



Soul of India



**RP - Sanjiv Goenka
Group**

Growing Legacies

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. P. K. Khaitan

Mr. G. B. Aayeer

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

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NOTICE**NOTICE**

NOTICE is hereby given that the Sixty-Fifth Annual General Meeting of the Members of Saregama India Limited will be held at Madhusudan Mancha, 2, Gariahat Road (South), Dhakuria, Kolkata-700 068 on Friday, the 27th day of July, 2012 at 10.00 A.M. to transact the following :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2012, the Balance Sheet as at that date and the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Dr. R. P. Goenka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. H. Neotia who retires by rotation and, being eligible, offers himself 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 resolutions :

5. *As an Ordinary Resolution*

"RESOLVED that Mr. P. K. Khaitan be and is hereby appointed a Director of the Company with immediate effect".

6. *As an Ordinary Resolution*

"RESOLVED that Mr. G. B. Aayeer be and is hereby appointed a Director of the Company with immediate effect".

7. *As a Special 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 paid / payable to Mr. Apurv Nagpal, during his tenure as the Managing Director (Mr. Nagpal) as follows :-

With effect from 1st July, 2011 –

- Basic Salary : ₹ 3,67,400/- per month
- Management Allowance : ₹ 3,67,400/- per month
- Customized Allowance Pool : ₹ 5,90,000/- per month
(comprising of Leave Travel Allowance, Medical reimbursement and Special Allowance)

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

RESOLVED FURTHER that the total annual remuneration paid / payable to Mr. Nagpal upto 14th January, 2012 shall not exceed the limit approved by the Central Government by its letter reference No. A59536383/4/2011-CL.VII dated 27th April 2011.

RESOLVED FURTHER that the consent of the Company be and is hereby accorded in respect of the total remuneration including the remuneration altered as above paid / payable to Mr. Nagpal with effect from 15th January, 2012 to 9th April, 2012 in terms of the approval of the appropriate authorities".

8. *As a Special Resolution*

"RESOLVED that subject to approvals from appropriate authorities, if any and pursuant to the provisions of Sections 198, 269, 387 and all other applicable provisions, of the Companies Act, 1956 including Schedule XIII of the Companies Act, 1956 as amended upto the date (hereinafter referred to as 'the Act') consent of the Company be and is hereby accorded to the appointment of Mr. G. B. Aayeer as the 'Manager' of the Company for a period of 5 (five) years with effect from 9th April, 2012 on the terms and conditions set out in the Agreement entered into between the Company and Mr. Aayeer, a copy whereof initialed by the Chairman is laid on the table for the purpose of identification, which Agreement is hereby specifically approved.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to make necessary alterations / variation in the remuneration payable to Mr. G. B. Aayeer including the terms and conditions of the said appointment, if any, in accordance with Schedule XIII of the Act or any amendments thereto".

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 6th July, 2012.

By Order of the Board

Tony Paul

Company Secretary & Head Legal

NOTICE (contd.)

NOTES:

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item 5 to 8 are 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, 3, 5 and 6 of this Notice is provided in the Notes annexed hereto.
7. The Register of Members and Share Transfer Books shall remain closed from 20th July, 2012 to 27th July, 2012 (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.
11. Saregama is committed to make efforts for preserving the environment and has been working on a number of ways to reduce usage of paper. In line with the circular of the Ministry of Corporate Affairs, Government of India, the Company proposes to send to the Members notices, annual report and accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant, if the holding is in electronic mode or intimate to the Company's Registrars MCS Limited by sending an e-mail mentioning the shareholder's name and Folio Number / DPID & Client ID at saregama_investors@rediffmail.com. Copies of all such communication can also be obtained in physical form free of cost, upon request.

NOTICE (contd.)**ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****Item Nos. 5 & 6**

Mr. P. K. Khaitan and Mr. G. B. Aayeer were appointed as Additional Directors of the Company with effect from 27th December, 2011 and 9th April, 2012 respectively pursuant to the provisions of Section 260 of the Companies Act, 1956, ('the Act') read with Article 91 of the Articles of Association of the Company.

Being as Additional Directors, Mr. Khaitan and Mr. Aayeer hold office of Director upto the date of forthcoming Annual General Meeting as per the aforesaid provisions. The Company has received two Notices in writing from two Members along with the requisite deposit of money signifying their intentions to propose the candidatures of Mr. Khaitan and Mr. Aayeer for the office of Directorship under the provisions of Section 257 of the Act.

The Board of Directors of your Company ('the Board') is of the view that it will be in the interest of the Company to appoint them on the Board and recommends the resolutions set out under Item Nos. 5 and 6 of the Notice for approval of the Members.

Mr. Khaitan and Mr. Aayeer may be deemed to be concerned or interested in the respective resolutions in which their appointments have been proposed. None of the other Directors of the Company has any concern or interest in the said Resolutions.

Item No. 7

Mr. Apurv Nagpal ('Mr. 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. The variation in remuneration of Mr. Nagpal was also approved by the shareholders at the Annual General Meeting held on 29th July, 2011. In terms of the said approval, Mr. Nagpal is entitled to a salary of ₹ 3,34,000/- per month, Management Allowance of ₹ 3,34,000/- per month and Customised Allowance Pool (comprising of Leave Travel Allowance and Medical reimbursement) of ₹ 70,000/- per month respectively. The Board of Directors of your Company ('the Board') at its meeting held on 27th December, 2011, 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 paid / payable to Mr. Nagpal during his tenure as the Managing Director with effect from 1st July, 2011 as detailed hereinbelow to bring it in conformity with the remuneration structure of the Company.

Accordingly, the remuneration paid / payable to Mr. Nagpal during his tenure as Managing Director is proposed to be varied / altered with effect from 1st July, 2011 as follows:

- Basic Salary : ₹ 3,67,400/- per month
- Management Allowance : ₹ 3,67,400/- per month
- Customized Allowance Pool : ₹ 5,90,000/- per month
(comprising of Leave Travel Allowance, Medical reimbursement and Special Allowance)

The other allowances, reimbursements, benefits and perquisites paid / payable to Mr. Nagpal as approved by the shareholders at its meetings held on 24th July, 2009 and 29th July, 2011 shall remain unchanged except to the extent altered as above. The consent of the Members is sought in respect of the total remuneration including the remuneration altered as above paid / payable to Mr. Nagpal for the period from 15th January, 2012 to 9th April, 2012 (as the Board has accepted the resignation of Mr. Nagpal on 9th April, 2012) in terms of the approval of the appropriate authorities.

In accordance with the provisions of Section 302 of the Companies Act, 1956 the Members were sent the abstract containing the variation / alteration in the terms of remuneration of Mr. Nagpal as referred to above.

Your Board recommends that the resolution set out in Item no. 7 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.

None of the other Directors of the Company has any concern or interest in the said Resolution.

Item No. 8

The Board of Directors of the Company ('the Board') at their meeting held on 9th April, 2012, have, subject to the approval of the Members in a General Meeting and other statutory approval, if any required, approved the appointment of Mr. G. B. Aayeer ('Mr. Aayeer') as Manager of the Company for a period of five years with effect from 9th April, 2012 on the terms and conditions and remuneration as per the Agreement executed between Mr. Aayeer and the Company.

Mr. Aayeer, a Chartered Accountant has been associated with the Company since 2003. As a Chief Financial Officer of the Company he has rich experience in entertainment sector and by dint of his merit has acquired the confidence of the Board. He is entrusted with the whole affairs of management of the Company in spearheading the existing operations and undertaking development of various upcoming projects subject to the superintendence, control and direction of the Board.

NOTICE (contd.)

The remuneration payable to and the terms of appointment of Mr. Aayeer as Manager of the Company during the tenure of his appointment will comprise salary, allowances and other perquisites as hereunder :

- | | | |
|-----------------------------------|---|---|
| 1. Basic Salary | : | ₹ 1,82,449/- per month. |
| 2. Management Allowance | : | ₹ 1,82,449/- per month. |
| 3. Bonus / Incentive / Increments | : | In accordance with the Rules of the Company. |
| 4. Perquisites | : | As detailed in Part A hereunder. Perquisites shall be reckoned on the basis of actual expenditure or liability incurred by the Company. |

PART A

- (i) *Customized Allowance Pool (comprising of Leave Travel Allowance, Medical reimbursement, Company Leased Accommodation / House Rent Allowance, Conveyance and Special Allowance):* In accordance with the rules of the Company but not exceeding ₹ 2,49,083/- per month in aggregate.
- (ii) *Hospitalisation Insurance:* The Company shall pay premia for Medical insurance for Mr. Aayeer and his family as per the Rules of the Company.
- (iii) *Term Life Insurance:* The Company shall take out a Term Life Insurance policy for Mr. Aayeer as per the Rules of the Company.
- (iv) *Club Fees :* Fees of one Club including entrance, membership and other fees.

NOTE: For the purpose of domiciliary medical expenses and Hospital Insurance stated herein above family shall include the spouse, dependant children and the dependant parents of Mr. Aayeer.

The Board may vary, amend, alter and / or include any other perquisite in Part A subject to the overall ceiling of an amount equivalent to the aggregate of the annual Salary and annual Management Allowance from time to time.

PART B

- (v) Company's contribution towards Provident Fund for Mr. Aayeer will be as per Rules of the Company and shall be subject to the ceilings as may be prescribed from time to time under the Income Tax Act, 1961 and the Rules framed thereunder provided that these either singly or put together are not taxable under the Income Tax Act, 1961.
- (vi) Gratuity payable to Mr. Aayeer shall be in accordance with the Rules of the Company.
- (vii) Superannuation payable to Mr. Aayeer shall be in accordance with the Rules of the Company.

PART C

- (viii) Provision of Car(s) for use of Company's business as per Company's policy alongwith one driver, telephone at residence and one cellular phone (the rentals and usage expenses for official purposes to be reimbursed by the Company), will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Aayeer.
- (ix) Earned leave : Mr. Aayeer shall be entitled to one month's leave on full pay and allowances for every eleven months of service with a right to accumulate such leave for a period not exceeding 90 days. Mr. Aayeer shall be entitled to encash the leave accumulated and not availed by him.
5. In case of absence or inadequacy of profits, Mr. Aayeer shall be entitled to receive the same remuneration as above as minimum remuneration.

The Board may vary and increase the remuneration, perquisites, incentives and bonus etc. payable to Mr. Aayeer from time to time as the Board may consider appropriate.

In accordance with the provisions of Section 302 of the Companies Act, 1956 the Members were sent the abstract of the Agreement with Mr. Aayeer as referred to above.

The Board is of the opinion that the Company would be benefitted immensely from the knowledge and experience of Mr. Aayeer and in the best interest of the Company recommends that the resolution as set out in Item No. 8 be approved and adopted.

Copy of the Agreement executed between Mr. Aayeer 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.

None of the Directors of the Company is, in any way, concerned or interested in the above resolution.

Registered Office:
 'The Studios @ Dum Dum'
 33, Jessore Road,
 Kolkata-700 028
 Dated: 6th July, 2012.

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

NOTICE (contd.)**Brief profile of Directors seeking re-appointment / appointment at the Annual General Meeting to be held on 27th July, 2012.****1. Dr. R. P. Goenka**

Dr. Rama Prasad Goenka graduated from the famed Presidency College, Calcutta and later studied Advance Management Programme at Harvard University, USA. In 1979, Dr. Goenka founded the RPG Group, which became one of the fastest growing industrial houses in the country. In 2011 he also became Chairman Emeritus of the RP-Sanjiv Goenka Group which is active in power and natural resources, organized retail, carbon black, media & entertainment, as also infrastructure.

A former Member of the Rajya Sabha, Dr. Goenka is also a past President of the Federation of Indian Chambers of Commerce & Industry (FICCI) and Confederation of Asia-Pacific Chambers of Commerce & Industry. For a number of years he was Chairman, Board of Governors, Indian Institute of Technology (IIT), Kharagpur, which later conferred on him a Doctor of Science (Honoris Causa). He has also been conferred a D.Lit (Honoris Causa) by the Advanced Studies in Education Deemed University (IASE) of Rajasthan.

Dr. Goenka is a Member of the Prime Minister's Council of Trade and Industry, a Trustee of the Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust and Rajiv Gandhi Foundation.

Amongst positions once held by Dr. Goenka include Central Board of Reserve Bank of India, General Insurance Corporation of India, Steel Authority of India Limited and Industrial Development Bank of India (IDBI).

Dr. Goenka has received from the Emperor of Japan "The Order of the Sacred Treasure Gold and Silver Star".

Other honours include the first Lifetime Achievement Award from All India Management Association (AIMA).

Date of Birth: 1st March, 1930.

Directorship in other companies:

Dr. R. P. Goenka is also a Director in the following companies:

CEAT Limited – Chairman, CESC Limited – Chairman

Membership of Committees of the Board: Nil.

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

2. Mr. H. Neotia

Mr. Harshavardhan Neotia did his schooling in La Martiniere for Boys, Kolkata and obtained B.Com (Hons.) from St. Xavier's College, Kolkata. Subsequently he completed the Owner President Management Program (OPM) from the Harvard Business School, USA.

Mr. Neotia is the Chairman of Ambuja Realty Group. Operating through several companies the Ambuja Realty Group covers the entire spectrum of the Real Estate industry including Housing, Hospitality, Health Care and Education.

Mr. Neotia was conferred with 'Padma Shri' by the Hon'ble President of India in 1999 for his outstanding initiative in social housing. He was also honoured with YPO Legacy of Honour Award in 2005.

Mr. Neotia is a Member on the Board of Governors of Indian Institute of Management, Kolkata and also a Member of the Court of Jawaharlal Nehru University, New Delhi. Mr. Neotia is an Independent Director on the Board of Air India Ltd and he is also a Member of CII National Council. He is on the Board of Shree Somnath Trust, Gujarat.

Mr. Neotia is the Honorary Consul of Israel in West Bengal.

Date of Birth: 19th July, 1961.

Mr. H. Neotia is also a Director in the following companies:

Choiceest Enterprises Limited – Chairman, GGL Hotel & Resort Company Limited – Chairman, AIPL Ambuja Housing & Urban Infrastructure Limited – Chairman, Ambuja Housing & Urban Infrastructure Company Limited – Chairman, Neotia Healthcare Initiative Limited – Chairman, Ambuja Realty Development Limited – Chairman, Ganapati Parks Limited – Chairman, Udayan Greenfield Developers Limited – Chairman, Bengal Ambuja Housing Development Limited – Managing Director, Luxmi Township Limited – Director, Bengal Ambuja Metro Development Limited – Director, Dwarikesh Sugar Industries Limited – Director and Air India Limited – Director.

Membership of Committees of the Board:

Chairman of Audit and Remuneration Committees of GGL Hotel & Resort Company Limited, Ambuja Realty Development Limited, Ambuja Housing & Urban Infrastructure Company Limited and Udayan Greenfield Developers Limited and Chairman of Remuneration Committee of Neotia Healthcare Initiative Limited.

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

NOTICE (contd.)

3. Mr. P. K. Khaitan

Mr. Pradip Kumar Khaitan is a Bachelor of Commerce, LLB and Attorney-at-Law (Bells Chamber, Gold Medalist). Mr. Khaitan is an Advocate and is the Senior Partner of Messrs. Khaitan & Co., a leading Indian law firm and also member of the Bar Council of India, the Bar Council of West Bengal and the Indian Council of Arbitration. He has extensive experience in the fields of commercial and corporate laws, tax laws, arbitration, foreign collaborations, mergers & acquisitions and corporate restructuring.

Date of Birth: 25th March, 1941.

Mr. P. K. Khaitan is also a Director in the following companies:

CESC Limited – Director, Dalmia Bharat Enterprises Limited – Director, Dhunseri Petrochem & Tea Limited – Director, Electrosteel Castings Limited – Director, Gillanders Arbuthnot & Co. Limited – Director, Graphite India Limited – Director, Hindustan Motors Limited – Director, India Glycols Limited – Director, OCL India Limited – Director, Pilani Investment & Industries Corporation Limited – Director, TCPL Packaging Limited – Director, VISA Steel Limited – Director, Warren Tea Limited – Director, Woodlands Multispeciality Hospital Limited – Director and Egyptian Indian Polyester Company SAE – Director.

Membership of Committees of the Board:

Chairman of Remuneration Committees of CESC Limited and Graphite India Limited, Member of Remuneration Committees of Dhunseri Petrochem & Tea Limited, Gillanders Arbuthnot & Co. Limited, Hindustan Motors Limited and VISA Steel Limited, Member of Audit Committee of Pilani Investment & Industries Corporation Limited and Member of Investors Grievance Committees of Gillanders Arbuthnot & Co. Limited and Hindustan Motors Limited.

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

4. Mr. G. B. Aayeer

Mr. Ghanashyam Bhagwan Aayeer is a rank holder Chartered Accountant. As a Chief Financial Officer of Saregama India Limited, Mr. Aayeer drives India's most reputed Music Label in cutting the best in class entertainment deals. Mr. Aayeer also has to his credit being the custodian of a music label which owns copyright of more than 3 lac songs, the largest in Asia. Prior to joining the entertainment sector, Mr. Aayeer worked with the Indian subsidiary of Lubrizol Corporation (USA) and CEAT Tyres, a RPG Group company.

Date of Birth: 8th June, 1959.

Mr. G. B. Aayeer is also a Director in the following companies:

Kolkata Metro Networks Limited – Director, Saregama Regency Optimedia Private Limited – Director, Open Media Network Private Limited – Director, Saregama Plc., U.K – Director and RPG Global Music Limited, Mauritius – Director.

Membership of Committees of the Board: Nil.

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

REPORT OF THE DIRECTOR'S WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Sixty-Fifth Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March, 2012.

Financial Results

The performance of your Company for the year ended 31st March, 2012 is summarized below:

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Total income	15577	13777
Profit/(Loss) from operations	745	229
Extraordinary item	Nil	Nil
Provision for Contingencies	Nil	Nil
Profit/(Loss) before tax	745	229
Provision for Taxation		
Deferred Tax Charged / (Credit)	409	(476)
Current Tax	475	70
Net profit/(Loss) (after tax and extraordinary items)	(139)	635
Proposed Dividend (including tax thereon)	Nil	Nil
Transfer to general reserve	—	—
Reserves (excluding revaluation reserves)	11038	11178

While the profitability of the Company improved dramatically in the current year, the negative profit after tax of ₹ 139.37 Lacs in the year 2011-12 was due to certain deferred tax adjustment.

