saregama
soul of India

RP - Sanjiv Goenka Group
Growing Legacies

Board of Directors

Mr. S. Goenka
Chairman

Mrs. P. Goenka

Mrs. S. Goenka

Mr. H. Neotia

Mr. S. Banerjee

Mr. P. K. Mohapatra

Mr. B. Raychaudhuri

Mr. G. B. Aayeer

Company Secretary & Head Legal
Mr. Tony Paul

Auditors
Price Waterhouse
Chartered Accountants

Legal Advisors
Khaitan & Company

Registrars and Share Transfer Agents
MCS Limited
77/2A, Hazra Road
Kolkata - 700 029

Bankers
United Bank of India
State Bank of India
ICICI Bank Limited

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

SAREGAMA INDIA LIMITED

CORPORATE INFORMATION

CIN : L22213WB1946PLC014346

Web : www.saregama.com

Registered Office & Studios

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

Regional Offices

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

High Tide, 1st Floor
Plot No. B/30, Juhu Tara Road
Santacruz (W), Mumbai - 400 049
Phone : (022) 6688 6200
Fax No. : (022) 2661 0059
e-mail : rajesh.narvankar@rp-sg.in

6, DDA Commercial Complex
3rd Floor
Panchsheel Park
New Delhi - 110 017
Phone : (011) 4052 1912
Fax No : (011) 4052 1913
e-mail : nitin.garg@rp-sg.in

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

CONTENTS

	Page
Report of the Directors & Management Discussion and Analysis	3
Report on Corporate Governance	12
Auditors' Report	23
Balance Sheet	28
Statement of Profit & Loss	29
Notes forming part of the Financial Statements	30
Cash Flow Statement	52
Consolidated Financial Statements	54
Statement related to Subsidiary Companies	82

REPORT OF THE DIRECTORS' WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Sixty-Seventh Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March 2014.

Financial Results

The performance of your Company for the year ended 31st March, 2014 is summarized below:

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Total income	**17369**	18446
Profit from operations	**2611**	1402
Exceptional item	**886**	327
Provision for Contingencies	**Nil**	Nil
Profit before tax	**1726**	1075
Provision for Taxation		
Deferred Tax Charged / (Credit)	**(118)**	(483)
Current tax	**635**	470
Net profit (after tax and exceptional items)	**1209**	1088
Proposed Dividend (including tax thereon)	**305**	305
Transfer to general reserve	**60**	54
Reserves (excluding revaluation reserves)	**12724**	11821

Your Board is pleased to report a profit of ₹ 1208.77 Lakhs in the year 2013-14.

Dividend

Your Board is pleased to recommend a dividend of ₹ 1.50/- per equity share of ₹ 10/- each for the year ended 31st March 2014.

Operations

Music Audio Business

Your company has developed state-of-the-art digital VAS business model that has added feathers to its existing rich music catalogue apart from building a formidable presence in conventional VAS Vectors like WAP and IVR besides the CRBT business. Your company also developed a very robust direct international presence in the Mobile VAS ecosystem with direct presence in over 50 countries covering over 100 telecom operators. In addition to Mobile VAS, the last year in particular has witnessed hectic activity in the Web digital business domain. Youtube has emerged as a powerhouse for monetizing music. Web based music services like SAAVN and GAANA has a growing customer base for streaming services. The coming year is expected to witness entry of almost all major Global Streaming Brands in India like Spotify, Google Play, Guvera and RDIO to name a few. The I- Tunes with its download model has also started shop in India. On the International Web business front, your company signed a 3-year deal with the global aggregator. This partnership is expected to make company's content available to millions of Indians globally via multiple web based music services.

Your Company witnessed a sharp drop in the revenues from the device manufacturers like Nokia, which had a severe knock on effect on revenues to Music Companies. However, D2C APP business holds a lot of promise in the coming years and as such your Company has been in the process of developing some state of the art game changing App products.

REPORT OF THE DIRECTORS *(contd.)*

Your Company's corporate segment of physical sales continues to post business. During the year under review, your Company acquired new Hindi and regional film soundtracks including in Hindi - 'Issaq' and a driver track of 'Heropanti', etc. The demand for use of old film hits in new films continued this year also.

Music Publishing Business

Your Company's decision to negotiate directly with all major Television broadcast networks at decent valuations has been a significant development in the current year. The Bollywood industry continues to synchronize your company's catalogue to create new content while retaining the nostalgic value of the retro music.

