



Board of Directors

Mr. S. Goenka
Chairman

Mrs. P. Goenka

Mrs. S. Goenka

Mr. H. Neotia

Mr. S. Banerjee

Mr. P. K. Mohapatra

Mr. P. K. Khaitan

Mr. B. Raychaudhuri

Mr. G. B. Aayeer

Mr. S. Mantha

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

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No. 116, Thyagaraya Road, T. Nagar

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NOTICE

NOTICE

NOTICE is hereby given that the Sixty-Sixth Annual General Meeting of the Members of Saregama India Limited will be held at Mohit Moitra Mancha, 34/1, Raja Manindra Road, Paikpara, Kolkata-700 037 on Friday, the 26th day of July, 2013 at 10.00 A.M. to transact the following :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2013, the Balance Sheet as at that date and the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend for the financial year ended 31st March, 2013.
3. To appoint a Director in place of Mr. S. Banerjee who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. K. Mohapatra who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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 :

6. *As an Ordinary Resolution*
"RESOLVED that Mrs. Preeti Goenka be and is hereby appointed a Director of the Company with immediate effect."
7. *As an Ordinary Resolution*
"RESOLVED that Mr. Bhaskar Raychaudhuri be and is hereby appointed a Director of the Company with immediate effect."
8. *As an Ordinary Resolution*
"RESOLVED that Mr. Suryanarayana Murthy Mantha be and is hereby appointed a Director of the Company with immediate effect."
9. *As a Special Resolution*
"RESOLVED that subject to approvals from appropriate authorities, if any and pursuant to the provisions of Section 269 and all other applicable provisions of the Companies Act, 1956 including Schedule XIII of the Companies Act, 1956 as amended upto the date ('the Act') approval of the Company be and is hereby granted to the appointment of Mr. Suryanarayana Murthy Mantha ('Mr. Mantha') as the Managing Director of the Company with effect from 1st January, 2013 on the terms and conditions set out in the Agreement entered into between the Company and Mr. Mantha, 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 paid / payable to Mr. Mantha including the terms and conditions of the said appointment, if any, in accordance with Schedule XIII of the Act or any amendments thereto."
10. *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 of the Company be and is hereby accorded in respect of the total remuneration of ₹19,66,536/- paid from 1st April, 2012 to 6th April, 2012 to Mr. Apurv Nagpal ('Mr. Nagpal'), during his tenure as the Managing Director, including payment of ₹14,69,600/- to be considered as compensation for loss of office to Mr. Nagpal subject to approval of the appropriate authorities."
11. *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 managerial remuneration paid / payable to Mr. G. B. Aayeer ('Mr. Aayeer'), the Executive Director not liable to retire by rotation, on the terms and conditions set out in the Agreement entered into between the Company and Mr. Aayeer, copy whereof initialed by the Chairman is laid on the table for the purpose of identification, which Agreement is hereby specifically approved, as follows :-

With effect from 1st July, 2012 –

- Basic Salary : ₹2,15,290/- per month
- Management Allowance : ₹2,15,290/- per month
- Customized Allowance Pool : ₹2,87,251/- per month
(comprising of Leave Travel Allowance, Medical reimbursement, Company Leased Accommodation / House Rent Allowance, Conveyance and Special Allowance)

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

NOTICE (contd.)

12. As a Special Resolution

“RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof and in pursuance of the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board', which term shall be deemed to include the Compensation Committee thereof) in respect of formulation and implementation of Saregama Employees Stock Option Scheme - 2013 ('Scheme') in discontinuation of Saregama Employees Stock Option Scheme - 2001 with immediate effect, a copy whereof initialed by the Chairman is laid on the table for the purpose of identification, which Scheme is hereby approved.”

Registered Office:

‘The Studios @ Dum Dum’

33, Jessore Road,

Kolkata-700 028

Dated: 27th May, 2013.

By Order of the Board

Tony Paul

Company Secretary & Head Legal

NOTES :

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item 6 to 12 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 3, 4, 6 to 8 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, 2013 to 26th July, 2013 (both days inclusive) and dividend as recommended by the Board of Directors, if declared at the Meeting, shall be payable to those shareholders whose names appear on the Company's Register of Members on 26th July, 2013 or to their mandatees. In respect of shares held in electronic form, dividend will be payable to those shareholders who are notified as beneficiaries by the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited at the close of business on 19th July, 2013.
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 mcskol@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. 6 & 7**

Mrs. Preeti Goenka and Mr. Bhaskar Raychaudhuri were appointed as Additional Directors of the Company with effect from 27th May, 2013 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, Mrs. Goenka and Mr. Raychaudhuri 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 Mrs. Goenka and Mr. Raychaudhuri for the office of Directorship under the provisions of Section 257 of the Act.

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. 6 and 7 of the Notice for approval of the Members.

Mrs. Goenka and Mr. Raychaudhuri may be deemed to be concerned or interested in the respective resolutions in which their appointments have been proposed. Save and except Mr. Sanjiv Goenka and Mrs. Sushila Goenka to the extent of their relationship with Mrs. Preeti Goenka, no other Director of the Company is concerned or interested in the said Resolutions.

Item Nos. 8 & 9

The Board of Directors ('The Board') of the Company at its meeting held on 24th December, 2012 appointed Mr. Suryanarayana Murthy Mantha ('Mr. Mantha') as an Additional Director with effect from 1st January, 2013 to hold office upto the next Annual General Meeting.

Mr. Mantha is a B. Tech. – Computer Science (IIT Kanpur), MS – Computer Science (Virginia Tech Blacksburg), PhD – Computer Science (University of Utah) and MBA – Finance & Strategy (University of Rochester). Mr. Mantha has a wealth of experience of working with various organisations in US and India. He worked in US from 1992 to 2005 with RealNetworks, Seattle; PRTM Management Consultants, Washington DC and Xerox Corp, Rochester. He shifted to India in 2005 and has worked as Senior Vice President – Interactive Services, Sify, Chennai; CEO – Web18 (Internet and Mobile Business of Network 18), Mumbai and as Director Omidyar Network, Mumbai.

Notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the candidature of Mr. Mantha as a Director of the Company.

The Board at its meeting held on 24th December, 2012 appointed Mr. Mantha as the Managing Director of the Company with effect from 1st January, 2013, subject to the approval of the Members of the Company and other appropriate authorities, if any, in terms of Section 269 and other applicable provisions of the Companies Act, 1956. Subject to necessary approvals, Mr. Mantha would be entitled to the following remuneration :

- | | |
|-----------------------------------|---|
| 1. Basic Salary | : ₹ 3,50,000/- per month. |
| 2. Management Allowance | : ₹ 3,50,000/- 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 Conveyance, Leave Travel Allowance, Medical reimbursement and Special Allowance):* In accordance with the rules of the Company but not exceeding ₹2,52,500/- per month in aggregate.
- (ii) *Housing:* Not exceeding ₹1,50,000/- per month in aggregate.
- (iii) *Term Life Insurance:* The Company shall take out a Term Life Insurance policy for Mr. Mantha as per the Rules of the Company.
- (iv) *Hospitalisation Insurance:* The Company shall pay premia for Medical insurance for Mr. Mantha and his family as per the Rules of the Company.
- (v) *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. Mantha.

Mr. Mantha shall be eligible to bonus of ₹42,00,000/- per annum, which is maximum 6 months' salary (Basic plus Management Allowance) depending on Company and individual performance.

Mr. Mantha shall be granted options of 25,000 shares under Saregama Employees' Stock Option Scheme at the market price prevailing as on 1st January, 2013.

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

- (vi) Company's contribution towards Provident Fund for Mr. Mantha 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.
- (vii) Gratuity payable to Mr. Mantha shall be in accordance with the Rules of the Company.

NOTICE (contd.)

PART C

(viii) *Reimbursement of telephone expenses* : One landline and one mobile.

(ix) *Earned leave* : Mr. Mantha 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. Mantha shall be entitled to encash the leave accumulated and not availed by him.

5. In case of absence or inadequacy of profits, Mr. Mantha 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. Mantha 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. Mantha as referred to above.

In view of the rich and varied experience of Mr. Mantha, your Board considers that such appointment shall be advantageous to the Company and recommends that the resolutions set out in item nos. 8 and 9 of the Notice convening the Meeting be approved by the Members.

Copy of the Agreement dated 9th January, 2013 executed between Mr. Mantha 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.

Apart from Mr. Mantha, no other Director of the Company is concerned or interested in the above resolution.

Item No. 10

Mr. Apurv Nagpal was appointed as the Managing Director of the Company for five years 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 total remuneration including variation in remuneration of Mr. Nagpal was also approved by the shareholders at the Annual General Meetings held on 29th July, 2011 and 27th July, 2012 respectively. In terms of the said approval, Mr. Nagpal, who ceased to be in employment of the Company with effect from 7th April, 2012, is entitled to a total remuneration of ₹4,96,936/- from 1st April, 2012 to 6th April, 2012 which includes salary of ₹3,67,400/- per month, Management Allowance of ₹3,67,400/- per month, Customised Allowance Pool (comprising of Leave Travel Allowance, Medical reimbursement and Special Allowance) of ₹5,90,000/- per month and other allowances, reimbursements, benefits and perquisites on pro-rata basis. The Board of Directors of your Company ('the Board') at its meeting held on 9th April, 2012, approved, subject to the approval of the Members, payment of ₹14,69,600/- towards 120 days gross pay wherein the difference with basic pay be considered as compensation for loss of office to Mr. Nagpal as the said cessation of employment was much before the expiry of the five year period for which he was appointed.

Your Board recommends that the resolution set out in Item no. 10 of the Notice convening the Meeting be approved by the Members.

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

Item No. 11

Mr. G. B. Aayeer, who has been functioning as the Chief Financial Officer, was appointed as the Director and as the 'Manager' of the Company with effect from 9th April, 2012 and his appointment and remuneration were approved by the shareholders at the Annual General Meeting held on 27th July, 2012. In terms of the said approval, Mr. Aayeer is entitled to a salary of ₹1,82,449/- per month, Management Allowance of ₹1,82,449/- per month and Customised Allowance Pool (comprising of Leave Travel Allowance, Medical reimbursement, Company Leased Accommodation / House Rent Allowance, Conveyance and Special Allowance) of ₹2,49,083/- per month respectively. The Board of Directors of your Company ('the Board') at its meeting held on 24th December, 2012, 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. Aayeer as detailed hereinbelow to bring it in conformity with the remuneration structure of the Company. Due to appointment of Mr. S. Mantha as Managing Director, Mr. Aayeer resigned as the 'Manager' with effect from 1st January, 2013.

Accordingly, the remuneration paid / payable to Mr. Aayeer as Executive Director, including his tenure as 'Manager' till 31st December, 2012, is proposed to be varied / altered with effect from 1st July, 2012 as follows:

With effect from 1st July, 2012 –

- Basic Salary : ₹2,15,290/- per month
- Management Allowance : ₹2,15,290/- per month
- Customized Allowance Pool : ₹2,87,251/- per month
(comprising of Leave Travel Allowance, Medical reimbursement, Company Leased Accommodation / House Rent Allowance, Conveyance and Special Allowance)

The other allowances, reimbursements, benefits and perquisites paid / payable to Mr. Aayeer as approved by the shareholders at its meetings held on 27th July, 2012 shall remain unchanged except to the extent altered as above.

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. Aayeer as referred to above.

Your Board of Directors recommends that the resolution set out in Item no. 11 of the Notice convening the Meeting be approved by the Members.

NOTICE (contd.)

Copy of the Supplemental 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.

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

Item No. 12

The Members at the Fifty-Fourth Annual General Meeting held on 24th September, 2001, approved formulation of the Saregama Employees Stock Option Scheme – 2001 ('the said Scheme') for the eligible employees of the Company and its Directors, and also for the eligible employees including Managing/Wholtime Directors of the subsidiary companies of the Company in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') as was in force at that time. Thereafter, various amendments in the said Scheme have been approved by the Members at the Fifty-Eighth Annual General Meeting held on 30th August, 2005. The salient features and the amendments of the said Scheme were provided in the Explanatory Statement to the respective Notices convening the said Annual General Meetings.

The Compensation Committee, at its meeting held on 25th March, 2013, noted that there has been several amendments in the Guidelines from time to time. The Board of Directors of your Company ('the Board'), on recommendation of the Compensation Committee, at its meeting held on 25th March, 2013, decided to discontinue the said Scheme in order to bring the said Scheme in line with the changes effected by the Guidelines. Accordingly, the Board decided that Saregama Employees Stock Option Scheme - 2013 ('Scheme') be formulated and implemented in place of the said Scheme with immediate effect in pursuance of the provisions of the Guidelines and subject to the approval of the Members.

Your Board of Directors recommends that the resolution set out in Item no.12 of the Notice convening the Meeting be approved by the Members.

Copy of the Scheme 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.

The Directors may be concerned or interested in the above resolution to the extent of the Options that may be granted to them.

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 27th May, 2013.

By Order of the Board

Tony Paul

Company Secretary & Head Legal

Brief profile of Directors seeking re-appointment / appointment at the Annual General Meeting to be held on 26th July, 2013.**1. Mr. S. Banerjee**

Mr. Sumantra Banerjee worked with Monsanto in the US and repatriated to India after 10 years in USA. In India, he has been in various companies of the RPG Group since 1984 at senior management level. Mr. Banerjee has 40 years of experience in India and abroad in manufacturing, engineering, finance, marketing and general management functions. He joined the RPG Management Board in 1991 and since 1993, he has been with CESC Limited as its Managing Director. Apart from being the Managing Director of CESC Limited, Mr. Banerjee is also the President and Chief Executive of RPG Power and Retail Groups till 31st March, 2013.

Qualification:

B. Tech from IIT, Kharagpur.

MS in Polymer Science.

MBA in Marketing and Finance from USA.

Date of Birth:

31st December, 1949.

Directorship in other companies:

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

CEC Limited – Managing Director, Spencer International Hotels Limited – Director, Dhariwal Infrastructure Limited – Director, Noida Power Company Limited – Director, Au Bon Pain Café India Limited – Director, Mahuagarhi Coal Company Private Limited – Director and Myriad Ventures Private Limited – Director.

Membership of Committees of the Board:

Member of Investors' Grievance Committee of CESC Limited.

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

2. Mr. P. K. Mohapatra

Mr. Pradipta Kumar Mohapatra coaches executives and entrepreneurs after two decades of experience in supervising CEOs across businesses. During his long innings at the RPG Group, Mr. Mohapatra incubated a series of first time businesses in India such as Foodworld, Musicworld, Health & Glow, Saregama.com and Hamaracd.com (first custom CD manufacturing portal in the world). He sits on the Board of many public as well as startup companies across India, Asia-Pacific, UK and USA.

Mr. Mohapatra served as Chairman, Confederation of Indian Industries (Southern Region) and President of Madras Management Association and co-founded Coaching Foundation India Limited as well as Chennai Business School Limited. Studied Management at Mumbai and Harvard, Mr. Mohapatra was invited to be a Fellow of Chartered Management Institute, UK.

Mr. Mohapatra co-authored 2009's best selling book, 'India's Global Powerhouses' published by Harvard Business Publishing, Boston.

Qualification:

B.Sc. (Eng.), FCMI (UK), AMP.

Date of Birth:

19th February, 1950.

NOTICE (contd.)

Directorship in other companies:

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

Coaching Foundation India Limited – Chairman, Chennai Business School Limited – Chairman, Zensar Technologies Limited – Director, RPG Life Sciences Limited – Director, Morarjee Textiles Limited – Director, Zensar OBT Technologies Limited – Director, Lakshmi Kiran Eye Care Private Limited – Chairman, R & R Salons Private Limited – Director, Qwik Silver Solutions Private Limited – Director, Dusters Total Solutions & Services Private Limited – Director and P. Orr & Sons Private Limited – Director.

Membership of Committees of the Board:

Chairman and member of Compensation and Audit Committees of Zensar Technologies Limited respectively and member of Audit and Compensation Committees of RPG Life Sciences Limited.

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

3. Mrs. P. Goenka

Mrs. Preeti Goenka completed her schooling from Welhams Girls High School, Dehradun and later studied Interior Designing at South Delhi Polytechnic to secure a diploma.

Married to Mr. Sanjiv Goenka, Mrs. Preeti Goenka has vast experience in interior designing having handled a number of prestigious projects, both residential and commercial. She is the co-founder of Stylefile, the well-known Kolkata movement to promote art in everyday life and support creative talents in diverse fields, particularly lifestyle.

A past President of the Ladies Study Group of Indian Chamber of Commerce Kolkata, currently she is an Executive Committee Member of the Birla Industrial & Technological Museum, Kolkata.

