
(c) Salary Escalation		
— Management Staff	7.0%	7.0%
— Non Management Staff	7.0%	7.0%
(d) Inflation Rate	7.0%	7.0%

## SCHEDULES TO THE ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

#### VIII. Other Disclosures

(₹ in Thousands)

	2010-2011	2009-2010	2008-2009	2007-2008
(a) Present value of the Plan Obligation as at the end of the year	14,968	14,050	14,147	14,112
(b) Fair value of Plan Assets as at the end of the year	N/A	N/A	N/A	N/A
(c) (Surplus) / Deficit as at the end of the year	14,969	14,050	15,147	14,112
(d) Experience Adjustment on Plan Obligation [(Gain) / Loss]	257	(1,880)	2,099	406
(e) Experience Adjustment on Plan Assets [(Gain) / Loss]	N/A	N/A	N/A	N/A

N/A indicates "Not Applicable"

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### 13 Information relating to Micro and Small Enterprises (MSEs):

	As at 31st March, 2011 (₹ in Thousands)	As at 31st March, 2010 (₹ in Thousands)
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal	1,205	1,007
Interest	17	59
	<u>1,222</u>	<u>1,066</u>
(ii) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to supplier beyond the appointed day during the year.		
Principal	105	28
Interest	1	21
	<u>106</u>	<u>49</u>
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		
Principal	3,597	2,084
Interest	165	134
	<u>3,763</u>	<u>2,218</u>
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 51 thousands (previous year ₹ 51 thousands) being interest outstanding as at the beginning of the accounting year]	<u>182</u>	<u>193</u>

The above particulars, as applicable, have been given in respect of Micro and Small Enterprises (MSEs) to the extent they could be identified on the basis of information available with the Company pursuant to amendment of Schedule VI to the Act vide Notification dated 16th November, 2007 issued by the Central Government.

- 14 (a) The Company has adopted the intrinsic value method in keeping with the applicable regulatory pronouncements for accounting the stock options granted as referred to in Notes 2,3,4 and 5 on Schedule 1, which has no impact on the financial results of the Company. Had the fair value method been used in keeping with the said pronouncements, net result and earnings per share (basic and diluted) for the year would have been lower by about ₹ 1375 thousands ( Previous Year - higher by ₹ 250 thousands ) and lower by ₹ 0.08 ( Previous Year - higher by ₹ 0.02 ) respectively.

#### 14 (b) Basic and Diluted Earnings per share

	Year ended 31st March, 2011	Year ended 31st March, 2010
Number of equity shares at the beginning of the year	17,402,938	14,675,738
Number of equity shares at the end of the year	17,402,938	17,402,938
Weighted average number of equity shares outstanding during the year	17,402,938	16,185,038
Weighted average number of equity shares for computing diluted earnings per share	17,403,885 *	16,191,424 *
Nominal value of each equity share (₹)	10	10
Profit after tax available for equity shareholders (₹ in thousands)	63,462	6,185
Basic earnings per share (₹)	3.65	0.38
Diluted earnings per share (₹)	3.65	0.38

\* Weighted average number of equity shares outstanding during the year is adjusted for the options outstanding (including options exercised and pending allotment) under Employees Stock Option Scheme referred to in Notes 2, 3, 4 and 5 on Schedule I.

**SCHEDULES TO THE ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

## 15 Licensed Capacity, Installed Capacity and Actual Production :

Class of Goods Manufactured	Licensed Capacity	Installed Capacity as certified by Technical Experts			Actual Production	
	As at 31.03.11 Pcs. '000	As at 31.03.10 Pcs. '000	As at 31.03.11 Pcs. '000	As at 31.03.10 Pcs. '000	Year ended 31st March, 2011 Pcs. '000	Year ended 31st March, 2010 Pcs. '000
Pre-recorded Cassettes	Not Applicable	Not Applicable	34,000(a)	34,000(a)	35	532
Audio Compact Discs(b)	Not Applicable	Not Applicable	274	274	45	47

(a) On triple-shift basis.

(b) Includes conversion of blank Compact Discs into customised recorded Compact Discs

## 16 Opening and Closing Stocks :

			Opening Stock		Closing Stock	
			Quantity (Pcs. '000)	Value (₹ in '000)	Quantity (Pcs. '000)	Value (₹ in '000)
	Unit					
Pre-recorded Cassettes	Pcs	Current Year	1,920	1,276	149*	—
		Previous Year	2,802	15,982	1,920*	1,276
Audio Compact Discs	Pcs	Current Year	4,125	69,301	3,935*	60,847
		Previous Year	3,781	82,110	4,125*	69,301
Digital Versatile Discs	Pcs	Current Year	239	9,346	243*	8,058
		Previous Year	262	7,228	239*	9,346
Others		Current Year	—	10,660	—	9,203
		Previous Year	—	9,966	—	10,660
Total		Current Year		90,583		78,108
		Previous Year		115,286		90,583

\* after adjustments due to breakages, cancellations, shortages, excesses, etc. where applicable.

## 17 Purchases and contract manufacturing charges :

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Quantity (Pcs. '000)	Value (₹ in '000)	Quantity (Pcs. '000)	Value (₹ in '000)
Audio Compact Discs	6,907	124,397	6,048	114,828
Digital Versatile Discs	254	16,421	163	10,823
Others		5,386		3,269
		146,204		128,920

## SCHEDULES TO THE ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

#### 18 Raw Materials Consumed :

		Year ended 31st March, 2011		Year ended 31st March, 2010	
		Quantity (‘000)	Value (₹ in ‘000)	Quantity (‘000)	Value (₹ in ‘000)
Magnetic Tape	Reels	2	237	18	2,192
Cassette Plastic Components	Pcs	49	119	312	953
Polystyrene	Kgs	2	103	11	757
Others			4,559		2,390
			<b>5,018</b>		<b>6,292</b>

#### 19 Value of Imported and Indigenous Raw Materials, Stores, Spare Parts and Components consumed during the year :

		Year ended 31st March, 2011				Year ended 31st March, 2010			
		Raw materials		Stores, Spare Parts & Components		Raw materials		Stores, Spare Parts & Components	
		₹ in ‘000	%	₹ in ‘000	%	₹ in ‘000	%	₹ in ‘000	%
Imported		4	0.09	—	—	9	0.14	—	—
Indigenous		5,014	99.91	2,360	100.00	6,283	99.86	842	100.00
		<b>5,018</b>		<b>2,360</b>		<b>6,292</b>		<b>842</b>	

#### 20 Value of Imports on C.I.F. basis :

There have been no imports of raw materials, spares and capital goods in the current year and in the previous year.

#### 21 Expenditures in Foreign Currency :

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Royalties (net of tax)	11,908	6,519
Others	2,007	4,798
	<b>13,915</b>	<b>11,317</b>

#### 22 Earnings in Foreign Exchange :

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Export of goods calculated on F.O.B. Basis	1,132	2,620
License Fees (net of tax)	36,260	37,404
Films	19,549	—
Others	17,097	18,340
	<b>74,039</b>	<b>58,364</b>

**SCHEDULES TO THE ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

- 23 (a) Rent expenditure includes lease payments of ₹ 18,396 thousands (previous year - ₹ 24,136 thousands) relating to operating leases taken on or after 1st April, 2001. These leasing arrangements range from less than a year to ten years and are primarily in respect of accommodation for employees / office premises. The significant leasing arrangements inter alia include escalation clause and option for renewal.
- (b) Rent income includes sub-lease payments of ₹ 11,434 thousands (previous year - ₹ 11,276 thousands) for the year relating to sub-lease agreements entered into by the Company on or after 1st April, 2001. These lease arrangements inter alia include escalation clause/option for renewal.
- (c) As on 31st March, 2011, ₹ 11,232 thousands (previous year - ₹ 15,725 thousands) is expected to be received in respect of future minimum sublease payments under non cancellable sublease.
- (d) The total of future minimum lease payments under non-cancellable operating leases:
- not later than one year- ₹ 1,794 thousands (previous year ₹ 5,831 thousands)
  - later than one year and not later than five years - ₹ 7,938 thousands (previous year ₹ 9,021 thousands)
  - more than five years - ₹ 344 thousands (previous year ₹ 2,407 thousands)
- 24 Related Party Disclosures in keeping with Accounting Standard (AS) 18 notified in the Companies Act, 1956

	Name of Related Party	Current Year	Previous Year	Nature of Relationship
<b>A Where control exists</b>	Saregama Plc. ( SPLC )	Saregama Plc. ( SPLC )	Saregama Plc. ( SPLC )	Subsidiary Company
	RPG Global Music Limited (RPGG)	RPG Global Music Limited (RPGG)	RPG Global Music Limited (RPGG)	Subsidiary Company
	Kolkata Metro Networks Ltd. (KMNL)	Kolkata Metro Networks Ltd. (KMNL)	Kolkata Metro Networks Ltd. (KMNL)	Subsidiary Company
	Open Media Network Pvt. Ltd. (OMNPL)	Open Media Network Pvt. Ltd. (OMNPL)	Open Media Network Pvt. Ltd. (OMNPL)	Subsidiary Company
<b>B Others</b>	Saregama Regency Optimedia Private Ltd. (SROPL)	Saregama Regency Optimedia Private Ltd. (SROPL)	Saregama Regency Optimedia Private Ltd. (SROPL)	Joint Venture Company
	A Nagpal Managing Director	A Nagpal Managing Director	A Nagpal Managing Director	Key Management Personnel

**Related Party Transactions**

(₹ in Thousands)