Operations**Music Audio Business**

Looking at the bright future of digital music sales and to achieve this management has revamped the set-up by recruiting a specialized digital business team. The thrust has been to directly approach the customers, instead of the earlier practice of operating through aggregators, which has yielded better revenues. More and more content in mobile, radio and Internet platforms was pushed leading into growth in contributions generated from Caller Ring Back Tones, Ring-Tones and Radio. With the advent of 3G & 4G services the demand for new media with full song mobile applications, downloads, celebrity chat and audio cinema is on the increase. Your Company is acquiring new video contents, creating short films and converting the music catalogue to video to retain its market share. It has tied-up with leading internet operators like *saavan.com* etc. and also available on the ever so popular 'You Tube'.

While economizing with physical audio business, corporate segment sales have achieved appreciable business. In the current falling market, the product mix has been revised in favour of more and more high value multi CD options backed by innovative concepts. The company continued to release the Products under the traditionally high margin genres like Devotional and Classical music.

During the year under review, the Company acquired new Hindi and regional film soundtracks including 'Rowdy Rathore' and 'Chaar Din Ki Chandni' (both in Hindi), 'Ajitha', 'Golaberi' and 'Balgandharva' (all in Marathi), 'The Film Star' (Malyalam), 'Ee Rojulu' (Telugu), 'Perumaan – The Rajnikanth' (Tamil) and 'Bhooter Bhabishyot' (in Bengali). During the year, the company released several products under its new umbrella brands of "Temple Wellness", "Saregama's Icons Next", "The Bollywood Musical – Biggest Hits of Indian Cinema Re-interpreted", etc. The demand for use of old film hits in new films continued this year also.

The Company has been able to expand its business to international markets in Nepal, Sri Lanka, Maldives, UAE, etc. The Indian and sub-continental population of United Kingdom, United States, other parts of Europe and South East Asia has been tapped through the companies international subsidiaries. The Concerts of top end artistes at UK and US across several cities were well taken by the music lovers.

REPORT OF THE DIRECTORS (contd.)

Films Business

Your Company released Hindi film 'Soundtrack' in October 2011, the official remake of the award winning worldwide cult film 'It's All Gone Pete Tong', which was directed by debutant Neerav Ghosh with star cast including Rajeev Khandelwal, Soha Ali Khan and Mrinalini Sharma. Although the film was highly rated by the critics, the box-office collections were below expectation.

TV Software

National TV business successfully produced its first program "Prayaschit Gunahon Ke Zakhm" for Sony TV (MSM Network). The company has pitched several shows based on crime, family drama etc. across Satellite Channels like Star Plus, Life OK, Colors, Zee, etc. A Bengali serial titled 'Apur Katha' was telecasted during the year on ETV Bangla. The Company continues to be a leading producer of TV content in all four South Indian languages. It includes hit serials titled 'Athipookal', 'My Dear Bootham', 'Velan', 'Soolam', 'Raja Rajeshwari' etc.

Home Video

Your Company distributes and markets 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. The titles are predominantly catering to English home video.

During the year under review, the Company supplemented organized retail business by foraying into the sale of Home Video titles under "Direct to Consumer" model.

Publication Business

Your Company publishes the weekly current affairs magazine "OPEN" under wholly owned subsidiary Open Media Networks Pvt. Ltd. Aimed at the intelligent Indian reader it has been well received by advertisers and readers at large. Although it has enlarged its readership base in its third year of operation the magazine continues to pass through its gestation period before being able to achieve break even and becoming an established market leader.

Corporate Governance

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

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 widespread use of mobile, radio and internet services has contributed to sharp rise in digital exploitation of music content. With the introduction of 4G data services in India, popularity and prominence of digital distribution of music with mobile and broadband is expected to grow manifolds changing the business models prevalent in music industry. Also Radio and television continues to be major platforms for consumption of music. However, in the past five years, revenue from sales in physical formats has continuously dropped from 81 percent share to 38 percent. Added to this, unabated piracy is eating away a substantial portion of the increased revenue generation. The newly enacted amendments to the Copyright Act makes it mandatory to share revenue with music composers and lyricists and licensing to radio and television at tariff rates fixed by copyright society. The changes will alter the dynamics of the Music Industry.

REPORT OF THE DIRECTORS (contd.)

Opportunities and Threats

Opportunities

TV Software

India's television industry is on the fast growth track once again, after slowing down in 2009. The segment has seen a 15.56 per cent rise to ₹ 297 billion in 2010, accounting for 45.5 per cent of the overall media and entertainment pie, with strong growth engines from DTH and cable digitization to guide its pace in the future. The sector is poised for a 16 per cent CAGR through 2015 to touch ₹ 630 billion, according to a FICCI-KPMG forecast. India is the world's third largest TV market with almost 138 million TV households, next to China and USA. Cable and Satellite (C&S) penetration has reached close to 80 per cent, fuelled by rapid growth in the DTH sector. New technologies like High Definition (HD), STBs (Set Top Boxes) with inbuilt recorders and delivery platforms like mobiles are rapidly evolving, creating further opportunities for innovation and growth. The above development for television industry bodes well for TV software producers like Saregama.

Home Video

Your company's non-traditional revenue focus on Direct-To-Consumer market continues to show promising growth with zero stock return risks & assured volumes. This has led to rationalization of acquisition cost providing opportunities to the Home Video players to make Home video business profitable.

Publication Business

The content focus of "Open" magazine continues to be the intellectual higher income households. This generates interest in advertising in the magazine by FMCG companies for large promotional spends to create appeal for higher income category of customers and promote their Luxury brands.

Threats

Music Audio Business

In physical as well as digital music sales piracy continues to be most serious deterrent. The newly introduced 4G mobile and broadband services may well see significant rise in piracy. The newly enacted amendments to the Copyright Act has introduced statutory licensing to radio and television which is likely to adversely affect the dynamics of the Music Industry and create confusion leading to endless litigation.

TV Software

This year has seen the shut down of two TV Channels. Turner promoted *Imagine TV* overnight shut shop as they were not faring well in the space. This was a huge jolt for the all the Producers who had running shows on the channel which had to be shut down immediately with a day's notice.

Home Video

With the popularity of DTH, the Home Video as a format has progressively seen the drop in the volumes making the acquisitions of the rights against onetime payment or MGs a risky proposition.

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

Your Company's evergreen musical treasures in Old Hindi Films (OHF), Classical and Regional music content continues to be favorites of music lovers.

Non-film music major albums released during the year were namely 'The Best of Gulzar' - a 5 CD compilation of memorable Gulzar songs, 'Tere Bayaan Ghalib' – letters and ghazals of Mirza Ghalib recited by Gulzar and music by Late Jagjit Singh, Kailash Kher's album 'Rangeele' and 'Aksar' with Gulzar's finest poems sung by magical ghazal duo of Bhupinder and Mitali Singh. Also, 'Samagra' a marathi compilation by Lata ji on her 82nd birthday, 'Back To My Future' by Suraj Jagan, 'Philo-Sufi' by Azaan Khan, 'OM' by Kavita Seth and 'The Eternal Winds' by Paras Nath are some of the other albums which were highly appreciated and acclaimed by the general public. In the Temple Wellness Division, first wellness film '5 Ancient Tibetan Rites' with Raageshwari Loomna and Lorraine More was followed by 'Prenatal Yoga with Lara Dutta'. Kailash Kher concerts in UK, including one at prestigious BBC Maida Vale Studios in London, USA and Netherland were a success. The main stream Hindi Film titled 'Soundtrack' released in October 2011 although was not a commercial success even though some of the rights of the film are still with the company expecting 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

REPORT OF THE DIRECTORS (contd.)

backed by good TRPs. The software created for ETV 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 advertisement revenue yield and pricing better than the competition.

Outlook

Music Audio Business

The paradigm shift of Music industry from physical to digital forms of music with consumer preference for payment on digital music sampling will be the trend setter. Rolling out of 4G services by various telecom providers is expected to revolutionize the market dynamics and create a new set of revenue streams and content delivery platforms. The popularity of music concerts amongst younger generation with blend of classical and new age music can provide the much needed impetus for the music industry. Social networking sites such as MYSpace, Facebook and Twitter are increasingly being used by the music companies to promote their music. Mobile manufacturers such as Nokia, Samsung, etc. are offering customers music bundled with purchase of selected mobile sets. There is a stiff competition between mobile set manufacturers to woo the customer where the music acts as a preferred gratification option. It has become very popular amongst mobile customers to subscribe for Caller Ring Back Tone (CRBT) and operators are offering various options of daily, monthly and quarterly change in CRBT preferences.

Consumer awareness backed with legal provisions to deal with music piracy provides rays of hope for this industry. The growth of music industry depends to a large extent on curbing piracy. Stringent legislations by the government can be the only option. Rules and guidelines for ensuring compliance by the ISPs is one option. The recent enactment of amendments in the Copyright Law has shaken the structure of music industry and more with different interpretations of the changes made. Departmental clarifications and judicial pronouncements can only clear the air of confusion, which will take some time.

TV Software

With the advent of 4G, TV Software will be more in demand. Going forward there will be multiple access points for viewers like Malls, Stations, Buses, Mobile, IPTV, DTH, etc and hence Content will always be in demand.

Publication Business

'Open' magazine has already created its own readership base in the industry. This is expected to augment revenue generation from advertisement and consolidate the readership base. Gradually the magazine is expected to improve its business and achieve break even.

Risk and Concerns

With piracy and tendency of music lovers to enjoy music free of cost the growth of digital music loses the pace of expected growth. The alternative business models based on advertisement revenues are still to mature. The newly enacted amendments to the Copyright Act has introduced statutory licensing to radio and television which will adversely affect the dynamics of the Music Industry and create confusion leading to endless litigation. In the television software business there is continuous trade off between the cost of content and its revenue potential. The fear of drop in TRPs is frequently forcing television channels to withdraw the content. This means non-recovery of fixed cost already incurred by television software producers in shooting the un-telecasted episodes. As for the publication business, the gestation period is long with gradual improvement in volumes and ad-revenue rates built up. Stiff competition from different medium of entertainment like television, music, films, games are available; some even free of cost are deterrents.

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. Your 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

Your 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, your Company has 404 employees.

REPORT OF THE DIRECTORS (contd.)

Information Technology

Your 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.

Rights Issue

Your 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 Lacs. Out of the total issue, 5,332,025 and 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

Your 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.

REPORT OF THE DIRECTORS (contd.)

Directors

In terms of Article 102 of the Articles of Association, Dr. R. P. Goenka and Mr. H. Neotia 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 Board appointed Mr. Pradip Kumar Khaitan as Non-executive Director of the Company effective from 27th December 2011. Further, in its meeting held on 9th April, 2011 the Board appointed Mr. G B Aayeer as 'Manager and Director' with immediate effect after accepting the resignation of Mr. Apurv Nagpal as Managing Director of the Company. Your Directors place on record their appreciation for the services rendered by Mr. Nagpal during his tenure as Managing 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.

Conservation of Energy and Technology Absorption

A. Conservation of energy:

(a) Energy conservation measures taken ;

During the year external experts conducted an energy audit 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.

REPORT OF THE DIRECTORS (contd.)**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.	—

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:

	Current Year	(₹ in Lacs) Previous Year
Foreign Exchange used	118.12	143.86
Foreign Exchange earned	590.64	740.38

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.

By Order of the Board

R. P. Goenka
Chairman

Kolkata,
6th July, 2012

REPORT OF THE DIRECTORS (contd.)
Annexure to the Report to the Directors for the 12 months period ended 31st March, 2012
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 2006-07	Options Granted during 2008-09	Options Granted during 2010-11	Total
Options granted	91500	25000	12000	128500
Pricing Formula	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 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.	
Options Vested	6400	4500	Nil	10900
Options exercised	Nil	Nil	Nil	Nil
Number of shares arising as a result of exercise of Options	Nil	Nil	Nil	Nil
Options Lapsed	91500	17500	Nil	109000
Variation of terms of Options	Nil	Nil	Nil	Nil
Money realised by the exercise of the Options	Nil	Nil	Nil	Nil
Total number of Options in force	Nil	7500	12000	19500
Weighted average Exercise price (₹)	184.85	56.20	100.80	—
Weighted average Fair Value (₹)	121.64	33.96	81.50	—

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

- (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
- (a) **For Option granted during 2010-11** : Method: Black Scholes Options pricing model : (b) Assumptions: Risk free interest rate - 8.00% (Weighted average for 5 yrs): expected life - 7 years (Weighted Average for Option granted during 2010-11); Expected Volatility - 57.90%; Expected dividends - ₹0.20 and market price at the time of the Option grant : ₹100.80

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	VP- A&R and Publishing		12000			12000
Harish Dayani	Chief Executive - Film Business	3397				3397
Biman Mitra	VP - 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	Senior V.P. - 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	Senior V.P. - 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**

The Company has adopted intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of the underlying Shares has been determined by an independent valuer.

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees' stock options been recognised based on the fair value at the date of grant in accordance with Black Scholes model.

(All amounts in ₹ Lacs, unless otherwise stated)

	31st March, 2012	31st March, 2011
Profit after taxation	- 139.37	634.62
Less: Additional Employee compensation cost based on Fair Value	2.01	13.75
Profit after taxation as per Fair Value Method	- 141.38	620.87
Earnings per Share (EPS)		
Basic		
Number of Shares	17402938	17402938
Basic EPS as reported (₹)	- 0.80	3.65
Proforma Basic EPS (₹)	- 0.81	3.57
Diluted		
Number of Shares	17409122	17403885
Diluted EPS as reported (₹)	- 0.80	3.65
Proforma Diluted EPS (₹)	- 0.81	3.57
Effect of Share-based payment plan on the Balance Sheet and Statement of Profit and Loss		
Expense arising from employee share-based payment plan	NIL	NIL
Deferred Stock Compensation	NIL	NIL

By Order of the Board

R. P. Goenka
Chairman

Kolkata,
6th July, 2012

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, 2012

The Board of Directors of the Company comprised

- 7 Non-Executive 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, 2012 are given below :

Sl. No.	Name of the Directors	Category of Director	No. of Directorships in other Public Limited companies incorporated in India ¹		No. of other Committee Membership(s)/ Chairmanship(s) held ²		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)	5	6	1	2	—
3.	Mrs. S. Goenka	Non-Executive	—	—	—	—	—
4.	Mr. S. Banerjee	Non-Executive Independent	—	5	—	1	—
5.	Mr. P. K. Mohapatra	Non-Executive Independent	3	4	—	2	—
6.	Mr. H. Neotia	Non-Executive Independent	8	5	4	—	—
7.	Mr. P. K. Khaitan ³	Non-Executive	—	14	—	3	—
8.	Mr. A. Nagpal ⁴	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 Appointed as an Additional Director with effect from 27.12.2011.

⁴ Resigned on 9.4.2012.

B. Attendance of Directors at the Board Meetings during the period 1st April, 2011 to 31st March, 2012 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 29.7.2011
1.	Dr. R. P. Goenka	-	No
2.	Mr. S. Goenka	4	No
3.	Mrs. S. Goenka	-	No
4.	Mr. S. Banerjee	3	No
5.	Mr. P. K. Mohapatra	1	No
6.	Mr. H. Neotia	3	No
7.	Mr. P. K. Khaitan ¹	1*	No
8.	Mr. A. Nagpal ²	3	Yes

¹ Appointed as an Additional Director with effect from 27.12.2011. * Payable to Khaitan & Co LLP.

² Resigned on 9.4.2012.

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 2011-2012 – Four.

Dates of the Board Meetings

30th June, 2011; 21st September, 2011; 27th December, 2011 and 29th March, 2012.

3. Committee of Directors**(i) Composition**

The composition of the Committee of Directors as on 31st March, 2012 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

* Resigned on 9.4.2012.

(Mr. G. B. Aayeer, Manager and Director has been inducted with effect from 9.4.2012.)

(ii) Meetings

During the financial year ended 31st March, 2012, the Committee of Directors met three times on 12th August, 2011, 14th November, 2011 and 14th February, 2012 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	3
2.	Mr. S. Banerjee	2
3.	Mr. P. K. Mohapatra	1
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, 2012 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, 2012, the Audit Committee met four times on 30th June, 2011, 12th August, 2011, 14th November, 2011 and 14th February, 2012 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 four meetings held during the year
1.	Mr. S. Banerjee	2
2.	Mr. H. Neotia	4
3.	Mr. P. K. Mohapatra	2

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, 2012 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, 2012, Compensation Committee met twice on 27th October, 2011 and 28th March, 2012.

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. A59536383/4/2012 -CL.VII dated 27th April, 2011. The variation in remuneration of Mr. Nagpal was also approved by the shareholders at the Annual General Meeting held on 29th July, 2011. The subsequent increment in his remuneration effective 1st July, 2011 (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 27th December, 2011 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.

Details of remuneration paid to the Directors, both executive and non-executive, for the Financial Year 2011-2012 are given hereunder :

A. Executive Director

(₹)

Name	: Mr. A. Nagpal	
Designation	: Managing Director	
Remuneration	: Salaries and allowances	14137200
	Contribution to Provident Fund	517032
	Contribution to Gratuity Fund	171380
	Contribution to Superannuation Fund	646290
	Other benefits / perquisites	2534106
	Total	18006008

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.

REPORT ON CORPORATE GOVERNANCE (contd.)

- (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 :-

- 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. 4500 (previous year-3000) options not linked to performance have vested. No option has been exercised during the year / till date.

* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2009-10, 2010-11 and 2011-12.

@ Resigned on 9.4.2012.

The activity in the Employee Stock Option Scheme during the year ended March 31, 2012 and March 31, 2011, respectively, is set out below:

	As at 31st March, 2012 (Number)	As at 31st March, 2011 (Number)
2008-09 Employee Stock Option Scheme		
Option outstanding, beginning of the year	25,000	25,000
Less: Exercised during the year	–	–
Forfeited/Lapsed during the year	–	–
Option outstanding end of the year	7,500	25,000
Option exercisable end of the year	7,500	25,000

B. Nonexecutive Directors

Sl. No.	Name of the Directors	Sitting Fees Paid / Payable (₹)
1.	Dr. R. P. Goenka	–
2.	Mr. S. Goenka	110000
3.	Mrs. S. Goenka	–
4.	Mr. S. Banerjee	105000
5.	Mr. P. K. Mohapatra	50000
6.	Mr. H. Neotia	90000
7.	Mr. P. K. Khaitan *	20000
	Total	375000

* Payable to Khaitan & Co LLP.