TV Software

Your National Television business is successfully producing programs in national Hindi language in mainstream channels like '*Savdhan India*' in Star TV's Life OK Channel. The show won the Indian Television Academy Award (ITA) under the Best Thriller Category with tough competition from long running popular shows like '*CID*' and '*Crime Patrol*'. The Division is currently under pre-production stage for two new shows a daily on the Zee Network and a weekly one-hour show on Star Plus channel and also has two shows green lighted and approved on a new upcoming channel "EPIC TV" and will be on air as soon the channel is launched. The foray into regional channel BIG Magic continues with the production of the program 'Police Files'. Your 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.

Publication Business

Your Company publishes the weekly current affairs magazine "OPEN" through its subsidiary Open Media Network Pvt. Ltd. Aimed at the intelligent Indian reader it has been well received by advertisers and readers at large. The subsidiary is adding to its existing business line , the promising the business vertical of organizing events for live panel discussions on trending topics in politics, society, sports, world affairs, etc. This new business vertical requires some amount of funding which your Board has duly considered and approved.

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 that 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 chartered accountants 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 music industry is still under process of streamlining the effects resulting from amendments to the Copyright Act. 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. The opportunities in digital space are continuously on the rise with widespread use by the consumers of mobile and Internet services. Launching 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. Still Radio and television continues to be major platforms for consumption of music. However, the sales in physical formats with dropping volumes 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.

REPORT OF THE DIRECTORS *(contd.)*

Opportunities and Threats

Opportunities

Music Business

Your Company has more opportunities to increase its presence in digital vectors like WAP, Web, DTH, Applications and Devices besides consolidating its position in established vectors like CRBT and Mobile Radio business.

Music Publishing Business

Television publishing will be the biggest opportunity for your company and work is on full steam to ensure a robust presence.

TV Software

Two phases of digitization has been completed and the third phase is on the anvil. This has brought in a lot of transparency in subscriber reportage for the broadcasters and hence going forward the broadcaster share of subscription revenues will increase. Further, TRAI regulation of twelve-minute advertisement time for every hour is forcing the broadcasters to launch a second GEC Channel in their bouquet. Both above will result into increase in demand from the broadcasters for additional content.

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. The addition of business vertical of events for live panel discussions is expected to generate interest in advertisers and sponsors, providing new content for exploitation in different formats.

Threats

Music Audio Business

The new TRAI guidelines seeking a triple confirmation from customers before availing any service of Mobile VAS has adversely affected almost every player in this industry. However, your company strategized to arrest the drop on account of prudent proactive measures. Piracy continues to be the biggest threat both In physical as well as digital music sales.

Music Publishing Business

A number of clarifications, specially on the commercial front, are being sought by the stakeholders, including your Company in the content business regarding interpretation and implementation of the new Copyright Act.

TV Software

The growing cost of production, high cost of Artists and Technicians is a continuous problem faced by the software producers. This is also now resulting into production of shows shifting out of high cost locations like Mumbai.

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 timeless musical treasure in Old Hindi Films, Classical and Regional music content continues to enter the charts across all platforms. Major non-film music albums released during the year includes - 'Destiny' with Ghazal maestros, Anup Jalota, Pankaj Udhas and Talat Aziz and 'Surmayi Raat' with living legends Gulzar & Bhupinder SIngh. Mash-ups, the latest trend had a huge demand amongst the youth creating huge traction in digital formats. 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 magazine "Open" has gradually increased its circulation and advertisement revenue yield and pricing better than the competitors.

REPORT OF THE DIRECTORS *(contd.)*

Outlook

Music Audio Business

Introduction of 4G services by various telecom providers will revolutionize market dynamics and create a new set of revenue streams and content delivery platforms. Social networking sites such as Facebook, Twitter and MYSpace are 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.

TV Software

With the launch of new channels the demand for content production will continue to rise. As the broadcaster subscription revenue share increases they will invest more towards production budget in order to offer top class and high production value content to their viewers. Further channels are increasing their program airings from five-day week to six-day week and hence there will be additional production opportunity for production houses.

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. Additionally the introduction of business vertical of events for live panel discussions will augment its top-line contributing to the profitability of the business.

Risk and Concerns

Statutory licensing in radio and television under the amended Copyright Act will adversely affect the dynamics of the Music Industry. Further, the divide between the stakeholders in terms of interpretation of new Copyright law will create lot of confusion. Piracy with tendency of music lovers to listen free of cost music deters growth of digital music. The alternative business models based on advertisement revenues are still to mature. 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.