		Subsidiary Companies				Joint Venture		Key Management Personnel
		SPLC	RPGG	KMNL	OMNPL	SROPL	Total	
Sale of Goods	Current Year	575	380	-	-	-	955	-
	Previous Year	1,213	1,319	-	-	-	2,532	-
Licence Fees - Income	Current Year	32,232	2,626	-	-	-	34,858	-
	Previous Year	35,017	1,150	-	-	-	36,167	-
Purchase of Goods/Services	Current Year	-	-	-	-	66,836	66,836	-
	Previous Year	-	-	-	-	71,780	71,780	-
Rent Expenses	Current Year	-	-	-	-	1,755	1,755	-
	Previous Year	-	-	-	-	1,560	1,560	-
Reimbursement of Expense received/receivable	Current Year	-	1,338	35	72,908	-	74,281	-
	Previous Year	-	1,011	944	101,496	1	103,452	-
Remuneration to Managing Director	Current Year	-	-	-	-	-	-	13,270
	Previous Year	-	-	-	-	-	-	11,870
Advance given during the year	Current Year	-	3,005	5,069	76,632	-	84,706	-
	Previous Year	-	-	1,625	109,000	-	110,625	-
Receipt towards Advance given	Current Year	-	24,962	4,214	-	-	29,176	-
	Previous Year	-	1,182	25,430	30	-	26,642	-
Provision for Doubtful Debts and Advances	Current Year	1,038	-	5,104	-	-	6,142	-
	Previous Year	412	-	-	-	-	412	-
Provision for Doubtful Advances written back	Current Year	-	-	-	-	-	-	-
	Previous Year	-	-	27,075	-	-	27,075	-
Balance Outstanding at year end :								
Investments @	Current Year	4,852	102,620	500	100	14,597	122,669	-
	Previous Year	4,852	102,620	500	100	14,597	122,669	-
Loans & Advances @	Current Year	591	4,141	5,104	482,956	-	492,792	-
	Previous Year	560	24,760	4,214	333,416	-	362,950	-
Other Current Assets @	Current Year	-	-	-	-	780	780	-
	Previous Year	-	-	-	-	780	780	-
Sundry Debtors @	Current Year	24,906	-	-	-	-	24,906	-
	Previous Year	12,259	-	-	-	-	12,259	-
Sundry Creditors	Current Year	-	-	-	-	19,439	19,439	-
	Previous Year	-	-	-	-	21,296	21,296	-
Provision for Doubtful Advances	Current Year	-	-	5,104	-	-	5,104	-
	Previous Year	-	-	-	-	-	-	-
Provision for Doubtful Debts	Current Year	1,038	-	-	-	-	1,038	-
	Previous Year	412	-	-	-	-	412	-

@ Gross of Provision.

## SCHEDULES TO THE ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

25 The Company's interest as a venturer in the jointly controlled entity (incorporated joint venture) is:-

Name	Country of Incorporation	Proportion of ownership interest as at 31st March, 2011	Proportion of ownership interest as at 31st March, 2010
------	--------------------------	---	---

Saregama Regency Optimedia Private Limited	India	26%	26%
--	-------	-----	-----

The Company's interest in the joint venture is reported as Long Term Investments (Schedule-VI) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transactions between the Company and Joint Venture) related to its interest in the joint venture are:-

(₹ in Thousands)

	31st March, 2011	31st March, 2010
<b>I Assets</b>		
1. Fixed Assets		
a) Net Block	25,681	27,339
b) Capital-Work-in Progress	—	101
2. Current Assets, Loans and Advances		
a) Inventories	1,630	877
b) Sundry Debtors	5,056	5,560
c) Cash and Bank Balances	432	614
d) Loans and Advances	4,794	1,327
	<u>37,593</u>	<u>35,818</u>
<b>II Liabilities</b>		
1. Secured Loan	3,916	3,895
2. Unsecured Loan	17,558	17,359
3. Current Liabilities and Provisions		
a) Current Liabilities	3,849	2,950
b) Provisions	106	63
	<u>25,429</u>	<u>24,267</u>
<b>III Profit and Loss Account Debit Balance</b>	<b>5,218</b>	<b>2,947</b>
<b>IV. Foreign Currency Monetary Item Translation Difference Account</b>	<b>—</b>	<b>98</b>
	<b>Year ended 31st March, 2011</b>	<b>Year ended 31st March, 2010</b>
<b>V Income</b>		
a) Net Sales	17,026	17,983
b) Other Income	1,040	634
	<u>18,066</u>	<u>18,617</u>
<b>VI Expenditure</b>		
a) Materials, etc	9,300	9,243
b) Interest and finance charge	719	909
c) Depreciation / Amortisation	1,850	1,809
d) Other Expenses	8,371	8,221
e) Provision for Taxation (Fringe Benefit Tax)	—	—
	<u>20,240</u>	<u>20,182</u>

26. In terms of Accounting Standard (AS) 17 on 'Segment Reporting' notified in the Companies Act, 1956, segment information has been presented in the Consolidated Financial Statements (prepared pursuant to Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and Accounting Standard (AS) 27 on 'Financial Reporting of Interests in Joint Ventures' notified in the Companies Act, 1956) included in the Annual Report for the year.

**SCHEDULES TO THE ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

## 27 Details of Provision for Royalty :

(₹ in Thousands)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Carrying amount at the beginning of the year	125,864	98,622
Add: Created during the year	70,277	62,592
	196,141	161,214
Less: Amounts utilised during the year	83,846	29,826
Excess provision of earlier years, written back	—	5,524
Carrying amount at the end of the year	112,295	125,864

Above obligation with respect to royalty shall be settled in accordance with applicable terms and conditions and on receipt of related information.

- 28 (a) The Company is engaged in the production/making of serials (media software) / films, which requires various types, qualities and quantities of raw materials and inputs in different denominations. Due to the multiplicity and complexity of items, it is not practicable to maintain the quantitative records/continuous stock register, as the process of making programme software/film is not amenable to it. Hence quantitative details are not maintained by the Company as is the practice generally followed by companies in the industry.

## 28 (b) Details of Cost of Production of Films/Television Serials

(₹ in Thousands)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Telecast Fees	44,830	33,588
Payment to artistes, directors, script-writers, etc.	28,233	25,740
Cost of Tapes	1,211	7,552
Food, Lodging and Travel	10,767	12,200
Set, properties and equipment charges	5,563	21,001
Other Production Expenses	37,837	9,210
	128,442	109,291
Unutilised Free Commercial Time written down	—	—
	128,442	109,291

- 29 Current tax represents provision made under Minimum Alternate Tax in terms of Section 115 JB of the Income Tax Act, 1961.

- 30 Previous year's figures have been regrouped or rearranged, where considered necessary.

Signature to Schedules I to XX

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)

Kolkata,  
30th June, 2011

Membership No. - 51790

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

## BALANCE SHEET ABSTRACT

**Information pursuant to part IV of Schedule VI to the Companies Act , 1956**

Balance sheet abstract and Company's general business profile :

**i) Registration details :**

Registration number	1	4	3	4	6	State code	2	1	Balance Sheet date	3	1	0	3	2	0	1	1
---------------------	---	---	---	---	---	------------	---	---	--------------------	---	---	---	---	---	---	---	---

ii) **Capital raised during the year (Amount in ₹ '000):**

Public issue	N	I	L			Rights issue	N	I	L
Private placement	N	I	L			Bonus issue	N	I	L

iii) **Position of mobilisation and Deployment of Funds (Amount in ₹'000)**

Total liabilities (including Shareholders' Funds)	Total Assets (incl. Misc. Expd. to the extent not written off)
2815759	2768168

**Sources of Funds :**

Paid up Capital							Reserves and Surplus							
	1	7	4	0	2	9		1	4	2	3	3	7	4
Secured Loans							Unsecured Loans							
	3	0	0	7	8	5			2	2	7	5	6	8
Current Liabilities							Provisions							
	5	6	4	0	5	4			1	2	5	9	4	9

***Application of funds :***

Net fixed assets	Investments
<input type="text"/> <input type="text"/> 9 <input type="text"/> 8 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 8	<input type="text"/> <input type="text"/> 4 <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 7 <input type="text"/> 9 <input type="text"/> 9
Current assets, loans and Advances	Deferred Tax Asset (net)
<input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 1 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 1	<input type="text"/> <input type="text"/> <input type="text"/> 4 <input type="text"/> 7 <input type="text"/> 5 <input type="text"/> 9 <input type="text"/> 1
Misc. Expenditure(to the extent not written off or adjusted)	Profit/(Loss) after Tax
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> – <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> – <input type="text"/> <input type="text"/> <input type="text"/>

iv) **Performance of the Company : (Amount in ₹ '000)**

Turnover (including other income)	Total Expenditure
1 3 7 7 8 7 2	1 3 5 5 0 0 1
Profit before tax	Profit after Tax
2 2 8 7 1	6 3 4 6 2
Earnings per share in Rupees (Basic & Diluted)	Dividend Rate percentage
3 . 6 5	—

v) **Generic Names of Principal Products/Services of the Company (as per monetary terms)**

<i>Product Description</i>	Item Code Number (ITC Code)
Pre-recorded Cassettes	8 5 2 4 3 2 9 0
Audio Compact Discs	8 5 2 4 3 2 1 0
Video Compact Discs	8 5 2 4 3 9 2 0
Digital Versatile Discs	8 5 2 4 3 9 3 0

On behalf of the Board

Kolkata,  
30th June, 2011

T. Paul  
*Company Secretary*

A. Nagpal  
*Managing Director*

H. Neotia  
*Director*

**CASH FLOW STATEMENT**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	22,871	40,685
Adjustment for:		
Depreciation/Amortisation	224,447	31,900
Bad debt/Advance Written off	—	637
Provision for doubtful Debts/Advances	36,406	56,921
Provision for Diminution in the value of Investments	—	25,620
Interest Expenses	48,396	55,066
Liabilities no longer required written back	(3,430)	(17,319)
Provision for Royalty no longer required written back	—	(5,524)
Provision for doubtful Debts/ Advances no longer required written back	(20,382)	(27,712)
Interest Income	(498)	(21)
Unrealised Loss on Exchange Fluctuation	96	1,891
Unrealised Gain on Exchange Fluctuation	(342)	(47)
Assets Scrapped / written off	2,893	2,151
Loss on sale of Fixed Assets	1,203	2,163
Profit on sale of Fixed Assets	(2,385)	(38)
Dividend from Long Term (other than trade) Investments	(6,182)	(6,181)
Amortisation of payments under Voluntary Retirement Scheme	—	12,682
	<b>280,222</b>	<b>132,189</b>
<b>Operating profit before Working Capital Changes</b>	<b>303,093</b>	<b>172,874</b>
Adjustments for:		
Trade and other receivables	(307,100)	(382,438)
Inventories	(35)	46,339
Trade and other payables	91,169	(34,622)
	<b>(215,966)</b>	<b>(370,721)</b>
<b>Cash from / (used in) Operations</b>	<b>87,127</b>	<b>(197,847)</b>
Direct Taxes (Paid) / Refund	65,910	(2,588)
<b>Net Cash from / (used in) Operating Activities</b>	<b>153,037</b>	<b>(200,435)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(62,905)	(11,014)
Sale proceeds of Fixed Assets	2,934	1,834
Interest Received	498	21
Dividend from Long Term (other than trade) Investments	6,182	6,181
<b>Net Cash used in Investing Activities</b>	<b>(53,291)</b>	<b>(2,978)</b>