Date of Birth: 16th July, 1962

Directorship in other companies: Nil.

Membership of Committees of the Board: Nil.

Shareholdings as stated in Clause 49 (IV) (E) (v): Mrs. Preeti Goenka does not hold any share in the Company.

4. Mr. B. Raychaudhuri

Mr. Bhaskar Raychaudhuri is a Graduate in Commerce and a Chartered Accountant. He has over 40 years of experience in both staff and line function in diverse industries of which 28 years of rich experience in the Power Sector in Senior Management. Mr. Raychaudhuri has been associated with CESC Limited since 1980 and his areas of work included Finance, Legal & Business Development for Power Business Group while reporting to Managing Director & CEO. He was designated as Executive Director (Finance) of CESC Limited till March, 2005. As a Whole-time Director of Crescent Power Limited since April 2005, Mr. Raychaudhuri had been associated with development and financing of new power projects in RPG Group till April, 2009. Prior to joining CESC Limited, Mr. Raychaudhuri worked with Indian Oxygen Limited (presently Linde India Limited), Indian Aluminium Company Limited (presently Hindalco Industries Limited) and Reckitt & Colman of India Limited (presently Reckitt, Benckiser (India) Limited). He was a member of Direct Tax Sub-committee of Bengal Chamber of Commerce & Industry (BCCI) and Economics & Finance Sub-committee of Confederation of Indian Industries (CII). Mr. Raychaudhuri had networking and a strong association with various authorities / organizations in Power and Finance Sectors both in India and abroad like Central Electricity Authority, Ministry of Power, New Delhi, IFC (Washington and Delhi), ICICI, IDBI, IDFC, SBI Capital Markets and ADB (Manila).

Date of Birth: 26th February, 1943

Directorship in other companies:

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

Haldia Energy Limited – Director, Jharkhand Electric Company Limited – Director.

Membership of Committees of the Board:

Member of Audit and Remuneration Committees of Haldia Energy Limited.

Shareholdings as stated in Clause 49 (IV) (E) (v): Mr. Bhaskar Raychaudhuri does not hold any share in the Company.

5. Mr. S. Mantha

Mr. Suryanarayana Murthy Mantha has a wealth of experience of working with various organisations in US and India. He worked in US from 1992 to 2005 with RealNetworks, Seattle; PRTM Management Consultants, Washington DC and Xerox Corp, Rochester. He shifted to India in 2005 and has worked as Senior Vice President – Interactive Services, Sify, Chennai; CEO – Web18 (Internet and Mobile Business of Network 18), Mumbai and as Director Omidyar Network, Mumbai.

Mr. Suryanarayana Murthy Mantha is a B. Tech. – Computer Science (IIT Kanpur), MS – Computer Science (Virginia Tech Blacksburg), PhD – Computer Science (University of Utah) and MBA – Finance & Strategy (University of Rochester).

Date of Birth: 4th August, 1963

Directorship in other companies: Nil

Membership of Committees of the Board: Nil

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

REPORT OF THE DIRECTORS' WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Sixty-Sixth Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March 2013.

Financial Results

The performance of your Company for the year ended 31st March, 2013 is summarized below:

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Total income	18446	15577
Profit/(Loss) from operations	1402	745
Extraordinary item	327	Nil
Provision for Contingencies	Nil	Nil
Profit/(Loss) before tax	1075	745
Provision for Taxation		
Deferred Tax Charged / (Credit)	(483)	409
Current tax	470	475
Net profit/(Loss) (after tax and extraordinary items)	1088	(139)
Proposed Dividend (including tax thereon)	305	Nil
Transfer to general reserve	54	Nil
Reserves (excluding revaluation reserves)	11821	11038

Your Board is pleased to report a profit of ₹ 1087.98 Lacs in the year 2012-13.

Dividend

Your Directors are pleased to recommend a dividend of ₹1.50 per equity share of ₹10/- each for the year ended 31st March, 2013.

Operations

Music Audio Business

The Company has developed its own state of art digital infrastructure and have brought on board the specialized digital business team. In place of monetisation of Company's rich catalogue by licensing route using network of the aggregators, the Company has adopted the strategy to directly approach the customers by way of tie up with B2B partners like telcos and through specialized product offerings. The proliferation of mobile and Internet platforms has offered many profitable opportunities to draw revenues from traditional digital products like CRBT and new avenues like WAP. 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 aggressively 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 and also increasing its presence on popular platforms like 'You Tube'.

Your Company continued the policy of economizing its physical audio business. The corporate segment of physical sales continue to post appreciable business. During the year under review, the Company acquired new Hindi and regional film soundtracks including in Hindi - 'Himmatwala', 'Love-in-Bombay', 'Lay Gaya Saddam', 'Its Rocking - Dard - E- Disco', etc. The demand for use of old film hits in new films continued this year also.

Your Company has been able to penetrate more into hitherto untapped markets of the Indian sub-continent and Middle East along with traditional markets of United Kingdom, United States and other parts of Europe and South East Asia through its 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.)

Music Publishing Business

The music publishing business is enjoying an organic growth for long-tail catalogue owners like your Company. The growth has been primarily in the areas of film synchronization, TV & Radio advertisement synchronization and events. Having a deep catalogue with the most number of songs by the legends of Indian music, both film and non-film, across genres and languages, various TV reality shows, soaps and advertisements are inspired to use your Company's underlying rights in its repository. The Bollywood industry continues to synchronize your Company's catalogue to create new content while retaining the nostalgic value of the retro music. This had led to a substantial increase in music publishing revenue for your Company.

TV Software

National TV business has been successfully producing programs in national Hindi language in mainstream channels like 'Savdhan India' in Star TV's Life OK Channel and also in regional channels like BIG Magic Channel titled 'Police Files' and 'Pyaar Ya Dehshat'. The Company remains strong in TV software business of regional languages. 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. As for the content in Bengali language, the serials titled 'Nadir Dik Hara', 'Antoral' and 'Kolir Gopal Bhar' were received well during the year on leading Bangla Channel.

Home Video

Your Company distributed 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 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 fifth year of operations, the magazine is yet to achieve break even to become 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 by the consumers of mobile 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, the sales in physical formats which continuously dropped in past would not offer any profitable business opportunities. Added to this, unabated piracy is eating away a substantial portion of the increased revenue generation of physical business. The newly enacted amendments to the Copyright Act are expected to alter the dynamics of the Music Industry. These amendments are also going to throw lot of new business opportunities in music publishing, which hitherto were conventionally not available in India. Music publishing business is expected to come of age and would offer many areas for revenue growth. As for the cost of new content; both in film and non-film space would be continuously on rise.

REPORT OF THE DIRECTORS (contd.)

Opportunities and Threats

Opportunities

Music Business (Digital)

There will be many opportunities to increase the presence in emerging Digital Vectors like WAP, Web, DTH, Applications and Devices besides consolidating the position in established vectors like CRBT and Mobile Radio. There will be prospect of getting into Platform offerings across operators. Embedding in devices offer a significant growth opportunity for bundling Music along with new mobile devices sold by mobile manufacturers.

Music Publishing Business

The proposed phase III auction of FM channels is expected shortly, which will further enhance retro catalogue usage.

TV Software

In 2012, the Television Industry commenced its journey down a game-changing path; with the seeds planted for sweeping changes that would significantly change the way business is done. Digitization of Cable is expected to bring in transparency and increase Subscription Revenues for Multi System Operators (MSO's) and Broadcasters. This development bodes well for the TV Content Producers, as the content would command better valuation than the earlier years.

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

Piracy continues to be the biggest threat both in physical as well as digital music sales. The newly introduced 4G mobile and broadband services may also see significant rise in piracy.

Music Publishing Business

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 in publishing areas leading to endless litigation.

TV Software

The growing cost of production, high cost of Artists and Technicians coupled with the pressure from Trade Unions is a continuous problem faced by the software producers.

Publication Business

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

Productwise Performance

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 'Gulzar's Nazm' – recitation of own writings by Gulzar of 41 handpicked Nazms, 'Hum Ho Gaya' – club remix by Sophie Choudry, Sufi compositions by Komal Rizvi, etc. are some of the other albums which were highly appreciated and acclaimed by the general public. Roop Kumar Rathod and Sonali Rathod concerts in UK and USA were highly appreciated. Due to high quality of the content in Tamil, TV software created for Sun Bouquet of channels commanded better pricing backed by good TRPs. The software created for Rupashi 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.

REPORT OF THE DIRECTORS (contd.)

Outlook

Music Audio Business

The shift of Music formats from physical to digital forms of music with consumer preference for payment on digital music sampling will be the trendsetter. 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. 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.

TV Software

With digitization, the Carriage Fees will reduce whereby attracting more investment in content for the existing Channels and also expected to increase in launch of more niche Channels.

Music Publishing Business

The music publishing business is expected to grow steadily as the demand for use of composition / lyrics of retro music are increasing day by day.

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 in many areas 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 358 employees.

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.

REPORT OF THE DIRECTORS (contd.)

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 to be held on 26th July, 2013, is to approve the introduction of the Employee Stock Option Scheme for eligible employees of the Company and its subsidiaries. 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.

Directors

Your Directors with profound grief announces the sad demise of the founder Chairman of the Company Dr. R. P. Goenka and acknowledges his immense contribution to the growth of the Company.

REPORT OF THE DIRECTORS (contd.)

In terms of Article 102 of the Articles of Association, Mr. S. Banerjee and Mr. P. K. Mohapatra 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. Suryanarayana Murthy Mantha as Managing Director of the Company effective from 1st January, 2013. Further, in its meeting held on 27th May, 2013, the Board appointed both Mrs. Preeti Goenka and Mr. Bhaskar Raychaudhuri as Non-executive Directors 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 2012-2013 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	46.70	118.12
Foreign Exchange earned	1700.57	590.64

Acknowledgement

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

By Order of the Board

Sanjiv Goenka
Chairman

Kolkata,
27th May, 2013

REPORT OF THE DIRECTORS (contd.)

Annexure to the Report to the Directors for the 12 months period ended 31st March, 2013

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 2012-13		Total
Options granted	12000	25000	37000
Pricing Formula	The exercise price of the option is the closing price of the National Stock Exchange as on the date of appointment of the respective employee. 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 opening price of the National Stock Exchange as on the date of appointment of the respective employee. 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	Nil	Nil	Nil
Options exercised	Nil	Nil	Nil
Number of shares arising as a result of exercise of Options	Nil	Nil	Nil
Options Lapsed	Nil	Nil	Nil
Variation of terms of Options	Nil	Nil	Nil
Money realised by the exercise of the Options	Nil	Nil	Nil
Total number of Options in force	12000	25000	37000
Weighted average Exercise price (₹)	100.80	87.50	—
Weighted average Fair Value (₹)	41.80	42.80	—

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

- (a) **For Option granted during 2012-13** : Method: Black Scholes Options pricing model : (b) Assumptions: Risk free interest rate - 7.75% (Weighted average for 5 yrs): expected life - 7 years (Weighted Average for Option granted during 2012-13); Expected Volatility - 58.80%; Expected dividends - ₹0.35 and market price at the time of the Option grant : ₹57.35.

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 2012-13	Total
Suryanarayana Murthy Mantha	Managing Director	25000	25000
Adarsh Gupta	Senior Vice President - Music Business	12000	12000

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

Name	Designation	Options Granted during 2012-13	Total
Suryanarayana Murthy Mantha	Managing Director	25000	25000
Adarsh Gupta	Senior Vice President - 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, 2013	31st March, 2012
Profit after taxation	1087.98	-139.37
Less: Additional Employee compensation cost based on Fair Value	0.06	2.01
Profit after taxation as per Fair Value Method	1087.92	-141.38
Earnings per Share (EPS)		
Basic		
Number of Shares	1,74,02,938	1,74,02,938
Basic EPS as reported (₹)	6.25	(0.80)
Proforma Basic EPS (₹)	6.25	(0.81)
Diluted		
Number of Shares	1,74,02,938	1,74,09,122
Diluted EPS as reported (₹)	6.25	(0.80)
Proforma Diluted EPS (₹)	6.25	(0.81)
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

Kolkata,
27th May, 2013

Sanjiv Goenka
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

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

2. Board of Directors

A. Composition of the Board of Directors as on 31st March, 2013

The Board of Directors of the Company comprised

- 7 Non-Executive Directors (including 4 Independent Directors)
- 2 Executive Directors

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, 2013 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 ³	Non-Executive (Chairman)	2	—	—	—	—
2.	Mr. S. Goenka ⁴	Non-Executive (Vice Chairman)	6	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	2	4	—	2	—
6.	Mr. H. Neotia	Non-Executive Independent	8	3	4	—	—
7.	Mr. P. K. Khaitan	Non-Executive Independent	—	14	—	4	—
8.	Mr. G. B. Aayeer ⁵	Executive Director	—	3	—	—	—
9.	Mr. S. Mantha ⁶	Managing Director	—	—	—	—	—

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 Expired on 14.4.2013.

⁴ Appointed as Chairman of the Company with effect from 27.5.2013 due to vacation of office of Chairman by Late Dr. R. P. Goenka.

⁵ Appointed as an Additional Director with effect from 9.4.2012. Resigned as 'Manager' with effect from 1.1.2013.

⁶ Appointed with effect from 1.1.2013.

Note : Mrs. P. Goenka (who is also related to Mr. S. Goenka, Dr. R. P. Goenka and Mrs. S. Goenka) and Mr. B. Raychaudhuri appointed as Additional Directors with effect from 27.5.2013.

B. Attendance of Directors at the Board Meetings during the period 1st April, 2012 to 31st March, 2013 and at the last Annual General Meeting.

Sl. No.	Name of Directors	Number of Meetings attended out of five Board Meetings held during the year	Attendance at the last AGM on 27.7.2012
1.	Dr. R. P. Goenka	—	No
2.	Mr. S. Goenka	5	No
3.	Mrs. S. Goenka	—	No
4.	Mr. S. Banerjee	5	No
5.	Mr. P. K. Mohapatra	1	No
6.	Mr. H. Neotia	2	No
7.	Mr. P. K. Khaitan	—	No
8.	Mr. G. B. Aayeer	4	Yes
9.	Mr. S. Mantha	1	No

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 2012-2013 – Five.

Dates of the Board Meetings

9th April, 2012; 21st June, 2012; 6th July, 2012; 24th December, 2012 and 25th March, 2013.

3. Committee of Directors

(i) Composition

The composition of the Committee of Directors as on 31st March, 2013 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. G. B. Aayeer	Member	Executive Director
Mr. S. Mantha *	Member	Managing Director

* Inducted with effect from 1.1.2013.

(ii) Meetings

During the financial year ended 31st March, 2013, the Committee of Directors met four times on 1st June, 2012, 13th August, 2012, 12th November, 2012 and 13th February, 2013 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 four meetings held during the year
1.	Mr. S. Goenka	4
2.	Mr. S. Banerjee	4
3.	Mr. P. K. Mohapatra	–
4.	Mr. G. B. Aayeer	4
5.	Mr. S. Mantha	1

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 / Executive 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, 2013 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, 2013, the Audit Committee met five times on 1st June, 2012, 6th July, 2012, 13th August, 2012, 12th November, 2012 and 13th February, 2013 respectively.

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

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

Sl. No.	Name of the Directors	Number of Meetings attended out of five meetings held during the year
1.	Mr. S. Banerjee	5
2.	Mr. H. Neotia	5
3.	Mr. P. K. Mohapatra	—

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, 2013 is as under :

Name of the Directors	Position	Category of Director	Attendance
Mr. S. Banerjee	Chairman	Non-executive Independent Director	4
Mr. P. K. Mohapatra	Member	Non-executive Independent Director	4
Mr. H. Neotia	Member	Non-executive Independent Director	4

(iii) Meetings

During the financial year ended 31st March, 2013, Compensation Committee met four times on 9th April, 2012, 25th October, 2012, 24th December, 2012 and 25th March, 2013.

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.

Mr. A. Nagpal, the erstwhile Managing Director who ceased to be in employment with effect from 7th April, 2012, 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 Meetings held on 29th July, 2011 and 27th July, 2012. The payment of 120 days gross pay wherein the difference with basic pay has been considered as compensation for loss of office to Mr. Nagpal as the said cessation of employment was much before the expiry of the five year period for which he was appointed, has been approved by the Board at its meeting held on 9th April, 2012 and is subject to approval of the shareholder at the ensuing Annual General Meeting.