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, 2012 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, 2012 three Meetings of the Shareholders Grievance Committee were held on 28th April, 2011, 21st September, 2011 and 27th December, 2011 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	1
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, 2011 Nil

Number of complaints

– received during the year 9

– resolved during the year 9

Complaints pending as on 31st March, 2012 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, 2012 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 13 meetings during the financial year ended 31st March, 2012.

10. General Body Meetings

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

Date	Type	Venue	Time	Special Resolutions Passed
29th July, 2011	64th AGM	G. D. Birla Sabhagar, Kolkata.	10.15 AM	No
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

Note :

There was no special resolution put through postal ballot in the last Annual General Meeting (AGM) held on 29th July, 2011. 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 39 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 unaudited results for the year ended 31st March, 2012 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, 2011.

- (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 (31.03.11 - 5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2012.
- (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 Manager cum Chief Financial Officer in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2012 was placed before the Board of Directors of the Company at its meeting held on 6th July, 2012.

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, 2012 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 and Ekdin (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** : 27th July, 2012 at 10.00 A.M.
at Madhusudan Mancha,
2, Gariahat Road (South), Dhakuria,
Kolkata 700 068
- b) **Financial Year** : 1st April to 31st March
- c) **Dates of book closure** : From 20th July, 2012 to 27th July, 2012 (both days inclusive).
- d) **Dividend Payment Date** : No dividend proposed.
- e) **Listing on Stock Exchanges :** : The Calcutta Stock Exchange Limited
7, Lyons Range, Kolkata - 700 001.
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

The Company has paid Listing fees upto the year 2012-2013 to all the Stock Exchanges.

REPORT ON CORPORATE GOVERNANCE (contd.)

f) Stock Code :

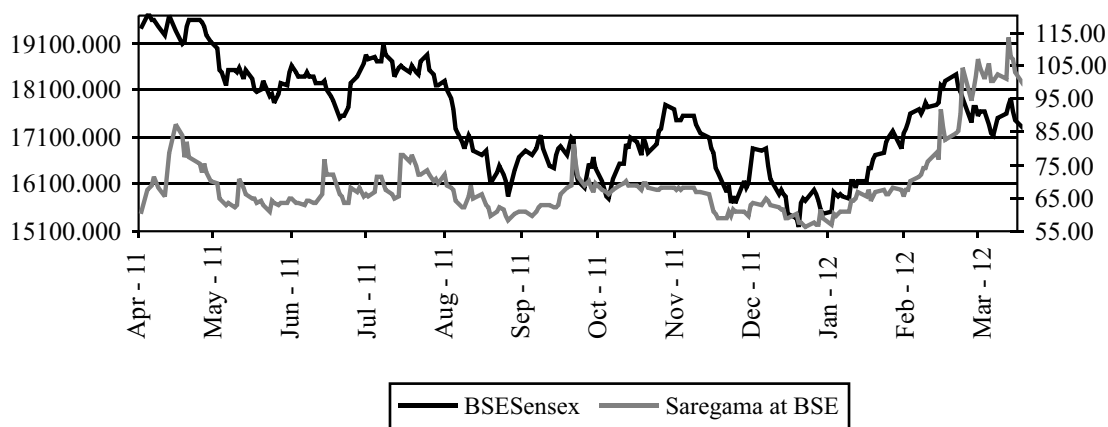
The Calcutta Stock Exchange Limited	:	17177 for physical and 10017177 for demat scrips.
BSE Limited	:	532163.
National Stock Exchange of India Limited	:	SAREGAMA EQ.
ISIN Number for NSDL and CDSL	:	INE979A01017.

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, 2011	91.40	56.50	91.40	56.75	19811.14	18976.19
May, 2011	74.50	60.50	74.50	60.70	19253.87	17786.13
June, 2011	79.10	60.20	79.25	60.50	18873.39	17314.38
July, 2011	83.80	64.30	83.45	63.00	19131.70	18131.86
August, 2011	75.25	57.30	75.40	57.00	18440.07	15765.53
September, 2011	82.45	58.70	82.85	57.70	17211.80	15801.01
October, 2011	73.45	66.00	73.40	64.05	17908.13	15745.43
November, 2011	70.05	58.05	70.00	55.15	17702.28	15478.69
December, 2011	67.50	54.10	66.00	55.10	17003.71	15135.86
January, 2012	71.20	57.10	71.70	56.20	17258.97	15358.02
February, 2012	108.60	65.05	108.00	63.30	18523.78	17061.55
March, 2012	120.50	96.25	120.40	96.25	18040.69	16920.61

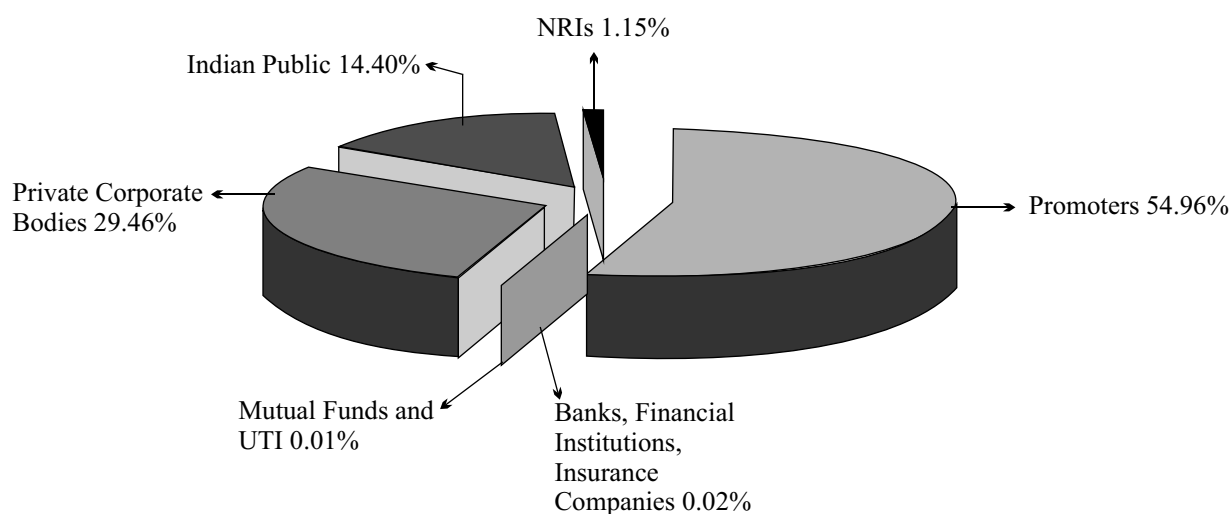
h) Stock Performance of Saregama India Vs. BSE Indices :

Saregama Share Price versus BSE Sensex



REPORT ON CORPORATE GOVERNANCE (contd.)**i) Shareholding pattern as on 31st March, 2012 :**

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	3950	0.02
4	Foreign Institutional Investors	Nil	Nil
5	Private Corporate Bodies	5126956	29.46
6	Indian Public	2506587	14.40
7	NRIs	200111	1.15
8	Any other	Nil	Nil
	Total	17402938	100.00

Shareholding Pattern as on 31st March, 2012**j) Distribution of Holdings as on 31st March, 2012 :**

Category	No. of Shareholders	Percentage %	No. of Shares	Percentage %
Upto 500	16539	96.12	956617	5.50
501 - 1000	327	1.90	259181	1.49
1001 - 2000	157	0.91	237326	1.36
2001 - 3000	57	0.33	146645	0.84
3001 - 4000	24	0.14	84554	0.49
4001 - 5000	13	0.08	59393	0.34
5001 - 10000	33	0.19	231527	1.33
10001 - 50000	32	0.19	661740	3.80
50001 - 100000	8	0.05	597249	3.26
100001 & above	16	0.09	14168706	81.42
Total	17206	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 / 4072 4051 - 53
Fax: (033) 2454 1961 / 4072 4050
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 dematerialized 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, 2012, a total of 1,72,16,783 Equity Shares of the Company (includes 7,27,000 shares in process of being lodged by allottee), constituting 98.93% 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
6th July, 2012

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

REPORT ON CORPORATE GOVERNANCE (contd.)

Declaration by the Manager under Clause 49I(D)(ii) of the Listing Agreement

I, G. B. Aayeer, Manager and also a 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, 2012, 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
6th July, 2012

G. B. Aayeer
Director

Certification by Manager cum Chief Financial Officer of the Company

6th July, 2012

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 2012 :

- (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

G. B. Aayeer
Manager cum Chief Financial Officer

**AUDITOR'S CERTIFICATE**

Auditor's Certificate regarding the compliance 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, 2012, 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 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, 2012 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.

Place : Kolkata
Date : 06th July, 2012

For Vidya & Co,
Firm Registration No. 308022E
Chartered Accountants
Jitendra Nagar
Partner
Membership No. 055659

AUDITOR'S REPORT

Auditor's 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, 2012, and the related Statement of Profit and Loss 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 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's 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 is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a 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 of 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 inventory 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 The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) /(f) and (g)] of the said Order are not applicable to the Company.
 - 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 and 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 that need to be entered in the register maintained under Section 301 of the Act.
 - 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 We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 - 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 generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in few cases and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

AUDITOR'S REPORT TO THE MEMBERS OF SAREGMA INDIA LIMITED (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, customs duty and excise duty as at 31st March, 2012 which have not been deposited on account of a dispute (there being no such cases with regard to wealth tax and service tax), are as follows:

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	88.08	1996-97 to 1998-99	Customs, Excise & Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	1.62	2005-06 to 2006-07	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	2.21	1990-91 to 1998-99 to 2003-04	Deputy Commissioner
Central Sales Tax Act, 1956	Sales Tax	328.08	1999-00 to 2004-05 to 2006-07 to 2007-08	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	2.43	2008-09	Assistant Commissioner of Commercial/Sales Taxes
West Bengal Sales Tax Act, 1994	Sales Tax	181.83	1989-90 to 1994-95 to 2000-01 to 2001-02 to 2003-04	Deputy Commissioner
West Bengal Sales Tax Act, 1994	Sales Tax	22.51	2004-05	Additional Commissioner
Delhi Sales Tax Act, 1975	Sales Tax	1.55	1991-92	Deputy Commissioner of Commercial Taxes
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	6.75	1986-87 to 1991-92	Tamil Nadu Taxation Special Tribunal
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	3.79	2005-06 to 2007-08	Assistant Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	16.15	2000-01	Tribunal
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	3.28	2004-05	Deputy Commissioner
Kerala General Sales Tax Act, 1963	Sales Tax	5.30	1999-00 to 2000-01 to 2002-03	Deputy Commissioner of Commercial Taxes
Kerala General Sales Tax Act, 1963	Sales Tax	4.18	1997-98	Sales Tax Officer
Kerala General Sales Tax Act, 1963	Sales Tax	15.27	2003-04 to 2004-05	Deputy Commissioner of Commercial Tax (Appeals)
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2.33	2001-02 to 2005-06 to 2006-07	Joint Commissioner
Customs Act, 1962	Custom Duty	52.02	2003-04 to 2007-08	Commissioner of Customs
Income Tax Act, 1961	Income Tax	583.85	2000-01 to 2005-06 to 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	42.21	2006-07 to 2010-11	Deputy Commissioner

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

AUDITOR'S REPORT TO THE MEMBERS OF SAREGMA INDIA LIMITED (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. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- 3.13 As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- 3.14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- 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. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- 3.16 In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- 3.17 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis 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. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- 3.19 The Company has not issued any debenture during the year and does not have any debenture outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- 3.20 The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- 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 any such case by the Management other than for loss arising from piracy, the amount of which is not ascertainable.
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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act;
 - On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - in the case of the Statement of Profit and Loss, of the loss 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
6th July, 2012

For Price Waterhouse
Firm Registration No. : 301112 E
Chartered Accountants
(Pinaki Chowdhury)
Partner
Membership No.057572



Soul of India

ANNUAL REPORT 2011-12

BALANCE SHEET AS AT 31ST MARCH 2012

			(₹ in Lacs)
	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	1,740.29	1,740.29
Reserves and Surplus	3	14,091.30	14,233.74
Non Current Liabilities			
Long Term Borrowings	4	4.30	860.78
Other long Term Liabilities	5	18.01	18.01
Long Term Provisions	6	132.40	132.22
Current Liabilities			
Short Term Borrowings	7	3,914.84	3,525.14
Trade Payables	8	3,022.73	3,713.98
Other Current Liabilities	9	2,293.05	2,531.27
Short Term Provisions	10	1,429.36	1,160.60
		26,646.28	27,916.03
ASSETS			
Non Current Assets			
Fixed Assets	11		
Tangible Assets		7,915.48	7,883.11
Intangible Assets		1,160.21	1,918.18
Non-Current Investments	12	4,167.66	4,167.99
Deferred Tax Assets (net)	13	66.48	475.91
Long-term Loans and Advances	14	206.98	182.82
Current Assets			
Inventories	15	1,166.01	1,152.95
Trade Receivables	16	3,056.95	2,602.05
Cash and Bank Balances	17	4,006.56	1,746.52
Short-term Loans and Advances	18	4,879.96	7,786.50
Other Current Assets	19	19.99	—
		26,646.28	27,916.03

The Notes are an integral part of these Financial Statements

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

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)
Partner
Membership No. - 057572

Kolkata,
July 6, 2012

On behalf of the Board

T. Paul
Company Secretary

S. Banerjee
Director

G. B. Aayeer
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Lacs)

	Note	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from Operations (Gross)	20	14,976.08	13,236.01
Less: Excise Duty		0.54	0.01
Revenue from Operations (Net)		14,975.54	13,236.00
Other Income	21	601.37	541.20
Total Revenue		15,576.91	13,777.20
Expenses:			
Cost of Materials Consumed and Contract Manufacturing Charges	22	1,633.04	1,512.22
Cost of Production of Films, Television Serials and Portal	23	2,437.79	1,509.44
Changes in Inventories of Finished Goods and Work-in-Progress [(Increase)/Decrease]	24	(18.26)	(51.87)
Employee Benefits Expense	25	2,477.89	2,196.22
Finance Costs	26	393.27	495.93
Depreciation and Amortisation Expense	27	1,119.18	2,244.47
Other Expenses	28	6,788.69	5,642.08
Total Expenses		14,831.60	13,548.49
Profit Before Tax		745.31	228.71
Tax Expenses :			
Current Tax		475.25	70.00
Deferred Tax Charge/(Credit)		409.43	(475.91)
Profit/(Loss) for the Period		(139.37)	634.62
Earnings/(Loss) per Equity Share:	33.2		
[Nominal Value per share ₹ 10/- (Previous Year- ₹ 10/-)]			
Basic (₹)		(0.80)	3.65
Diluted (₹)		(0.80)	3.65

The Notes are an integral part of these Financial Statements

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

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Kolkata,
July 6, 2012

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Banerjee
Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of the Preparation of the Financial Statements

These Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain Tangible Fixed Assets which are being carried at revalued amounts (as indicated in Notes 11.1, 11.2, 11.3 and 11.4). These Financial Statements are prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules 2006 as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

(b) Fixed Assets

(i) Tangible Assets

Tangible 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 11.1, 11.2, 11.3 and 11.4.

Impairment loss is recognized wherever the carrying amount of tangible fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in use).

(ii) Intangible Assets

The cost incurred for producing/purchasing feature films wherein future economic benefits are established to accrue over medium to long term period are recognized 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 / 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 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 recognize 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

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

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

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/defective stocks, where necessary.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)
(ii) Films

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

The Cost incurred for producing/purchasing feature film wherein future economic benefits are established to accrue over a short term period of 1 - 2 years are recognized 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 recognized 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 recognized as expense and funded.

Liability towards gratuity (defined benefit), covering eligible employees, is provided on the basis of year-end actuarial valuation using Projected Unit Credit Method. Gratuity is funded.

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

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

Actuarial gains/losses arising in Defined Benefit Plans are recognized immediately in the Statement of Profit and Loss 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 recognized on assignment of distribution rights and revenue relating to television serials is recognized on the basis of telecast/Sale of Content, as applicable.

(h) Royalty

Minimum Guarantee Royalty is recognized 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. The resultant exchange differences arising from settlement of foreign currency transaction and from year-end restatement are recognised in the Statement of Profit and Loss.

(j) Taxes on Income

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

2 SHARE CAPITAL

Authorised

25,000,000 (31.03.2011:25,000,000) Equity Shares of ₹10/- each

Issued

1,74,02,938 (31.03.2011:1,74,02,938) Equity Shares of ₹10/- each

Subscribed and Paid Up

1,74,02,938 (31.03.2011:1,74,02,938) Equity Shares of ₹10/- each fully paid up

TOTAL

As at 31st March, 2012	As at 31st March, 2011
2,500.00	2,500.00
1,740.29	1,740.29
1,740.29	1,740.29
1,740.29	1,740.29

- 2.1 Out of 53,38,628 equity shares issued for cash at a premium of ₹35/- (issue price- ₹45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.2011- 5,290) equity shares (relating to cases under litigation/pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2012.

2.2 Number of Equity Shares outstanding as at the beginning and as at the end of the year

Balance as at the beginning of the year

Balance as at the end of the year

As at 31st March, 2012		As at 31st March, 2011	
Number	Amount (₹ Lacs)	Number	Amount (₹ Lacs)
17,402,938	1,740.29	17,402,938	1,740.29
17,402,938	1,740.29	17,402,938	1,740.29

2.3 Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of liquidation of the Company, the holder of equity shares are eligible to receive remaining assets of the Company, in proportion to their shareholding.

2.4 Details of the Shares held by Shareholders holding more than 5 % of the aggregate shares in the Company:

Name of the Shareholder

Adorn Investments Limited

Universal Industrial Fund Limited

Sonata Investments Limited

As at 31st March, 2012		As at 31st March, 2011	
No. of shares held	Holding Percentage	No. of shares held	Holding Percentage
1,619,092	9.30%	1,619,092	9.30%
5,634,291	32.38%	5,434,291	31.23%
1,319,000	7.58%	1,319,000	7.58%

2.5 Stock Option Schemes

(i) 2001-02 Employee Stock Option Scheme

The Company has granted 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

(ii) 2006-07 Employee Stock Option Scheme

The Company has granted (net of options lapsed) Nil (31.03.2011-26,000) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

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, 2010-11 and 2011-12.

(iii) 2008-09 Employee Stock Option Scheme

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. 4500 (previous year-3000) options not linked to performance have vested. No option has been exercised during the year/till date.

* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2009-10, 2010-11 and 2011-12.

@ Mr. A Nagpal resigned with effect from 9th April, 2012.

(iv) 2010-11 Employee Stock Option Scheme

The 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 Company on compliance/completion of related formalities on the basis of 1:1.

* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2011-12, which will be considered along with the next tranche of vesting in 2012-13.

(₹ in Lacs)

3 RESERVES AND SURPLUS**SECURITIES PREMIUM ACCOUNT****REVALUATION RESERVE**

Balance as at the beginning of the year

Less: Transferred to Statement of Profit and Loss (Refer Note 11.4)

Balance as at the end of the year

GENERAL RESERVE**SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT & LOSS**

Balance as at the beginning of the year

Add: Profit/(Loss) for the year

Balance as at the end of the year

TOTAL

As at 31st March, 2012	As at 31st March, 2011
9,079.10	9,079.10
3,055.96	3,061.21
3.07	5.25
3,052.89	3,055.96
663.89	663.89
1,434.79	800.17
(139.37)	634.62
1,295.42	1,434.79
14,091.30	14,233.74

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

4 LONG TERM BORROWINGS

Secured

Term Loan:

from- IDBI Bank Limited

Less: Current maturities of Long Term Debt referred to in Note 9

Term Loans for Vehicle

from ICICI Bank Limited

from HDFC Bank Limited

from Others

Less: Current maturities of Long Term Debt referred to in Note 9

TOTAL

As at 31st March, 2012	As at 31st March, 2011
850.00	1,683.33
850.00	833.33
10.78	16.65
—	1.57
—	1.16
6.48	8.60
4.30	10.78
4.30	860.78

4.1 Term Loan:-

Nature of Security

Long-term loan from IDBI Bank Limited 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.

Terms of Repayment :-

Term loan availed from IDBI Bank Limited ₹ 2100 lacs is repayable in 9 equal quarterly instalments of ₹ 208.33 lacs and final instalment of ₹ 225.03 lacs, commencing from 1st October,2010 along with interest at 50 basis point below the Bank Prime Lending Rate per annum compounded monthly with an option of annual reset. Year end balance is ₹ 850 Lacs(previous year- ₹ 1683.33 Lacs)

4.2 Term Loans for Vehicle :-

Nature of Security

Vehicle Loans from Bank/Non Banking Financial Company are secured by hypothecation of the Vehicles financed.

Terms of Repayment

Vehicle Loans are repayable in 36 equated monthly instalments from the date of respective loans with interest rate ranging between 9.5% and 10.45%.

(₹ in Lacs)

As at 31st March, 2012	As at 31st March, 2011
6.48	8.60
4.30	6.48
—	4.30

(₹ in Lacs)

5 OTHER LONG TERM LIABILITIES

Security Deposit from General Insurance Corporation of India on Sub lease of property

TOTAL

As at 31st March, 2012	As at 31st March, 2011
18.01	18.01
18.01	18.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

	As at 31st March, 2012	As at 31st March, 2011
6 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	132.40	132.22
TOTAL	132.40	132.22

	As at 31st March, 2012	As at 31st March, 2011
7 SHORT TERM BORROWINGS		
Repayable on demand		
Secured		
Cash Credit from Banks (Refer Note:7.1)	1,319.84	1,305.14
Unsecured		
Inter Corporate Deposits	2,595.00	2,220.00
TOTAL	3,914.84	3,525.14

7.1 Cash Credit from Banks bearing interest rate between 13.5% to 15.6% per annum 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.

	As at 31st March, 2012	As at 31st March, 2011
8 TRADE PAYABLES		
Trade Payables		
Due to Micro and Small Enterprises (Refer Note:8.1)	10.53	13.87
Others*	3,012.20	3,700.11
TOTAL	3,022.73	3,713.98

*Others Include ₹ 135.65 lacs (Previous year- ₹ 194.39 Lacs) due to Saregama Regency Optimedia Private Ltd (Joint Venture)

8.1 Micro and Small Enterprises :

The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')

	As at 31st March, 2012	As at 31st March, 2011
(a) The Principal amount and interest due thereon remaining unpaid to suppliers under MSMED as at the end of accounting year		
Principal	8.97	12.05
Interest	0.28	0.17
(b) The amount of interest paid in terms of section 16 of MSMED along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	56.07	1.05
Interest	1.53	0.01
(c) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED	NIL	NIL
(d) The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 0.29 Lacs (previous year - ₹ 0.51 Lacs) being interest outstanding as at the beginning of the accounting year]	1.56	1.82
(e) The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED	1.27	1.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

9 OTHER CURRENT LIABILITIES

Current maturities of Long Term Debt (Refer Note:4)

	As at 31st March, 2012	As at 31st March, 2011
Term Loan	850.00	833.33
Vehicle Loans	6.48	8.60
Interest Accrued and Due on Borrowings	—	55.68
Interest Accrued and Due on Deposits from Dealers	21.62	20.00
Income received in Advance (Refer Note:9.1)	74.10	98.53
Unpaid Dividends (Refer Note:9.2)	1.31	1.31
Unpaid Application Money (Refer Note 9.2)	1.86	1.89
Advance from Customers	175.30	569.48
Security Deposit from Dealers	126.54	177.76
Dealer's Incentive	63.30	88.17
Liabilities for Expenses	540.71	188.95
Employee Benefits Payable	35.02	38.84
Statutory dues including Provident Fund, Tax Deducted at Source etc.	371.81	423.73
Advance against proposed sale of certain fixed assets	25.00	25.00
TOTAL	2,293.05	2,531.27

9.1 Income received in advance represents advance from sub-leases adjustable over the sub-lease period

9.2 There are no amount due and out standing to be credited to Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at year end.

(₹ in Lacs)

10 SHORT TERM PROVISIONS

Provision for Employee Benefits

Leave Encashment	21.90	17.48
Other Provisions		
Provision for Royalty on License Fees (Refer Note:10.1)	1,379.46	1,122.95
Provision for Wealth Tax	28.00	20.17
TOTAL	1,429.36	1,160.60

(₹ in Lacs)

10.1 Movements of Provision for Royalty on Licence Fees

Carrying amount at the beginning of the year	1,122.95	1,258.64
Add: Created during the year	900.31	702.77
	2,023.26	1,961.41
Less: Amounts utilised during the year	643.80	838.46
Carrying amount at the end of the year	1,379.46	1,122.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

11. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2011	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2012	As at 31st March, 2011	For the Year	On Deletions/ Adjustments during the year	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	6,567.47	—	—	—	—	6,567.47	6,567.47
Buildings - Freehold	771.96	—	—	771.96	314.17	17.51	—	331.68	440.28	457.79
Leasehold Buildings	70.60	—	—	70.60	25.92	1.95	—	27.87	42.73	44.68
Plant and Equipment	1,790.92	—	—	1,790.92	1,629.95	15.95	—	1,645.90	145.02	160.97
Furniture and Fittings	529.01	116.93	—	645.94	268.12	28.38	—	296.50	349.44	260.89
Office Equipment	1,229.75	96.53	6.52	1,319.76	949.61	93.49	5.31	1,037.79	281.97	280.14
Vehicles	196.96	—	18.39	178.57	85.79	18.05	13.84	90.00	88.57	111.17
Total	11,156.67	213.46	24.91	11,345.22	3,273.56	175.33	19.15	3,429.74	7,915.48	7,883.11
Previous Year	11,191.58	80.53	115.44	11,156.67	3,123.70	247.79	97.93	3,273.56		
B) Intangible Assets										
Copyrights-Music	149.10	175.18	—	324.28	35.69	84.85	—	120.54	203.74	113.41
Feature Film	3,759.72	—	—	3,759.72	1,958.19	856.99	—	2,815.18	944.54	1,801.53
Softwares	389.11	13.77	—	402.88	385.87	5.08	—	390.95	11.93	3.24
Total	4,297.93	188.95	—	4,486.88	2,379.75	946.92	—	3,326.67	1,160.21	1,918.18
Previous Year	526.51	3,808.52	37.10	4,297.93	385.99	2,001.93	8.17	2,379.75		

- 11.1 Based on valuation reports of valuers, appointed for the purpose, the tangible fixed assets (other than furniture and fittings, Office equipment, vehicles and certain items of plant and equipment) 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 an amount of ₹587.31 lacs and ₹628.19 lacs 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.
- 11.2 Certain tangible fixed 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 ₹2374.11 lacs were added to the book value of the related assets with utilisation of the corresponding credit amount pursuant to an approved scheme of arrangement.
- 11.3 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 ₹4421.30 lacs were added to the book value of land with corresponding credit to Revaluation Reserve of ₹2697.56 lacs and utilisation of the balance amount of ₹1723.74 lacs pursuant to a sanctioned scheme of amalgamation of erstwhile Saregama Films Limited with the Company in 2006-07.
- 11.4 In respect of tangible fixed asset covered by revaluation made in the earlier years, depreciation has been calculated on their respective amounts and includes additional charge of ₹3.07 lacs (Previous year- ₹5.25 lacs) which has been transferred from Revaluation Reserve.



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

12 NON CURRENT INVESTMENTS

(₹ in Lacs)

	Number		Face Value of each share/unit	Book Value as at 31st March, 2012	Book Value as at 31st March, 2011
	As at 31st March, 2012	As at 31st March, 2011			
Long Term :					
A. Trade Investment (at cost)					
Unquoted-Fully Paid Equity Shares					
Saregama Regency Optimedia Private Limited (Joint Venture)	1,459,684	1,459,684	₹ 10	145.97	145.97
				<u>145.97</u>	<u>145.97</u>
B. Other than Trade Investment (at cost unless stated otherwise)					
1. Fully Paid Debentures					
Unquoted					
₹ 1,000 6 1/2% Non-redeemable Registered Debentures, 1962 of The Bengal Chamber of Commerce and Industry	5	5	₹ 1,000	0.05	0.05
₹ 7,500 5% Non-redeemable Mortgage Debenture Stock, 1957 of Woodlands Medical Centre Ltd.@	—	1	₹ 7,500	—	0.07
₹ 7,500 1/2% Debentures of Woodlands Medical Centre Ltd.@	—	1	₹ 7,500	—	—
				<u>0.05</u>	<u>0.12</u>
2. Fully Paid Equity/Ordinary Shares in Subsidiary Companies					
Quoted*					
Saregama Plc.	7,012,222	7,012,222	1 pence	48.52	48.52
* based on OFEX trading facility in London			(a)	<u>48.52</u>	<u>48.52</u>
Unquoted					
RPG Global Music Ltd.	2,314,885	2,314,885	US \$ 1	1,026.20	1,026.20
Less: Provision for other than temporary diminution in the value of Investment				<u>(1,026.20)</u>	<u>(1,026.20)</u>
			(b)	<u>—</u>	<u>—</u>
Kolkata Metro Networks Ltd.	50,000	50,000	₹ 10	5.00	5.00
Less: Provision for other than temporary diminution in the value of Investment				<u>(5.00)</u>	<u>(5.00)</u>
			(c)	<u>—</u>	<u>—</u>
Open Media Network Private Limited	10,000	10,000	₹ 10	1.00	1.00
			(d)	<u>1.00</u>	<u>1.00</u>
			Total (a+b+c+d)	<u>49.52</u>	<u>49.52</u>
3. Fully Paid Equity Shares in Other Companies					
Quoted					
CESC Ltd.	1,544,988	1,544,988	₹ 10	3,971.86	3,971.86
Phillips Carbon Black Ltd.	100	100	₹ 10	0.06	0.06
KEC International Ltd.(760 shares sold during the year)	—	760	₹ 2	—	0.12
Harrisons Malayalam Ltd.	100	100	₹ 10	0.04	0.04
CFL Capital Financial Services Ltd.	100	100	₹ 10	0.02	0.02
CEAT Ltd.(75 shares sold during the year)	—	75	₹ 10	—	0.05
Sentinel Tea and Exports Ltd.	100	100	₹ 10	—	—
Summit Securities Ltd.(13 shares sold during the year)	—	13	₹ 10	—	0.16
RPG Life Sciences Ltd.(100 shares sold during the year)	—	100	₹ 8	—	—
Unquoted					
Spencer and Company Ltd.	200	200	₹ 10	0.07	0.07
Woodlands Multispeciality Hospital Ltd. @	2250	—	₹ 10	0.07	—
				<u>3,972.12</u>	<u>3,972.38</u>
			Grand Total (A+B)	<u>4,167.66</u>	<u>4,167.99</u>
Aggregate Amount of Quoted Investments				4,020.50	4,020.83
Aggregate Market Value of Quoted Investments				4,233.19	4,831.61
Aggregate Amount of Un Quoted Investments				1,178.36	1,178.36
Aggregate Provision for Diminution in the value of Investments				1,031.20	1,031.20

@ Pursuant to a sanctioned Scheme of Amalgamation (The Scheme) between Woodlands Multispeciality Hospital Ltd. (WMHL) (formerly Woodlands Hospital and Medical Research Centre Ltd.) and Woodlands Medical Centre Ltd. (WMCL), WMCL got merged with aforesaid WMHL and the Company was allotted 2250 shares in WMHL based on the ratio as set out in the Scheme.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

13 DEFERRED TAX ASSET/LIABILITIES

The major components of Deferred Tax Liabilities and Assets are:-

Deferred Tax Asset on :-

	As at 31st March, 2012	As at 31st March, 2011
Provisions for doubtful debts/advances	346.39	960.77
Items allowable for tax purpose on payment basis	—	67.06
Others	—	30.45
Total (A)	346.39	1,058.28
Deferred Tax Liability on Depreciation	279.91	582.37
Total (B)	279.91	582.37
Deferred Tax Asset (Net) (A-B)	66.48	475.91

The Company has Unabsorbed Depreciation and Carry Forward Losses, which on prudent basis have not been recognised.

(₹ in Lacs)

14 LONG TERM LOANS AND ADVANCES**Capital Advances**

Unsecured considered Good	0.67	8.38
Unsecured considered Doubtful	10.38	2.00
Less: Provision for Doubtful advances	10.38	2.00

Security Deposits*

Unsecured considered Good	198.11	167.51
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Loan to Employees

Unsecured considered Good	8.20	6.93
---------------------------	------	------

TOTAL

206.98	182.82
--------	--------

*include ₹ 7.80 lacs (31.03.2011-₹ 7.80 lacs) being Security Deposit given against rent of premise given to Saregama Regency Optimedia Private Limited (Joint Venture)

(₹ in Lacs)

15 INVENTORIES [Refer Note:1(e)]

	As at 31st March, 2012	As at 31st March, 2011
Raw Materials	9.26	13.70
Stores and Spares	—	0.76
Work in Progress		
— Films and Television Serials under production	17.22	357.41
Finished Goods		
— Films and untelecasted Television Serials	396.24	60.89
— Pre recorded Cassettes, Audio /Video Compact Discs, Digital Versatile Discs, etc.	743.29	720.19
TOTAL	1,139.53	781.08
	1,166.01	1,152.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
15.1 Details of Closing Inventories of Raw Material, Work-in-Progress and Finished Goods		
Raw Material		
– Papers, Digitray, etc.	9.26	13.70
Work in Progress		
– Films under production	–	349.78
– Television serials under production	17.22	7.63
	17.22	357.41
Finished Goods		
– Films	283.00	–
– Untelecasted Television Serials	113.24	60.89
– Audio Compact Discs	530.14	608.47
– Digital Versatile Discs	132.91	80.58
– Others	80.24	31.14
	1,139.53	781.08

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
16 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	298.09	86.83
Considered Doubtful	1,102.82	961.26
Less: Provision for Doubtful Debts	1,102.82	961.26
Other Debts		
Considered Good	2,758.86	2,515.22
TOTAL*	3,056.95	2,602.05

*include ₹ 270.57 lacs (net of provision ₹ 35.18 lacs) ; 31.03.2011- ₹ 238.68 lacs (net of provision ₹ 10.38 lacs) due from Saregama Plc (Subsidiary Company)

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
17 CASH AND BANK BALANCES		
A. Cash and Cash Equivalents		
Cash on Hand	3.52	4.18
Cheques on Hand	2,675.65	355.87
Bank Balances		
– Current Accounts [including Remittance in transit of ₹ 22.39 lacs ; (31.03.2011 ₹ 81.44 lacs)]	721.97	931.02
– Unpaid Dividend Accounts @	1.31	1.31
– Rights Issue Account #	1.86	1.89
	3,404.31	1,294.27
B. Other Bank Balances		
– Deposits with maturity more than 3 months but less than 12 months	602.25	402.25
– Margin Money Deposit	–	50.00
	602.25	452.25
TOTAL (A + B)	4,006.56	1,746.52

@ Earmarked for payment of unclaimed dividend.