## CASH FLOW STATEMENT (Contd.)

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	(42,791)	(2,083)
Proceeds from Long Term Borrowings	41,857	70,000
Net increase/(decrease) in Cash credit facility and other Short Term Borrowings	54,727	(93,809)
Proceeds from right issue (2005) of shares	—	2
Proceeds from preferential issue of shares	—	27,270
Premium on right issue (2005) of shares	—	7
Premium on preferential issue of shares	—	252,166
Share application money refunded relating to Rights Issue (2005)	(5)	(86)
Interest paid	(48,288)	(58,734)
Unclaimed Dividend of earlier years paid	(3)	(4)
<b>Net Cash from Financing Activities</b>	<b>5,497</b>	<b>194,729</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>105,243</b>	<b>(8,684)</b>
Opening Cash and Cash Equivalents	69,409	78,093
Closing Cash and Cash Equivalents	174,652	69,409

### Notes to the Cash Flow Statement for the year ended 31st March, 2011

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statements' prescribed under the Companies Act, 1956 of India.
- Cash and Cash Equivalents comprise:-

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Cash in hand	418	421
Cheques in hand	35,587	23,676
Bank Balances with Scheduled Banks on -		
Rights Issue	189	194
Current Account [including Remittances in transit of ₹ 8,144 thousands ( 31.03.10 ₹ 10,069 thousands)]	93,102	44,759
Unpaid Dividend Account	131	134
Margin Money Deposit	5,000	—
Term Deposit	40,000	—
Term Deposit with The Municipal Cooperative Bank Ltd.	225	225
	<b>174,652</b>	<b>69,409</b>

- Previous year's figures have been regrouped / rearranged, where considered necessary.  
This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)

Kolkata,  
30th June, 2011

Partner  
Membership No. - 51790

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

## AUDITORS' REPORT (CONSOLIDATED)

To the Board of Directors of  
Saregama India Limited

1. We have audited the attached consolidated Balance Sheet of Saregama India Limited (the "Company") and its subsidiaries and jointly controlled entity, hereinafter referred to as the "Group" [refer Note 1 on Schedule XX to the attached consolidated financial statements] as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries and a jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 160,578 thousands and net assets of ₹ 50,947 thousands as at 31st March, 2011, total revenue of ₹ 111,200 thousands, net loss of ₹ 161,188 thousands and net cash flows amounting to ₹ 3,438 thousands for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.
4. We report that the consolidated financial statements have been prepared by Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
  - (b) in the case of the consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Kolkata,  
30th June, 2011

For Price Waterhouse  
Firm Registration No. : 301112 E  
Chartered Accountants  
(P. Law)  
Partner  
Membership Number- 51790

## CONSOLIDATED BALANCE SHEET

(₹ in Thousands)

Schedule		As at 31st March, 2011		As at 31st March, 2010	
<b>I. Sources of Funds</b>					
<b>(1) Shareholders' Funds</b>					
(a) Share Capital	I	174,029		174,029	
(b) Reserves and Surplus	II	1,333,322	1,507,351	1,331,061	1,505,090
<b>(2) Minority interests</b>		42,470		51,674	
<b>(3) Loan Funds</b>					
(a) Secured Loans	III	324,697		330,986	
(b) Unsecured Loans	IV	274,681	599,378	185,803	516,789
<b>(4) Deferred Tax Liability ( net )</b> (Note 8 on Schedule XX )		—		2,528	
		2,149,199		2,076,081	
<b>II. Application of Funds</b>					
<b>(1) Fixed Assets</b>		V			
(a) Gross Block		1,675,189		1,300,409	
(b) Less : Depreciation/Amortisation		636,498		409,233	
(c) Net Block		1,038,691		891,176	
(d) Capital Work in Progress		—	1,038,691	101	891,277
<b>(2) Investments</b>		VI		397,250	
<b>(3) Deferred Tax Asset (net)</b> (Note 8 on Schedule XX)		45,284		—	
<b>(4) Current Assets, Loans and Advances</b>					
(a) Inventories	VII	131,323		135,469	
(b) Debtors	VIII	287,500		218,808	
(c) Cash and Bank Balances	IX	190,692		82,011	
(d) Other Current Assets	X	22,985		26,017	
(e) Loans and Advances	XI	323,094		650,286	
		955,594		1,112,591	
<b>Less: Current Liabilities and Provisions</b>					
(a) Current Liabilities	XII	597,019		486,241	
(b) Provisions	XIII	131,320		145,976	
		728,339		632,217	
<b>Net Current Assets</b>		227,255		480,374	
<b>(5) Profit and Loss Account</b>		507,108		373,569	
Set off against General Reserve - Contra		66,389	440,719	66,389	307,180
		2,149,199		2,076,081	
<b>Statement on Significant Accounting Policies</b>	XIX				
<b>Notes to Accounts</b>	XX				

This is the Consolidated Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Kolkata,  
30th June, 2011  
Membership No. - 51790

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(₹ in Thousands)

	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Income</b>			
Sales and Licence Fees	XIV	1,387,172	1,115,540
Other Income	XV	66,087	70,236
		<u>1,453,259</u>	<u>1,185,776</u>
<b>Expenditure</b>			
Materials, Films, Television Serials etc.	XVI	327,384	301,230
Expenses	XVII	1,022,037	953,162
Interest	XVIII	50,022	56,658
Depreciation/Amortisation		237,896	44,935
Less: Transfer from Revaluation Reserve		<u>525</u> <u>237,371</u>	<u>596</u> <u>44,339</u>
		<u>1,636,814</u>	<u>1,355,389</u>
<b>Loss before Taxation</b>		<b>(183,555)</b>	<b>(169,613)</b>
Provision for Taxation			
Current Tax (Note 16 on Schedule XX)		7,000	34,500
Deferred Tax Charged/(Credit)		<u>(47,812)</u>	<u>1,281</u>
<b>Loss after Taxation before Minority Interests</b>		<b>(142,743)</b>	<b>(205,394)</b>
Minority Interests		<u>(9,204)</u>	<u>1,051</u>
<b>Loss after Taxation and Minority Interests</b>		<b>(133,539)</b>	<b>(206,445)</b>
Loss brought forward from previous year		<u>(373,569)</u>	<u>(167,124)</u>
Balance carried to Balance Sheet		<u>(507,108)</u>	<u>(373,569)</u>
Basic and Diluted (Loss) per share (₹) ( Note 9.2 on Schedule XX )		<b>(7.67)</b>	<b>(12.75)</b>
<b>Statement on Significant Accounting Policies</b>	XIX		
<b>Notes to Accounts</b>	XX		

This is the Consolidated Profit and Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Membership No. - 51790

Kolkata,  
30th June, 2011

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS

### SCHEDULE I

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Share Capital</b>		
Authorised		
25,000,000 Equity Shares of ₹ 10/- each	250,000	250,000
Issued, subscribed and paid up		
1,74,02,938 ( Previous Year - 1,74,02,938 )		
Equity Shares of ₹ 10/- each fully paid up	174,029	174,029
Of the above:-		
1,373,370 Equity Shares of ₹ 10/- each was allotted as fully paid up pursuant to a scheme of amalgamation without payment being received in cash.		
	174,029	174,029

#### Notes:

- Out of the 53,38,628 equity shares of ₹ 10/- each for cash at a premium of ₹ 35/- (issue price - ₹ 45/-) pursuant to the Rights Issue in 2005 of the Parent Company, allotment of 5,290 (31.03.10 -5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2011.
- The Parent Company has granted (net of options lapsed) 21,799 (31.03.2010 - 21,799) stock options in 2001-02 under the Employee Stock Option Scheme. All the options have already vested in earlier years. No vested options have been exercised during the year. Pending completion of related regulatory formalities, the 9282 (previous year 9282) exercised options are yet to be allotted by the Parent Company. Exercise Price per option is ₹ 119.85. Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Parent Company on compliance/completion of related formalities on the basis of 1:1.
- The Parent Company has granted (net of options lapsed) 26,000 (31.03.2010- 32,000 ) stock options in 2006-07 under Employee Stock Option Scheme, to eligible employees / the then Managing Director at an exercise price of ₹ 184.85 per option, as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India ( Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999.  
Vesting schedule linked to performances of the said options granted is as below :-
  - after 1 year from the date of grant : 20 % of the options
  - after 2 years from the date of grant : 20 % of the options \*
  - after 3 years from the date of grant : 20 % of the options \*
  - after 4 years from the date of grant : 20 % of the options \*
  - after 5 years from the date of grant : 20 % of the options
 Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Parent Company on compliance/completion of related formalities on the basis of 1:1. No option has been exercised during the year.  
 \* Based on the decision of the Parent Company's Compensation Committee, options have not vested in 2008-09, 2009-10 and 2010-11, which will be considered along with the next tranche of vesting in 2011-12.
- The Parent Company has granted 25,000 stock options in 2008-09 under Employee Stock Option Scheme to its Managing Director (Mr. A. Nagpal). The exercise price per option is ₹ 56.20 as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Of the aforesaid 25,000 options 7,500 options are not linked to performance and the balance are linked to performance.  
Vesting schedule of the said options granted is as below :-
  - after 1 year from the date of grant : 20 % of the options \*
  - after 2 years from the date of grant : 20 % of the options \*
  - after 3 years from the date of grant : 20 % of the options
  - after 4 years from the date of grant : 20 % of the options
  - after 5 years from the date of grant : 20 % of the options
 Exercise period is 10 years from the vesting date. Exercise of options by the option holder shall entail issuance of equity shares by the Parent Company on compliance/completion of related formalities on the basis of 1:1. 3000 (previous year-1500) options not linked to performance have vested. No option has been exercised during the year.  
 \* Based on the decision of the Parent Company's Compensation Committee, options linked to performance have not vested in 2009-10 and 2010-11, which will be considered along with the next tranche of vesting in 2011-12.
- The Parent Company has granted 12,000 stock options in 2010-11 under Employee Stock Option Scheme to eligible employees under Employee Stock Option Scheme. The exercise price per option is ₹ 100.80 as determined by the Board of Directors, in keeping with the requirements of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.  
Vesting schedule of the said options granted is as below :-
  - after 1 year from the date of grant : 20 % of the options
  - after 2 years from the date of grant : 20 % of the options
  - after 3 years from the date of grant : 20 % of the options
  - after 4 years from the date of grant : 20 % of the options
  - after 5 years from the date of grant : 20 % of the options
 Exercise period is 10 years from the vesting date. Exercise of options by the option holders shall entail issuance of equity shares by the Parent Company on compliance/completion of related formalities on the basis of 1:1.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****SCHEDULE II**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Reserves and Surplus</b>		
<b>Fixed Assets Revaluation Reserve</b>		
Balance as per last Account	306,121	306,717
Less: Transferred to Profit and Loss Account [Note 2(d) on Schedule XX]	525	596
	305,596	306,121
<b>Share Premium Account</b>		
Balance as per last Account	1,024,940	772,767
Add : During the year	—	252,173
	1,024,940	1,024,940
<b>General Reserve</b>		
Balance as per last Account	66,389	66,389
Less : Set off against debit balance in Profit and Loss Account - Contra (note below)	66,389	66,389
	—	—
	1,330,536	1,331,061
Share of Joint venture [Notes 1(b) and 17 on Schedule XX]	2,786	—
	1,333,322	1,331,061

Note : For the purpose of disclosure, the debit balance in Profit and Loss Account has been set off to the extent of balance available in General Reserve.