Mr. G. B. Aayeer, the Executive Director, has been paid remuneration as per the Agreement entered with the Company on 9th April, 2012 and approved by the shareholders at the Annual General Meeting held on 27th July, 2012. The subsequent increment in his remuneration effective 1st July, 2012 has been approved by the Board of Directors at its meeting held on 24th December, 2012 and is subject to approval of the shareholders at the ensuing Annual General Meeting. Mr. Aayeer resigned as 'Manager' effective 1st January, 2013.

Mr. S. Mantha, Managing Director appointed effective 1st January, 2013 which is subject to the approval of the shareholders at the ensuing Annual General Meeting. He has been paid remuneration as approved by the Board of Directors at its meeting held on 25th March, 2013.

The remuneration structure of all Managerial personnel comprises salary, allowances, perquisites and contributions to the Provident and other funds.

REPORT ON CORPORATE GOVERNANCE (contd.)

Details of remuneration paid to the Managerial personnel, Directors, both executive and non-executive, for the Financial Year 2012-2013 are given hereunder :

A. Executive Director (₹ in thousands)

Name	: Mr. A. Nagpal	Mr. S. Mantha	Mr. G. B. Aayeer
Designation	: Managing Director (Ceased w.e.f. 7.4.2012)	Managing Director (Appointed w.e.f. 1.1.2013)	Chief Financial Officer (Appointed w.e.f. 9.4.2012)
Remuneration	:		
Salaries and allowances	147	2100	4860
Contribution to Provident Fund	9	126	292
Contribution to Gratuity Fund	—	—	1620
Contribution to Superannuation Fund	11	—	364
Other benefits/perquisites	1800	2356	5145
Total	1967	4582	12281

Note:

Service Contract	: For a period not exceeding 5 years with effect from 15th January, 2009.	With effect from 1st January, 2013.	For a period of 5 years with effect from 9th April, 2012.
Notice period	: (i) Not less than 120 days' notice or 120 days' basic salary in lieu of notice. (ii) Termination of Agreement by the Company by giving one month notice or one month's Basic salary in lieu of notice.	(i) Not less than 90 days' notice or 90 days' basic salary in lieu of notice. (ii) Termination of Agreement by the Company by giving one month notice or one month's Basic salary in lieu of notice.	(i) Not less than 120 days' notice or 120 days' basic salary in lieu of notice. (ii) Termination of Agreement by the Company by giving one month notice or one month's Basic salary in lieu of notice.
Severance Fees	: Nil	Nil	Nil
Stock Option details	<p>The Saregama Employees Stock Option Scheme 2001 (Scheme 2001), as implemented in 2001-02 has been discontinued during the year. Accordingly, all stock options granted / vested in earlier years to certain eligible employees under the aforesaid 'Scheme 2001' have also lapsed.</p> <p>Subsequent to discontinuance of the Scheme, the Company has implemented Saregama Employee Stock Option Scheme 2013 (Scheme 2013), effective from 26th March, 2013 and granted 25,000 options to Mr. Suryanarayana Murthy Mantha, Managing Director under Scheme 2013 at the exercise price of ₹ 87.50 per option respectively, as determined by the Board of Directors.</p> <p>Vesting schedule of the said options granted is as below :-</p> <ul style="list-style-type: none"> — 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 <p>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.</p>		

B. Non-executive Directors

Sl. No.	Name of the Directors	Sitting Fees Paid / Payable (₹)
1.	Dr. R. P. Goenka	—
2.	Mr. S. Goenka	130000
3.	Mrs. S. Goenka	—
4.	Mr. S. Banerjee	175000
5.	Mr. P. K. Mohapatra	45000
6.	Mr. H. Neotia	85000
7.	Mr. P. K. Khaitan	—
	Total	435000

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, 2013 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, 2013 two Meetings of the Shareholders Grievance Committee were held on 1st June, 2012 and 24th December, 2012 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 two meetings held during the year
1.	Mr. S. Goenka	2
2.	Mr. P. K. Mohapatra	1
3.	Mr. S. Banerjee	2

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

Status of Shareholders' Complaints :

Complaints pending as on 1st April, 2012 Nil

Number of complaints

– received during the year 7

– resolved during the year 7

Complaints pending as on 31st March, 2013 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, 2013 is as under:

Mr. S. Mantha, Managing Director (Inducted with effect from 1st January, 2013)

Mr. G. B. Aayeer, Chief Financial Officer

Mr. Tony Paul, Company Secretary & Head Legal.

The Share Transfer Sub-Committee held 14 meetings during the financial year ended 31st March, 2013.

10. General Body Meetings

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

Date	Type	Venue	Time	Special Resolutions Passed
27th July, 2012	65th AGM	Madhusudan Mancha, Kolkata.	10.00 AM	Yes
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

Note :

There was no special resolution put through postal ballot in the last Annual General Meeting (AGM) held on 27th July, 2012. As on date no resolution is proposed to be conducted through postal ballot in the ensuing AGM.

(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.

REPORT ON CORPORATE GOVERNANCE (contd.)

11. Disclosures

- (i) Details of related party transactions during the year have been set out under Note 40 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.
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, 2012.
- (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 (31.03.12 – 5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2013.
- (iv) Laid down procedures for assessment and minimisation of risk are being reviewed and updated periodically by the Board of Directors.
- (v) All mandatory requirements have been appropriately complied with read with the note on para 2B herein above and the non mandatory requirements are dealt with at the end of the Report.
- (vi) Certificate from the Managing Director and Chief Financial Officer in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2013 was placed before the Board of Directors of the Company at its meeting held on 27th May, 2013.
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, 2013 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** : 26th July, 2013 at 10.00 A.M.
at Mohit Moitra Mancha,
34/1, Raja Manindra Road, Paikpara,
Kolkata 700 037
- b) **Financial Year** : 1st April to 31st March
- c) **Dates of book closure** : From 20th July, 2013 to 26th July, 2013 (both days inclusive) as annual closure for the Annual General Meeting and payment of dividend, if declared.
- d) **Dividend Payment Date** : Dividend of ₹ 1.50 per equity share of ₹ 10/- each for the year ended 31st March, 2013 as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting to be held on 26th July, 2013, will be paid within the stipulated time in compliance with the related / applicable statute.
- 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 2013-2014 to all the Stock Exchanges.

REPORT ON CORPORATE GOVERNANCE (contd.)

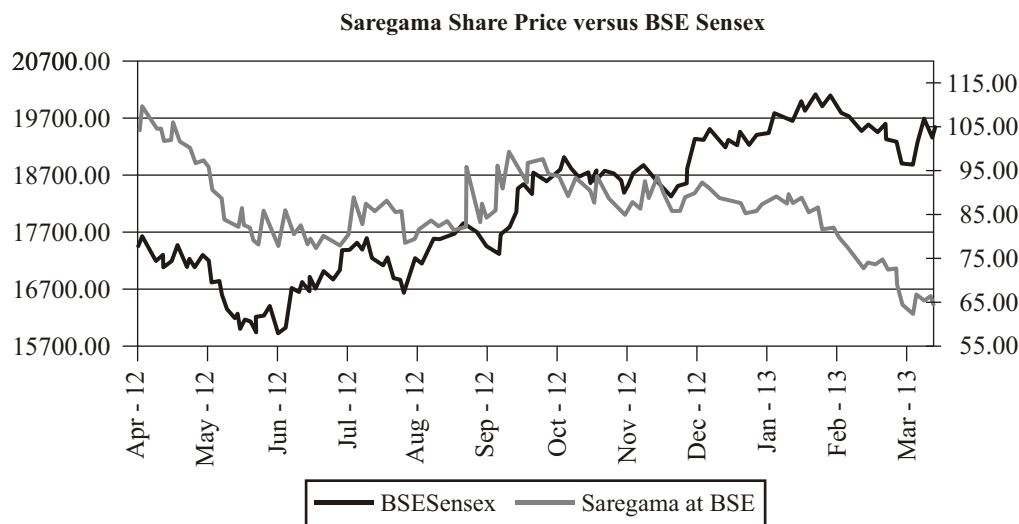
f) Stock Code :

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 :

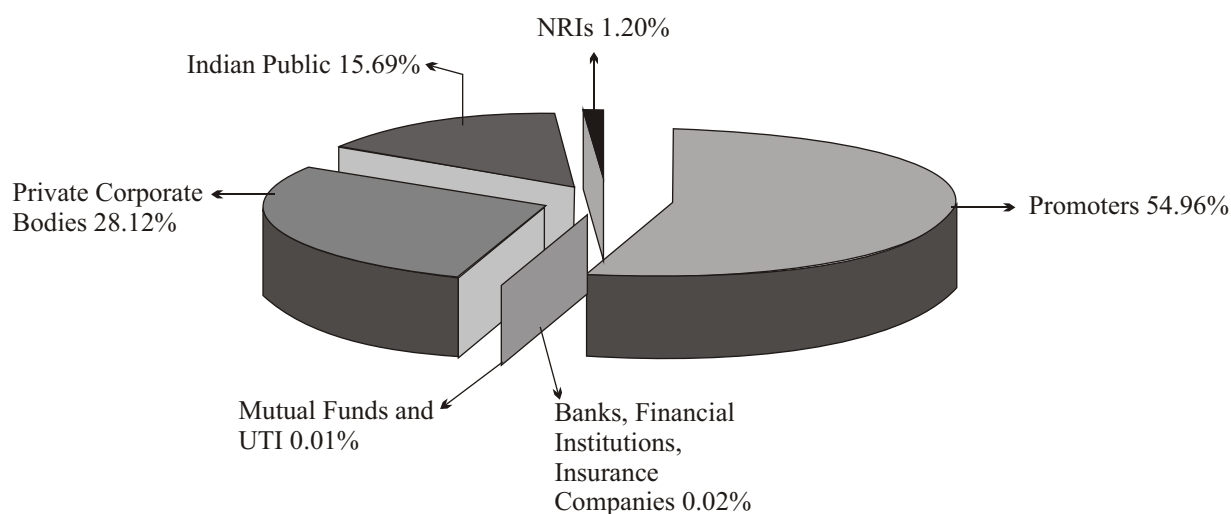
Month	Saregama Share prices with NSE		Saregama Share prices with BSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
April, 2012	115.00	93.55	115.00	93.40	17664.10	17010.16
May, 2012	101.80	76.20	101.70	76.85	17432.33	15809.71
June, 2012	91.20	74.00	91.15	74.35	17448.48	15748.98
July, 2012	93.40	78.10	93.80	78.20	17631.19	16598.48
August, 2012	98.50	79.60	98.20	79.30	17972.54	17026.97
September, 2012	104.75	84.10	104.50	84.70	18869.94	17250.80
October, 2012	98.25	83.20	98.00	83.20	19137.29	18393.42
November, 2012	95.85	84.45	95.75	84.65	19372.70	18255.69
December, 2012	97.25	84.25	97.40	85.00	19612.18	19149.03
January, 2013	92.50	78.70	91.90	79.00	20203.66	19508.93
February, 2013	81.50	63.40	81.50	62.00	19966.69	18793.97
March, 2013	69.75	55.95	69.65	56.00	19754.66	18568.43

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



REPORT ON CORPORATE GOVERNANCE (contd.)
i) Shareholding pattern as on 31st March, 2013 :

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	4000	0.02
4	Foreign Institutional Investors	Nil	Nil
5	Private Corporate Bodies	4893552	28.12
6	Indian Public	2730584	15.69
7	NRI's	209468	1.20
8	Any other	Nil	Nil
	Total	17402938	100.00

Shareholding Pattern as on 31st March, 2013

j) Distribution of Holdings as on 31st March, 2013 :

Category	No. of Shareholders	Percentage %	No. of Shares	Percentage %
Upto 500	16493	95.84	1001039	5.75
501 – 1000	344	2.00	275572	1.58
1001 – 2000	174	1.01	257598	1.48
2001 – 3000	61	0.35	158629	0.91
3001 – 4000	28	0.16	98621	0.57
4001 – 5000	20	0.12	92360	0.53
5001 – 10000	32	0.19	237938	1.37
10001 – 50000	34	0.20	658212	3.78
50001 – 100000	7	0.04	518545	2.98
100001 & above	15	0.09	14104424	81.05
Total	17208	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 dematerialised shares) and redressal of investor complaints. In addition, the Company Secretary & Head Legal oversees the work of MCS Limited to ensure that the queries of the investors are replied to within a reasonable period and that share transfers and transmissions are registered at least every fortnight.

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

m) Dematerialisation of shares and liquidity :

With effect from 29th May, 2000, the Company's scrip forms part of the SEBI's compulsory demat segment for all investors. To facilitate the investors in having an easy access to the Demat System, the Company has signed up with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through the Company's Registrars, MCS Limited. As at 31st March, 2013, a total of 1,72,20,845 Equity Shares of the Company, constituting 98.95% 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
27th May, 2013

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

REPORT ON CORPORATE GOVERNANCE (contd.)

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

I, Surya Mantha, Managing Director of Saregama India Limited declare that all the Members of the Board of Directors and Senior Management personnel have, for the year ended 31st March, 2013, 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
27th May, 2013

S. Mantha
Managing Director

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

27th May, 2013

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 2013 :

- (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

S. Mantha
Managing Director

G. B. Aayeer
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, 2013, 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 management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliances with the conditions of the Corporate Governance as stipulated in said Clause. 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 except the attendance of the Chairman of the Audit Committee in the last Annual General Meeting as mentioned in Note on paragraph 2B 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 : 27th May, 2013

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

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report to the Members of Saregama India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Saregama India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) 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;

INDEPENDENT AUDITORS' REPORT *(contd.)*

- (c) 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;
- (d) 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;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Kolkata
27th May, 2013

For Price Waterhouse
Firm Registration No. : 301112 E
Chartered Accountants

(Pinaki Chowdhury)
Partner
Membership No.057572

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Saregama India Limited on the financial statements as of and for the year ended March 31, 2013

- i. (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 have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of 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.
- iii. (a) The Company has granted unsecured loan, to one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 950 lacs and ₹ 950 lacs, respectively. The Company has not granted any other secured/unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In keeping with the terms and conditions of the aforesaid loan, the principal amount as well as interest amount have not fallen due for repayment during the year.
- (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(f) and (g) of the said Order are not applicable to the Company.
- iv. 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.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.
- ix. (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 and sales tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (contd.)

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and service-tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, customs duty and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lacs.)	Period to which the amount relates	Forum where the 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 2006-07	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	2.21	1990-91 2003-04	Deputy Commissioner
Central Sales Tax Act, 1956	Sales Tax	327.87	1999-00 2004-05 2006-07 2009-10	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	2.43	2008-09 1998-99	Assistant Commissioner of Commercial/Sales Taxes
West Bengal Sales Tax Act, 1994	Sales Tax	181.83	1989-90 1994-95 2000-01 2001-02 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 2000-01 2002-03	Deputy Commissioner of Commercial Taxes
Kerala General Sales Tax Act, 1963	Sales Tax	4.18	1997-98	Sales Tax Officer
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2.33	2001-02 2005-06 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	597.28	2000-01 2005-06 to 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	51.67	2006-07 2010-11	Deputy Commissioner
Income Tax Act, 1961	Income Tax	14.35	2010-11	Income Tax Officer
Income Tax Act, 1961	Income Tax	4.63	2011-12	Assistant Commissioner

- x. 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.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT (contd.)