Earmarked for refund of share application money relating to Rights Issue.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

18 SHORT TERM LOANS AND ADVANCES**Loans and Advances to Related Parties (Refer Note 39)**

Unsecured considered Good

1,581.09

4,876.88

Unsecured considered Doubtful

1,347.29

51.04

Less: Provision for Doubtful loans and Advances

1,347.29

51.04

Other Loans and Advances**Minimum Guarantee Royalty Advances**

Unsecured considered Good

37.57

68.44

Royalty Advances

Unsecured considered Good

397.15

156.76

Unsecured considered Doubtful

254.99

244.12

Less: Provision for Doubtful Advances

254.99

244.12

Advance against Film Projects

Unsecured considered Good

60.92

332.81

Unsecured considered Doubtful

250.14

197.14

Less: Provision for Doubtful Advances

250.14

197.14

Loan to Employees

Unsecured considered Good

10.85

3.51

Balances with Government Authorities

Unsecured considered Good

358.62

302.64

Unsecured considered Doubtful

—

25.00

Less: Provision for Doubtful Advances

—

25.00

Prepaid Expense

Unsecured considered Good

226.69

256.73

Unsecured considered Doubtful

123.04

78.98

Less: Provision for Doubtful Prepaid Expense

123.04

78.98

Gratuity (Refer Note 25.1)

Unsecured considered Good

42.63

13.16

Advance to Artist/for Event

Unsecured considered Good

77.91

173.08

Unsecured considered Doubtful

485.39

342.18

Less: Provision for Doubtful Advances

485.39

342.18

Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 1532.84 lacs (31.03.11- ₹1057.59 lacs)]

2,066.45

1,582.41

Advance payment of Fringe Benefit Tax (net of Provision ₹ 147.87 lacs ; 31.03.2011- ₹ 147.87 lacs)

20.08

20.08

TOTAL

4,879.96

7,786.50

(₹ in Lacs)

19 OTHER CURRENT ASSETS

Interest accrued on Fixed Deposits

19.99

—

TOTAL

19.99

—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

20 REVENUE FROM OPERATIONS

Sale of Products

Audio Compact Discs

3,345.36

3,887.39

Digital Versatile Discs

484.20

380.77

Others

141.37 3,970.93

29.32 4,297.48

Less: Excise Duty

0.54

0.01

3,970.39

4,297.47

Sale of Services

Income from Television Serials (including Free Commercial Time)

2,381.11

1,234.54

Income from Distribution Rights of Feature Films

343.71

647.58

Licence Fees

8,165.16

6,460.32

Others

70.08 10,960.06

556.57 8,899.01

Other Operating Revenue

45.09

39.52

TOTAL

14,975.54

13,236.00

(₹ in Lacs)

21 OTHER INCOME

Liabilities no longer required written back

183.99

34.30

Provision for Doubtful Debts/ Advances no longer required written back

25.00

203.82

Interest Income (Gross)

– on Bank Deposits

72.08

4.98

– on Security Deposits

2.62

2.64

– on Income Tax Refund

24.43

47.11

Dividend from Long Term (other than trade) Investments

61.81

61.82

Profit on Sale of Long Term Investments

0.46

–

Profit on Sale of Tangible Fixed Assets

0.46

23.85

Rent Income

167.52

114.34

Net Gain on foreign currency transactions/ translation

47.25

13.58

Other Non-Operating Income

15.75

34.76

TOTAL

601.37

541.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

22 COST OF MATERIAL CONSUMED AND CONTRACT MANUFACTURING CHARGES

A) Cost of Materials Consumed (Refer Note:22.1)	4.44
B) Contract Manufacturing Charges (Refer Note:22.2)	1,628.60
TOTAL	1,633.04

Year ended 31st March, 2012	Year ended 31st March, 2011
	50.18
	1,462.04
	1,512.22

(₹ in Lacs)

22.1 Details of Materials Consumed

Materials Consumed:

– Magnetic Tape	–
– Cassette Plastic Components	–
– Polystyrene	–
– Papers, Digitray etc.	4.44

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
	2.37
	1.19
	1.03
	45.59
4.44	50.18

(₹ in Lacs)

22.2 Details of Contract Manufacturing Charges

Contract Manufacturing Charges

– Audio Compact Discs	1,194.22
– Digital Versatile Discs	312.67
– Others	121.71

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
	1,243.97
	164.21
	53.86
1,628.60	1,462.04

(₹ in Lacs)

23 COST OF PRODUCTION OF FILMS, TELEVISION SERIALS AND PORTAL

Cost of Production of Films and Television Serials (Refer Note:23.1)

Cost of Portal Development

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
2,425.37	1,478.45
12.42	30.99
2,437.79	1,509.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

23.1 Details of Cost of Production of Films and Television Serials

Telecast Fees	743.71
Payment to artistes, directors, script-writers, etc.	571.19
Cost of Tapes	17.52
Food, Lodging and Travel	203.98
Set, properties and equipment charges	181.68
Other Production Expenses	712.13
Increase/(Decrease)in Inventories Cost of Production of Films and Television Serials	(4.84)

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
743.71	448.30
571.19	282.33
17.52	12.11
203.98	107.67
181.68	55.63
712.13	378.38
(4.84)	194.03
2,425.37	1,478.45

(₹ in Lacs)

24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS.

Opening Stock

– Work in Progress-Films and Television Serials	357.41	175.19
– Work in Progress-Pre recorded Cassettes	–	5.60
– Finished Goods-Films and Untelecasted Television Serials	60.89	49.08
– Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.	720.19	856.75
	1,138.49	1,086.62

Less: Closing Stock

– Work in Progress-Films and Television Serials	17.22	357.41
– Finished Goods-Films and Untelecasted Television Serials	396.24	60.89
– Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.	743.29	720.19
	1,156.75	1,138.49

Net (Increase)/Decrease

Year ended 31st March, 2012	Year ended 31st March, 2011
357.41	175.19
–	5.60
60.89	49.08
720.19	856.75
1,138.49	1,086.62
17.22	357.41
396.24	60.89
743.29	720.19
1,156.75	1,138.49
(18.26)	(51.87)

(₹ in Lacs)

25 EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	2,239.05	1,976.84
Contributions to:		
Provident Fund	87.49	81.86
Superannuation Fund	12.85	11.51
Gratuity Fund	3.71	11.75
Employee's State Insurance Scheme	22.61	18.45
Staff Welfare Expenses	112.18	95.81

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
2,239.05	1,976.84
87.49	81.86
12.85	11.51
3.71	11.75
22.61	18.45
112.18	95.81
2,477.89	2,196.22

25.1 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 etc. Also refer Note 1 (f) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation

- (a) Present Value of Obligation at the beginning of the year
- (b) Current Service Cost
- (c) Interest Cost
- (d) Actuarial (Gain)
- (e) (Benefits Paid)
- (f) Present Value of Obligation at the end of the year

2011-12

536.77
31.21
41.19
(17.30)
(43.87)
547.99

2010-11

517.70
30.02
38.40
(11.35)
(38.00)
536.77

II. Reconciliation of opening and closing balances of the fair value of Plan Assets

- (a) Fair Value of Plan Assets at the beginning of the year
- (b) Expected Return on Plan Assets
- (c) Actuarial Gain/(Loss)
- (d) Contributions
- (e) (Benefits Paid)
- (f) Fair Value of Plan Assets as at the end of the year

549.91
50.65
0.75
33.18
(43.87)
590.62

510.26
47.19
(1.87)
32.33
(38.00)
549.91

III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above

- (a) Present Value of Obligation as at the end of the year
- (b) Fair Value of Plan Assets as at the end of the year
- (c) (Asset) recognized in the Balance Sheet

547.99
590.62
(42.63)

536.77
549.91
(13.16)

IV. Expense charged to the Profit and Loss Account

- (a) Current Service Cost
- (b) Interest Cost
- (c) (Expected Return on Plan Assets)
- (d) Actuarial (Gain)
- (e) Total expense charged to the Statement of Profit and Loss*

31.21
41.19
(50.65)
(18.05)
3.71

30.02
38.40
(47.19)
(9.48)
11.75

*reflected as 'Contribution to Gratuity Fund' in Note 25 on 'Employee Benefits Expense'

V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date

- (a) Fund with Life Insurance Corporation of India
- (b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited
- (c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited
- (d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited

84%
8%
4%
4%

84%
8%
4%
4%

VI. Actual Return on Plan Assets

51.40

45.32

VII. Principal Actuarial Assumptions as at Balance Sheet date

- (a) Discount Rate
- (b) Expected Rate of Return on Plan Assets
- (c) Salary Escalation
- (d) Inflation Rate

8.6%
9.3%
7.0%
7.0%

8.0%
9.3%
7.0%
7.0%

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 Company's policy for plan asset management and other relevant factors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

VIII Other Disclosures

	2011-12	2010-11	2009-10	2008-09	2007-08
a) Present value of the Obligation as at the end of the year	547.99	536.77	517.70	481.47	402.73
b) Fair value of Plan Assets as at the end of the year	590.62	549.91	510.26	435.15	379.84
c) (Surplus) / Deficit as at the end of the year	(42.63)	(13.16)	7.44	46.32	22.89
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(1.45)	1.16	(0.98)	(8.54)	6.74
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	0.75	(1.87)	3.15	(1.48)	(9.52)

(₹ in Lacs)

26 FINANCE COSTS

Interest Expenses	386.45
Other Borrowing Costs	6.82
TOTAL	393.27

Year ended 31st March, 2012	Year ended 31st March, 2011
386.45	483.96
6.82	11.97
393.27	495.93

(₹ in Lacs)

27 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Asset	175.33	172.26
Less: Transferred from Revaluation Reserve (Refer Note 11.4)	3.07	
Amortization on Intangible Asset		946.92
TOTAL	1,119.18	2,244.47

Year ended 31st March, 2012	Year ended 31st March, 2011
175.33	247.79
3.07	5.25
	242.54
	2,001.93
1,119.18	2,244.47

(₹ in Lacs)

28 OTHER EXPENSES

Consumption of Stores and Spare Parts	31.28	23.60
Power and Fuel	98.20	90.39
Rent	200.73	282.10
Repairs – Buildings	18.53	14.12
– Machinery	20.98	52.77
– Others	33.95	28.46
Royalties	1,440.37	1,349.30
Recording Expenses	222.00	310.25
Carriage, Freight and Forwarding Charges	143.06	409.03
Rates & Taxes	158.01	120.93
Insurance	9.07	10.39
Travel and Conveyance	234.10	160.21
Advertisement and Sales Promotion	1,142.24	1,375.25
Printing and Communication Expenses	181.66	149.21
Bad Debts/Advances written off	0.01	–
Provision for Doubtful debts and Advances (including Provision for Subsidiary company ₹ 1331.43 Lacs (Previous year-₹ 61.42 Lacs)	1,697.34	364.06
Loss on sale of Fixed Assets	3.21	12.03
Assets Written off / Scrapped (including Music Copyrights ₹ Nil , Previous year - ₹ 28.93 Lacs)	–	28.93
Legal/Consultancy Expenses	685.58	416.52
Payment to Auditors (Refer Note:31)	46.99	31.01
Miscellaneous Expense	421.38	413.52
TOTAL	6,788.69	5,642.08

Year ended 31st March, 2012	Year ended 31st March, 2011
31.28	23.60
98.20	90.39
200.73	282.10
18.53	14.12
20.98	52.77
33.95	28.46
1,440.37	1,349.30
222.00	310.25
143.06	409.03
158.01	120.93
9.07	10.39
234.10	160.21
1,142.24	1,375.25
181.66	149.21
0.01	–
1,697.34	364.06
3.21	12.03
–	28.93
685.58	416.52
46.99	31.01
421.38	413.52
6,788.69	5,642.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

29.1 Capital commitments (net of advances of ₹11.05 Lacs; 31.03.11 - ₹14.08 Lacs) as at 31st March, 2012 are estimated at ₹13.38 Lacs (31.03.11 - ₹17.83 Lacs).

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

30 Contingent liabilities in respect of -

- (a) Any unpaid amount out of specified liabilities of the Company amounting to ₹1749.06 Lacs (31.03.11 - ₹1749.06 Lacs) against certain receivables of ₹1704.06 Lacs (31.03.11 - ₹1704.06 Lacs) of the Company taken over by the assignee in 2006-07 has to be discharged by the Company.

(₹ in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
(b) (i) Guarantees given by Banks	1.50	51.50
(ii) Claims against the Company not acknowledged as debts in respect of -		
- Copyright Matters	62.26	—
- Income Tax Matters	626.06	432.56
- Sales Tax / Value Added Tax / Entry Tax Matters	651.30	701.65
- Excise Duty Matters	56.08	56.08
- Custom Duty Matters	266.75	266.75

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.

31 Amount paid/payable to Auditors :

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
As Auditors -		
- Audit Fees	20.00	16.00
- Tax Audit (includes ₹1 Lac in respect of previous year; 2010-11-₹ NIL)	6.50	4.00
- Limited Reviews	12.00	5.25
- Others [certificates, etc.]	7.75	4.75
Reimbursement of Expenses (excluding Service Tax ₹3.57 Lacs; previous year - ₹2.55 Lacs)	0.74	1.01

32 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.

33.1 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 2.5(ii) to 2.5(iv), 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 loss and loss per share (basic and diluted) for the year would have been higher by about ₹2.01 Lacs (Previous Year - net profit lower by ₹13.75 Lacs) and by Re.0.01 (Previous Year - earnings per share lower by Re 0.08) respectively.

33.2 **Basic and Diluted Earnings per Share :**

	Year ended 31st March, 2012	Year ended 31st March, 2011
Number of equity shares at the beginning of the year	17,402,938	17,402,938
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	17,402,938
Weighted average number of equity shares for computing diluted earnings per share.	17,409,122*	17,403,885*
Nominal value of each equity share (₹)	10	10
Profit/(Loss) after tax available for equity shareholders (₹ in Lacs)	(139.37)	634.62
Basic earnings/(loss) per share (₹)	(0.80)	3.65
Diluted earnings/(loss) per share (₹)	(0.80)	3.65

* 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 Note 2.5.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

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

	Year ended 31st March, 2012				Year ended 31st March, 2011			
	Raw materials		Stores, Spare Parts & Components		Raw materials		Stores, Spare Parts & Components	
	(₹ in Lacs)	%	(₹ in Lacs)	%	(₹ in Lacs)	%	(₹ in Lacs)	%
Imported	–	–	1.64	5.24	0.04	0.09	–	–
Indigenous	4.44	100.00	29.64	94.76	50.14	99.91	23.60	100.00
	4.44		31.28		50.18		23.60	

35 Value of Imports on C.I.F. basis :

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Raw Materials	–	–
Spares	1.64	–
	1.64	–

36 Expenditures in Foreign Currency :

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Royalties	75.86	123.79
Others	42.26	20.07
	118.12	143.86

37 Earnings in Foreign Exchange :

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Export of goods calculated on F.O.B. basis	6.89	11.32
License Fees	577.52	362.60
Films (Theatrical and Satellite Rights)	6.23	195.49
Others	–	170.97
	590.64	740.38

38.1 Rent expenditure includes lease payments of ₹150.85 Lacs (previous year - ₹183.96 Lacs) 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.

38.2 Rent income includes sub-lease payments of ₹167.52 Lacs (previous year - ₹ 114.34 Lacs) 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.

38.3 As on 31st March, 2012, ₹67.39 Lacs (previous year - ₹ 112.32 Lacs) is expected to be received in respect of future minimum sub-lease payments under non cancellable sub-lease.

38.4 The total of future minimum lease payments under non-cancellable operating leases:

- not later than one year- ₹28.98 Lacs (previous year ₹ 17.94 Lacs)
- later than one year and not later than five years - ₹64.88 Lacs (previous year ₹ 79.38 Lacs)
- more than five years - ₹ NIL (previous year ₹ 3.44 Lacs)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)**39 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
A Where control exists	Saregama Plc. (SPLC)		Saregama Plc. (SPLC)	Subsidiary Company
	RPG Global Music Limited (RPGG)		RPG Global Music Limited (RPGG)	Subsidiary Company
	Kolkata Metro Networks Ltd (KMNL)		Kolkata Metro Networks Ltd (KMNL)	Subsidiary Company
	Open Media Network Pvt. Ltd (OMNPL)		Open Media Network Pvt. Ltd (OMNPL)	Subsidiary Company
B Others	Saregama Regency Optimedia Private Ltd (SROPL)		Saregama Regency Optimedia Private Ltd (SROPL)	Joint Venture Company
	A. Nagpal*		A. Nagpal	Key Management Personnel
	(Managing Director)		(Managing Director)	

*Resigned with effect from 9th April,2012

Related Party Transactions

(₹ in Lacs)

Nature of Transactions		Subsidiary Companies				Joint Venture	Total	Key Management Personnel
		SPLC	RPGG	KMNL	OMNPL	SROPL		
Sale of Goods	Current Year	3.91	2.75	—	—	—	6.66	—
	Previous Year	5.75	3.80	—	—	—	9.55	—
Licence Fees - Income	Current Year	191.81	68.92	—	—	—	260.73	—
	Previous Year	322.32	26.26	—	—	—	348.58	—
Contract Manufacturing Charges	Current Year	—	—	—	—	670.87	670.87	—
	Previous Year	—	—	—	—	668.36	668.36	—
Reimbursement of Expense paid/payable	Current Year	30.25	—	—	—	—	30.25	—
	Previous Year	—	—	—	—	—	—	—
Advertisement and Sales Promotion Expense	Current Year	—	—	—	400.00	—	400.00	—
	Previous Year	—	—	—	—	—	—	—
Rent Expenses	Current Year	—	—	—	—	17.94	17.94	—
	Previous Year	—	—	—	—	17.55	17.55	—
Reimbursement of Expense received/receivable	Current Year	—	2.15	0.01	—	—	2.16	—
	Previous Year	—	13.38	0.35	729.08	—	742.81	—
Remuneration to Managing Director (Refer Note 40)	Current Year	—	—	—	—	—	—	180.06
	Previous Year	—	—	—	—	—	—	132.70
Advance given during the year	Current Year	—	71.68	61.80	1,027.32	—	1,160.80	—
	Previous Year	—	30.05	50.69	766.32	—	847.06	—
Receipt towards Advance given	Current Year	—	40.88	—	3,122.43	—	3,163.31	—
	Previous Year	—	249.62	42.14	—	—	291.76	—
Provision for Doubtful Debts and Advances made during the year	Current Year	35.18	—	61.80	1,234.45	—	1,331.43	—
	Previous Year	10.38	—	51.04	—	—	61.42	—
Balance Outstanding at year end :								
Non-Current Investments @	Current Year	48.52	1,026.20	5.00	1.00	145.97	1,226.69	—
	Previous Year	48.52	1,026.20	5.00	1.00	145.97	1,226.69	—
Short Term Loans & Advances @	Current Year	6.73	74.36	112.84	2,734.45	—	2,928.38	—
	Previous Year	5.91	41.41	51.04	4,829.56	—	4,927.92	—
Long Term Loans & Advances (Security Deposit)	Current Year	—	—	—	—	7.80	7.80	—
	Previous Year	—	—	—	—	7.80	7.80	—
Trade Receivables@	Current Year	305.75	—	—	—	—	305.75	—
	Previous Year	249.06	—	—	—	—	249.06	—
Trade Payables	Current Year	—	—	—	—	135.65	135.65	—
	Previous Year	—	—	—	—	194.39	194.39	—
Provision for Doubtful Advances	Current Year	—	—	112.84	1,234.45	—	1,347.29	—
	Previous Year	—	—	51.04	—	—	51.04	—
Provision for Doubtful Debts	Current Year	35.18	—	—	—	—	35.18	—
	Previous Year	10.38	—	—	—	—	10.38	—

@ Gross of Provision.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

40 Remuneration to Managing Director Mr.A.Nagpal include:-

₹ 52.81 Lacs pertaining to increase in salary with effect from 1st July 2011 as approved by the Compensation Committee of Directors in its meeting held on 27th October 2011, subject to the approval of shareholders in the forthcoming Annual General Meeting.