**SCHEDULE III**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Secured Loans</b>		
Term loan from bank	168,333	170,000
Cash Credit from banks	150,510	155,886
Vehicle Loan from Banks / Non Banking Financial Company ( NBFC )		
– Banks	1,822	858
– NBFC	116	347
	320,781	327,091
Share of Joint venture [Note 1(b) on Schedule XX]	3,916	3,895
	324,697	330,986

**SCHEDULE IV**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Unsecured Loans - Short Term</b>		
<b>From bank</b>		
Temporary Bank Overdraft	—	321
<b>Others</b>		
Inter Corporate Deposit	251,555	162,555
Interest accrued and due	5,568	5,568
	257,123	168,444
Share of Joint venture [Note 1(b) on Schedule XX]	17,558	17,359
	274,681	185,803

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### SCHEDULE V

FIXED ASSETS	GROSS BLOCK				DEPRECIATION /AMORTISATION				NET BLOCK	
	Cost/ Valuation as at 31st March, 2010	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2011	As at 31st March, 2010	For the year	On Deletions/ Adjustments during the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
<b>A) Tangible Assets</b>										
Land - Freehold	656,747	—	—	656,747	—	—	—	—	656,747	656,747
Buildings - Freehold	77,196	—	—	77,196	29,666	1,751	—	31,417	45,779	47,530
Leasehold Buildings	7,060	—	—	7,060	2,395	197	—	2,592	4,468	4,665
Plant and Machinery	182,819	1,168	4,895	179,092	158,225	9,575	4,806	162,994	16,098	24,594
Furniture, Fittings and Equipment	202,031	4,977	3,836	203,172	118,689	13,673	3,037	129,325	73,847	83,342
Vehicles	21,034	2,501	2,905	20,630	9,668	1,817	1,971	9,514	11,116	11,366
<b>B) Intangible Assets</b>										
Copyrights	77,292	4,880	3,710	78,462	48,532	7,600	817	55,315	23,147	28,760
Feature Film	—	375,972	—	375,972	—	195,819	—	195,819	180,153	—
Softwares	47,531	316	—	47,847	39,220	5,704	—	44,924	2,923	8,311
Share of Joint venture [Note 1(b) on Schedule XX]	1,271,710	389,814	15,346	1,646,178	406,395	236,136	10,631	631,900	1,014,278	865,315
Total	1,300,409	390,126	15,346	1,675,189	409,233	237,896	10,631	636,498	1,038,691	891,176
Previous Year	1,296,302	17,630	13,523	1,300,409	369,516	44,935	5,218	409,233	891,176	
Capital work-in-progress										101
Share of Joint venture [Note 1(b) on Schedule XX]										101

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)**
**SCHEDULE VI**

Investments	Number		Face Value of each share/unit (₹)	(₹ in Thousands)	
	As at 31st March, 2011	As at 31st March, 2010		Book Value as at 31st March, 2011	Book Value as at 31st March, 2010
<b>A. Long Term - Other than Trade</b>					
<b>1. Fully Paid Debentures</b>					
<b>Unquoted-Fully Paid</b>					
Rs.5,000 6 1/2% Non-redeemable Registered Debentures, 1962 of The Bengal Chamber of Commerce and Industry				5	5
Rs.7,500 5% Non-redeemable Mortgage Debenture Stock, 1957 of Woodlands Multispeciality Hospital Ltd. (formerly Woodlands Hospital and Medical Research Centre Ltd.)				7	7
Rs.7,500 1/2% Debentures of Woodlands Multispeciality Hospital Ltd. (formerly Woodlands Hospital and Medical Research Centre Ltd.)				—	—
				<u>12</u>	<u>12</u>
<b>2 Fully Paid Equity Shares</b>					
<b>Quoted</b>					
CESC Ltd.	1,544,988	1,544,988	₹ 10	397,186	397,186
Phillips Carbon Black Ltd.	100	100	₹ 10	6	6
KEC International Ltd.##	760	144	₹ 2	12	7
Harrisons Malayalam Ltd.	100	100	₹ 10	4	4
CFL Capital Financial Services Ltd.	100	100	₹ 10	2	2
CEAT Ltd.	75	75	₹ 10	5	5
RPG Cables Ltd.#	—	170	₹ 10	—	5
Sentinel Tea and Exports Ltd.*	100	—	₹ 10	—	—
Summit Securities Ltd.**	13	—	₹ 10	16	—
RPG Life Sciences Ltd.	100	100	₹ 8	—	—

Contd.....

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)**

Investments (contd.)	Number		Face Value of each share/unit (₹)	(₹ in Thousands)	
	As at 31st March, 2011	As at 31st March, 2010		Book Value as at 31st March, 2011	Book Value as at 31st March, 2010
<b>Unquoted</b>					
Spencer and Company Ltd.	200	200	₹ 10	7	7
Summit Securities Ltd.**	—	14	₹ 10	—	16
				<b>397,238</b>	<b>397,238</b>
Total				<b>397,250</b>	<b>397,250</b>
Aggregate Book Value of Investments					
Quoted				<b>397,231</b>	397,215
Unquoted (net of provision)				<b>19</b>	35
				<b>397,250</b>	<b>397,250</b>
Aggregate Market Value of Quoted Investments				<b>480,672</b>	591,400

- # Pursuant to a sanctioned Scheme of Amalgamation (the Scheme) between RPG Cables Limited (RPGCL) and KEC International Limited (KEC), the aforesaid RPGCL got merged with aforesaid KEC and the Parent Company was entitled to receive 8 shares in KEC based on the ratio and cash for the fractional entitlements as set out in the Scheme. Accordingly, the Parent Company's holding in KEC increased to 152 equity shares of ₹ 10/- each after the Scheme.
- ## Pursuant to an Ordinary Resolution passed by the shareholders of KEC International Limited (KEC), KEC split its existing equity shares of face value of ₹10/- each into 5 equity shares of face value of ₹ 2/- each. Accordingly, during the year the Parent Company received 760 equity shares of ₹2/- each in lieu of 152 equity shares of ₹10/- each in KEC.
- \* Pursuant to a sanctioned Scheme of Arrangement (the Scheme) between Harrisons Malayalam Limited and Sentinel Tea and Exports Limited, an undertaking of Harrisons Malayalam Limited got demerged and transferred to Sentinel Tea and Exports Limited on consideration of 1 fully paid equity share of ₹10/- each in Sentinel Tea and Exports Limited for every 1 equity share of ₹10/- each in Harrisons Malayalam Limited. Accordingly, during the year the Parent Company received 100 equity shares of ₹10/- each in Sentinel Tea and Exports Limited.
- \*\* Summit Securities Limited became a listed company during the year and the company was allotted 13 number of Quoted Equity shares of ₹ 10/- each in lieu of its holding of 14 number of Unquoted Equity Shares of ₹10/- each.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****SCHEDULE VII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Inventories</b>		
Stores and Spares	76	678
Raw Materials	3,076	8,740
Work in Progress		
– Pre recorded Cassettes	–	560
– Films and Television serials under production	35,741	17,519
Finished Goods		
– Untelecasted Television serials	6,089	4,908
– Pre recorded Cassettes/Audio Compact Discs/Digital Versatile Discs/Others	84,711	102,186
	<u>129,693</u>	<u>134,591</u>
Share of Joint venture [Note 1(b) on Schedule XX]	1,630	878
	<u>131,323</u>	<u>135,469</u>

**SCHEDULE VIII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Debtors</b>		
Unsecured		
Debts outstanding for over six months :		
Considered Good	23,073	18,695
Considered Doubtful	99,652	117,870
Other debts		
Considered Good	260,410	194,553
	<u>383,135</u>	<u>331,118</u>
Less : Provision for Doubtful Debts	100,690	117,870
	<u>282,445</u>	<u>213,248</u>
Share of Joint venture [Note 1(b) on Schedule XX]	5,055	5,560
	<u>287,500</u>	<u>218,808</u>

**SCHEDULE IX**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Cash and Bank Balances</b>		
Cash in hand	503	495
Cheques in hand	35,587	23,676
Balances with Scheduled Banks on -		
Rights Issue	189	194
Current Account [including Remittances in transit of ₹ 8,144 thousands (31.03.10 ₹ 10,069 thousands)]	108,625	56,673
Unpaid Dividend Account	131	134
Margin Money Deposit	5,000	–
Term Deposit	40,000	–
Term Deposit with The Municipal Cooperative Bank Ltd. [maximum amount outstanding at any time during the year ₹ 225 thousands (previous year ₹ 225 thousands)]	225	225
	<u>190,260</u>	<u>81,397</u>
Share of Joint venture [Note 1(b) on Schedule XX]	432	614
	<u>190,692</u>	<u>82,011</u>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### SCHEDULE X

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Other Current Assets</b>		
Unsecured-Considered Good		
Deposits	22,985	26,017
	<u>22,985</u>	<u>26,017</u>
Share of Joint venture [Note 1(b) on Schedule XX]	—	—
	<u>22,985</u>	<u>26,017</u>