- xi. According to the records of the Company examined by us and the information and explanation 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.
- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. 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.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, for the purposes for which they were obtained.
- xvii. 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.
- xviii. 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.
- xix. The Company has not issued any debentures during the year and does not have any debentures 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.
- xx. 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.
- xxi. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Kolkata
27th May, 2013

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

BALANCE SHEET AS AT 31ST MARCH 2013

(₹ in Lacs)

	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	1,740.29	1,740.29
Reserves and Surplus	3	14,870.83	14,091.30
Non Current Liabilities			
Long Term Borrowings	4	—	4.30
Other Long Term Liabilities	5	18.01	18.01
Long Term Provisions	6	133.32	132.40
Current Liabilities			
Short Term Borrowings	7	1,162.75	3,914.84
Trade Payables	8	2,602.44	3,022.73
Other Current Liabilities	9	1,339.46	2,293.05
Short Term Provisions	10	2,085.44	1,429.36
		23,952.54	26,646.28
ASSETS			
Non Current Assets			
Fixed Assets	11		
Tangible Assets		7,907.98	7,915.48
Intangible Assets		583.09	1,160.21
Non-Current Investments	12	4,167.66	4,167.66
Deferred Tax Assets (net)	13	549.93	66.48
Long-term Loans and Advances	14	219.06	206.98
Current Assets			
Inventories	15	683.10	1,166.01
Trade Receivables	16	3,817.10	3,056.95
Cash and Bank Balances	17	1,742.62	4,006.56
Short-term Loans and Advances	18	4,248.77	4,879.96
Other Current Assets	19	33.23	19.99
		23,952.54	26,646.28

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,
May 27, 2013

On behalf of the Board

T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lacs)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from Operations (Gross)	20	17,469.42	14,976.08
Less: Excise Duty		0.47	0.54
Revenue from Operations (Net)		17,468.95	14,975.54
Other Income	21	977.25	601.37
Total Revenue		18,446.20	15,576.91
Expenses:			
Cost of Materials Consumed and Contract Manufacturing Charges	22	1,040.42	1,633.04
Cost of Production of Films, Television Serials and Portal	23	3,955.33	2,437.79
Changes in Inventories of Finished Goods and Work-in-Progress [(Increase)/Decrease]	24	479.94	(18.26)
Employee Benefits Expense	25	3,017.82	2,477.89
Finance Costs	26	264.48	393.27
Depreciation and Amortisation Expense	27	1,188.03	1,119.18
Other Expenses	28	7,098.48	6,788.69
Total Expenses		17,044.50	14,831.60
Profit Before Exceptional Items and Tax		1,401.70	745.31
Exceptional Items-Payment under Voluntary Retirement Scheme	29	327.17	—
Profit Before Tax		1,074.53	745.31
Tax Expenses :			
Current Tax		470.00	475.25
Deferred Tax Charge/(Credit)		(483.45)	409.43
Profit/(Loss) for the Year		1,087.98	(139.37)
Earnings/(Loss) per Equity Share:	34.2		
[Nominal Value per share ₹ 10/-(Previous Year- ₹ 10/-)]			
Basic (₹)		6.25	(0.80)
Diluted (₹)		6.25	(0.80)

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,
May 27, 2013

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Mantha
Managing Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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 recognised 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 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.

Impairment loss is recognised wherever the carrying amount of intangible fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in 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 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, 2013 (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 are recognised as inventory and the cost is amortised over such period, 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 and included 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.

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed on accrual of liability.

(g) Sales and Licence Fees

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

Revenue from films is recognised on assignment of distribution rights and revenue relating to television serials is recognised on the basis of telecast/Sale of Content, as applicable.

(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 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 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

2 SHARE CAPITAL

Authorised

25,000,000 (31.03.2012:25,000,000) Equity Shares of ₹10/- each

Issued

1,74,02,938 (31.03.2012:1,74,02,938) Equity Shares of ₹10/- each

Subscribed and Paid Up

1,74,02,938 (31.03.2012:1,74,02,938) Equity Shares of ₹10/- each fully paid up

TOTAL

As at 31st March, 2013	As at 31st March, 2012
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 (31.03.2012- 5,290) equity shares (relating to cases under litigation/pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2013.

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, 2013		As at 31st March, 2012	
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
REL Utility Engineers Limited

As at 31st March, 2013		As at 31st March, 2012	
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%	5,634,291	32.38%
—	—	1,319,000	7.58%
1,319,000	7.58%	—	—

2.5 Stock Option Schemes

The Saregama Employees Stock Option Scheme 2001 (Scheme 2001), as implemented in 2001-02 has been discontinued during the year. Accordingly, all stock options granted / vested in earlier years to certain eligible employees under the aforesaid 'Scheme 2001' have also lapsed. Subsequent to discontinuance of the Scheme, the Company has implemented Saregama Employee Stock Option Scheme 2013 (Scheme 2013), effective from 26th March, 2013 and granted 12,000 options and 25,000 options to Mr. Adarsh Gupta, Senior Vice President-Music Business and Mr. Suryanarayana Murthy Mantha, Managing Director under Scheme 2013 at the exercise price of ₹100.80 and ₹ 87.50 per option respectively, as determined by the Board of Directors.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

3 RESERVES AND SURPLUS**SECURITIES PREMIUM ACCOUNT**

Balance as per Last Account

9,079.10

9,079.10

REVALUATION RESERVE

Balance as at the beginning of the year

3,052.89

3,055.96

Less: Transferred to Statement of Profit and Loss
(Refer Note 11.4 and 27)**3.05**

3.07

Balance as at the end of the year

3,049.84

3,052.89

GENERAL RESERVE

Balance as at the beginning of the year

663.89

663.89

Add: Transferred from Surplus in the Statement of Profit and Loss

54.40

—

Balance as at the end of the year

718.29

663.89

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

Balance as at the beginning of the year

1,295.42

1,434.79

Add: Profit/(Loss) for the year

1,087.98

(139.37)

Less: Appropriations

Proposed dividend @ ₹ 1.50 per share

261.04

—

Dividend distribution tax on proposed dividend

44.36

—

Transfer to General Reserve

54.40

—

Balance as at the end of the year

2,023.60

1,295.42

TOTAL**14,870.83**

14,091.30

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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)

Vehicle Loans

From ICICI Bank Limited

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

TOTAL

As at 31st March, 2013	As at 31st March, 2012
—	850.00
—	850.00
4.30	10.78
4.30	6.48
—	4.30
—	4.30

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 ₹ 2,100 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 ₹ NIL (previous year- ₹ 850 Lacs).

4.2 Term Loans for Vehicle :-

Nature of Security

Vehicle Loans from Bank 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%. Tranches of above term loans are repayable in:

(₹ in Lacs)

Amount Repayable within 1 year

Amount Repayable beyond 1 year and less than 2 year

As at 31st March, 2013	As at 31st March, 2012
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, 2013	As at 31st March, 2012
18.01	18.01
18.01	18.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
6 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	133.32	132.40
TOTAL	133.32	132.40

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
7 SHORT TERM BORROWINGS		
Repayable on demand		
Secured		
Cash Credit from Banks (Refer Note:7.1)	1,107.75	1,319.84
Unsecured		
Inter Corporate Deposits	55.00	2,595.00
TOTAL	1,162.75	3,914.84

- 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 and pari passu charge on all immovable properties of the Company (present and future) with other consortium banks.

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
8 TRADE PAYABLES		
Trade Payables		
Due to Micro and Small Enterprises (Refer Note:8.1)	1.29	10.53
Others*	2,601.15	3,012.20
TOTAL	2,602.44	3,022.73

*Others Include ₹ 25.85 Lacs (Previous year- ₹ 135.65 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')

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
(a) The Principal amount and interest due thereon remaining unpaid to suppliers under MSMED as at the end of accounting year		
Principal	0.18	8.97
Interest	0.01	0.28
(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	8.94	56.07
Interest	0.95	1.53
(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 ₹ 0.61 Lacs (Previous year ₹ 0.29 Lacs) being interest outstanding as at the beginning of the accounting year]	1.11	1.56
(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	0.50	1.27

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

9 OTHER CURRENT LIABILITIES

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

Term Loan	—
Vehicle Loans	4.30
Interest Accrued and Due on Deposits from Dealers	22.42
Income received in Advance (Refer Note:9.1)	20.46
Unpaid Dividends (Refer Note:9.2)	1.31
Unpaid Application Money (Refer Note:9.2)	—
Advance from Customers	191.98
Security Deposit from Dealers	116.23
Dealer's Incentive	83.06
Liabilities for Expenses	462.61
Employee Benefits Payable	166.41
Statutory dues including Provident Fund, Tax Deducted at Source etc.	245.68
Advance against proposed sale of certain fixed assets	25.00
TOTAL	1,339.46

As at 31st March, 2013	As at 31st March, 2012
—	850.00
4.30	6.48
22.42	856.48
20.46	21.62
1.31	74.10
—	1.31
191.98	1.86
116.23	175.30
83.06	126.54
462.61	63.30
166.41	540.71
245.68	35.02
25.00	371.81
1,339.46	25.00
	2,293.05

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

9.2 There are no amount due and outstanding 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	31.70
Gratuity	26.71
Other Provisions	
Provision for Royalty on License Fees (Refer Note:10.1)	1,691.63
Provision for Wealth Tax	30.00
Provision for Proposed Dividend	261.04
Provision for Dividend distribution tax on proposed dividend	44.36
TOTAL	2,085.44

As at 31st March, 2013	As at 31st March, 2012
31.70	21.90
26.71	—
1,691.63	1,379.46
30.00	28.00
261.04	—
44.36	—
2,085.44	1,429.36

(₹ in Lacs)

10.1 Movements of Provision for Royalty on Licence Fees

Carrying amount at the beginning of the year	1,379.46
Add: Created during the year	1,154.76
	2,534.22
Less: Excess provision of earlier years, written back	60.72
Less: Amounts utilised during the year	781.87
Carrying amount at the end of the year	1,691.63

As at 31st March, 2013	As at 31st March, 2012
1,379.46	1,122.95
1,154.76	900.31
2,534.22	2,023.26
60.72	—
781.87	643.80
1,691.63	1,379.46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

11. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2012	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2013	Up to 31st March, 2012	For the Year	On Deletions/ Adjustments during the year	Up to 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	6,567.47	—	—	—	—	6,567.47	6,567.47
Buildings - Freehold	771.96	—	—	771.96	331.68	17.51	—	349.19	422.77	440.28
Leasehold Buildings	70.60	—	—	70.60	27.87	1.95	—	29.82	40.78	42.73
Plant and Equipment	1,790.92	—	—	1,790.92	1,645.90	15.91	—	1,661.81	129.11	145.02
Furniture and Fittings	645.94	45.72	0.38	691.28	296.50	38.76	0.37	334.89	356.39	349.44
Office Equipment	1,319.76	147.56	32.01	1,435.31	1,037.79	103.99	30.83	1,110.95	324.36	281.97
Vehicles	178.57	—	8.06	170.51	90.00	16.03	2.62	103.41	67.10	88.57
TOTAL	11,345.22	193.28	40.45	11,498.05	3,429.74	194.15	33.82	3,590.07	7,907.98	7,915.48
Previous Year	11,156.67	213.46	24.91	11,345.22	3,273.56	175.33	19.15	3,429.74	7,915.48	
B) Intangible Assets										
Copyrights-Music	324.28	382.73	—	707.01	120.54	44.41	—	164.95	542.06	203.74
Feature Film	3,759.72	—	—	3,759.72	2,815.18	944.54	—	3,759.72	—	944.54
Softwares	402.88	37.08	—	439.96	390.95	7.98	—	398.93	41.03	11.93
TOTAL	4,486.88	419.81	—	4,906.69	3,326.67	996.93	—	4,323.60	583.09	1,160.21
Previous Year	4,297.93	188.95	—	4,486.88	2,379.75	946.92	—	3,326.67	1,160.21	

- 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 ₹2,374.11 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 ₹4,421.30 Lacs were added to the book value of land with corresponding credit to Revaluation Reserve of ₹2,697.56 Lacs and utilisation of the balance amount of ₹1,723.74 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 ₹3.05 Lacs (Previous year- ₹3.07 Lacs) which has been transferred from Revaluation Reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

12 NON CURRENT INVESTMENTS

(₹ in Lacs)

	Number		Face Value of each share/unit	Book Value as at 31st March, 2013	Book Value as at 31st March, 2012
	As at 31st March, 2013	As at 31st March, 2012			
Long Term :					
A. Trade Investment (valued at cost)					
Unquoted-Fully Paid					
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 (valued 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
				<u>0.05</u>	<u>0.05</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
Harrisons Malayalam Ltd.	100	100	₹ 10	0.04	0.04
CFL Capital Financial Services Ltd.	100	100	₹ 10	0.02	0.02
Sentinel Tea and Exports Ltd.	100	100	₹ 10	—	—
Unquoted					
Spencer and Company Ltd.	200	200	₹ 10	0.07	0.07
Woodlands Multispeciality Hospital Limited	2,250	2,250	₹ 10	0.07	0.07
Timbre Media Private Limited @	230,000	—	₹ 10	—	—
				<u>3,972.12</u>	<u>3,972.12</u>
			Grand Total (A+B)	<u>4,167.66</u>	<u>4,167.66</u>
Aggregate Amount of Quoted Investments				4,020.50	4,020.50
Aggregate Market Value of Quoted Investments				4,119.97	4,233.19
Aggregate Amount of Unquoted Investments				1,178.36	1,178.36
Aggregate Provision for Diminution in the value of Investments				1,031.20	1,031.20

@ Acquired during the year pursuant to clause 3.8 of the Agreement entered into between the Saregama India Ltd and Timbre Media Private Limited.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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, 2013	As at 31st March, 2012
Provisions for doubtful debts	455.30	346.39
Unamortised Expenditure allowable for tax purpose in subsequent years	88.96	—
Total (A)	544.26	346.39
Deferred Tax (Asset) / Liability on Depreciation	(5.67)	279.91
Total (B)	(5.67)	279.91
Deferred Tax Asset (Net) (A-B)	549.93	66.48

(₹ in Lacs)

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

	As at 31st March, 2013	As at 31st March, 2012
Unsecured considered Good	4.34	0.67
Unsecured considered Doubtful	10.38	10.38
Less: Provision for Doubtful advances	10.38	10.38
Security Deposits*		
Unsecured considered Good	203.81	198.11
Loan to Employees		
Unsecured considered Good	10.91	8.20
TOTAL	219.06	206.98

*include ₹ 7.80 Lacs (31.03.2012-₹ 7.80 Lacs) being Security Deposit given to Saregama Regency Optimedia Private Limited (Joint Venture)

(₹ in Lacs)

15 INVENTORIES [Refer Note:1(e)]

	As at 31st March, 2013	As at 31st March, 2012
Raw Materials	6.29	9.26
Work in Progress		
— Films and Television Serials under production	—	17.22
Finished Goods		
— Films and untelecasted Television Serials	159.64	396.24
— Pre recorded Cassettes, Audio /Video Compact Discs, Digital Versatile Discs, etc.	517.17	743.29
TOTAL	676.81	1,139.53
	683.10	1,166.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
15.1 Details of Closing Inventories of Raw Material, Work-in-Progress and Finished Goods		
Raw Material		
– Papers, Digitray, etc.	6.29	9.26
Work-in-Progress		
– Television serials under production	—	17.22
Finished Goods		
– Films	—	283.00
– Untelecasted Television Serials	159.64	113.24
– Audio Compact Discs	437.09	530.14
– Digital Versatile Discs	20.19	132.91
– Others	59.89	80.24
TOTAL	676.81	1,139.53
	683.10	1,166.01

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
16 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	83.66	298.09
Considered Doubtful	1,310.56	1,102.82
Less: Provision for Doubtful Debts	1,310.56	1,102.82
Other Debts		
Considered Good	3,733.44	2,758.86
Considered Doubtful	46.25	—
Less: Provision for Doubtful Debts	46.25	—
TOTAL*	3,817.10	3,056.95

*include ₹ 529.96 Lacs (net of provision ₹ 17.32 Lacs); 31.03.2012-₹ 270.57 Lacs (net of provision ₹ 35.18 Lacs) due from Saregama Plc (Subsidiary Company) and ₹ 15.67 Lacs (net of provision ₹ Nil); 31.03.2012 -₹ Nil due from RPG Global Music Ltd (Subsidiary Company)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
17 CASH AND BANK BALANCES		
A. Cash and Cash Equivalents		
Cash on Hand	2.88	3.52
Cheques on Hand	77.10	2,675.65
Bank Balances		
– Current Accounts [including Remittance in transit of ₹ 1.71 Lacs; (31.03.2012 ₹ 22.39 Lacs)]	951.30	721.97
– Unpaid Dividend Accounts @	1.31	1.31
– Rights Issue Account #	—	1.86
	1,032.59	3,404.31
B. Other Bank Balances		
– Deposits with maturity more than 3 months but less than 12 months	710.03	602.25
TOTAL (A+B)	1,742.62	4,006.56

@ Earmarked for payment of unclaimed dividend

Earmarked for refund of share application money relating to Right Issue and transferred to Investor Education and Protection Fund during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

18 SHORT TERM LOANS AND ADVANCES**Loans and Advances to Related Parties (Refer Note 40)**

Unsecured considered Good

9.04

1,581.09

Unsecured considered Doubtful

2,577.44

1,347.29

Less: Provision for Doubtful loans and Advances

2,577.44

1,347.29

Other Loans and Advances

Inter Corporate Deposits Given

Unsecured considered Good

950.00

—

Minimum Guarantee Royalty Advances

Unsecured considered Good

353.57

37.57

Royalty Advances

Unsecured considered Good

329.40

397.15

Unsecured considered Doubtful

278.56

254.99

Less: Provision for Doubtful Advances

278.56

254.99

Advance against Film Projects

Unsecured considered Good

131.56

60.92

Unsecured considered Doubtful

202.14

250.14

Less: Provision for Doubtful Advances

202.14

250.14

Loan to Employees

Unsecured considered Good

8.01

10.85

Balances with Government Authorities

Unsecured considered Good

379.60

358.62

Prepaid Expense

Unsecured considered Good

100.78

226.69

Unsecured considered Doubtful

155.78

123.04

Less: Provision for Doubtful Prepaid Expense

155.78

123.04

Gratuity

Unsecured considered Good

—

42.63

Advance to Artist / for Event

Unsecured considered Good

—

77.91

Unsecured considered Doubtful

318.77

485.39

Less: Provision for Doubtful Advances

318.77

485.39

Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 2,002.84 Lacs (31.03.12- ₹1,532.84 Lacs)]