41 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,2012	Proportion of ownership interest as at 31st March,2011
Saregama Regency Optimedia Private Limited	India	26%	26%

The Company's interest in the joint venture is reported as Non Current Investments (Note 12) 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 Lacs)

	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES		
Shareholders ' Funds		
Reserves and Surplus		
Capital Reserve	26.53	27.86
Foreign Currency Translation Reserve	(0.19)	—
Surplus/(Deficit) in the Statement of Profit and Loss	(86.71)	(52.18)
Non Current Liabilities		
Long Term Borrowings	186.88	163.11
Other long Term Liabilities	2.06	2.06
Long Term Provisions	6.17	5.70
Current Liabilities		
Short Term Borrowings	51.72	48.15
Trade Payables	14.61	15.20
Other Current Liabilities	52.87	19.62
Short Term Provisions	0.36	0.45
	254.30	229.97
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	288.83	250.32
Intangible Assets	5.85	6.49
Long-term Loans and Advances	5.70	5.69
Other Non Current Assets	35.58	36.32
Current Assets		
Inventories	19.56	16.30
Trade Receivables	36.08	50.56
Cash and Bank Balances	5.10	4.32
Short-term Loans and Advances	3.57	5.93
	400.27	375.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from Operations (Net)	180.33	171.14
Other Income	5.34	9.52
	<u>185.67</u>	<u>180.66</u>
Expenses:		
Cost of materials consumed	91.86	88.36
Purchases of Stock-in-Trade	6.35	2.88
Changes in Inventories of Finished Goods and Work-in-Progress [Increase/(Decrease)]	0.19	1.76
Employee Benefits Expense	28.98	29.44
Finance Costs	9.14	7.19
Depreciation and Amortisation Expense	19.99	18.50
Other Expenses	63.68	54.27
	<u>220.19</u>	<u>202.40</u>

- 42 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.
- 43 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signature to note 1 to 43

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Kolkata,
July 6, 2012

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Banerjee
Director

G. B. Aayeer
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
A. Cash Flow from Operating Activities		
Profit Before Tax	745.31	228.71
Adjustments for:		
Depreciation and Amortisation Expenses	1,119.18	2,244.47
Provision for Doubtful Debts/Advances	1,697.34	364.06
Interest Expenses	386.45	483.96
Liabilities no longer required written back	(183.99)	(34.30)
Provision for Doubtful Debts/ Advances no longer required written back	(25.00)	(203.82)
Interest Income	(99.13)	(54.73)
Unrealised (Gain) / Loss on foreign currency transactions/translation	(32.70)	(2.46)
Assets Written off/ Scrapped	—	28.93
Bad Debts / Advance written off	0.01	—
(Profit)/Loss on sale of Tangible Fixed Assets (Net)	2.75	(11.82)
Profit on sale of Long Term Investments	(0.46)	—
Dividend from Long Term Investments-Other than Trade	(61.81)	(61.82)
	2,802.64	2,752.47
Operating profit before Working Capital Changes	3,547.95	2,981.18
Changes in Working Capital:-		
Increase / (Decrease) in Trade Payables	(562.94)	193.08
Increase / (Decrease) in Provisions	268.94	(125.27)
Increase / (Decrease) in Other Current Liabilities	(198.68)	693.69
(Increase) in Trade Receivables	(564.57)	(814.25)
(Increase) in Inventories	(13.06)	(0.35)
(Increase) / Decrease in Loans and Advances	1,687.11	(2,556.57)
	616.80	(2,609.67)
Cash generated from operations	4,164.75	371.51
Direct Taxes (Paid)/Refund	(959.29)	659.10
Net cash generated from operating activities	3,205.46	1,030.61
B. Cash Flow from Investing Activities		
Purchase of Tangible/Intangible assets	(403.08)	(629.05)
Sale of Tangible/Intangible assets	3.01	29.34
Sale of Investments-Other than Trade	0.79	—
Interest Received	79.14	54.73
Dividend from Long Term Investments-Other than Trade	61.81	61.82
Net Cash used in investing activities	(258.33)	(483.16)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	(841.93)	(427.91)
Repayment of Short Term Borrowings	(50.00)	(828.21)
Proceeds from Long Term Borrowings	—	418.57
Proceeds from Short term borrowings	439.70	1,375.48
Interest paid	(384.83)	(482.88)
Unclaimed dividend of earlier years paid	—	(0.03)
Share application money refunded relating to Rights Issue (2005)	(0.03)	(0.05)
Net Cash from/(used in) Financing Activities	(837.09)	54.97
Net Increase in cash and cash equivalents (A+B+C)	2,110.04	602.42
Cash and Cash Equivalents at the beginning of the year	1,294.27	691.85
Cash and Cash Equivalents at the end of the year	3,404.31	1,294.27

Notes to the Cash Flow Statement for the year ended 31st March, 2012

- 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 of: -

(₹ in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
Cash on hand	3.52	4.18
Cheques on hand	2,675.65	355.87
Bank Balance	721.97	931.02
Unpaid Dividend @	1.31	1.31
Right Issue Account @	1.86	1.89
TOTAL	3,404.31	1,294.27

@ Represents not available for use by the Company.

- Previous year's figures have been regrouped/rearranged, where considered necessary. Also refer Note 43 to the financial statements
This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Kolkata,
July 6, 2012

Partner
Membership No. - 057572

On behalf of the Board

T. Paul
Company Secretary

S. Banerjee
Director

G. B. Aayeer
Director



Soul of India

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SAREGAMA INDIA LIMITED

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 its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 32 to the attached consolidated financial statements) as at 31st March, 2012, the related consolidated Statement of Profit and Loss 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 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 ₹ 1515.46 lacs and net assets of ₹ (73.89) lacs as at 31st March, 2012, total revenue of ₹ 1416.17 lacs, net loss of ₹ 1419.65 lacs and net cash flows amounting to ₹ 78.03 lacs 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 report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the 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, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit 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
6th July, 2012.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
Pinaki Chowdhury
Partner
Membership Number - 057572

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Lacs)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	1,740.29	1,740.29
Reserves and Surplus	3	9,031.68	8,926.03
Minority Interest		398.84	424.70
Non Current Liabilities			
Long Term Borrowings	4	191.18	1,023.89
Deferred Tax Liabilities (net)	5	16.29	23.07
Other Long Term Liabilities	6	18.04	20.07
Long Term Provisions	7	179.12	153.66
Current Liabilities			
Short Term Borrowings	8	4,867.99	4,068.80
Trade Payables	9	3,129.70	3,865.40
Other Current Liabilities	10	2,494.38	2,705.85
Short Term Provisions	11	1,472.07	1,197.95
		23,539.58	24,149.71
ASSETS			
Non Current Assets			
Fixed Assets	12		
Tangible Assets		8,352.51	8,320.21
Intangible Assets		1,227.27	2,066.70
Non-Current Investments	13	3,972.17	3,972.50
Deferred Tax Assets (net)	14	66.95	475.91
Long-term Loans and Advances	15	294.43	259.63
Other Non Current Assets	16	35.58	36.32
Current Assets			
Inventories	17	1,342.88	1,313.23
Trade Receivables	18	3,097.35	2,875.00
Cash and Bank Balances	19	1,723.04	1,906.92
Short-term Loans and Advances	20	3,407.41	2,923.29
Other Current Assets	21	19.99	—
		23,539.58	24,149.71

The Notes are an integral part of these Financial Statements

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

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Kolkata,
July 6, 2012

Partner
Membership No. - 057572

On behalf of the Board

T. Paul
Company Secretary

S. Banerjee
Director

G. B. Aayeer
Director



Soul of India

ANNUAL REPORT 2011-12

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Lacs)

	Note	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from Operations (Gross)	22	16,078.66	13,911.25
Less: Excise Duty		0.54	0.01
Revenue from Operations (Net)		16,078.12	13,911.24
Other Income	23	647.87	616.66
Total Revenue		16,725.99	14,527.90
Expenses:			
Cost of Materials Consumed and Contract Manufacturing Charges	24	1,699.14	1,773.44
Purchase of Stock-in-Trade	25	6.35	2.88
Cost of Production of Films, Television Serials and Portal	26	2,437.79	1,509.44
Changes in Inventories of Raw Material, Finished Goods and Work-in-Progress [(Increase)/Decrease]	27	(6.21)	(11.92)
Employee Benefits Expense	28	3,384.79	3,096.90
Finance Costs	29	407.70	512.19
Depreciation and Amortisation Expense	30	1,241.88	2,373.71
Other Expenses	31	6,592.93	7,106.81
Total Expenses		15,764.37	16,363.45
Profit/(Loss) Before Tax and Minority Interests		961.62	(1,835.55)
Tax Expenses :			
Current Tax		475.25	70.00
Deferred Tax Charge/(Credit)		402.18	(478.12)
Profit/(Loss) After Tax before Minority Interests		84.19	(1,427.43)
Minority Interest		(25.86)	(92.04)
Profit/(Loss) After Tax and Minority Interests		110.05	(1,335.39)
Earnings/(Loss) per Equity Share:	36.2		
[Nominal Value per share ₹ 10/- (Previous Year- ₹ 10/-)]			
Basic (₹)		0.63	(7.67)
Diluted (₹)		0.63	(7.67)

The Notes are an integral part of these Financial Statements

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

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Kolkata,
July 6, 2012

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Banerjee
Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012
1 SIGNIFICANT ACCOUNTING POLICIES
(a) Basis of the Preparation of the Financial Statements

These Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, (except for certain Tangible Fixed Assets which are being carried at revalued amounts as indicated in Notes 12.1, 12.2, 12.3 and 12.4). These Financial Statements are prepared to comply in all material aspects with the Accounting Standards notified under section 211(3C) [Companies (Accounting Standards) Rules 2006 as amended].

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

(b) Fixed Assets
(i) Tangible Assets

Tangible 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 12.1, 12.2, 12.3 and 12.4.

Impairment loss is recognised wherever the carrying amount of tangible assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in use).

(ii) Intangible Assets

The cost incurred for producing/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 / 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 recognises 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

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

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

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/defective stocks, where necessary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)
(ii) Films

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

The Cost incurred for producing/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.

(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.

Liability towards gratuity (defined benefit), covering eligible employees, is provided on the basis of year-end actuarial valuation using Projected Unit Credit Method. Gratuity is funded.

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

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

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

(g) Sales, Licence Fees and Advertising Revenue

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/Sale of Content, as applicable.

Advertising Revenue from Current Affairs & Features Magazine is recognised in the period in which the magazines are published and are accounted for net of commission and discounts.

(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. The resultant exchange differences arising from settlement of foreign currency transaction and from year-end restatement are recognized in the Statement of Profit and Loss.

Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rates at the date of transactions.

(j) Taxes on Income

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using the applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual/reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

	As at 31st March, 2012	As at 31st March, 2011
2 SHARE CAPITAL		
Authorised		
25,000,000 (31.03.2011:25,000,000) Equity Shares of ₹10/- each	2,500.00	2,500.00
Issued		
1,74,02,938 (31.03.2011:1,74,02,938) Equity Shares of ₹10/- each	1,740.29	1,740.29
Subscribed and Paid Up		
1,74,02,938 (31.03.2011:1,74,02,938) Equity Shares of ₹10/- each fully paid up	1,740.29	1,740.29
TOTAL	1,740.29	1,740.29

- 2.1** Out of 53,38,628 equity shares issued 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 (31.03.2011- 5,290) equity shares (relating to cases under litigation/pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2012.

2.2 Stock Option Schemes

(i) 2001-02 Employee Stock Option Scheme

The Parent Company has granted 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 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.

(ii) 2006-07 Employee Stock Option Scheme

The Parent Company has granted (net of options lapsed) Nil (31.03.2011-26,000) 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 Compensation Committee, options have not vested in 2008-09, 2009-10, 2010-11 and 2011-12.

(iii) 2008-09 Employee Stock Option Scheme

The Parent 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 Parent Company on compliance/completion of related formalities on the basis of 1:1. 4500 (previous year-3000) options not linked to performance have vested. No option has been exercised during the year/till date.

* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2009-10, 2010-11 and 2011-12.

@ Mr. A Nagpal resigned with effect from 9th April, 2012.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)
(iv) 2010-11 Employee Stock Option Scheme

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.

* Based on the decision of the Compensation Committee, options linked to performance have not vested in 2011-12, which will be considered along with the next tranche of vesting in 2012-13.

(₹ in Lacs)

3 RESERVES AND SURPLUS
SECURITIES PREMIUM ACCOUNT
Balance as per Last Account
10,249.40

10,249.40

REVALUATION RESERVE

Balance as at the beginning of the year

3,055.96

3,061.21

Less: Transferred to Statement of Profit and Loss (Refer Note 12.4)

3.07

5.25

Balance as at the end of the year

3,052.89

3,055.96

GENERAL RESERVE
Balance as per Last Account
663.89

663.89

SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT & LOSS

Balance as at the beginning of the year

(5,071.08)

(3,735.69)

Add: Profit/(Loss) for the year

110.05

(1,335.39)

Balance as at the end of the year

(4,961.03)

(5,071.08)

9,005.15

8,898.17

Share of Joint venture [Refer Note 32(b) and 41]

26.53

27.86

TOTAL
9,031.68

8,926.03

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

4 LONG TERM BORROWINGS

Secured

Term Loan:

from- IDBI Bank Limited

Less: Current maturities of Long Term Debt referred to in Note 10

Term Loans for Vehicle

from- ICICI Bank Limited

from- HDFC Bank Limited

from- Others

Less: Current maturities of Long Term Debt referred to in Note 10

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
850.00	1,683.33
850.00	833.33
	850.00
10.78	16.65
—	1.57
—	1.16
6.48	8.60
4.30	10.78
4.30	860.78
186.88	163.11
191.18	1,023.89

(₹ in Lacs)

5 DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability on Depreciation

TOTAL (A)

Deferred Tax Asset on :-

Items allowable for tax purpose on payment basis

TOTAL (B)

Deferred Tax Liability (Net) (A-B)

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
20.54	25.30
20.54	25.30
4.25	2.23
4.25	2.23
16.29	23.07
—	—
16.29	23.07

(₹ in Lacs)

6 OTHER LONG TERM LIABILITIES

Security Deposit

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
18.01	18.01
18.01	18.01
0.03	2.06
18.04	20.07

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

	As at 31st March, 2012	As at 31st March, 2011
7 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Gratuity (Refer Note 28.1)	13.09	6.87
Leave Encashment	159.86	141.09
	172.95	147.96
Share of Joint venture [Refer Note 32(b)]	6.17	5.70
TOTAL	179.12	153.66

	As at 31st March, 2012	As at 31st March, 2011
8 SHORT TERM BORROWINGS		
Secured		
Cash Credit from Banks	1,525.72	1,505.10
Unsecured		
Inter Corporate Deposits	3,290.55	2,515.55
	4,816.27	4,020.65
Share of Joint venture [Refer Note 32(b)]	51.72	48.15
TOTAL	4,867.99	4,068.80

	As at 31st March, 2012	As at 31st March, 2011
9 TRADE PAYABLES		
Trade Payables	3,115.09	3,850.20
	3,115.09	3,850.20
Share of Joint venture [Refer Note 32(b)]	14.61	15.20
TOTAL	3,129.70	3,865.40

	As at 31st March, 2012	As at 31st March, 2011
10 OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (Refer Note:4)		
Term Loan	850.00	833.33
Vehicle Loans	6.48	8.60
	856.48	841.93
Interest Accrued and Due on Borrowings	—	55.68
Interest Accrued and Due on Deposits from Dealers	21.62	20.00
Income received in Advance (Refer Note:10.1)	74.10	98.53
Unpaid Dividends (Refer Note:10.2)	1.31	1.31
Unpaid Application Money (Refer Note 10.2)	1.86	1.89
Advance from Customers	204.37	569.48
Advance - Subscription	—	16.46
Security Deposit from Dealers	170.76	234.01
Dealer's Incentive	63.30	88.17
Liabilities for Expenses	590.08	254.66
Employee Benefits Payable	59.18	38.84
Statutory dues including Provident Fund, Tax Deducted at Source etc.	373.45	440.27
Advance against proposed sale of certain fixed assets	25.00	25.00
	2,441.51	2,686.23
Share of Joint venture [Refer Note 32(b)]	52.87	19.62
TOTAL	2,494.38	2,705.85

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

10.1 Income received in advance represents advance from sub-leases adjustable over the sub-lease period

10.2 There are no amount due and out standing to be credited to Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at year end.