### SCHEDULE XI

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Loans and Advances</b>		
Unsecured - considered good (unless otherwise stated below)		
Loan to Employees	1,706	1,437
Advances recoverable in cash or in kind or for value to be received from -		
Balances with Excise Authorities	6	3
Capital Advances (including considered doubtful ₹ 200 thousands; 31.03.10 - ₹ 200 thousands)	1,038	975
Less : Provision for Doubtful Advances	(200) 838	(200) 775
Minimum Guarantee Royalty Advances	6,844	7,300
Advance against Film Projects (including considered doubtful ₹ 19,714 thousands; 31.03.10 - ₹ 8,383 thousands)	52,995	378,233
Less : Provision for Doubtful Advances	(19,714) 33,281	(8,383) 369,850
Others	264,443	194,593
(including considered doubtful ₹ 74,925 thousands; 31.03.10 ₹ 51,800 thousands)		
Less: Provision for Doubtful Advances	(74,925) 189,518	(51,800) 142,793
Advance payment of Income Tax and Tax deducted at source [net of provision for taxation ₹ 105,759 thousands (31.03.10- ₹ 133,894 thousands)]	84,101	125,081
Advance payment of Fringe Benefit Tax (net of provision ₹ 14,787 thousands; 31.03.10 - ₹ 15,621 thousands)	2,008	1,719
	<u>318,300</u>	<u>648,958</u>
Share of Joint venture [Note 1(b) on Schedule XX]	4,794	1,328
	<u>323,094</u>	<u>650,286</u>

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****SCHEDULE XII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Current Liabilities</b>		
Sundry Creditors		
Due to Micro and Small Enterprises (Note 15 on Schedule XX)	1,387	1,200
Others	412,865	380,117
	<u>414,252</u>	<u>381,317</u>
Advance from Customers	56,948	9,950
Investor Education and Protection Fund shall be credited by the following amounts namely :		
Unpaid Dividend (Note below)	131	134
Unpaid Application money (Note below)	189	194
Other Liabilities (Note 3 on Schedule XX)	121,650	88,266
Interest accrued but not due on loans	—	3,430
	<u>593,170</u>	<u>483,291</u>
Share of Joint venture [Note 1(b) on Schedule XX]	3,849	2,950
	<u>597,019</u>	<u>486,241</u>

Note: There is no amount due to be credited to Investor Education and Protection Fund as at Balance Sheet date.

**SCHEDULE XIII**

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
<b>Provisions</b>		
Provision for Gratuity	(629)	1,652
Provision for Leave Encashment	16,235	15,365
Provision for Royalty (Note 12 on Schedule XX)	112,295	125,864
Provision for Magazine Returns	3,312	3,032
	<u>131,214</u>	<u>145,913</u>
Share of Joint venture [Note 1(b) on Schedule XX]	106	63
	<u>131,320</u>	<u>145,976</u>

**SCHEDULE XIV**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Sales and Licence Fees</b>		
Audio Compact Discs	394,590	305,897
Digital Versatile Discs	38,073	12,367
Free Commercial Time	123,454	105,113
Advertising	14,876	11,488
News Stand	6,402	6,642
Distribution Rights	64,758	3,391
Licence Fees	658,957	566,953
Others	69,036	85,706
	<u>1,370,146</u>	<u>1,097,557</u>
Share of Joint venture [Note 1(b) on Schedule XX]	17,026	17,983
	<u>1,387,172</u>	<u>1,115,540</u>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### SCHEDULE XV

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Other Income</b>		
Liabilities no longer required written back	3,430	17,319
Provision for Royalty no longer required written back	—	5,524
Provision for doubtful Debts/ Advances no longer required written back	20,382	1,303
Dividend from Long Term (other than trade) Investments	6,182	6,181
Interest (gross)		
– on Bank Deposits	498	21
– on Security Deposits (Tax deducted at source ₹ 26 thousands, Previous year ₹ 54 thousands)	264	264
– on Income Tax Refund	4,711	1,573
Profit on sale of Fixed Assets	2,385	38
Rent Income [Note 14 (b) on Schedule XX] (Tax deducted at source - ₹ 848 thousands, Previous year ₹ 1,125 thousands)	11,434	11,582
Gain on Exchange Fluctuation	5,102	15,325
Miscellaneous Income	10,541	8,424
	64,929	67,554
Share of Joint Venture [Note 1(b) on Schedule XX]	1,158	2,682
	66,087	70,236

### SCHEDULE XVI

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Materials, Films, Television Serials etc.</b>		
<b>A) Pre recorded Cassettes/Audio Compact Discs/Digital Versatile Discs/Others</b>		
Raw Materials consumed	17,663	27,464
Opening Stocks		
– Work in Progress	560	923
– Finished Goods	102,186	124,838
Add: Purchase and Contract Manufacturing Charges	150,845	132,217
Less: Closing Stocks		
– Work in Progress	—	560
– Finished Goods	84,711	102,186
	168,880	155,232
<b>B) Films and Television Serials</b>		
Opening Stock		
– Work in Progress	17,519	39,592
– Finished Goods	4,908	4,775
Add: Cost of Production of Films and Television Serials	147,845	87,351
Less: Closing Stocks		
– Work in Progress	35,741	17,519
– Finished Goods	6,089	4,908
	128,442	109,291
<b>C) Cost of Production Portal Development</b>	3,099	—
	318,084	291,987
Share of Joint venture [Note 1(b) on Schedule XX]	9,300	9,243
	327,384	301,230

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****SCHEDULE XVII**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Expenses</b>		
Salaries, Wages, Bonus, etc.	282,098	291,733
Contribution to Provident Fund	10,290	10,517
Contribution to Superannuation Fund	1,151	1,769
Contribution to Gratuity Fund	1,175	1,804
Provision for Gratuity Expenses	28	273
Contribution under Employees' State Insurance Scheme	1,845	534
Workmen and Staff Welfare	10,159	11,033
Consumption of Stores and Spare Parts	2,360	842
Power and Fuel	10,061	12,213
Rent [Note 14 (a) on Schedule XX]	41,918	41,414
Repairs – Buildings	1,412	2,858
– Machinery	6,995	2,752
– Others	3,838	3,210
Royalties	138,929	107,461
Recording Expenses	31,025	13,431
Carriage, Freight and Forwarding Charges	54,295	68,745
Rates and Taxes	12,190	13,860
Insurance	2,936	2,544
Travel and Conveyance	23,088	30,156
Subscriptions and Donations	5,979	6,624
Advertisement and Sales Promotion	168,544	69,548
Editorial Expenses	6,329	7,860
Printing & Publishing Expenses	9,227	15,812
Printing and Communication Expenses	18,608	21,284
Bad Debts/Advances written off	–	637
Provision for Doubtful Debts/Advances	37,246	57,349
Provision for Magazine Returns	3,312	3,032
Directors' Fees (Parent Company)	410	475
Loss on sale of Fixed Assets	1,203	2,235
Assets Written off / Scrapped (including music copyrights ₹ 2,893 thousands, Previous year - ₹ 2,131 thousands)	2,893	2,151
Impairment of Goodwill	–	1,409
Legal/ Consultancy Expense	44,522	37,404
Event Management Expenses	24,875	30,015
Loss on Exchange Fluctuation	469	28,303
Miscellaneous Expenditure	54,256	43,622
	<b>1,013,666</b>	<b>944,909</b>
Share of Joint venture [Note 1(b) on Schedule XX]	<b>8,371</b>	<b>8,253</b>
	<b>1,022,037</b>	<b>953,162</b>

**SCHEDULE XVIII**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>Interest</b>		
Interest on :		
Fixed Loans	29,370	29,142
Bank and other accounts	19,933	26,738
	<b>49,303</b>	<b>55,880</b>
Share of Joint venture [Note 1(b) on Schedule XX]	<b>719</b>	<b>778</b>
	<b>50,022</b>	<b>56,658</b>

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### SCHEDULE XIX

#### Significant Accounting Policies

##### (a) Basis of the Preparation of the Financial Statements

The Financial Statements have been prepared under the Historical Cost Convention (except for revaluation of certain Fixed Assets as detailed below and in Notes 2(a), 2(b) and 2(c) on Schedule XX) in accordance with the accounting principles generally accepted in India and the applicable Accounting Standards in India. The Financial Statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India. A summary of important accounting policies, which have been applied, is set out below.

##### (b) Fixed Assets

###### (i) Tangible Assets

Fixed Assets are stated at their original cost less depreciation other than revalued items which are stated at valuation less depreciation, as referred to in Notes 2(a), 2(b), 2(c) and 2(d) on Schedule XX. Impairment loss is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

###### (ii) Intangible Assets

The cost incurred for producing and purchasing feature films wherein future economic benefits are established to accrue over medium to long term period are recognised as intangible asset in the year of release at 50% of the cost of making the film including negatives or purchase cost.

Outright acquisition of music copyrights wherein future economic benefits are established are capitalised.

Softwares are capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs includes license fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

##### (c) Depreciation

Depreciation on original cost of tangible fixed assets is provided on straight line method at rates prescribed in Schedule XIV to the Companies Act, 1956 of India. Additional depreciation on the amount added on revaluation is provided on straight line basis and is adjusted against the available balance in revaluation reserve account in respect of the related items.

Feature Films / music copyrights are amortised over a period of 1-10 years, based on license period or management estimation of future revenue potential, as the case may be. The company reviews the expected future revenue potential at the end of each accounting period and recognizes impairment loss, where required.

Softwares are amortised on a straight line basis over a period of three years from the date of capitalisation.

##### (d) Investments

Long term investments are stated at cost/ cost less write down. Provision for diminution is made to recognise a decline other than temporary in the carrying amount of long term investments as determined by the Board of Directors on periodical review.

Current investments are carried at lower of cost and fair value.

##### (e) Inventories

###### (i) Raw Materials, Stores & Spares and Finished Goods

Inventories are valued at lower of cost and net realisable value.

The cost is determined on specific identification / weighted average basis, as considered appropriate by the Company, and includes, where applicable, appropriate share of overheads.

Provision is made for obsolete, slow moving and defective stocks, where necessary.

###### (ii) Films

Films under production are included under 'Work-in-Progress' at cost or under.

Copyrights of films arising out of outright acquisition or own production wherein future economic benefits are established to accrue over a short term period of 1 - 2 years are treated as inventory and the cost is amortised over a period of 1 - 2 years, based on net expected revenue.

###### (iii) Television Serials

Television serials under production are included under 'Work-in-Progress' at cost or under and charged off on the basis of telecast.

Untelecasted television serials are stated at lower of cost and net expected revenue under 'Finished Goods'

##### (f) Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contribution towards superannuation at rates specified in related approved scheme covering eligible employees opting for such contribution is recognised as expense and funded.

Contribution towards provident fund to Government administered provident fund is recognised as expense.

Liability towards gratuity (defined benefit), covering eligible employees, is provided and funded on the basis of year-end actuarial valuation. Accrued liability towards leave encashment benefits (defined benefit), covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as charge.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Significant Accounting Policies (contd.)