1,966.73

2,066.45

Advance payment of Fringe Benefit Tax (net of Provision ₹ 147.87 Lacs : 31.03.2012-₹ 147.87 Lacs)

20.08

20.08

TOTAL

4,248.77

4,879.96

(₹ in Lacs)

19 OTHER CURRENT ASSETS

Unsecured considered Good

Interest accrued on Fixed Deposits

30.79

19.99

Interest accrued on Intercompany Deposit

2.44

—

TOTAL

33.23

19.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

20 REVENUE FROM OPERATIONS

Sale of Products

Audio Compact Discs

2,100.39

3,345.36

Digital Versatile Discs

419.64

484.20

Others

104.18 2,624.21

141.37 3,970.93

Less: Excise Duty

0.47

0.54

2,623.74

3,970.39

Sale of Services

Income from Television Serials(including Free Commercial Time)

4,238.94

2,381.11

Income from Distribution Rights of Feature Films

0.11

343.71

Licence Fees

10,497.78

8,165.16

Others

74.03 14,810.86

70.08 10,960.06

Other Operating Revenue

34.35

45.09

TOTAL

17,468.95

14,975.54

(₹ in Lacs)

21 OTHER INCOME

Liabilities no longer required written back

492.59

183.99

Provision for Doubtful Debts/ Advances no longer required written back

181.88

25.00

Interest Income (Gross)

– on Bank Deposits

60.59

72.08

– on Security Deposits

2.57

2.62

– on Income Tax Refund

41.82

24.43

– on Intercompany Deposit

2.44

—

Dividend from Long Term (other than trade) Investments

77.25

61.81

Profit on Sale of Long Term Investments

—

0.46

Profit on Sale of Tangible Fixed Assets

0.58

0.46

Rent Income

112.28

167.52

Net Gain on foreign currency transactions/ translation

0.19

47.25

Other Non-Operating Income

5.06

15.75

TOTAL

977.25

601.37

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

22 COST OF MATERIAL CONSUMED AND CONTRACT MANUFACTURING CHARGES

- A) Cost of Materials Consumed (Refer Note:22.1)
 B) Contract Manufacturing Charges (Refer Note:22.2)

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
2.96	4.44
1,037.46	1,628.60
<u>1,040.42</u>	<u>1,633.04</u>

(₹ in Lacs)

22.1 Details of Materials Consumed

Raw Materials Consumed:

- Papers, Digitray and Others

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
2.96	4.44
<u>2.96</u>	<u>4.44</u>

(₹ in Lacs)

22.2 Details of Contract Manufacturing Charges

Contract Manufacturing Charges

- Audio Compact Discs
 – Digital Versatile Discs
 – Others

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
708.57	1,194.22
292.25	312.67
36.64	121.71
<u>1,037.46</u>	<u>1,628.60</u>

(₹ 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, 2013	Year ended 31st March, 2012
3,910.58	2,425.37
44.75	12.42
<u>3,955.33</u>	<u>2,437.79</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

	(₹ in Lacs)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
23.1 Details of Cost of Production of Films and Television Serials		
Telecast Fees	891.45	743.71
Payment to artistes, directors, script-writers, etc.	728.43	571.19
Cost of Tapes	4.13	17.52
Food, Lodging and Travel	251.87	203.98
Set, properties and equipment charges	340.99	181.68
Other Production Expenses	1,947.53	712.13
Increase/(Decrease)in Inventories Cost of Production of Films and Television Serials	(253.82)	(4.84)
TOTAL	3,910.58	2,425.37

	(₹ in Lacs)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS.		
Opening 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	1,138.49
	1,156.75	
Less: Closing Stock		
– Work-in-Progress-Films and Television Serials	—	17.22
– Finished Goods-Films and Untelecasted Television Serials	159.64	396.24
– Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.	517.17	1,156.75
	676.81	
Net (Increase)/Decrease	479.94	(18.26)

	(₹ in Lacs)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
25 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	2,674.59	2,239.05
Contributions to:		
Provident Fund	84.54	87.49
Superannuation Fund	7.44	12.85
Gratuity Fund	104.19	3.71
Employee's State Insurance Scheme	17.28	22.61
	213.45	126.66
Staff Welfare Expenses	129.78	112.18
TOTAL	3,017.82	2,477.89

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, 2013 (contd.)

	(₹ in Lacs)	
	2012-13	2011-12
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	547.99	536.77
(b) Current Service Cost	31.29	31.21
(c) Interest Cost	38.09	41.19
(d) Acquisitions Cost	24.03	—
(e) Actuarial Loss / (Gain)	58.65	(17.30)
(f) (Benefits Paid)	(210.25)	(43.87)
(g) Present Value of Obligation as at the end of the year	489.80	547.99
II. Reconciliation of opening and closing balances of the fair value of Plan Assets		
(a) Fair Value of Plan Assets as at the beginning of the year	590.62	549.91
(b) Acquisitions Adjustment	1.73	—
(c) Expected Return on Plan Assets	46.77	50.65
(d) Actuarial Gain / (Loss)	(0.63)	0.75
(e) Contributions	34.85	33.18
(f) (Benefits Paid)	(210.25)	(43.87)
(g) Fair Value of Plan Assets as at the end of the year	463.09	590.62
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	489.80	547.99
(b) Fair Value of Plan Assets as at the end of the year	463.09	590.62
(c) Liability/(Asset) recognised in the Balance Sheet	26.71	(42.63)
IV. Expense charged to the Statement of Profit and Loss		
(a) Current Service Cost	31.29	31.21
(b) Interest Cost	38.09	41.19
(c) (Expected Return on Plan Assets)	(46.77)	(50.65)
(d) Acquisitions Cost	22.30	—
(e) Actuarial (Gain) / Loss	59.28	(18.05)
(f) Total expense charged to the Statement of Profit and Loss*	104.19	3.71
*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	77%	84%
(b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	11%	8%
(c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	6%	4%
(d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	6%	4%
VI. Actual Return on Plan Assets	46.14	51.40
VII. Principal Actuarial Assumptions as at Balance Sheet date		
(a) Discount Rate	8.0%	8.6%
(b) Expected Rate of Return on Plan Assets	9.3%	9.3%
(c) Salary Escalation	8.5%	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, 2013 (contd.)

VIII Other Disclosures

	2012-13	2011-12	2010-11	2009-10	2008-09
a) Present value of the Obligation as at the end of the year	489.80	547.99	536.77	517.70	481.47
b) Fair value of Plan Assets as at the end of the year	463.09	590.62	549.91	510.26	435.15
c) (Surplus) / Deficit as at the end of the year	26.71	(42.63)	(13.16)	7.44	46.32
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(2.31)	(1.45)	1.16	(0.98)	(8.54)
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	(0.63)	0.75	(1.87)	3.15	(1.48)

26 FINANCE COSTS

Interest Expenses
Other Borrowing Costs

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
251.76	386.45
12.72	6.82
264.48	393.27

27 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Asset
Less: Transferred from Revaluation Reserve (Refer Note 11.4)
Amortisation on Intangible Asset

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
194.15	175.33
3.05	3.07
191.10	172.26
996.93	946.92
1,188.03	1,119.18

28 OTHER EXPENSES

Consumption of Stores and Spare Parts
Power and Fuel
Rent
Repairs – Buildings
– Machinery
– Others
Royalties
Recording Expenses
Carriage, Freight and Forwarding Charges
Rates & Taxes
Insurance
Travel and Conveyance
Advertisement and Sales Promotion
Printing and Communication Expenses
Bad Debts/Advances written off
Provision for Doubtful debts and Advances [including Provision for Subsidiary company ₹ 1,230.15 Lacs (Previous year- ₹ 1,331.43 Lacs)]
Loss on sale of Fixed Assets
Legal/Consultancy Expenses
Payment to Auditors (Refer Note:32)
Miscellaneous Expense

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
5.66	31.28
117.62	98.20
212.57	200.73
32.75	18.53
15.03	20.98
23.24	33.95
1,564.44	1,440.37
112.06	222.00
86.16	143.06
137.10	158.01
8.95	9.07
283.50	234.10
1,441.74	1,142.24
192.44	181.66
123.41	0.01
1,507.71	1,697.34
3.90	3.21
514.24	685.58
43.22	46.99
672.74	421.38
7,098.48	6,788.69

29 EXCEPTIONAL ITEMS

Payment under Voluntary Retirement Scheme

TOTAL

Year ended 31st March, 2013	Year ended 31st March, 2012
327.17	—
327.17	—

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

30 Capital commitments (net of advances of ₹14.72 Lacs; 31.03.12 - ₹11.05 Lacs) as at 31st March, 2013 are estimated at ₹22.53 Lacs (31.03.12 - ₹13.38 Lacs).

31 Contingent liabilities in respect of -

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Guarantees given by Banks	1.50	1.50
(ii) Claims against the Company not acknowledged as debts in respect of -		
- Copyright Matters	24.85	62.26
- Income Tax Matters	667.93	626.06
- Sales Tax /Value Added Tax / Entry Tax Matters	635.82	651.30
- 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.

32 Amount paid/payable to Auditors :

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
As Auditors -		
- Audit Fees	22.00	20.00
- Tax Audit (includes ₹ Nil in respect of previous year; 2011-12- ₹ 1 Lac)	5.50	6.50
- Limited Reviews	9.00	12.00
- Others [certificates, etc.]	5.75	7.75
Reimbursement of Expenses (excluding Service tax ₹5.34 Lacs; previous years - ₹3.57 Lacs)	0.97	0.74

33 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.

34.1 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, 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 profit and earning per share (basic and diluted) for the year would have been lower by about ₹ 0.06 lac (Previous Year - net loss higher by ₹ 2.01 Lacs) and by Re. Nil (Previous Year - loss per share higher by Re 0.01) respectively.

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

	Year ended 31st March, 2013	Year ended 31st March, 2012
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.	17,402,938	17409122*
Nominal value of each equity share (₹)	10	10
Profit/(Loss) after tax available for equity shareholders (₹ in Lacs)	1,087.98	(139.37)
Basic earnings/(loss) per share (₹)	6.25	(0.80)
Diluted earnings/(loss) per share (₹)	6.25	(0.80)

* 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, 2013 (contd.)

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

	Year ended 31st March, 2013				Year ended 31st March, 2012			
	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
Indigenous	2.96	100.00	5.66	100.00	4.44	100.00	29.64	94.76
	2.96		5.66		4.44		31.28	

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

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Spares	—	1.64
	—	1.64

37 Expenditures in Foreign Currency :

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Royalties	16.68	75.86
Others	30.02	42.26
	46.70	118.12

38 Earnings in Foreign Exchange :

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Export of goods calculated on F.O.B. basis	3.53	6.89
License Fees	1,696.93	577.52
Films (Theatrical and Satellite Rights)	0.11	6.23
	1,700.57	590.64

39.1 Rent expenditure includes lease payments of ₹162.59 Lacs (previous year - ₹150.85 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.

39.2 Rent income includes sub-lease payments of ₹112.28 Lacs (previous year - ₹167.52 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.

39.3 As on 31st March, 2013, ₹22.46 Lacs (previous year - ₹67.39 Lacs) is expected to be received in respect of future minimum sub-lease payments under non cancellable sub-lease.

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

- not later than one year- ₹20.18 Lacs (previous year ₹ 28.98 Lacs)
- later than one year and not later than five years - ₹44.70 Lacs (previous year ₹ 64.88 Lacs)
- more than five years - ₹NIL (previous year ₹ NIL)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

40 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* (Managing Director)	A. Nagpal (Managing Director)	Key Management Personnel
		S. Mantha# (Managing Director)		Key Management Personnel
		G. B. Aayeer@ (Executive Director)		Key Management Personnel

*Resigned with effect from 6th April, 2012

#Joined with effect from 1st January, 2013

@Appointed as Manager for the period from 9th April, 2012 to 31st December, 2012 and as Executive Director with effect from 1st January, 2013

Related Party Transactions

(₹ in Lacs)

Nature of Transactions		Subsidiary Companies				Joint Venture	Total	Key Management Personnel		
		SPLC	RPGG	KMNL	OMNPL	SROPL		Mr. S. Mantha	Mr. G. B. Aayeer	Mr. A. Nagpal
Sale of Goods	Current Year	2.75	0.62	—	—	—	3.37	—	—	—
	Previous Year	3.91	2.75	—	—	—	6.66	—	—	—
Licence Fees - Income	Current Year	891.14	93.33	—	—	—	984.47	—	—	—
	Previous Year	191.81	68.92	—	—	—	260.73	—	—	—
Contract manufacturing charges	Current Year	—	—	—	—	395.02	395.02	—	—	—
	Previous Year	—	—	—	—	670.87	670.87	—	—	—
Reimbursement of Expense paid/payable	Current Year	62.68	—	—	—	—	62.68	—	—	—
	Previous Year	30.25	—	—	—	—	30.25	—	—	—
License Fees - Expense	Current Year	—	—	32.95	—	—	32.95	—	—	—
	Previous Year	—	—	—	—	—	—	—	—	—
Advertisement and Sales Promotion Expense	Current Year	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	400.00	—	400.00	—	—	—
Rent Expenses	Current Year	—	—	—	—	17.94	17.94	—	—	—
	Previous Year	—	—	—	—	17.94	17.94	—	—	—
Reimbursement of Expense received/receivable	Current Year	16.51	2.46	0.01	—	—	18.98	—	—	—
	Previous Year	—	2.15	0.01	—	—	2.16	—	—	—
Remuneration to Managerial Personnel	Current Year	—	—	—	—	—	—	45.82	122.81	19.66
	Previous Year	—	—	—	—	—	—	—	—	180.06
Advance given during the year	Current Year	—	—	35.52	795.15	—	830.67	—	—	—
	Previous Year	—	71.68	61.80	1,027.32	—	1,160.80	—	—	—
Receipt towards Advance given	Current Year	—	76.82	33.32	1,065.00	—	1,175.14	—	—	—
	Previous Year	—	40.88	—	3,122.43	—	3,163.31	—	—	—
Provision for Doubtful Debts and Advances made during the year	Current Year	17.32	—	—	1,230.15	—	1,247.47	—	—	—
	Previous Year	35.18	—	61.80	1,234.45	—	1,331.43	—	—	—
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	6.82	—	115.05	2,464.60	—	2,586.47	—	—	—
	Previous Year	6.73	74.36	112.84	2,734.45	—	2,928.38	—	—	—
Long Term Loans & Advances (Security Deposit)	Current Year	—	—	—	—	7.80	7.80	—	—	—
	Previous Year	—	—	—	—	7.80	7.80	—	—	—
Trade Receivables@	Current Year	529.96	15.67	—	—	—	545.63	—	—	—
	Previous Year	305.75	—	—	—	—	305.75	—	—	—
Trade Payables	Current Year	—	—	—	—	25.85	25.85	—	—	—
	Previous Year	—	—	—	—	135.65	135.65	—	—	—
Provision for Doubtful Advances	Current Year	—	—	112.84	2,464.60	—	2,577.44	—	—	—
	Previous Year	—	—	112.84	1,234.45	—	1,347.29	—	—	—
Provision for Doubtful Debts	Current Year	17.32	—	—	—	—	17.32	—	—	—
	Previous Year	35.18	—	—	—	—	35.18	—	—	—

@ Gross of Provision.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

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, 2013	Proportion of ownership interest as at 31st March, 2012
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)

EQUITY AND LIABILITIES

Shareholders ' Funds

Reserves and Surplus

Capital Reserve	25.69	26.53
Foreign Currency Translation Reserve	(0.25)	(0.19)
Surplus/(Deficit) in the Statement of Profit and Loss	(138.07)	(86.71)

Non Current Liabilities

Long Term Borrowings	198.69	186.88
Other long Term Liabilities	2.16	2.06
Long Term Provisions	6.42	6.17

Current Liabilities

Short Term Borrowings	56.32	51.72
Trade Payables	4.86	14.61
Other Current Liabilities	59.96	52.87
Short Term Provisions	0.47	0.36
	<u>216.25</u>	<u>254.30</u>

ASSETS

Non Current Assets

Fixed Assets		
Tangible Assets	279.97	288.83
Intangible Assets	4.60	5.85
Long-term Loans and Advances	5.70	5.70
Other Non Current Assets	27.66	35.58

Current Assets

Inventories	16.08	19.56
Trade Receivables	12.90	36.08
Cash and Bank Balances	5.25	5.10
Short-term Loans and Advances	10.07	3.57
	<u>362.23</u>	<u>400.27</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
Income:		
Revenue from Operations (Net)	122.34	180.33
Other Income	7.16	5.34
	<u>129.50</u>	<u>185.67</u>
Expenses:		
Cost of materials consumed	59.12	91.86
Purchases of Stock-in Trade	7.86	6.35
Changes in Inventories of Finished Goods and Work-in-Progress [Increase/(Decrease)]	(0.95)	0.19
Employee Benefits Expense	27.75	28.98
Finance Costs	9.38	9.14
Depreciation and Amortisation Expense	23.33	19.99
Other Expenses	54.36	63.68
	<u>180.85</u>	<u>220.19</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 Previous year's figures have been regrouped or rearranged, where considered necessary, to conform to current year's classification.