(₹ in Lacs)

11 SHORT TERM PROVISIONS

Provision for Employee Benefits

Leave Encashment

Other Provisions

Provision for Royalty on License Fees (Refer Note:11.1)

Provision for Wealth Tax

Provision for Returns of Magazines

Share of Joint venture [Refer Note 32(b)]

TOTAL**As at 31st March, 2012****As at 31st March, 2011****25.99**

21.25

1,379.46

1,122.95

28.00

20.17

38.26

33.13

1,471.71

1,197.50

0.36

0.45

1,472.07

1,197.95

(₹ in Lacs)

11.1 Movements of Provision for Royalty on Licence Fees

Carrying amount at the beginning of the year

Add: Created during the year

Less: Amounts utilised during the year

Carrying amount at the end of the year

As at 31st March, 2012**As at 31st March, 2011****1,122.95**

1,258.64

900.31

702.77

2,023.26

1,961.41

643.80

838.46

1,379.46

1,122.95

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

12. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2011	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2012	Upto 31st March, 2011	For the Year	On Deletions/ Adjustments during the year	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	6,567.47	—	—	—	—	6,567.47	6,567.47
Buildings - Freehold	771.96	—	—	771.96	314.17	17.51	—	331.68	440.28	457.79
Leasehold Buildings	70.60	—	—	70.60	25.92	1.95	—	27.87	42.73	44.68
Plant and Equipment	1,790.92	—	—	1,790.92	1,629.94	15.95	—	1,645.89	145.03	160.98
Furniture and Fittings	638.28	117.21	—	755.49	286.66	35.03	—	321.69	433.80	351.62
Office Equipment	1,393.44	101.12	6.52	1,488.04	1,006.59	109.34	5.31	1,110.62	377.42	386.85
Vehicles	206.30	—	18.39	187.91	95.14	18.05	13.84	99.35	88.56	111.16
Total	11,438.97	218.33	24.91	11,632.39	3,358.42	197.83	19.15	3,537.10	8,095.29	8,080.55
Share of Joint venture [Refer Note 32(b)]	282.50	34.30	—	316.80	42.84	16.74	—	59.58	257.22	239.66
Total	11,721.47	252.63	24.91	11,949.19	3,401.26	214.57	19.15	3,596.68	8,352.51	8,320.21
Previous Year	11,749.33	88.50	116.36	11,721.47	3,214.10	285.30	98.14	3,401.26		
B) Intangible Assets										
Copyrights-Music	784.62	175.18	—	959.80	553.15	144.80	—	697.95	261.85	231.47
Feature Film	3,759.72	—	—	3,759.72	1,958.19	856.99	—	2,815.18	944.54	1,801.53
Softwares	478.47	15.77	—	494.24	449.24	26.16	—	475.40	18.84	29.23
Total	5,022.81	190.95	—	5,213.76	2,960.58	1,027.95	—	3,988.53	1,225.23	2,062.23
Share of Joint venture [Refer Note 32(b)]	7.61	—	—	7.61	3.14	2.43	—	5.57	2.04	4.47
Total	5,030.42	190.95	—	5,221.37	2,963.72	1,030.38	—	3,994.10	1,227.27	2,066.70
Previous Year	1,254.76	3,812.76	37.10	5,030.42	878.23	2,093.66	8.17	2,963.72		

- 12.1 Based on valuation reports of valuers, appointed for the purpose, the tangible fixed assets of Parent Company (other than furniture and fittings, Office equipment, vehicles and certain items of plant and equipment) 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 an amount of ₹587.31 Lacs and ₹628.19 Lacs 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.
- 12.2 Certain tangible fixed 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 ₹2374.11 Lacs were added to the book value of the related assets with utilisation of the corresponding credit amount pursuant to an approved scheme of arrangement.
- 12.3 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 ₹4421.30 Lacs were added to the book value of land with corresponding credit to Revaluation Reserve of ₹2697.56 Lacs and utilisation of the balance amount of ₹1723.74 Lacs pursuant to a sanctioned scheme of amalgamation of erstwhile Saregama Films Limited with the Parent Company in 2006-07.
- 12.4 In respect of tangible fixed asset covered by revaluation made in the earlier years, depreciation has been calculated on their respective amounts and includes additional charge of ₹3.07 Lacs (Previous year-₹5.25 Lacs) which has been transferred from Revaluation Reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

13 NON CURRENT INVESTMENTS

	Number		Face Value of each share/unit	(₹ in Laacs)	
	As at 31st March, 2012	As at 31st March, 2011		Book Value as at 31st March, 2012	Book Value as at 31st March, 2011
A. Long Term : Other than Trade Investment (at cost unless stated otherwise)					
1. Fully Paid Debentures					
Unquoted					
₹ 1,000, 6 1/2% Non-redeemable					
Registered Debentures, 1962 of The Bengal Chamber of Commerce and Industry	5	5	₹ 1,000	0.05	0.05
₹ 7,500, 5% Non-redeemable Mortgage Debenture Stock, 1957 of Woodlands Medical Centre Limited @	—	1	₹ 7,500	—	0.07
₹ 7,500, 1/2% Debentures of Woodlands Medical Centre Limited @	—	1	₹ 7,500	—	—
				0.05	0.12
2. Fully Paid Equity Shares in Other Companies					
Quoted					
CESC Limited	1,544,988	1,544,988	₹ 10	3,971.86	3,971.86
Phillips Carbon Black Limited	100	100	₹ 10	0.06	0.06
KEC International Limited (760 shares sold during the year)	—	760	₹ 2	—	0.12
Harrisons Malayalam Limited	100	100	₹ 10	0.04	0.04
CFL Capital Financial Services Limited	100	100	₹ 10	0.02	0.02
CEAT Limited (75 shares sold during the year)	—	75	₹ 10	—	0.05
Sentinel Tea and Exports Limited	100	100	₹ 10	—	—
Summit Securities Limited (13 shares sold during the year)	—	13	₹ 10	—	0.16
RPG Life Sciences Limited (100 shares sold during the year)	—	100	₹ 8	—	—
Unquoted					
Spencer and Company Limited.	200	200	₹ 10	0.07	0.07
Woodlands Multispeciality Hospital Limited @	2,250	—	₹ 10	0.07	—
				3,972.12	3,972.38
				3,972.17	3,972.50
Aggregate Amount of Quoted Investments				3,971.98	3,972.31
Aggregate Market Value of Quoted Investments				4,204.88	4,806.72
Aggregate Amount of Un Quoted Investments				0.19	0.19

@ Pursuant to a sanctioned Scheme of Amalgamation (the Scheme) between Woodlands Multispeciality Hospital Limited (WMHL) (formerly Woodlands Hospital and Medical Research Centre Limited) and Woodlands Medical Centre Limited (WMCL), WMCL got merged with aforesaid WMHL and the Company was allotted 2250 shares in WMHL based on the ratio as set out in the Scheme.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

14 DEFERRED TAX ASSET (NET)

Deferred Tax Asset on :-

Provisions for doubtful debts/advances	346.39
Items allowable for tax purpose on payment basis	—
Others	0.47

Total (A)

Deferred Tax Liability on Depreciation

Total (B)

Deferred Tax Asset (Net) (A-B)

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
346.39	960.77
—	67.06
0.47	30.45
346.86	1,058.28
279.91	582.37
279.91	582.37
66.95	475.91
—	—
66.95	475.91

The Parent Company has Unabsorbed Depreciation, Carry Forward Losses etc which on prudent basis have not been recognised.

(₹ in Lacs)

15 LONG TERM LOANS AND ADVANCES

Capital Advances

Unsecured considered Good	0.67
Unsecured considered Doubtful	10.38
Less: Provision for Doubtful advances	10.38

Security Deposits

Unsecured considered Good

Loan to Employees

Unsecured considered Good

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
0.67	8.38
10.38	2.00
10.38	2.00
279.86	238.39
8.20	7.17
288.73	253.94
5.70	5.69
294.43	259.63

(₹ in Lacs)

16 OTHER NON CURRENT ASSETS

Share of Joint venture [Refer Note 32(b)]

TOTAL

As at 31st March, 2012	As at 31st March, 2011
35.58	36.32
35.58	36.32

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

17 INVENTORIES [Refer Note:1(e)]

Raw Materials [includes goods in transit ₹26.96 Lacs (31.03.11-₹ Nil)]	51.51
Stores and Spares	—
Work in Progress	
– Films and Television Serials under production	17.22
Finished Goods	
– Films and untelecasted Television Serials	396.24
– Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs etc.	858.35

As at 31st March, 2012	As at 31st March, 2011
51.51	30.76
—	0.76
17.22	357.41
396.24	60.89
858.35	847.11
1,254.59	908.00
1,323.32	1,296.93
19.56	16.30
1,342.88	1,313.23

Share of Joint venture [Refer Note 32(b)]

TOTAL

(₹ in Lacs)

17.1 Details of Closing Inventories of Raw Material, Work-in-Progress and Finished Goods

Raw Material	
– Papers, Digitray, etc.	51.51
– Stores and Spares	—
Work in Progress	
– Films under production	—
– Television serials under production	17.22
Finished Goods	
– Films	283.00
– Untelecasted Television Serials	113.24
– Audio Compact Discs	578.32
– Digital Versatile Discs	139.51
– Others	140.52

As at 31st March, 2012	As at 31st March, 2011
51.51	30.76
—	0.76
—	349.78
17.22	7.63
17.22	357.41
283.00	—
113.24	60.89
578.32	672.54
139.51	86.56
140.52	88.01
1,254.59	908.00
19.56	16.30
1,342.88	1,313.23

Share of Joint venture [Refer Note 32(b)]

TOTAL

(₹ in Lacs)

18 TRADE RECEIVABLES

Unsecured	
Outstanding for a period exceeding six months from the date they are due for payment	
Considered Good	248.10
Considered Doubtful	1,128.60
Less: Provision for Doubtful Debts	1,128.60
Other Debts	
Considered Good	2,848.44

As at 31st March, 2012	As at 31st March, 2011
248.10	40.59
1,128.60	1,006.90
1,128.60	1,006.90
2,848.44	2,783.85
3,096.54	2,824.44
0.81	50.56
3,097.35	2,875.00

Share of Joint venture [Refer Note 32(b)]

TOTAL

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
19 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand	4.24	5.03
Cheques on Hand	145.65	355.87
Bank Balances		
– Current Accounts [including Remittance in transit of ₹ 22.39 lacs ; (31.03.2011 ₹ 81.44 lacs)]	962.63	1,086.25
– Unpaid Dividend Accounts @	1.31	1.31
– Rights Issue Account #	1.86	1.89
	1,115.69	1,450.35
Other Bank Balances		
Balances with Bank		
– Deposits with maturity more than 3 months but less than 12 months	602.25	402.25
– Margin Money Deposit	–	50.00
	1,717.94	1,902.60
Share of Joint venture [Refer Note 32(b)]	5.10	4.32
TOTAL	1,723.04	1,906.92

@ Earmarked for payment of unclaimed dividend. # Earmarked for refund of share application money relating to Right Issue.

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
20 SHORT TERM LOANS AND ADVANCES		
Minimum Guarantee Royalty Advances		
Unsecured considered Good	37.57	68.44
Royalty Advances		
Unsecured considered Good	397.15	156.76
Unsecured considered Doubtful	262.93	252.06
Less: Provision for Doubtful Advances	262.93	–
Advance against Film Projects		
Unsecured considered Good	60.92	332.81
Unsecured considered Doubtful	250.14	197.14
Less: Provision for Doubtful Advances	250.14	–
Loan to Employees		
Unsecured considered Good	11.09	6.25
Balances with Government Authorities		
Unsecured considered Good	358.62	302.64
Unsecured considered Doubtful	–	25.00
Less: Provision for Doubtful balance with Government authorities	–	25.00
Prepaid Expense		
Unsecured considered Good	350.07	279.34
Unsecured considered Doubtful	123.04	78.98
Less: Provision for Doubtful Prepaid Expense	123.04	–
Gratuity (Refer Note 28.1)		
Unsecured considered Good	42.63	13.16
Advance to Artist / for Event		
Unsecured considered Good	47.88	131.94
Unsecured considered Doubtful	536.43	393.22
Less: Provision for Doubtful Advances	536.43	–
Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 1532.84 Lacs (31.03.11- ₹1057.59 Lacs)]	2,077.83	1,605.94
Advance payment of Fringe Benefit Tax (net of Provision ₹ 147.87 Lacs ; 31.03.2011- ₹ 147.87 Lacs)	20.08	20.08
	3,403.84	2,917.36
Share of Joint venture [Refer Note 32(b)]	3.57	5.93
TOTAL	3,407.41	2,923.29

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

		(₹ in Lacs)	
		As at 31st March, 2012	As at 31st March, 2011
21 OTHER CURRENT ASSETS			
Interest accrued on Fixed Deposits	19.99	—	
	19.99	—	
Share of Joint venture [Refer Note 32(b)]	—	—	
TOTAL	19.99	—	
		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
22 REVENUE FROM OPERATIONS			
Sale of Products			
Audio Compact Discs	3,403.44	3,945.91	
Digital Versatile Discs	484.80	380.73	
Others	141.57	29.32	4,355.96
Less: Excise Duty	0.54	0.01	
	4,029.27	4,355.95	
Sale of Services			
Advertising	359.07	148.76	
Newstand	67.14	64.02	
Income from Television Serials (including Free Commercial Time)	2,381.11	1,234.54	
Income from Distribution Rights of Feature Films	343.71	647.58	
Licence Fees	8,293.54	6,589.57	
Others	546.58	661.04	9,345.51
Other Operating Revenue	45.09	39.52	
	16,065.51	13,740.98	
Share of Joint venture [Refer Note 32(b)]	12.61	170.26	
TOTAL	16,078.12	13,911.24	
		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
23 OTHER INCOME			
Liabilities no longer required written back	183.99	34.30	
Provision for Doubtful Debts/ Advances no longer required written back	25.00	203.82	
Interest Income (Gross)			
– on Bank Deposits	72.08	4.98	
– on Security Deposits	2.62	2.64	
– on Income Tax Refund	24.72	47.11	
Dividend from Long Term (other than trade) Investments	61.81	61.82	
Profit on Sale of Long Term Investments	0.46	—	
Profit on Sale of Tangible Fixed Assets	0.46	23.85	
Rent Income	167.52	114.34	
Net Gain on foreign currency transactions/ translation	85.12	46.33	
Other Non-Operating Income	23.41	65.89	
	647.19	605.08	
Share of Joint venture [Refer Note 32(b)]	0.68	11.58	
TOTAL	647.87	616.66	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
24 COST OF MATERIAL CONSUMED AND CONTRACT MANUFACTURING CHARGES			
A) Cost of Materials Consumed (Refer Note:24.1)		137.50	176.63
B) Contract Manufacturing Charges (Refer Note:24.2)		1,469.78	1,508.45
		1,607.28	1,685.08
Share of Joint venture [Refer Note 32(b)]		91.86	88.36
TOTAL		1,699.14	1,773.44

		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
24.1 Details of Materials Consumed			
Opening Stock		30.76	33.80
Materials Purchased			
– Materials-Paper		–	2.37
– Magnetic Tape		–	1.19
– Cassette Plastic Components		–	1.03
– Polystyrene		–	–
– Papers, Digitray, etc.		158.25	169.00
Less : Closing Stock		51.51	30.76
		137.50	176.63
Share of Joint venture [Refer Note 32(b)]		91.86	88.36
TOTAL		229.36	264.99

		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
24.2 Details of Contract Manufacturing Charges			
Contract Manufacturing Charges			
– Audio Compact Discs		1,026.50	1,243.97
– Digital Versatile Discs		312.67	164.21
– Others		130.61	100.27
		1,469.78	1,508.45
Share of Joint venture [Refer Note 32(b)]		–	–
TOTAL		1,469.78	1,508.45

		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
25 PURCHASES OF STOCK-IN-TRADE			
Share of Joint venture [Refer Note 32(b)]		6.35	2.88
		6.35	2.88

		(₹ in Lacs)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
26 COST OF PRODUCTION OF FILMS, TELEVISION SERIALS AND PORTAL			
Cost of Production of Films and Television Serials (Refer Note:26.1)		2,425.37	1,478.45
Cost of Portal Development		12.42	30.99
		2,437.79	1,509.44
Share of Joint venture [Refer Note 32(b)]		–	–
TOTAL		2,437.79	1,509.44

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

26.1 Details of Cost of Production of Films and Television Serials

Telecast Fees	743.71
Payment to artistes, directors, script-writers, etc.	571.19
Cost of Tapes	17.52
Food, Lodging and Travel	203.98
Set, properties and equipment charges	181.68
Other Production Expenses	712.13
Increase/(Decrease) in Inventories Cost of Production of Films and Television Serials	(4.84)

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
743.71	448.30
571.19	282.33
17.52	12.11
203.98	107.67
181.68	55.63
712.13	378.37
(4.84)	194.03
2,425.37	1,478.45

(₹ in Lacs)

27 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS.**Opening Stock**

– Work in Progress-Films and Television Serials	357.41	175.19
– Work in Progress-Pre recorded Cassettes	–	5.60
– Finished Goods-Films and Untelecasted Television Serials	60.89	49.08
– Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.	847.11	1,021.86
	1,265.41	1,251.73

Less: Closing Stock

– Work in Progress-Films and Television Serials	17.22	357.41
– Finished Goods-Films and Untelecasted Television Serials	396.24	60.89
– Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.	858.35	847.11
	1,271.81	1,265.41

Share of Joint venture [Refer Note 32(b)]

Net (Increase)/Decrease

Year ended 31st March, 2012	Year ended 31st March, 2011
357.41	175.19
–	5.60
60.89	49.08
847.11	1,021.86
1,265.41	1,251.73
17.22	357.41
396.24	60.89
858.35	847.11
1,271.81	1,265.41
(6.40)	(13.68)
0.19	1.76
(6.21)	(11.92)

(₹ in Lacs)

28 EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	3,074.70	2,820.98
Contributions to:		
Provident Fund	108.96	102.90
Superannuation Fund	12.85	11.51
Gratuity Fund	9.94	12.03
Employee's State Insurance Scheme	29.48	18.45
Staff Welfare Expenses	119.88	101.59

Share of Joint venture [Refer Note 32(b)]

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
3,074.70	2,820.98
108.96	102.90
12.85	11.51
9.94	12.03
29.48	18.45
119.88	101.59
3,355.81	3,067.46
28.98	29.44
3,384.79	3,096.90

- 28.1 In keeping with the Group 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 etc. Also refer Note 1 (f) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

	Year ended 31st March, 2012			Year ended 31st March, 2011		
	Parent Company	Subsidiary	Share of Joint Venture	Parent Company	Subsidiary	Share of Joint Venture
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation						
(a) Present Value of Obligation at the beginning of the year	536.77	9.37	0.44	517.70	9.08	0.26
(b) Current Service Cost	31.21	5.50	0.21	30.02	7.05	0.19
(c) Interest Cost	41.19	0.79	0.04	38.40	0.78	—
(d) Actuarial (Gain)/Loss	(17.30)	0.17	(0.04)	(11.35)	(7.54)	(0.01)
(e) (Benefits Paid)	(43.87)	—	—	(38.00)	—	—
(f) Present Value of Obligation at the end of the year	547.99	15.83	0.65	536.77	9.37	0.44
II. Reconciliation of opening and closing balances of the fair value of Plan Assets						
(a) Fair Value of Plan Assets at the beginning of the year	549.91	2.51	—	510.26	—	—
(b) Expected Return on Plan Assets	50.65	0.23	—	47.19	—	—
(c) Actuarial Gain/(Loss)	0.75	—	—	(1.87)	0.01	—
(d) Contributions	33.18	—	—	32.33	2.50	—
(e) (Benefits Paid)	(43.87)	—	—	(38.00)	—	—
(f) Fair Value of Plan Assets as at the end of the year	590.62	2.74	—	549.91	2.51	—
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above						
(a) Present Value of Obligation as at the end of the year	547.99	15.83	0.65	536.77	9.37	0.44
(b) Fair Value of Plan Assets as at the end of the year	590.62	2.74	—	549.91	2.51	—
(c) Liability/(Asset) recognised in the Balance Sheet	(42.63)	13.09	0.65	(13.16)	6.86	0.44
IV. Expense charged to Statement of Profit and Loss						
(a) Current Service Cost	31.21	5.50	0.21	30.02	7.05	0.19
(b) Interest Cost	41.19	0.79	0.04	38.40	0.78	—
(c) (Expected Return on Plan Assets)	(50.65)	(0.23)	—	(47.19)	—	—
(d) Actuarial (Gain)/Loss	(18.05)	0.17	(0.04)	(9.48)	(7.55)	(0.01)
(e) Total expense charged to the Statement of Profit and Loss	* 3.71	* 6.23	0.21	* 11.75	* 0.28	0.18
*reflected as 'Contribution to Gratuity Fund' in Note 28 on 'Employee Benefits Expense'						
V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at Balance Sheet date						
(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%	—	—
(e) Fund with Aviva Life Insurance Company India Ltd	—	100%	—	—	100%	—
VI. Actual Return on Plan Assets	51.40	0.23	—	45.32	0.01	—
VII. Principal Actuarial Assumptions as at Balance Sheet date						
(a) Discount Rate	8.6%	8.40%	8.00%	8.0%	8.40%	8.00%
(b) Expected Rate of Return on Plan Assets	9.3%	9.00%	—	9.3%	9.00%	—
(c) Salary Escalation	7.0%	7.00%	5.00%	7.0%	7.00%	5.00%
(d) Inflation Rate	7.0%	7.00%	7.00%	7.0%	7.00%	7.00%