Contribution to Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge.

Actuarial gains/losses arising in Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.

(g) **Sales and Licence Fees**

Sales represent invoiced value of products sold (net of trade discount) and services rendered. Licence Fees represent income from music rights.

Revenue from films is recognised on assignment of distribution rights and revenue relating to television serials is recognised on the basis of telecast.

(h) **Royalty**

Minimum Guarantee Royalty is recognised as expense within the license period or ten years, whichever is earlier.

Royalty on sales, other than physical sales, is provided on the basis of management's best estimate of the expenditure required to settle the obligation.

Other royalty payments are charged at agreed rates on related sales.

(i) **Foreign Currency Transactions**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end exchange rates. Gains / losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise.

(j) **Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rate and laws.

Deferred tax is provided/recognised on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax asset on the unabsorbed depreciation and carry forward of losses under the tax laws are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

## SCHEDULE XX

### Notes to the Accounts

- 1 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures", notified under Section 211 (3C) of the Companies Act, 1956.

- (a) The subsidiaries [which along with Saregama India Limited (Parent Company) constitute the Group] considered in the preparation of these Consolidated Financial Statements are:

Name	Country of Incorporation	Proportion of ownership interest as at 31st March, 2011	Proportion of ownership interest as at 31st March, 2010
Saregama Plc.	United Kingdom	70.23%	70.23%
RPG Global Music Limited	Mauritius	100%	100%
Kolkata Metro Networks Limited	India	100%	100%
Open Media Network Pvt. Ltd.	India	100%	100%

For preparation of these Consolidated Financial Statements, uniform accounting policies for like transactions and other events in similar circumstances have been adopted and presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

Minority Interests in the net loss of a consolidated subsidiary for the reporting period has been identified and adjusted with the profit/loss of the Group.

- (b) Group Interest in Joint Venture (jointly controlled entity) is:

Name	Country of Incorporation	Proportion of ownership interest as at 31st March, 2011	Proportion of ownership interest as at 31st March, 2010
Saregama Regency Optimedia Private Limited	India	26%	26%

Interest in the Joint Venture is accounted for using proportionate consolidation.

- 2 (a) Based on valuation reports of valuers, appointed for the purpose, the fixed assets of Parent Company (other than furniture, fittings and equipment, vehicles and certain items of plant and machinery) were revalued on 31st March, 1984 and again (except for those relating to record making machinery items) on 30th September, 1987 after considering the then (a) current market

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

- value/derived rates attributable to land (b) current replacement cost after depreciation etc. and ₹ 58,731 thousands and ₹ 62,819 thousands were added to the book value of the related assets (with corresponding credit to Fixed Asset Revaluation Reserve) on 31st March, 1984 and 30th September, 1987 respectively.
- 2 (b) Certain assets of the Parent Company viz Land and Buildings were revalued in June 2003 by registered valuers at the lower of current replacement cost and realisable value. Resultant incremental value amounting to ₹ 237,411 thousands were added to the book value of the related assets with utilisation of the corresponding credit amount pursuant to an approved scheme of arrangement.
- 2 (c) Parent Company's land was revalued on 31st March, 2007 by registered valuers, at lower of current replacement cost and realisable value. Resultant incremental value amounting to ₹ 442,130 thousands were added to the book value of land with corresponding credit to Revaluation Reserve of ₹ 269,756 thousands and utilisation of the balance amount of ₹ 172,374 thousands pursuant to a sanctioned scheme of amalgamation of erstwhile Saregama Films Limited with the Parent Company in 2006-07.
- 2 (d) In respect of fixed asset covered by revaluation made in the earlier years, depreciation has been calculated on their respective amounts and includes additional charge of ₹ 525 thousands (Previous year- ₹ 596 thousands) which has been transferred from Revaluation Reserve
- 3 Other Liabilities (Schedule XII) include -
- a) ₹ 9,853 thousands (31.03.10 - ₹ 13,074 thousands) being advance from sub-lessees adjustable over the sub-lease period.
- b) ₹ 2,500 thousands (31.03.10 - ₹ 2,500 thousands) being advance from a party against proposed sale of certain fixed assets.
- 4 Capital commitments (net of advances of ₹ 1,408 thousands ; 31.03.10 - ₹ 975 thousands) as at 31st March, 2011 are estimated at ₹ 1,783 thousands (31.03.10 - ₹ 675 thousands.)
- 5 Contingent liabilities in respect of -
- (a) Any unpaid amount out of specified liabilities of the Parent Company amounting to ₹ 1,74,906 thousands (31.03.10 - ₹ 1,74,906 thousands) against certain receivables of ₹ 1,70,406 thousands (31.03.10 - ₹ 1,70,406 thousands) of the Parent Company taken over by the assignee in 2006-07 has to be discharged by the Parent Company.
- (b) (₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
(i) Guarantees given by Banks	5,150	150
(ii) Claims against the Parent Company not acknowledged as debts in respect of -		
Copyright matters	—	7,500
Civil matters	5,000,000 *	—
Income Tax matters	43,256	20,100
Sales tax/value added tax/entry tax matters	75,772	68,527
Excise duty matters	5,608	5,608
Custom duty matters	26,675	26,675
Interest at appropriate rate relating to excise duty matters, which is not readily ascertainable.		

\* The Subsidiary company of the Group, engaged in print media, is defending a law suit filed by a party on account of an article published in it weekly magazine.

### 6 Un-hedged exposures in foreign currencies

	As at 31st March, 2011		As at 31st March, 2010	
	Foreign Currency (in'000)	₹ (in '000)	Foreign Currency (in'000)	₹ (in '000)
Unsecured Loan - External Commercial Borrowing	US\$ 365	16,311	US\$ 365	16,429
Secured Loan - Buyers Credit	US\$ 25	1,096	US\$ 17	786
Interest on unsecured loan	US\$ 30	1,354	US\$ 24	1,065
Interest on secured loan	US\$ 0.15	7	US\$ 0.03	1
Current Liabilities	AU\$ 19	905	AU\$ 22	915
Balances with Bank	US\$ 0.41	18	US\$ 0.41	18
Current Assets	—	—	EURO 1	63
Current Assets	—	—	US\$ 0.38	17

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****Notes to the Accounts (contd.)**

## 7 (a) Remuneration paid/ payable to Managing Director (Parent Company)

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Salaries and Allowances	11,864	10,154
Contribution to Provident Fund	469	432
Contribution to Gratuity Fund	174	120
Contribution to Superannuation Fund	586	540
Other benefits/perquisites	177	624
Total	13,270	11,870

(b) Parent Company's Managing Director's remuneration [Note 7(a) above] include ₹ 864 thousands for which Shareholders' approval is pending.

## 8 The major components of Deferred Tax Liabilities and Assets are :

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
Deferred Tax Asset on :-		
Provision for doubtful debts, advances and royalty	96,077	—
Items allowable for tax purpose on payment basis	6,929	343
Others	3,045	—
Total (A)	106,051	343
Deferred Tax Liability on Depreciation	60,767	2,871
Total (B)	60,767	2,871
Deferred Tax Asset(Net) (A-B)	45,284	(2,528)

On a prudent basis Deferred Tax arising on unabsorbed depreciation, business / capital loss and others have not been recognised in these accounts.

9.1 The Parent Company has adopted the intrinsic value method in keeping with the applicable regulatory pronouncements for accounting the stock options granted as referred to in Notes 2,3,4 and 5 on Schedule I, which has no impact on the financial results of the Group. Had the fair value method been used in keeping with the said pronouncements, the loss for the year and the loss per share (basic and diluted) for the year would have been higher by about ₹ 1375 thousands ( Previous Year lower by - ₹ 250 thousands ) and ₹ 0.08 ( Previous Year lower by - ₹ 0.02 ) respectively.

## 9.2 Basic and Diluted Loss per share :

	Year ended 31st March, 2011	Year ended 31st March, 2010
Number of equity shares at the beginning of the year	17,402,938	14,675,738
Number of equity shares at the end of the year	17,402,938	17,402,938
Weighted average number of equity shares outstanding during the year	17,402,938	16,185,038
Weighted average number of equity shares for computing diluted loss per share	17,403,885 *	16,191,424 *
Nominal value of each equity share (₹)	10	10
Loss after Taxation and Minority Interests available for equity shareholders (₹ in thousands)	(133,539)	(206,445)
Basic loss per share (₹)	(7.67)	(12.75)
Diluted loss per share (₹)	(7.67)	(12.75)

\* Weighted average number of equity shares outstanding during the year is adjusted for the options outstanding (including options exercised and pending allotment) under Employee Stock Option Scheme referred to in Notes 2,3, 4 and 5 on Schedule I.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

#### 10 Segment Reporting :

##### Primary Segment information

(₹ in Thousands)

##### (Business Segments)

Particulars	Year ended 31st March, 2011						Year ended 31st March, 2010					
	Music	Films/ TV Serials	Publication	Segment Total	Elimination	Consolidated Total	Music	Films/ TV Serials	Publication	Segment Total	Elimination	Consolidated Total
1 Segment Revenue												
– External Sales and License Fees	1,155,225	208,245	23,702	1,387,172	-	1,387,172	976,050	119,428	20,062	1,115,540	-	1,115,540
– Intersegment Sales and License Fees	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,155,225	208,245	23,702	1,387,172	-	1,387,172	976,050	119,428	20,062	1,115,540	-	1,115,540
2 Segment Result	410,348	(253,885)	(160,615)	(4,152)	-	(4,152)	251,472	(32,420)	(206,363)	12,689	-	12,689
Interest expense not allocated to segments						(50,022)						(56,658)
Other unallocated income (net)						(129,381)						(125,644)
Loss before taxation						(183,555)						(169,613)
3 Segment Assets	1,420,628	384,046	51,436	1,856,110	(482,957)	1,373,153	1,672,414	465,268	51,787	2,189,469	(333,416)	1,856,053
Unallocated						1,063,666						545,065
Total Assets						2,436,819						2,401,118
4 Segment Liabilities	679,029	93,481	22,861	795,371	(482,957)	312,414	639,630	10,534	347,860	998,024	(333,416)	664,608
Unallocated						1,015,303						486,926
Total Liabilities						1,327,717						1,151,534
5 Segment Capital Expenditure	12,205	377,154	666	390,025			11,265	-	4,776	16,041		
6 Segment Depreciation and amortisation	638,264	154,707	5,130	798,101			28,332	82	4,546	32,960		
7 Segment non-cash expenditure other than Depreciation and amortisation	98,171	12,245	3,312	113,728			56,878	20,935	-	77,813		

Business Segments - The internal business segmentation and activities are :-

Music (including Home Video) : Manufacturing and sale of Music Cassettes and Compact/Digital Discs, dealing with related music rights and Home Video business.