Signature to note 1 to 43

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

Partner
Membership No. - 057572

Kolkata,
May 27, 2013

On behalf of the Board

T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
A. Cash Flow from Operating Activities		
Profit Before Tax	1,074.53	745.31
Adjustments for:		
Depreciation and Amortisation Expenses	1,188.03	1,119.18
Provision for Doubtful Debts/Advances	1,507.71	1,697.34
Interest Expenses etc.	264.48	386.45
Liabilities no longer required written back	(492.59)	(183.99)
Provision for Doubtful Debts/ Advances no longer required written back	(181.88)	(25.00)
Interest Income	(107.42)	(99.13)
Unrealised (Gain) / Loss on foreign currency transactions/translation	16.27	(32.70)
Bad debt/Advance written off	123.41	0.01
Loss on sale of Fixed Assets (net)	3.32	2.75
Profit on sale of Long Term Investments	—	(0.46)
Dividend from Long Term Investments-Other than Trade	(77.25)	(61.81)
	<u>2,244.08</u>	<u>2,802.64</u>
Operating profit before Working Capital Changes	3,318.61	3,547.95
Changes in Working Capital:-		
(Decrease) in Trade Payables	(170.29)	(562.94)
Increase in Provisions	412.32	268.94
Increase / (Decrease) in Other Current Liabilities	79.66	(198.68)
(Increase) in Trade Receivables	(1,049.93)	(564.57)
(Increase) / Decrease in Inventories	482.91	(13.06)
(Increase) / Decrease in Loans and Advances	(760.46)	1687.11
	<u>(1,005.79)</u>	<u>616.80</u>
Cash generated from operations	2,312.82	4,164.75
`Direct Taxes (Paid)/Refund	<u>(370.28)</u>	<u>(959.29)</u>
Net cash generated from operating activities	1,942.54	3,205.46
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(616.76)	(403.08)
Sale of Fixed assets	3.31	3.01
Sale of Investments-Other than trade	—	0.79
Interest Received	94.19	79.14
Dividend from Long Term Investments-Other than Trade	77.25	61.81
Net cash used in investing activities	(442.01)	(258.33)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	(856.48)	(841.93)
Repayment of Short Term Borrowings	(2,752.09)	(50.00)
Proceeds from Short term borrowings	—	439.70
Interest etc. paid	(263.68)	(384.83)
Share application money refunded relating to Rights Issue (2005)	—	(0.03)
Net cash used in Financing Activities	(3,872.25)	(837.09)
Net Increase in cash and cash equivalents (A+B+C)	(2,371.72)	2,110.04
Cash and Cash Equivalents at the beginning of the year	3404.31	1,294.27
Cash and Cash Equivalents at the end of the year	1,032.59	3,404.31

Notes to the Cash Flow Statement for the year ended 31st March, 2013

- 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 equivalent comprise of :-

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Cash on hand	2.88	3.52
Cheques on hand	77.10	2,675.65
Bank Balance	951.30	721.97
Unpaid Dividend @	1.31	1.31
Right Issue Account @	—	1.86
TOTAL	1,032.59	3,404.31

@ Represents not available for use by the Company.

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

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

Partner

Membership No. - 057572

On behalf of the Board

Kolkata,
May 27, 2013

T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

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

To the Board of Directors of Saregama India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Saregama India Limited ("the Company") and its subsidiaries and its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 33 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 Section 211(3C) of the Companies Act, 1956.
7. 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 in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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 March 31, 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter(s)

8. 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 ₹ 1,264.65 lacs and net assets of ₹ (4,274.25) lacs as at March 31, 2013, total revenue of ₹ 2,165.11 lacs, net loss of ₹ 746.07 lacs and net cash flows amounting to ₹ (114.84) 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.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number - 057572

Kolkata
May 27, 2013.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(₹ in Lacs)

	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	1,740.29	1,740.29
Reserves and Surplus	3	9,532.54	9,031.68
Minority Interest		335.30	398.84
Non Current Liabilities			
Long Term Borrowings	4	198.69	191.18
Deferred Tax Liabilities (net)	5	4.80	16.29
Other Long Term Liabilities	6	18.14	18.04
Long Term Provisions	7	170.69	179.12
Current Liabilities			
Short Term Borrowings	8	5,879.40	4,867.99
Trade Payables	9	2,723.33	3,129.70
Other Current Liabilities	10	1,763.97	2,494.38
Short Term Provisions	11	2,114.59	1,472.07
		24,481.74	23,539.58
ASSETS			
Non Current Assets			
Fixed Assets	12		
Tangible Assets		8,303.69	8,352.51
Intangible Assets		584.89	1,227.27
Non-Current Investments	13	3,972.17	3,972.17
Deferred Tax Assets (net)	14	549.93	66.95
Long-term Loans and Advances	15	285.19	294.43
Other Non Current Assets	16	27.66	35.58
Current Assets			
Inventories	17	864.94	1,342.88
Trade Receivables	18	3,645.17	3,097.35
Cash and Bank Balances	19	1,899.55	1,723.04
Short-Term Loans and Advances	20	4,315.32	3,407.41
Other Current Assets	21	33.23	19.99
		24,481.74	23,539.58

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,
May 27, 2013

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Mantha
Managing Director

G. B. Aayeer
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lacs)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from Operations (Gross)	22	18,599.92	16,078.66
Less: Excise Duty		0.47	0.54
Revenue from Operations (Net)		18,599.45	16,078.12
Other Income	23	1,039.84	647.87
Total Revenue		19,639.29	16,725.99
Expenses:			
Cost of Materials Consumed and Contract Manufacturing Charges	24	1,143.29	1,699.14
Purchase of Stock-in-Trade	25	7.86	6.35
Cost of Production of Films, Television Serials and Portal	26	3,955.33	2,437.79
Changes in Inventories of Raw Material, Finished Goods and Work-in-Progress [(Increase)/Decrease]	27	482.34	(6.21)
Employee Benefits Expense	28	3,841.46	3,384.79
Finance Costs	29	281.49	407.70
Depreciation and Amortisation Expense	30	1,294.22	1,241.88
Other Expenses	31	7,584.59	6,592.93
Total Expenses		18,590.58	15,764.37
Profit Before Exceptional Items and Tax		1,048.71	961.62
Exceptional Items-Payment under Voluntary Retirement Scheme	32	327.17	—
Profit Before Tax and Minority Interests		721.54	961.62
Tax Expenses :			
Current Tax		469.40	475.25
Deferred Tax Charge/(Credit)		(494.47)	402.18
Profit After Tax before Minority Interests		746.61	84.19
Minority Interest		(63.54)	(25.86)
Profit After Tax and Minority Interests		810.15	110.05
Earnings per Equity Share:	37.2		
[Nominal Value per share ₹ 10/- (Previous Year- ₹ 10/-)]			
Basic (₹)		4.66	0.63
Diluted (₹)		4.66	0.63

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,
May 27, 2013

Partner
Membership No. - 057572

T. Paul
Company Secretary

On behalf of the Board

S. Mantha
Managing Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013

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.

Impairment loss is recognised wherever the carrying amount of intangible fixed assets of a cash generating unit exceeds its recoverable amount (i.e. higher of net selling price and value in 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 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, 2013 (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 are recognised as inventory and the cost is amortised over such period, 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 and included 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.

Termination benefits represent compensation towards Voluntary Retirement Scheme which is expensed on accrual of liability.

(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 recognised 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, 2013 (contd.)

(₹ in Lacs)

2 SHARE CAPITAL**Authorised**

25,000,000 (31.03.2012:25,000,000) Equity Shares of ₹10/- each

Issued

1,74,02,938 (31.03.2012:1,74,02,938) Equity Shares of ₹10/- each

Subscribed and Paid Up

1,74,02,938 (31.03.2012:1,74,02,938) Equity Shares of ₹10/- each fully paid up

TOTAL

As at 31st March, 2013	As at 31st March, 2012
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 (31.03.2012- 5,290) equity shares (relating to cases under litigation/pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2013.

2.2 Stock Option Schemes

The Saregama Employees Stock Option Scheme 2001 (Scheme 2001), as implemented in 2001-02 has been discontinued during the year. Accordingly, all stock options granted / vested in earlier years to certain eligible employees under the aforesaid 'Scheme 2001' have also lapsed.

Subsequent to discontinuance of the Scheme, the Parent Company has implemented Saregama Employee Stock Option Scheme 2013 (Scheme 2013), effective from 26th March, 2013 and granted 12,000 options and 25,000 options to Mr. Adarsh Gupta, Senior Vice President-Music Business and Mr. Suryanarayana Murthy Mantha, Managing Director under Scheme 2013 at the exercise price of ₹ 100.80 and ₹ 87.50 per option respectively, as determined by the Board of Directors.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

(₹ 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

3,052.89

3,055.96

Less: Transferred to Statement of Profit and Loss (Refer Note 12.4 and 30)

3.05

3.07

Balance as at the end of the year

3,049.84

3,052.89

GENERAL RESERVE

Balance as at the beginning of the year

663.89

663.89

Add: Transferred from Surplus in the Statement of Profit and Loss

54.40

—

Balance as at the end of the year

718.29

663.89

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

Balance as at the beginning of the year

(4,961.03)

(5,071.08)

Add: Profit for the year

810.15

110.05

Less: Appropriations

Proposed dividend @ ₹ 1.50 per share

261.04

—

Dividend distribution tax on proposed dividend

44.36

—

Transfer to General Reserve

54.40

—

Balance as at the end of the year

(4,510.68)

(4,961.03)

9,506.85

9,005.15

Share of Joint venture [Refer Note 33(b) and 41]

25.69

26.53

TOTAL

9,532.54

9,031.68

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (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

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

Share of Joint venture [Refer Note 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
—	850.00
—	850.00
4.30	10.78
4.30	6.48
—	4.30
198.69	186.88
198.69	191.18

(₹ 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 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
16.32	20.54
16.32	20.54
11.52	4.25
11.52	4.25
4.80	16.29
—	—
4.80	16.29

(₹ in Lacs)

6 OTHER LONG TERM LIABILITIES

Security Deposit

Share of Joint venture [Refer Note 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
18.01	18.01
18.01	18.01
0.13	0.03
18.14	18.04

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
7 LONG TERM PROVISIONS			
Provision for Employee Benefits			
Gratuity (Refer Note 28.1)		—	13.09
Leave Encashment		164.27	159.86
		164.27	172.95
Share of Joint venture [Refer Note 33(b)]		6.42	6.17
TOTAL		170.69	179.12

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
8 SHORT TERM BORROWINGS			
Repayable on demand			
Secured			
Cash Credit from Banks		1,192.53	1,525.72
Unsecured			
Inter Corporate Deposits		4,630.55	3,290.55
		5,823.08	4,816.27
Share of Joint venture [Refer Note 33(b)]		56.32	51.72
TOTAL		5,879.40	4,867.99

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
9 TRADE PAYABLES			
Trade Payables		2,718.47	3,115.09
		2,718.47	3,115.09
Share of Joint venture [Refer Note 33(b)]		4.86	14.61
TOTAL		2,723.33	3,129.70

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
10 OTHER CURRENT LIABILITIES			
Current maturities of Long Term Debt (Refer Note:4)			
Term Loan		—	850.00
Vehicle Loans		4.30	6.48
Interest Accrued and Due on Deposits from Dealers		22.42	21.62
Income received in Advance (Refer Note:10.1)		20.46	74.10
Unpaid Dividends (Refer Note:10.2)		1.31	1.31
Unpaid Application Money (Refer Note: 10.2)		—	1.86
Advance from Customers		412.56	204.37
Advance - Subscription		16.06	—
Security Deposit from Dealers		150.10	170.76
Dealer's Incentive		83.06	63.30
Liabilities for Expenses		536.57	590.08
Employee Benefits Payable		169.67	59.18
Statutory dues including Provident Fund,Tax Deducted at Source etc.		262.50	373.45
Advance against proposed sale of certain fixed assets		25.00	25.00
		1,704.01	2,441.51
Share of Joint venture [Refer Note 33(b)]		59.96	52.87
TOTAL		1,763.97	2,494.38

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (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 outstanding 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

36.25

25.99

Gratuity (Refer Note 28.1)

26.71

—

Other Provisions

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

1,691.63

1,379.46

Provision for Wealth Tax

30.00

28.00

Provision for Returns of Magazines

24.13

38.26

Provision for Proposed Dividend

261.04

—

Provision for Dividend distribution tax on proposed dividend

44.36

—

2,114.12

1,471.71

Share of Joint venture [Refer Note 33(b)]

0.47

0.36

TOTAL

2,114.59

1,472.07

(₹ in Lacs)

11.1 Movements of Provision for Royalty on Licence Fees

Carrying amount at the beginning of the year

1,379.46

1,122.95

Add: Created during the year

1,154.76

900.31

2,534.22

2,023.26

Less: Excess provision of earlier years, written back

60.72

—

Less: Amounts utilised during the year

781.87

643.80

Carrying amount at the end of the year

1,691.63

1,379.46

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

12. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2012	Additions during the year	Deletions/ Adjustments during the year	Cost/ Valuation as at 31st March, 2013	Upto 31st March, 2012	For the Year	On Deletions/ Adjustments during the year	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	6,567.47	—	—	—	—	6,567.47	6,567.47
Buildings - Freehold	771.96	—	—	771.96	331.68	17.51	—	349.19	422.77	440.28
Leasehold Buildings	70.60	—	—	70.60	27.87	1.95	—	29.82	40.78	42.73
Plant and Equipment	1,790.92	—	—	1,790.92	1,645.89	15.91	—	1,661.80	129.12	145.03
Furniture and Fittings	755.49	45.81	0.38	800.92	321.69	45.43	0.37	366.75	434.17	433.80
Office Equipment	1,488.04	155.39	44.15	1,599.28	1,110.62	119.96	33.11	1,197.47	401.81	377.42
Vehicles	187.91	—	8.06	179.85	99.35	16.03	2.62	112.76	67.09	88.56
TOTAL	11,632.39	201.20	52.59	11,781.00	3,537.10	216.79	36.10	3,717.79	8,063.21	8,095.29
Share of Joint venture [Refer Note 33(b)]	316.80	1.51	-	318.31	59.58	18.25	—	77.83	240.48	257.22
TOTAL	11,949.19	202.71	52.59	12,099.31	3,596.68	235.04	36.10	3,795.62	8,303.69	8,352.51
Previous Year	11,721.47	252.63	24.91	11,949.19	3,401.26	214.57	19.15	3,596.68	8,352.51	
B) Intangible Assets										
Copyrights-Music	959.80	382.73	—	1,342.53	697.95	102.49	—	800.44	542.09	261.85
Feature Film	3,759.72	—	—	3,759.72	2,815.18	944.54	—	3,759.72	—	944.54
Softwares	494.24	37.12	—	531.36	475.40	13.27	—	488.67	42.69	18.84
TOTAL	5,213.76	419.85	—	5,633.61	3,988.53	1,060.30	—	5,048.83	584.78	1,225.23
Share of Joint venture [Refer Note 33(b)]	7.61	—	—	7.61	5.57	1.93	—	7.50	0.11	2.04
TOTAL	5,221.37	419.85	—	5,641.22	3,994.10	1,062.23	—	5,056.33	584.89	1,227.27
Previous Year	5,030.42	190.95	—	5,221.37	2,963.72	1,030.38	—	3,994.10	1,227.27	