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 Company's policy for plan asset management and other relevant factors.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

(₹ in Lacs)

VIII Other Disclosures

	2011-12	2010-11	2009-10	2008-09	2007-08
A) Parent Company					
a) Present value of the Obligation as at the end of the year	547.99	536.77	517.70	481.47	402.73
b) Fair value of Plan Assets as at the end of the year	590.62	549.91	510.26	435.15	379.84
c) (Surplus) / Deficit as at the end of the year	(42.63)	(13.16)	7.44	46.32	22.89
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(1.45)	1.16	(0.98)	(8.54)	6.74
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	0.75	(1.87)	3.15	(1.48)	(9.52)
B) Subsidiary					
a) Present value of the Obligation as at the end of the year	15.83	9.37	9.08	6.35	—
b) Fair value of Plan Assets as at the end of the year	2.74	2.51	—	—	—
c) (Surplus) / Deficit as at the end of the year	13.09	6.86	9.08	6.35	—
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(1.17)	7.85	5.11	(6.35)	—
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	—	0.01	—	—	—
B) Share of Joint Venture					
a) Present value of the Obligation as at the end of the year	0.65	0.44	—	—	—
b) Fair value of Plan Assets as at the end of the year	—	—	—	—	—
c) (Surplus) / Deficit as at the end of the year	0.65	0.44	—	—	—
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(0.04)	(0.01)	—	—	—
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	—	—	—	—	—

(₹ in Lacs)

29 FINANCE COSTS

Interest Expenses
Other Borrowing Costs

Share of Joint venture [Refer Note 32(b)]

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
391.76	493.03
6.82	11.97
398.58	505.00
9.12	7.19
407.70	512.19

(₹ in Lacs)

30 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Asset
Less: Transferred from Revaluation Reserve (Refer Note 12.4)
Amortization on Intangible Asset

Share of Joint venture [Refer Note 32(b)]

Depreciation on Tangible Asset
Amortisation on Intangible Asset

TOTAL

Year ended 31st March, 2012	Year ended 31st March, 2011
197.83	270.13
3.07	5.25
1,027.95	2,091.23
1,222.71	2,356.11
16.74	15.71
2.43	2.43
1,241.88	2,373.71

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

		(₹ in Lacs)	
31 OTHER EXPENSES	Year ended 31st March, 2012	Year ended 31st March, 2011	
Consumption of Stores and Spare Parts	31.28		23.60
Power and Fuel	110.76		100.61
Rent	301.01		419.18
Repairs – Buildings	18.53		14.12
– Machinery	40.73		69.95
– Others	41.46		38.38
Royalties	1,500.28		1,389.29
Recording Expenses	222.00		310.25
Carriage, Freight and Forwarding Charges	279.52		542.95
Rates & Taxes	160.52		121.90
Insurance	29.65		29.36
Travel and Conveyance	310.26		230.88
Advertisement and Sales Promotion	922.45		1,685.44
Editorial Expenses	82.16		63.29
Printing & Publishing Expenses	92.16		92.27
Printing and Communication Expenses	215.01		186.08
Advances written off	71.52		–
Provision for Doubtful debts and Advances	381.22		372.46
Provision for Magazine Returns	28.52		33.12
Loss on sale of Fixed Assets	3.21		12.03
Assets Written off / Scrapped (including Music Copyrights ₹Nil , Previous year - ₹ 28.93 lacs)	–		28.93
Legal/Consultancy Expenses	750.75		445.22
Event Expense	395.79		248.75
Payment to Auditors	57.81		40.01
Miscellaneous Expense	458.88		554.47
	6,505.48		7,052.54
Share of Joint venture [Refer Note 32(b)]	87.45		54.27
TOTAL	6,592.93		7,106.81

32 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, 2012	Proportion of ownership interest as at 31st March, 2011
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 Private Limited	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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)

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

Name	Country of Incorporation	Proportion of ownership interest as at 31st March, 2012	Proportion of ownership interest as at 31st March, 2011
Saregama Regency Optimedia Private Limited	India	26%	26%

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

33 Capital commitments (net of advances of ₹11.05 Lacs; 31.03.11 - ₹14.08 Lacs) as at 31st March, 2012 are estimated at ₹ 14.28 Lacs (31.03.11 - ₹17.83 Lacs).

34 Contingent liabilities in respect of -

(a) Any unpaid amount out of specified liabilities of the Parent Company amounting to ₹1749.06 Lacs (31.03.11 - ₹ 1749.06 Lacs) against certain receivables of ₹ 1704.06 Lacs (31.03.11 - ₹ 1704.06 Lacs) of the Parent Company taken over by the assignee in 2006-07 has to be discharged by the Parent Company.

(₹ in Lacs)

(b)

	As at 31st March, 2012	As at 31st March, 2011
(i) Guarantees given by Banks	1.50	51.50
(ii) Claims against the Parent Company not acknowledged as debts in respect of -		
Copyright matters	62.26	—
Civil matters*	50,000.00	50,000.00
Income Tax matters	626.06	432.56
Sales tax / value added tax / entry tax matters	651.30	757.72
Excise duty matters	56.08	56.08
Custom duty matters	266.75	266.75

Interest at appropriate rate relating to excise duty matter, 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 its weekly magazine.

35 Un-hedged exposures in foreign currencies

	As at 31st March, 2012		As at 31st March, 2011	
	Foreign Currency (in 'Lacs)	₹ (in 'Lacs)	Foreign Currency (in 'Lacs)	₹ (in 'Lacs)
Unsecured Loan - External Commercial Borrowing	US\$ 3.65	186.88	US\$ 3.65	163.11
Secured Loan - Buyers Credit	US\$ 0.125	6.38	US\$ 0.25	10.96
Interest on unsecured loan	US\$ 0.37	18.94	US\$ 0.30	13.54
Interest on secured loan	US\$ 0.0014	0.07	US\$ 0.0015	0.07
Current Liabilities	AUS\$ 0.82	43.97	AUS\$ 0.19	9.05
Balances with Bank	US\$ 0.0041	0.21	US\$ 0.0041	0.18
Current Assets	US\$ 0.00098	0.05	—	—

36.1 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 2.2(ii) to 2.2(iv), which has no impact on the financial results of the Group. Had the fair value method been used in keeping with the said pronouncements, net profit and the earning per share (basic and diluted) for the year would have been lower by about ₹ 2.01 lacs (Previous Year- net loss higher by ₹13.75 lacs) and Re 0.01 (Previous Year- loss per share higher by Re 0.08) respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)
36.2 Basic and Diluted Earnings/(Loss) per share :

	Year ended 31st March, 2012	Year ended 31st March, 2011
Number of equity shares at the beginning of the year	17,402,938	17,402,938
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	17,402,938
Weighted average number of equity shares for computing diluted earnings/ (loss) per share	17,409,122*	17,403,885*
Nominal value of each equity share (₹)	10	10
Profit/(Loss) after Taxation and Minority Interests available for equity shareholders (₹ in Lacs)	110.05	(1,335.39)
Basic earnings/(loss) per share (₹)	0.63	(7.67)
Diluted earnings/(loss) per share (₹)	0.63	(7.67)

*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 2.2.

37 Segment Reporting :
Primary Segment information (Business Segments)

Particulars	Year ended 31st March, 2012						Year ended 31st March, 2011					
	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	12,872.47	2,747.05	458.60	16,078.12	–	16,078.12	11,591.77	2,082.45	237.02	13,911.24	–	13,911.24
– Intersegment Sales and License Fees	–	–	400.00	400.00	(400.00)	–	–	–	–	–	–	–
Total	12,872.47	2,747.05	858.60	16,478.12	(400.00)	16,078.12	11,591.77	2,082.45	237.02	13,911.24	–	13,911.24
2 Segment Result	5,158.99	(1,479.79)	(851.65)	2,827.55	–	2,827.55	4,103.48	(2,538.85)	(1,606.15)	(41.52)	–	(41.52)
Interest expense not allocated to segments						(400.04)						(500.22)
Other unallocated expenditure (net)						(1,465.89)						(1,293.81)
Profit before taxation						961.62						(1,835.55)
3 Segment Assets	13,726.93	2,833.64	493.59	17,054.16	–	17,054.16	13,951.57	3,840.46	514.36	18,306.39	(4,829.57)	13,476.82
Unallocated						6,485.42						10,672.89
Total Assets						23,539.58						24,149.71
4 Segment Liabilities	7,264.04	338.48	3,382.13	10,984.65	(2,734.45)	8,250.20	6,535.58	934.81	228.61	7,699.00	(4,829.57)	2,869.43
Unallocated						4,118.57						10,189.26
Total Liabilities						12,368.77						13,058.69
5 Segment Capital Expenditure	429.04	–	6.83	435.87			122.05	3,771.54	6.66	3,900.25		
6 Segment Depreciation and amortisation	340.47	858.24	43.17	1,241.88			363.20	1,959.21	51.30	2,373.71		
7 Segment non-cash expenditure other than Depreciation and amortisation	1,148.08	206.98	28.52	1,381.58			981.71	122.45	33.12	1,137.28		

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

Music : Manufacturing and sale of Music Cassettes and Compact/Digital Discs, dealing with related music rights

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

Publication : Printing of printed material.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)**Secondary Segment Information (Geographical Segments)**

	12 Months to 31.03.12	12 Months to 31.03.11
Segment Revenue		
– within India	15,179.36	13,285.14
– outside India	898.76	626.10
TOTAL	16,078.12	13,911.24
Segment Assets		
– within India	16,355.93	12,727.58
– outside India	698.23	749.24
TOTAL	17,054.16	13,476.82
Capital Expenditure		
– within India	435.87	3,897.82
– outside India	–	2.43
TOTAL	435.87	3,900.25

The Geographical Segments considered for disclosure are India and outside India

38 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
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

*Resigned with effect from 9th April,2012

Related Party Transactions

(₹ in Lacs)

		Joint Venture SROPL	Key Management Personnel
Contract manufacturing charges	Current Year	503.15	–
	Previous Year	668.36	–
Rent Expenses	Current Year	13.28	–
	Previous Year	17.55	–
Remuneration to Managing Director	Current Year	–	180.06
	Previous Year	–	132.70
Balance Outstanding at year end :			
Other Current Assets	Current Year	5.77	–
	Previous Year	7.80	–
Trade Payables	Current Year	100.38	–
	Previous Year	194.39	–

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2012 (contd.)
39 Remuneration to Managing Director of Parent Company :

₹ 52.81 Lacs pertaining to increase in salary with effect from 1st July 2011 as approved by the Compensation Committee of Directors in its meeting held on 27th October 2011, subject to the approval of shareholders in the forthcoming Annual General Meeting.

- 40 (a) Rent and share of Joint Venture disclosed under Other Expenses (Note 31) includes lease payments of ₹ 150.85 Lacs (31.03.2011 - ₹ 183.96 Lacs) and ₹ 12.07 Lacs (31.03.2011 - ₹ 11.28 Lacs) respectively 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.

- 40 (b) The total of future minimum lease payments under non-cancellable operating leases : (₹ Lacs)

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Parent Company	Share of Joint Venture	Parent Company	Share of Joint Venture
Not later than one year	28.98	11.50	17.94	11.50
Later than one year and not later than five years	64.88	41.58	79.38	53.07
More than five years	Nil	Nil	3.44	Nil

- 40 (c) Rent income includes sub-lease payments of ₹ 167.52 Lacs (Previous Year - ₹ 114.34 Lacs) 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.
- 40 (d) As on 31st March, 2012, ₹ 67.39 Lacs (Previous Year - ₹ 112.32 Lacs) is expected to be received in respect of future minimum sub-lease payments under non-cancellable sub-lease.
- 41 Share of Joint Venture ₹ 26.53 Lacs (31.03.2011-₹ 27.86 Lacs) included in 'Reserve and Surplus' (Note 3) represents Fixed Capital Investment Subsidy received in earlier year.
- 42 The previous year's figures have been reclassified to conform to this year's classification. However, such reclassification does not impact recognition and measurement principles followed for preparation of Consolidated Financial Statements.

Signature to Note 1 to 42

For Price Waterhouse
Firm Registration No. 301112 E
Chartered Accountants
(Pinaki Chowdhury)

Partner

Membership No. - 057572

On behalf of the Board

Kolkata,
July 6, 2012

T. Paul
Company Secretary

S. Banerjee
Director

G. B. Aayeer
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
A. Cash Flow from Operating Activities		
Profit/(Loss) Before Tax	961.62	(1,835.55)
Adjustments for :		
Depreciation and Amortisation Expenses	1,241.88	2,373.71
Advances written off	71.52	—
Provision for Doubtful Debts/Advances	381.22	372.46
Interest Expenses	400.88	500.22
Liabilities no longer required written back	(183.99)	(34.30)
Provision for Doubtful Debts/ Advances no longer required written back	(25.00)	(203.82)
Interest Income	(99.42)	(54.73)
Unrealised (Gain)/Loss on foreign currency transactions/translation	(49.39)	(4.88)
Assets scrapped / written off	—	28.93
(Profit)/Loss on sale of Tangible Fixed Assets	2.75	(11.82)
Profit on sale of Long-Term Investments	(0.46)	—
Dividend from Long-Term Investments-Other than Trade	(61.81)	(61.82)
	1,678.18	2,903.95
Operating Profit before Working Capital Changes	2,639.80	1,068.40
Changes in Working Capital		
(Decrease) in Trade payables	(607.39)	(126.24)
Increase / (Decrease) in Provisions	306.45	(130.98)
Increase / (Decrease) in Other Current Liabilities	(171.93)	813.11
(Decrease) in Other Long term Liabilities	(2.03)	—
(Increase) in Trade Receivables	(295.47)	(509.11)
(Increase) / Decrease in Inventories	(29.65)	41.46
(Increase) in Loans and Advances	(509.23)	(971.98)
(Increase) in Other Current Assets	—	(34.50)
Decrease in other Non-Current Assets	0.73	—
	(1,308.52)	(918.24)
Cash generated from Operations	1,331.28	150.16
Direct Taxes(Paid)/Refunds	(947.14)	659.10
Net Cash generated from Operating Activities	384.14	809.26
B. Cash Flow from Investing Activities		
Purchase of Tangible/Intangible assets	(444.25)	(640.25)
Proceeds from/(transfer for) Fixed Capital Investment Subsidy	(1.33)	27.86
Sale of Tangible/Intangible assets	3.01	30.04
Sale of non-current Investments-Other than Trade	0.79	—
Interest Received	79.43	54.73
Dividend from non-current Investments-Other than Trade	61.81	61.82
Net Cash used in investing activities	(300.54)	(465.80)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

	(₹ in Lacs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	(841.93)	(427.91)
Repayment of Short Term Borrowings	(50.00)	(882.96)
Proceeds from Long Term Borrowings	23.77	418.57
Proceeds from Short term borrowings	849.19	1,715.01
Interest paid	(399.26)	(530.49)
Unclaimed dividend of earlier years paid	—	(0.03)
Share application money refunded relating to Rights Issue (2005)	(0.03)	(0.05)
Net Cash from/(used in) Financing Activities	(418.26)	(292.14)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(334.66)	635.60
Cash and Cash Equivalents at the beginning of the year	1,450.77	815.17
Cash and Cash Equivalents at the end of the year	1,116.11	1,450.77

Notes to Consolidated Cash Flow Statement for the year ended 31st March, 2012

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

	(₹ in Lacs)	
	As at 31st March, 2012	As at 31st March, 2011
Cash on hand	4.24	5.03
Cheques on hand	145.65	355.87
Bank Balance	962.63	1,086.25
Unpaid Dividend @	1.31	1.31
Right Issue Account @	1.86	1.89
Share of Joint venture [Note 32(b) to the Consolidated Financial Statements]	0.42	0.42
TOTAL	1,116.11	1,450.77

@ Represents not available for use by the Company.

- Previous year's figures have been regrouped/rearranged, where considered necessary. Also refer Note 42 to the Consolidated Financial Statements.

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
(Pinaki Chowdhury)

Partner
Membership No. - 057572

On behalf of the Board

Kolkata,
July 6, 2012

T. Paul
Company Secretary

S. Banerjee
Director

G. B. Aayeer
Director

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

Name of the Subsidiary	Saregama Plc.	RPG Global Music Ltd.	Kolkata Metro Networks Ltd.	Open Media Network Pvt. Ltd.
1. Financial year of the subsidiary ended on	Year ended 31st March, 2012	Year ended 31st March, 2012	Year ended 31st March, 2012	Year ended 31st March, 2012
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 1,69,724)	(₹ 54.66)	(₹ 60.23)	(₹ 851.65)
(ii) for the previous financial years/period since it became a subsidiary	(GBP 9,90,991)	(₹ 1320.12)	(₹ 87.83)	(₹ 4550.86)
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,
6th July, 2012T. Paul
Company SecretaryS. Banerjee
DirectorG. B. Aayeer
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 Lacs

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.	INR	48.52	464.27	928.18	415.40	-	598.86	(110.26)	-	(110.26)	-
		GBP	0.70	5.19	10.92	5.03	-	7.67	(1.70)	-	(1.70)	-
2	RPG Global Music Limited	INR	1,026.20	(1,374.78)	220.05	568.62	-	120.66	(54.66)	-	(54.66)	-
3	Kolkata Metro Networks Limited	INR	5.00	(165.24)	249.59	409.83	-	-	(60.23)	-	(60.23)	-
4	Open Media Network Private Limited	INR	1.00	(5,435.83)	485.51	5,920.34	-	861.64	(851.65)	(6.78)	(844.87)	-

Exchange rates as at year end considered for conversion:

GBP 1 = ₹ 80.76 for Current Asset (Closing Buying Rate), Fixed Asset, Share Capital, Share Premium at Historical cost

GBP 1 = ₹ 82.58 for Secured Loan and Current Liabilities & Provision (Closing Selling Rate)

GBP 1 = ₹ 75.62 for Income (Average Selling Rate)

GBP 1 = ₹ 77.40 for Expense (Average Buying Rate)

NOTES