Films / TV Serials : Production and sale / telecast / broadcast of films / TV serials, pre recorded programmes and dealing in related rights.

Publication : Printing / publication and distribution of magazines.

#### Secondary Segment Information (Geographical Segments)

	12 Months to 31.03.11	12 Months to 31.03.10
1 Segment Revenue		
– within India	1,324,562	974,092
– outside India	62,610	141,448
Total	1,387,172	1,115,540
2 Segment Assets		
– within India	1,298,229	1,757,066
– outside India	74,924	98,987
Total	1,373,153	1,856,053
3 Capital Expenditure		
– within India	389,782	16,041
– outside India	243	-
Total	390,025	16,041

The Geographical Segments considered for disclosure are India and outside India.

**SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)****Notes to the Accounts (contd.)****11 Related Party Disclosures in keeping with Accounting Standard (AS) 18 notified in the Companies Act, 1956**

<u>Name of Related Party</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Nature of Relationship</u>
Saregama Regency Optimedia Private Ltd (SROPL)	Saregama Regency Optimedia Private Ltd (SROPL)	Saregama Regency Optimedia Private Ltd (SROPL)	Joint Venture Company
A. Nagpal (Managing Director of Parent Company)	A. Nagpal (Managing Director of Parent Company)	A. Nagpal (Managing Director of Parent Company)	Key Management Personnel

**Related Party Transactions**

(₹ in Thousands)

		<u>Joint Venture SROPL</u>	<u>Key Management Personnel</u>
Purchases of Goods / Services	Current Year	66,836	—
	Previous Year	71,780	—
Rent Expenses	Current Year	1,755	—
	Previous Year	1,560	—
Reimbursement of Expense received / receivable	Current Year	—	—
	Previous Year	1	—
Remuneration to Managing Director	Current Year	—	13,270
	Previous Year	—	11,870
Balance Outstanding at year end :			
Other Current Assets	Current Year	780	—
	Previous Year	780	—
Sundry Creditors	Current Year	19,439	—
	Previous Year	21,296	—

**12 Details of Provision for Royalty :**

(₹ in Thousands)

	<u>Year ended 31st March, 2011</u>	<u>Year ended 31st March, 2010</u>
Carrying amount at the beginning of the year	125,864	98,622
Add: Created during the year	70,277	62,592
	196,141	161,214
Less: Amounts utilised during the year	83,846	29,826
Excess provision of earlier years, written back	—	5,524
Carrying amount at the end of the year	112,295	125,864

Above obligation with respect to royalty shall be settled in accordance with applicable terms and conditions and on receipt of related information.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

- 13 (a) In keeping with the Parent Company's gratuity scheme (a defined benefit plan-funded), eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / resignation. Also refer Note 1 (g) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity :-

	2010-11 (₹ in Thousands)	2009-10 (₹ in Thousands)
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>		
(a) Present Value of Obligation at the beginning of the year	52,706	48,796
(b) Current Service Cost	3,707	4,618
(c) Interest Cost	3,918	3,564
(d) Actuarial Loss	(1,889)	(1,589)
(e) (Benefits Paid)	(3,800)	(2,683)
(f) Present Value of Obligation at the end of the year	54,642	52,706
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>		
(a) Fair Value of Plan Assets at the beginning of the year	51,026	43,515
(b) Expected Return on Plan Assets	4,719	4,187
(c) Actuarial Gain/(Loss)	(187)	315
(d) Contributions by employer	3,233	5,692
(e) (Benefits Paid)	(3,800)	(2,683)
(f) Fair Value of Plan Assets as at the end of the year	54,991	51,026
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>		
(a) Present Value of Obligation as at the end of the year	54,642	52,706
(b) Fair Value of Plan Assets as at the end of the year	54,991	51,026
(c) Liability recognised in the Balance Sheet	(349)	1,680
<b>IV. Expense charged to the Profit and Loss Account</b>		
(a) Current Service Cost	3,707	4,618
(b) Interest Cost	3,918	3,564
(c) (Expected Return on Plan Assets)	(4,719)	(4,187)
(d) Actuarial (Gain)/Loss	(1,703)	(1,904)
(e) Total expense charged to the Profit and Loss Account*	1,203	2,091
* reflected as 'Contribution to Gratuity Fund' under 'Expenses' on Schedule XVII		
<b>V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date</b>		
(a) Fund with Life Insurance Corporation of India	84%	84%
(b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	8%	8%
(c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	4%	4%
(d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	4%	4%
<b>VI. Actual Return on Plan Assets</b>	4,532	4,502
<b>VII. Principal Actuarial Assumptions as at Balance Sheet date</b>		
(a) Discount Rate	8.0%/8.4%	7.7%/8.6%/8.0%
(b) Expected Rate of Return on Plan Assets	9.3%	9.3%
(c) Salary Escalation		
– Management Staff	7.0%/7.0%	7.0%/5.0%
– Non Management Staff	7.0%	7.0%/5.0%
(d) Inflation Rate	7.0%	7.0%
<b>VIII. Other Disclosures</b>	<b>2010-2011</b>	<b>2009-2010</b>
(a) Present value of the Plan Obligation as at the end of the year	54,614	52,678
(b) Fair value of Plan Assets as at the end of the year	54,991	51,026
(c) (Surplus) / Deficit as at the end of the year	(1,665)	2,424
(d) Experience Adjustment on Plan Obligation [(Gain) / Loss]	901	609
(e) Experience Adjustment on Plan Assets [(Gain) / Loss]	(187)	315
	<b>2008-2009</b>	<b>2007-2008</b>
	48,782	40,273
	43,515	37,984
	5,267	2,289
	219	(674)
	(148)	(952)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected rate of return on plan assets is based on the composition of plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Parent Company's policy for plan asset management and other relevant factors.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

- 13 (b) In keeping with the Parent Company's leave benefit scheme (a defined benefit plan-unfunded), eligible employees are entitled to leave benefit (at 90 days eligible salary for management employees and 100 days eligible salary for non management employees after completion of one year of continuous service and for Open Media Network Pvt. Ltd. maximum encashable leave is 30 days) on retirement / death / incapacitation / resignation. Also refer Note 1 (g) for accounting policy relating to leave benefit. Following are the further particulars with respect to leave benefit :-

	2010-11 (₹ in Thousands)	2009-10 (₹ in Thousans)		
<b>I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation</b>				
(a) Present Value of Obligation at the beginning of the year	15,366	16,247		
(b) Current Service Cost	2,474	3,463		
(c) Interest Cost	1,100	1,134		
(d) Actuarial Loss	483	(3,029)		
(e) (Benefits Paid)	(2,398)	(2,449)		
(f) Present Value of Obligation at the end of the year	17,026	15,366		
<b>II. Reconciliation of opening and closing balances of the fair value of Plan Assets</b>				
(a) Fair Value of Plan Assets at the beginning of the year	—	—		
(b) Expected Return on Plan Assets	—	—		
(c) Actuarial (Loss)	—	—		
(d) Contributions by employer	2,398	2,449		
(e) (Benefits Paid)	(2,398)	(2,449)		
(f) Fair Value of Plan Assets as at the end of the year	—	—		
<b>III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above</b>				
(a) Present Value of Obligation as at the end of the year	17,026	15,366		
(b) Fair Value of Plan Assets as at the end of the year	—	—		
(c) Liability recognised in the Balance Sheet	17,026	15,366		
<b>IV. Expense charged to the Profit and Loss Account</b>				
(a) Current Service Cost	2,474	3,463		
(b) Interest Cost	1,100	1,134		
(c) (Expected Return on Plan Assets)	—	—		
(d) Actuarial (Gain)/Loss	483	(3,029)		
(e) Total expense charged to the Profit and Loss Account*	4,057	1,568		
* Included under Salaries, Wages, Bonus etc. under 'Expenses' on Schedule XVII of respective year				
<b>V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date</b>	N/A	N/A		
<b>VI. Actual Return on Plan Assets</b>	N/A	N/A		
<b>VII. Principal Actuarial Assumptions as at Balance Sheet date</b>				
(a) Discount Rate	8.0%/8.4%	7.7%/8.6%		
(b) Expected Rate of Return on Plan Assets	0.0%	0.0%		
(c) Salary Escalation				
– Management Staff	7.0%/7.0%	7.0%/7.0%		
– Non Management Staff	7.0%	7.0%/7.0%		
(d) Inflation Rate	7.0%	7.0%		
<b>VIII. Other Disclosures</b>	<b>2010-2011</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2007-2008</b>
a) Present value of the Plan Obligation as at the end of the year	17,026	15,366	16,247	14,112
b) Fair value of Plan Assets as at the end of the year	N/A	N/A	N/A	N/A
c) (Surplus) / Deficit as at the end of the year	17,026	15,366	16,247	14,112
d) Experience Adjustment on Plan Obligation [(Gain) / Loss ]	776	(2,125)	3,199	406
e) Experience Adjustment on Plan Assets [(Gain) / Loss ]	N/A	N/A	N/A	N/A

N/A indicates "Not Applicable"

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## SCHEDULES TO THE CONSOLIDATED ACCOUNTS (contd.)

### Notes to the Accounts (contd.)

- 14 (a) Rent expenditure includes lease payments of ₹18,396 thousands (previous year - ₹ 24,136 thousands) relating to operating leases taken on or after 1st April, 2001. These leasing arrangements range from less than an year to ten years and are primarily in respect of accommodation for employees / office premises. The significant leasing arrangements inter alia include escalation clause and option for renewal.
- 14 (b) Rent income includes sub-lease payments of ₹ 11,434 thousands (Previous Year - ₹ 11,276 thousands) for the year relating to sub-lease agreements entered into by the Parent Company on or after 1st April, 2001. These lease arrangements inter alia include escalation clause/option for renewal.
- 14 (c) As on 31st March, 2011, ₹ 11,232 thousands (Previous Year - ₹ 15,275 thousands) is expected to be received in respect of future minimum sublease payments under non cancellable sublease.
- 14 (d) The total of future minimum lease payments under non-cancellable operating leases:
- not later than one year- ₹ 1,794 thousands ( previous year ₹ 5,831 thousands)
  - later than one year and not later than five years - ₹ 7,938 thousands ( previous year ₹ 9,021 thousands)
  - more than five years - ₹ 344 thousands (previous year ₹ 2,407 thousands)
- 15 Information relating to Micro and Small Enterprises (MSEs):

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal	1,205	1,007
Interest	17	59
	<u>1,223</u>	<u>1,066</u>
(ii) The amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to supplier beyond the appointed day during the year.		
Principal	105	28
Interest	1	21
	<u>106</u>	<u>49</u>
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		
Principal	3,597	2,084
Interest	165	134
	<u>3,763</u>	<u>2,218</u>
(iv) The amount of interest accrued and remaining unpaid at the end of the year. [Including ₹ 50 thousands (Previous Year - ₹ 51 thousands) being interest outstanding as at the beginning of the accounting year.]		
	<u>182</u>	<u>193</u>

The above particulars, as applicable, have been given in respect of Micro and Small Enterprises (MSEs) to the extent they could be identified on the basis of information available with the Company pursuant to amendment of Schedule VI to the Act vide Notification dated 16th November, 2007 issued by the Central Government.