- 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 ₹2,374.11 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 ₹4,421.30 Lacs were added to the book value of land with corresponding credit to Revaluation Reserve of ₹2,697.56 Lacs and utilisation of the balance amount of ₹1,723.74 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 ₹3.05 Lacs (Previous year- ₹3.07 Lacs) which has been transferred from Revaluation Reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

13 NON CURRENT INVESTMENTS

	Number		Face Value of each share/unit	(₹ in Laacs)	
	As at 31st March, 2013	As at 31st March, 2012		Book Value as at 31st March, 2013	Book Value as at 31st March, 2012
A. Long Term : Other than Trade Investment (valued 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
				<u>0.05</u>	<u>0.05</u>
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
Harrisons Malayalam Limited.	100	100	₹ 10	0.04	0.04
CFL Capital Financial Services Limited.	100	100	₹ 10	0.02	0.02
Sentinel Tea and Exports Limited.	100	100	₹ 10	—	—
Unquoted					
Spencer and Company Limited.	200	200	₹ 10	0.07	0.07
Woodlands Multispeciality Hospital Limited	2,250	2,250	₹ 10	0.07	0.07
Timbre Media Private Ltd @	230,000	—	₹ 10	—	—
				<u>3,972.12</u>	<u>3,972.12</u>
				<u>3,972.17</u>	<u>3,972.17</u>
Aggregate Amount of Quoted Investments				3,971.98	3,971.98
Aggregate Market Value of Quoted Investments				4,091.25	4,204.88
Aggregate Amount of Unquoted Investments				0.19	0.19

@ Acquired during the year pursuant to clause 3.8 of the Agreement entered into between the Saregama India Ltd and Timbre Media Private Limited.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
14 DEFERRED TAX ASSET (NET)		
Deferred Tax Asset on :-		
Provisions for doubtful debts/advances	455.30	346.39
Unamortised Expenditure allowable for tax purpose in subsequent years	88.96	0.47
Total (A)	544.26	346.86
Deferred Tax (Asset) / Liability on Depreciation	(5.67)	279.91
Total (B)	(5.67)	279.91
Deferred Tax Asset (Net) (A-B)	549.93	66.95
Share of Joint venture [Refer Note 33(b)]	—	—
TOTAL	549.93	66.95

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
15 LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured considered Good	4.34	0.67
Unsecured considered Doubtful	10.38	10.38
Less: Provision for Doubtful advances	10.38	10.38
Security Deposits		
Unsecured considered Good	264.24	279.86
Loan to Employees		
Unsecured considered Good	10.91	8.20
	279.49	288.73
Share of Joint venture [Refer Note 33(b)]	5.70	5.70
TOTAL	285.19	294.43

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
16 OTHER NON CURRENT ASSETS		
Share of Joint venture [Refer Note 33(b)]	27.66	35.58
TOTAL	27.66	35.58

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

(₹ in Lacs)

17 INVENTORIES [Refer Note:1(e)]

Raw Materials [includes goods in transit ₹ Nil (31.03.12-₹ 26.96 Lacs)]

Work-in-Progress

– Films and Television Serials under production

Finished Goods

– Films and untelecasted Television Serials

– Pre recorded Cassettes, Audio / Video Compact Discs, Digital Versatile Discs etc.

Share of Joint venture [Refer Note 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
60.34	51.51
—	17.22
159.64	396.24
628.88	858.35
788.52	1,254.59
848.86	1,323.32
16.08	19.56
864.94	1,342.88

(₹ in Lacs)

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

Raw Materials

– Papers, Digitray, etc.

Work-in-Progress

– Television serials under production

Finished Goods

– Films

– Untelecasted Television Serials

– Audio Compact Discs

– Digital Versatile Discs

– Others

Share of Joint venture [Refer Note 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
60.34	51.51
—	17.22
159.64	283.00
487.95	113.24
26.96	578.32
113.97	139.51
788.52	140.52
16.08	1,254.59
864.94	19.56
	1,342.88

(₹ in Lacs)

18 TRADE RECEIVABLES

Unsecured

Outstanding for a period exceeding six months from the date they are due for payment

Considered Good

Considered Doubtful

Less: Provision for Doubtful Debts

Other Debts

Considered Good

Considered Doubtful

Less: Provision for Doubtful Debts

Share of Joint venture [Refer Note 33(b)]

TOTAL

As at 31st March, 2013	As at 31st March, 2012
147.66	248.10
1,362.65	1,128.60
1,362.65	1,128.60
3,491.33	2,848.44
46.20	—
46.20	—
3,638.99	3,096.54
6.18	0.81
3,645.17	3,097.35

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
19 CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Cash on Hand	3.38	4.24	
Cheques on Hand	77.10	145.65	
Bank Balances			
– Current Accounts [including Remittance in transit of ₹ 1.71 Lacs ; (31.03.2012 ₹ 22.39 Lacs)]	1,069.48	962.63	
– Unpaid Dividend Accounts @	1.31	1.31	
– Rights Issue Account #	—	1.86	1,115.69
Other Bank Balances			
Balances with Bank			
– Deposits with maturity more than 3 months but less than 12 months	743.03	602.25	
	1,894.30	1,717.94	
Share of Joint venture [Refer Note 33(b)]	5.25	5.10	
TOTAL	1,899.55	1,723.04	

@ Earmarked for payment of unclaimed dividend.

Earmarked for refund of share application money relating to Right Issue and transferred to Investor Education and Protection Fund during the year.

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
20 SHORT TERM LOANS AND ADVANCES			
Inter Corporate Deposits Given			
Unsecured considered Good	950.00	—	
Minimum Guarantee Royalty Advances			
Unsecured considered Good	353.57	37.57	
Royalty Advances			
Unsecured considered Good	329.40	397.15	
Unsecured considered Doubtful	278.56	262.93	
Less: Provision for Doubtful Advances	278.56	—	
Advance against Film Projects			
Unsecured considered Good	131.56	60.92	
Unsecured considered Doubtful	202.14	250.14	
Less: Provision for Doubtful Advances	202.14	—	
Loan to Employees			
Unsecured considered Good	8.01	11.09	
Balances with Government Authorities			
Unsecured considered Good	391.76	358.62	
Prepaid Expense			
Unsecured considered Good	124.18	350.07	
Unsecured considered Doubtful	155.78	123.04	
Less: Provision for Doubtful Prepaid Expense	155.78	—	
Gratuity (Refer Note 28.1)			
Unsecured considered Good	2.39	42.63	
Advance to Artist / for Event			
Unsecured considered Good	6.22	47.88	
Unsecured considered Doubtful	318.77	536.43	
Less: Provision for Doubtful Advances	318.77	—	
Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 2,002.84 Lacs (31.03.12- ₹ 1,532.84 Lacs)]	1,988.08	2,077.83	
Advance payment of Fringe Benefit Tax [net of Provision ₹ 147.87 Lacs ; (31.03.2012- ₹ 147.87 Lacs)]	20.08	20.08	
	4,305.25	3,403.84	
Share of Joint venture [Refer Note 33(b)]	10.07	3.57	
TOTAL	4,315.32	3,407.41	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

		(₹ in Lacs)	
		As at 31st March, 2013	As at 31st March, 2012
21 OTHER CURRENT ASSETS			
Unsecured considered Good			
Interest accrued on Fixed Deposits	30.79	19.99	
Interest accrued on Intercompany Deposit	2.44	—	
	33.23	19.99	
Share of Joint venture [Refer Note 33(b)]	—	—	
TOTAL	33.23	19.99	
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
22 REVENUE FROM OPERATIONS			
Sale of Products			
Audio Compact Discs	2,106.80	3,403.44	
Digital Versatile Discs	419.76	484.80	
Others	104.18	141.57	4,029.81
Less: Excise Duty	0.47	0.54	
	2,630.27	4,029.27	
Sale of Services			
Advertising	227.50	359.07	
Newstand	57.04	67.14	
Income from Television Serials (including Free Commercial Time)	4,238.94	2,381.11	
Income from Distribution Rights of Feature Films	0.11	343.71	
Licence Fees	10,867.02	8,293.54	
Others	520.63	546.58	11,991.15
Other Operating Revenue	34.35	45.09	
	18,575.86	16,065.51	
Share of Joint venture [Refer Note 33(b)]	23.59	12.61	
TOTAL	18,599.45	16,078.12	
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
23 OTHER INCOME			
Liabilities no longer required written back	492.59	183.99	
Provision for Doubtful Debts/ Advances no longer required written back	205.66	25.00	
Interest Income (Gross)			
– on Bank Deposits	62.09	72.08	
– on Security Deposits	2.57	2.62	
– on Income Tax Refund	41.82	24.72	
– on Intercompany Deposit	2.44	—	
Dividend from Long Term (other than trade) Investments	77.25	61.81	
Profit on Sale of Long Term Investments	—	0.46	
Profit on Sale of Tangible Fixed Assets	0.58	0.46	
Rent Income	112.28	167.52	
Net Gain on foreign currency transactions / translation	28.56	85.12	
Other Non-Operating Income	11.50	23.41	
	1,037.34	647.19	
Share of Joint venture [Refer Note 33(b)]	2.50	0.68	
TOTAL	1,039.84	647.87	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
24 COST OF MATERIAL CONSUMED AND CONTRACT MANUFACTURING CHARGES			
A) Cost of Materials Consumed (Refer Note:24.1)		136.80	137.50
B) Contract Manufacturing Charges (Refer Note:24.2)		947.37	1,469.78
		1,084.17	1,607.28
Share of Joint venture [Refer Note 33(b)]		59.12	91.86
TOTAL		1,143.29	1,699.14
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
24.1 Details of Materials Consumed			
Opening Stock		51.51	30.76
Materials Purchased			
– Materials : Paper		145.63	158.25
– Papers, Digitray etc.			
Less : Closing Stock		60.34	51.51
– Materials : Paper		136.80	137.50
Share of Joint venture [Refer Note 33(b)]		59.12	91.86
TOTAL		195.92	229.36
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
24.2 Details of Contract Manufacturing Charges			
Contract Manufacturing Charges			
– Audio Compact Discs		609.82	1,026.50
– Digital Versatile Discs		292.25	312.67
– Others		45.30	130.61
		947.37	1,469.78
Share of Joint venture [Refer Note 33(b)]		—	—
TOTAL		947.37	1,469.78
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
25 PURCHASE OF STOCK-IN-TRADE			
Share of Joint venture [Refer Note 33(b)]		7.86	6.35
TOTAL		7.86	6.35
		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
26 COST OF PRODUCTION OF FILMS, TELEVISION SERIALS AND PORTAL			
Cost of Production of Films and Television Serials (Refer Note:26.1)		3,910.58	2,425.37
Cost of Portal Development		44.75	12.42
		3,955.33	2,437.79
Share of Joint venture [Refer Note 33(b)]		—	—
TOTAL		3,955.33	2,437.79

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

(₹ in Lacs)

26.1 Details of Cost of Production of Films and Television Serials

	Year ended 31st March, 2013	Year ended 31st March, 2012
Telecast Fees	891.45	743.71
Payment to artistes, directors, script-writers, etc.	728.43	571.19
Cost of Tapes	4.13	17.52
Food, Lodging and Travel	251.87	203.98
Set, properties and equipment charges	340.99	181.68
Other Production Expenses	1,947.53	712.13
Increase / (Decrease) in Inventories of Films and Television Serials	(253.82)	(4.84)
TOTAL	3,910.58	2,425.37

(₹ in Lacs)

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

- Work-in-Progress-Films and Television Serials
- Finished Goods-Films and Untelecasted Television Serials
- Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.

Less: Closing Stock

- Work-in-Progress-Films and Television Serials
- Finished Goods-Films and Untelecasted Television Serials
- Finished Goods-Pre recorded Cassettes, Audio/Video Compact Discs, Digital Versatile Discs, etc.

Share of Joint venture [Refer Note 33(b)]

Net (Increase)/Decrease

	Year ended 31st March, 2013	Year ended 31st March, 2012
	17.22	357.41
	396.24	60.89
	858.35	847.11
	1,271.81	1,265.41
	—	17.22
	159.64	396.24
	628.88	858.35
	788.52	1,271.81
	483.29	(6.40)
	(0.95)	0.19
	482.34	(6.21)

(₹ in Lacs)

28 EMPLOYEE BENEFITS EXPENSE

Salaries and Wages

Contributions to:

Provident Fund

Superannuation Fund

Gratuity Fund

Employee's State Insurance Scheme

Staff Welfare Expenses

Share of Joint venture [Refer Note 33(b)]

TOTAL

	Year ended 31st March, 2013	Year ended 31st March, 2012
	3,423.54	3,074.70
	106.06	108.96
	7.44	12.85
	110.71	9.94
	24.91	29.48
	249.12	161.23
	141.05	119.88
	3,813.71	3,355.81
	27.75	28.98
	3,841.46	3,384.79

- 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, 2013 (contd.)

(₹ in Lacs)

	2012-13			2011-12		
	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	547.99	15.83	0.65	536.77	9.37	0.44
(b) Current Service Cost	31.29	6.36	0.32	31.21	5.50	0.21
(c) Interest Cost	38.09	1.40	0.04	41.19	0.79	0.04
(d) Acquisitions Cost	24.03	—	—	—	—	—
(e) Actuarial Loss / (Gain)	58.65	(1.02)	(0.04)	(17.30)	0.17	(0.04)
(f) (Benefits Paid)	(210.25)	—	—	(43.87)	—	—
(g) Present Value of Obligation as at the end of the year	489.80	22.57	0.97	547.99	15.83	0.65
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	590.62	2.74	—	549.91	2.51	—
(b) Acquisitions Adjustment	1.73	—	—	—	—	—
(c) Expected Return on Plan Assets	46.77	1.23	—	50.65	0.23	—
(d) Actuarial Gain / (Loss)	(0.63)	(1.01)	—	0.75	—	—
(e) Contributions	34.85	22.00	—	33.18	—	—
(f) (Benefits Paid)	(210.25)	—	—	(43.87)	—	—
(g) Fair Value of Plan Assets as at the end of the year	463.09	24.96	—	590.62	2.74	—
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	489.80	22.57	0.97	547.99	15.83	0.65
(b) Fair Value of Plan Assets as at the end of the year	463.09	24.96	—	590.62	2.74	—
(c) Liability / (Asset) recognised in the Balance Sheet	26.71	(2.39)	0.97	(42.63)	13.09	0.65
IV. Expense charged to Statement of Profit and Loss						
(a) Current Service Cost	31.29	6.36	0.32	31.21	5.50	0.21
(b) Interest Cost	38.09	1.40	0.04	41.19	0.79	0.04
(c) (Expected Return on Plan Assets)	(46.77)	(1.23)	—	(50.65)	(0.23)	—
(d) Acquisitions Cost	22.30	—	—	—	—	—
(e) Actuarial (Gain) / Loss	59.28	(0.01)	(0.04)	(18.05)	0.17	(0.04)
(f) Total expense charged to the Statement of Profit and Loss*	104.19	6.52	0.32	3.71	6.23	0.21
*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	77%	—	—	84%	—	—
(b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	11%	—	—	8%	—	—
(c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	6%	—	—	4%	—	—
(d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	6%	—	—	4%	—	—
(e) Fund with Aviva Life Insurance Company India Ltd	—	100%	—	—	100%	—
VI. Actual Return on Plan Assets	46.14	0.22	—	51.40	0.23	—
VII. Principal Actuarial Assumptions as at Balance Sheet date						
(a) Discount Rate	8.0%	8.20%	8.00%	8.6%	8.40%	8.00%
(b) Expected Rate of Return on Plan Assets	9.3%	9.00%	—	9.3%	9.00%	—
(c) Salary Escalation	8.5%	7.00%	5.00%	7.0%	7.00%	5.00%

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, 2013 (contd.)