- 16 Current tax represents provision made by Parent Company under Minimum Alternate Tax in terms of Section 115JB of the Income Tax Act, 1961.
- 17 Share of Joint Venture ₹ 2786 thousands included in ' Reserves and Surplus' (Schedule II) represents Fixed Capital Investment Subsidy received during the year.
- 18 Previous year's figures have been regrouped or rearranged, where considered necessary.

Signature to Schedules I to XX

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Membership No. - 51790

Kolkata,  
30th June, 2011

On behalf of the Board

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

**CONSOLIDATED CASH FLOW STATEMENT**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>A. Cash Flow from Operating Activities</b>		
(Loss) Before Tax	(183,555)	(169,613)
Adjustments for :		
Depreciation/Amortisation	237,371	44,339
Impairment of Goodwill	—	1,409
Bad Debts/Advances written off	—	637
Provision for Doubtful Debts/Advances	37,246	57,349
Interest Expenses	50,022	56,658
Liabilities no longer required written back	(3,430)	(17,319)
Provision for royalty no longer required written back	—	(5,524)
Provisions for Doubtful Debts/ Advances no longer required written back	(20,382)	(1,303)
Interest Income	(498)	(21)
Unrealised Loss on Foreign Exchange fluctuation	75	3,585
Unrealised Gain on Foreign Exchange fluctuation	(563)	(4,133)
Assets scrapped / written off	2,893	2,151
Loss on sale of Fixed Assets	1,203	2,235
Profit on sale of Fixed Assets	(2,385)	(38)
Dividend from Long Term (other than trade) Investments	(6,182)	(6,181)
Amortisation of payments under Voluntary Retirement Scheme	—	12,682
	<b>295,370</b>	<b>146,526</b>
<b>Operating Loss before Working Capital Changes</b>	<b>111,815</b>	<b>(23,087)</b>
Adjustments for:		
Trade and Other Receivables	(153,993)	(190,137)
Inventories	4,146	47,976
Trade and other payables	103,144	(33,036)
	<b>(46,703)</b>	<b>(175,197)</b>
<b>Cash from/(used in) Operations</b>	<b>65,112</b>	<b>(198,284)</b>
Direct Taxes(Paid)/Refunds	65,910	(3,097)
<b>Net Cash from / ( used in ) Operating Activities</b>	<b>131,022</b>	<b>(201,381)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(64,025)	(16,041)
Proceeds from Fixed Capital Investment Subsidy	2,786	—
Sale proceeds of Fixed Assets	3,004	2,548
Interest Received	498	21
Dividend from Long Term (other than trade) Investments	6,182	6,181
<b>Net Cash used in Investing Activities</b>	<b>(51,555)</b>	<b>(7,291)</b>

**CONSOLIDATED CASH FLOW STATEMENT (contd.)**

(₹ in Thousands)

	Year ended 31st March, 2011	Year ended 31st March, 2010
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	(42,791)	(2,113)
Proceeds from Long Term Borrowings	41,857	70,000
Net increase / (decrease) in Cash Credit facility and other short term Borrowings	83,205	(86,958)
Share Application money refunded relating to Rights Issue (2005)	(5)	(86)
Proceeds from preferential issue of shares	—	27,270
Premium on issue of preferential shares	—	252,166
Proceeds from rights issue (2005) of shares	—	2
Premium on rights issue (2005) of shares	—	7
Interest paid	(53,049)	(60,029)
Unclaimed Dividend of earlier years paid	(3)	(4)
<b>Net Cash from Financing Activities</b>	<b>29,214</b>	<b>200,255</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>108,681</b>	<b>(8,417)</b>
Opening Cash and Cash Equivalents	82,011	90,428
Closing Cash and Cash Equivalents	190,692	82,011

**Saregama India Limited**

**Notes to the Consolidated Cash Flow Statement for the year ended 31st March, 2011**

- The above Consolidated Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statements' prescribed under the Companies Act, 1956 of India.
- Cash and Cash Equivalents comprise:-

(₹ in Thousands)

	As at 31st March, 2011	As at 31st March, 2010
Cash in hand	503	495
Cheques in Hand	35,587	23,676
Bank Balances with Scheduled Banks on -		
Rights Issue	189	194
Current Account [including Remittances in transit of ₹ 8,144 thousands (31.03.10 ₹ 10,069 thousands)]	108,625	56,673
Unpaid Dividend Account	131	134
Margin Money Deposit	5,000	—
Term Deposit	40,000	—
Term Deposit with The Municipal Cooperative Bank Ltd.	225	225
	190,260	81,397
Share of Joint venture [Note 1(b) on Schedule XX of Accounts]	432	614
<b>Total</b>	<b>190,692</b>	<b>82,011</b>

- Previous year's figures have been regrouped or rearranged, where considered necessary. This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Price Waterhouse  
Firm Registration No. 301112 E  
Chartered Accountants  
(P Law)  
Partner  
Membership No. - 51790

On behalf of the Board

Kolkata,  
30th June, 2011

T. Paul  
Company Secretary

A. Nagpal  
Managing Director

H. Neotia  
Director

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATED TO SUBSIDIARY COMPANIES

Name of the Subsidiary	Saregama Plc.	RPG Global Music Limited	Kolkata Metro Networks Ltd	Open Media Network Private Limited
1. Financial year of the subsidiary ended on	Year ended 31st March, 2011	Year ended 31st March, 2011	Year ended 31st March, 2011	Period ended 31st March, 2011
2. Shares of the subsidiary held by the Company on the above date :				
(a) Number and Face value	7,012,222 Equity shares of 1 pence each, fully paid	2,314,885 Equity shares of US \$ 1 each, fully paid	50,000 Equity shares of ₹ 10 each, fully paid	10,000 Equity shares of ₹ 10 each, fully paid
(b) Extent of holding	70.23%	100.00%	100.00%	100.00%
3. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year not dealt with in the Company's accounts :				
(i) for the financial year of the subsidiary	(GBP 4,04,893)	(₹ 66,86,257)	(₹ 40,36,519)	(₹ 16,06,15,305)
(ii) for the previous financial years/period since it became a subsidiary	(GBP 5,86,097)	(₹ 12,53,25,357)	(₹ 47,46,438)	(₹ 29,44,70,783)
4. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year dealt with in the Company's accounts :				
(i) for the financial year of the subsidiary	Nil	Nil	Nil	Nil
(ii) for the previous financial years/period since it became a subsidiary	GBP 98,172	Nil	Nil	Nil

On behalf of the Board

Kolkata,  
30th June, 2011T. Paul  
Company SecretaryA. Nagpal  
Managing DirectorH. Neotia  
Director

The information in aggregate for each subsidiary including subsidiaries of subsidiaries of the Company in terms of direction under 212(8) of the Companies Act, 1956

Figs. in Lakhs

Sl No	Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities (excluding Capital and Reserves)	Details of Investment (except in case of investment in the Subsidiaries)	Turnover	Profit before Taxation	Provision of Taxation	Profit after Taxation	Proposed Dividend
1	Saregama Plc.	₹	48.52	574.53	986.78	363.73	—	461.48	(268.37)	—	(268.37)	—
		GBP	0.70	6.88	12.57	4.99	—	6.21	(4.05)	—	(4.05)	—
2	RPG Global Music Limited	₹	1,026.20	(1,320.12)	229.72	523.63	—	45.76	(66.86)	—	(66.86)	—
3	Kolkata Metro Networks Ltd.	₹	5.00	(105.01)	249.63	349.64	—	—	(40.37)	—	(40.37)	—
4	Open Media Network Private Limited	₹	1.00	(4,590.96)	491.29	5,081.25	—	238.61	(1,606.15)	(2.21)	(1,603.95)	—

Exchange rates as at year end considered for conversion:

GBP 1= ₹ 70.99 for Current Asset (Closing Buying Rate), Fixed Asset, Share Capital, Share Premium at Historical cost

GBP 1= ₹ 72.90 for Secured loan and Current Liabilities & Provision (Closing Selling Rate)

GBP 1= ₹ 69.86 for Income (Average Selling Rate)

GBP 1= ₹ 71.74 for Expense (Average Buying Rate)

---

## Green Initiative in the Corporate Governance

Dear Member,

The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in the Corporate Governance” by introducing paperless compliances allowing service of documents through electronic mode to the members by giving an advance opportunity to every member to register their e-mail address with the Company. It has been clarified that services of documents through the electronic mode would be sufficient compliance under Section 53 of the Companies Act, 1956.

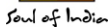
To take part in the Green Initiative, we propose to send documents such as Notices, Annual Reports etc. by e-mail to those members who register their e-mail addresses with the Company.

In case you desire to receive the documents from the Company in electronic mode please provide your e-mail address latest by **28th August, 2011** mentioning the **Shareholder's name** and **Folio Number / DPID & Client ID** through e-mail to our Registrars, **MCS Limited**, at **saregama\_investors@rediffmail.com**.

If any member has not registered his e-mail address with the Company for service of documents as aforesaid, such documents will continue to be sent by other modes of service as provided under Section 53 of the Companies Act, 1956 including physical copies sent through post free of cost at the address recorded in the Register of Members. You may also visit the website of the Company [www.saregama.com](http://www.saregama.com).

We are sure that you will wholeheartedly participate in this Green Initiative taken by the Ministry of Corporate Affairs.

Thanking you,  
Yours faithfully,  
For Saregama India Limited  
Tony Paul  
*Company Secretary & Head Legal*  
Dated: 30th June, 2011.



## NOTES