(₹ in Lacs)

VIII Other Disclosures

	2012-13	2011-12	2010-11	2009-10	2008-09
A) Parent Company					
a) Present value of the Obligation as at the end of the year	489.80	547.99	536.77	517.70	481.47
b) Fair value of Plan Assets as at the end of the year	463.09	590.62	549.91	510.26	435.15
c) (Surplus) / Deficit as at the end of the year	26.71	(42.63)	(13.16)	7.44	46.32
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(2.31)	(1.45)	1.16	(0.98)	(8.54)
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	(0.63)	0.75	(1.87)	3.15	(1.48)
B) Subsidiary					
a) Present value of the Obligation as at the end of the year	22.57	15.83	9.37	9.08	6.35
b) Fair value of Plan Assets as at the end of the year	24.96	2.74	2.51	—	—
c) (Surplus) / Deficit as at the end of the year	(2.39)	13.09	6.86	9.08	6.35
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	2.86	(1.17)	7.85	5.11	(6.35)
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	(1.01)	—	0.01	—	—
C) Share of Joint Venture					
a) Present value of the Obligation as at the end of the year	0.97	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	0.97	0.65	0.44	—	—
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	(0.04)	(0.04)	(0.01)	—	—
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	—	—	—	—	—

(₹ in Lacs)

29 FINANCE COSTS

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Expenses	259.43	391.76
Other Borrowing Costs	12.72	6.82
	272.15	398.58
Share of Joint venture [Refer Note 33(b)]	9.34	9.12
TOTAL	281.49	407.70

(₹ in Lacs)

30 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Depreciation on Tangible Asset	216.79	197.83
Less: Transferred from Revaluation Reserve (Refer Note 12.4)	3.05	3.07
Amortization on Intangible Asset	1,060.30	1,027.95
	1,274.04	1,222.71
Share of Joint venture [Refer Note 33(b)]		
Depreciation on Tangible Asset	18.25	16.74
Amortization on Intangible Asset	1.93	2.43
TOTAL	1,294.22	1,241.88

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
31 OTHER EXPENSES			
Consumption of Stores and Spare Parts	5.66	31.28	
Power and Fuel	132.49	110.76	
Rent	311.19	301.01	
Repairs – Buildings	32.75	18.53	
– Machinery	15.03	40.73	
– Others	59.30	41.46	
Royalties	1,594.10	1,500.28	
Recording Expenses	112.06	222.00	
Carriage, Freight and Forwarding Charges	228.60	279.52	
Rates & Taxes	176.62	160.52	
Insurance	32.04	29.65	
Travel and Conveyance	367.62	310.26	
Advertisement and Sales Promotion	1,579.76	922.45	
Editorial Expenses	86.08	82.16	
Printing & Publishing Expenses	89.19	92.16	
Printing and Communication Expenses	229.72	215.01	
Bad Debts/Advances written off	256.06	71.52	
Provision for Doubtful debts and Advances	268.62	381.22	
Provision for Magazine Returns	19.83	28.52	
Loss on sale of Fixed Assets	9.72	3.21	
Legal/Consultancy Expenses	574.43	750.75	
Event Expense	583.57	395.79 \	
Payment to Auditors	54.77	57.81	
Miscellaneous Expense	699.22	458.88	
	7,518.43	6,505.48	
Share of Joint venture [Refer Note 33(b)]	66.16	87.45	
TOTAL	7,584.59	6,592.93	

		(₹ in Lacs)	
		Year ended 31st March, 2013	Year ended 31st March, 2012
32 EXCEPTIONAL ITEMS			
Payment under Voluntary Retirement Scheme	327.17	—	
Share of Joint venture [Refer Note 33(b)]	—	—	
TOTAL	327.17	—	

33 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) and jointly controlled entity 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, 2013	Proportion of ownership interest as at 31st March, 2012
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 of the Group.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

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

Name	Country of Incorporation	Proportion of ownership interest as at 31st March, 2013	Proportion of ownership interest as at 31st March, 2012
Saregama Regency Optimedia Private Limited	India	26%	26%

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

34 Capital commitments (net of advances of ₹14.72 Lacs; 31.03.12 - ₹11.05 Lacs) as at 31st March, 2013 are estimated at ₹22.53 Lacs (31.03.12 - ₹14.28 Lacs).

35 Contingent liabilities in respect of -

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
(i) Guarantees given by Banks	1.50	1.50
(ii) Claims against the Group not acknowledged as debts in respect of -		
Copyright matters	24.85	62.26
Civil matters*	50,000.00	50,000.00
Income Tax matters	667.93	626.06
Sales tax / value added tax / entry tax matters	635.82	651.30
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, the amount of which is not currently ascertainable.

36 Un-hedged exposures in foreign currencies

	As at 31st March, 2013		As at 31st March, 2012	
	Foreign Currency (in 'Lacs)	₹ (in 'Lacs)	Foreign Currency (in 'Lacs)	₹ (in 'Lacs)
Unsecured Loan - External Commercial Borrowing	US\$ 3.65	198.69	US\$ 3.65	186.88
Secured Loan - Buyers Credit	US\$ 0.208	11.31	US\$ 0.125	6.38
Interest on unsecured loan	US\$ 0.445	24.20	US\$ 0.37	18.94
Interest on secured loan	US\$ 0.0036	0.19	US\$ 0.0014	0.07
Current Liabilities	AUS\$ 0.2767	15.70	AUS\$ 0.82	43.97
Current Liabilities	US\$ 0.5900	32.09	—	—
Balances with Bank	US\$ 0.0004	0.02	US\$ 0.0041	0.21
Current Assets	NIL	NIL	US\$0.00098	0.05

37.1 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 2.2, 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 earning per share (basic and diluted) for the year would have been lower by about ₹0.06 Lac (Previous Year - net loss higher by ₹2.01 Lacs) and by ₹Nil (Previous Year - loss per share higher by ₹0.01) respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

37.2 Basic and Diluted Earnings per share :

	Year ended 31st March, 2013	Year ended 31st March, 2012
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	17,402,938	17,409,122 *
Nominal value of each equity share (₹)	10	10
Profit after Taxation and Minority Interests available for equity shareholders (₹ in Lacs)	810.15	110.05
Basic earnings per share (₹)	4.66	0.63
Diluted earnings per share (₹)	4.66	0.63

*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 2.2.

38 Segment Reporting :

Primary Segment information (Business Segments)

(₹ in Lacs)

Particulars	Year ended 31st March, 2013						Year ended 31st March, 2012					
	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	13,980.39	4,299.04	320.02	18,599.45	–	18,599.45	12,872.47	2,747.05	458.60	16,078.12	–	16,078.12
– Intersegment Sales and License Fees	–	–	–	–	–	–	–	–	400.00	400.00	(400.00)	–
Total	13,980.39	4,299.04	320.02	18,599.45	–	18,599.45	12,872.47	2,747.05	858.60	16,478.12	(400.00)	16,078.12
2 Segment Result *	4,842.35	(1,149.43)	(1,283.18)	2,409.74	–	2,409.74	5,158.99	(1,479.79)	(851.65)	2,827.55	–	2,827.55
Interest expense not allocated to segments						(268.77)						(400.04)
Other unallocated expenditure (net)						(1,419.43)						(1,465.89)
Profit before taxation						721.54						961.62
3 Segment Assets	12,741.49	2,405.58	500.00	15,647.07	–	15,647.07	13,726.93	2,833.64	493.59	17,054.16	–	17,054.16
Unallocated						8,834.67						6,485.42
Total Assets						24,481.74						23,539.58
4 Segment Liabilities	5,723.82	383.61	7,219.90	13,327.33	(2,464.60)	10,862.73	7,264.04	338.48	3,382.13	10,984.65	(2,734.45)	8,250.20
Unallocated						2,010.88						4,118.57
Total Liabilities						12,873.61						12,368.77
5 Segment Capital Expenditure	618.27	–	7.99	626.26			429.04	–	6.83	435.87		
6 Segment Depreciation and amortisation	321.11	945.57	27.54	1,294.22			340.47	858.24	43.17	1,241.88		
7 Segment non-cash expenditure other than Depreciation and amortisation	331.00	193.71	19.83	544.54			1,146.08	206.98	28.52	1,381.58		

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, 2013 (contd.)

Secondary Segment Information (Geographical Segments)

	12 Months to 31.03.13	12 Months to 31.03.12
Segment Revenue		
– within India	16,824.70	15,179.36
– outside India	1,774.75	898.76
TOTAL	18,599.45	16,078.12
Segment Assets		
– within India	15,217.47	16,355.93
– outside India	429.60	698.23
TOTAL	15,647.07	17,054.16
Capital Expenditure		
– within India	626.26	435.87
– outside India	–	–
TOTAL	626.26	435.87

The Geographical Segments considered for disclosure are India and outside India

* Payment under Voluntary Retirement Scheme relating to Music Segment. (Refer Note 32 on Consolidated Financial Statements)

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
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
S. Mantha# (Managing Director of Parent Company)	S. Mantha# (Managing Director of Parent Company)	S. Mantha# (Managing Director of Parent Company)	Key Management Personnel
G. B. Aayeer@ (Executive Director of Parent Company)	G. B. Aayeer@ (Executive Director of Parent Company)	G. B. Aayeer@ (Executive Director of Parent Company)	Key Management Personnel

*Resigned with effect from 6th April, 2012

#Joined with effect from 1st January, 2013

@Appointed as Manager for the period from 9th April, 2012 to 31st December, 2012 and as Executive Director with effect from 1st January, 2013

Related Party Transactions

(₹ in Lacs)

		Joint Venture SROPL	Key Management Personnel		
			Mr. S. Mantha	Mr. G. B. Aayeer	Mr. A. Nagpal
Contract manufacturing charges	Current Year	292.31	–	–	–
	Previous Year	503.15	–	–	–
Rent Expenses	Current Year	13.28	–	–	–
	Previous Year	13.28	–	–	–
Remuneration to Managerial Personnel	Current Year	–	45.82	122.81	19.66
	Previous Year	–	–	–	180.06
Balance Outstanding at year end :					
Other Current Assets	Current Year	5.77	–	–	–
	Previous Year	5.77	–	–	–
Trade Payables	Current Year	19.13	–	–	–
	Previous Year	100.38	–	–	–

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2013 (contd.)

- 40 (a) Rent and share of Joint Venture disclosed under Other Expenses (Note 31) includes lease payments of ₹162.59 Lacs (31.03.2012 - ₹150.85 Lacs) and ₹12.33 Lacs (31.03.2012 - ₹ 12.07 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:

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Parent Company	Share of Joint Venture	Parent Company	Share of Joint Venture
Not later than one year	20.18	12.93	28.98	11.50
Later than one year and not later than five years	44.70	41.58	64.88	41.58
More than five years	Nil	Nil	Nil	Nil

- 40 (c) Rent income includes sub-lease payments of ₹112.28 Lacs (Previous Year - ₹ 167.52 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, 2013, ₹ 22.46 Lacs (Previous Year - ₹ 67.39 Lacs) is expected to be received in respect of future minimum sublease payments under non cancellable sublease.
- 41 Share of Joint Venture ₹ 25.69 Lacs (31.03.2012- ₹ 26.53 Lacs) included in 'Reserve and Surplus' (Note 3) represents Fixed Capital Investment Subsidy received in earlier year.
- 42 Previous year's figures have been regrouped or rearranged, where considered necessary, to conform to current year's classification.

Signature to Note 1 to 42

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

Partner
Membership No. - 057572

Kolkata,
May 27, 2013

On behalf of the Board

T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Year ended 31st March, 2013	Year ended 31st March, 2012
A. Cash Flow from Operating Activities		
Profit Before Tax	721.54	961.62
Adjustments for :		
Depreciation and Amortisation Expenses	1,294.22	1,241.88
Bad debts / Advances written off	256.06	71.52
Provision for Doubtful Debts / Advances	268.62	381.22
Interest Expenses etc.	281.49	400.88
Liabilities no longer required written back	(492.59)	(183.99)
Provision for Doubtful Debts / Advances no longer required written back	(205.66)	(25.00)
Interest Income	(108.92)	(99.42)
Unrealised (Gain) / Loss on foreign currency transactions/translation	9.36	(49.39)
Loss on sale of Fixed Assets (Net)	9.14	2.75
(Profit) on sale of Long Term Investments	—	(0.46)
Dividend from Long Term Investments-Other than Trade	(77.25)	(61.81)
	1,234.47	1,678.18
Operating Profit before Working Capital Changes	1,956.01	2,639.80
Changes in Working Capital		
(Decrease) in Trade payables	(156.37)	(607.39)
Increase in Provisions	389.41	306.45
Increase / (Decrease) in Other Current Liabilities	302.84	(171.93)
Increase / (Decrease) in Other Long term Liabilities	0.10	(2.03)
(Increase) in Trade and other Receivables	(981.65)	(295.47)
(Increase) / Decrease in Inventories	477.94	(29.65)
(Increase) in Loans and Advances	(1,020.08)	(509.23)
Decrease in Other Non-Current Assets	7.58	0.73
	(980.23)	(1,308.52)
Cash generated from operations	975.78	1,331.28
Direct Taxes (Paid) / Refunds	(379.65)	(947.14)
Net cash generated from operating activities	596.13	384.14
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(626.23)	(444.25)
Proceeds from / (transfer for) Fixed Capital Investment Subsidy	(0.84)	(1.33)
Sale of Fixed assets	7.35	3.01
Sale of non current Investments-Other than trade	—	0.79
Interest Received	95.68	79.43
Dividend from Long Term Investments-Other than Trade	77.25	61.81
Net Cash used in Investing Activities	(446.79)	(300.54)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

	(₹ in Lacs)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	(856.48)	(841.93)
Repayment of Short Term Borrowings	—	(50.00)
Proceeds from Long Term Borrowings	11.81	23.77
Proceeds from Short term borrowings	1,011.41	849.19
Interest etc. paid	(280.69)	(399.26)
Share application money refunded relating to Rights Issue (2005)	—	(0.03)
Net Cash Used in Financing Activities	(113.95)	(418.26)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	35.39	(334.66)
Cash and Cash Equivalents at the beginning of the year	1,116.11	1,450.77
Cash and Cash Equivalents at the end of the year	1,151.50	1,116.11

Notes to Consolidated Cash Flow Statement for the Year ended 31st March, 2013

- 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, 2013	As at 31st March, 2012
Cash on hand	3.38	4.24
Cheques on hand	77.10	145.65
Bank Balance	1,069.48	962.63
Unpaid Dividend @	1.31	1.31
Right Issue Account @	—	1.86
Share of Joint venture [Note 33 (b) to the Consolidated Financial Statement]	0.23	0.42
TOTAL	1,151.50	1,116.11

@ Represents not available for use by the Company.

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

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

Partner
Membership No. - 057572

On behalf of the Board

Kolkata,
May 27, 2013

T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

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

(₹ in Lacs)				
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, 2013	Year ended 31st March, 2013	Year ended 31st March, 2013	Year ended 31st March, 2013
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 259,933)	(₹ 56.65)	₹ 2.77	(₹ 1,283.18)
(ii) for the previous financial years/period since it became a subsidiary	(GBP 1,160,715)	(₹ 1,374.78)	(₹ 148.06)	(₹ 5,402.51)
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,
May 27, 2013T. Paul
Company SecretaryS. Mantha
Managing 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	260.46	781.03	472.05	—	1,199.34	(204.26)	(0.46)	(203.80)	—
		GBP	0.70	2.59	8.93	5.64	—	13.69	(2.60)	(0.01)	(2.59)	—
2	RPG Global Music Limited	INR	1,026.20	(1,431.43)	106.90	512.13	—	137.94	(56.65)	—	(56.65)	—
3	Kolkata Metro Networks Limited	INR	5.00	(163.00)	253.47	411.47	—	40.89	2.77	0.53	2.24	—
4	Open Media Network Private Limited	INR	1.00	(6,707.52)	515.80	7,222.32	—	324.52	(1,283.18)	(11.49)	(1,271.69)	—

Exchange rates as at year end considered for conversion:

GBP 1 = ₹ 81.90 for Current Asset (Closing Buying Rate), Fixed Asset, Share Capital, Share Premium at Historical cost

GBP 1 = ₹ 83.69 for Secured Loan and Current Liabilities & Provision (Closing Selling Rate)

GBP 1 = ₹ 87.00 for Income (Average Selling Rate)

GBP 1 = ₹ 85.20 for Expense (Average Buying Rate)

On behalf of the Board

Kolkata,
May 27, 2013

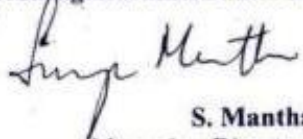



T. Paul
Company Secretary

S. Mantha
Managing Director

G. B. Aayeer
Director

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Saregama India Ltd.
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <ul style="list-style-type: none"> Managing Director <div style="text-align: right;"> <p>For Saregama India Limited</p>  <p>S. Mantha Managing Director</p> </div> CFO <div style="text-align: right;"> <p>For Saregama India Limited</p>  <p>G. B. Aayeer Chief Financial Officer</p> </div> Auditor of the Company <div style="text-align: right;"> <p>For Price Waterhouse Firm Registration Number : 301112E Chartered Accountants</p>  <p>Pinaki Chowdhury Partner Membership No. 057572</p> </div> Audit Committee Chairman <div style="text-align: right;"> <p>For Saregama India Limited</p>  <p>S. Banerjee Audit Committee Chairman</p> </div> 	

CERTIFIED TRUE COPY

For SAREGAMA INDIA LTD.


(TONY PAUL)
Company Secretary & Head Legal