Internal Control System and Adequacy

The Internal Audit department of your 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 350 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 held on 26th July, 2013, approved the implementation of *Saregama Employees Stock Option Scheme - 2013* 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 Rs.10/- each and at a premium of Rs.92.47 each were allotted to promoters and others on preferential basis on 11th September, 2009.

Rights Issue

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

Fixed Deposits

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

Particulars of Employees

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

REPORT OF THE DIRECTORS *(contd.)*

Directors

In terms of Article 102 of the Articles of Association Mr. Sanjiv Goenka retires by rotation and, being eligible, offers himself 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 places on record its deep appreciation for the services rendered by Mr. Suryanarayana Murthy Mantha and Mr. Pradip Kumar Khaitan during their tenures as Managing Director and Director, respectively, 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. Your Company has infused required funds in its subsidiary Open Media Network Pvt. Ltd., for the new business vertical of events for live panel discussions. The subsidiary has also converted its existing loan into equity resulting in your Company holding 58.63% in the subsidiary with full management control.

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 2013-2014 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. The product line of audio cassettes however is becoming outdated with advent of new formats of consumption.

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:

(₹ in Lacs)

	Current Year	Previous Year
Foreign Exchange used	**94.44**	46.70
Foreign Exchange earned	**2094.85**	1700.57

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

Kolkata,
12th June, 2014

Sanjiv Goenka
Chairman

REPORT OF THE DIRECTORS *(contd.)*

Annexure to the Report to the Directors for the 12 months period ended 31st March, 2014

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 2013-14						**Total**
Option granted	10000	25000	12000	10000	15000	10000	82000
Pricing Formula	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	The exercise price of the option is the closing price of the National Stock Exchange as on the date of the grant. The pricing is based in accordance with the defintions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	
Options Vested	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Options exercised	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Options Lapsed	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Variations of terms of Options	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Money realised by the exercise of the Options	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total number of Options in force	10000	25000	12000	10000	15000	10000	82000
Weighted average Exercise Price (₹)	69.85	87.50	100.80	68.05	63.90	53.95	—
Weighted average Fair Value(₹)	49.50	48.00	46.90	49.60	50.00	51.10	—

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

(a) **For Option granted during 2013-14** : Method: Black Scholes Options pricing model : (b) Assumptions: Risk free interest rate - 9.00% (Weighted average for 5 yrs): expected life - 10 years (Weighted Avereage for Option granted during 2013-14); Expected Volatility - 57.30%; Expected dividends - ₹0.50 and market price at the time of the Option grant : ₹63.50.

REPORT OF THE DIRECTORS *(contd.)*

Employeewise details of Options granted under Employee Stock Option Scheme

i) Senior Mangement personnel

Name	Designation	Options Granted during 2013-14	Total
Mr. G. B. Aayeer	Chief Financial Officer and Director	10,000	10,000
Mr. Suryanarayana Murthy Mantha	Managing Director	25,000	25,000
Mr. Adarsh Gupta	Sr. Vice President, Music Business	12,000	12,000
Mr. Adarsh Gupta	Sr. Vice President, Music Business	10,000	10,000
Mr. Keshav P Sinha	Chief Technology Officer	15,000	15,000
Mr. Avinash Mudaliar	Head Internet Products & Services	10,000	10,000

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

Name	Designation	Options Granted during 2013-14	Total
Mr. G. B. Aayeer	Chief Financial Officer and Director	10,000	10,000
Mr. Suryanarayana Murthy Mantha	Managing Director	25,000	25,000
Mr. Adarsh Gupta	Sr. Vice President, Music Business	12,000	12,000
Mr. Adarsh Gupta	Sr. Vice President, Music Business	10,000	10,000
Mr. Keshav P Sinha	Chief Technology Officer	15,000	15,000
Mr. Avinash Mudaliar	Head Internet Products & Services	10,000	10,000

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, 2014	31st March, 2013
Profit after taxation	**1208.77**	1087.98
Less: Additional Employee compensation on cost based on Fair Value	**0.08**	0.06
Profit after taxation as per Fair Value Method	**1208.69**	1087.92
Earnings per Share (EPS)		
Basic		
Number of Shares	**1,74,02,938**	1,74,02,938
Basic EPS as reported (₹)	**6.95**	6.25
Proforma Basic EPS (₹)	**6.95**	6.25
Diluted		
Number of Shares	**1,74,05,183**	1,74,02,938
Diluted EPS as reported (₹)	**6.94**	6.25
Proforma Diluted EPS (₹)	**6.94**	6.25
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,
12th June, 2014

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, 2014

The Board of Directors of the Company comprised

- 8 Non-Executive Directors (including 5 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, 2014 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.	Mr. S. Goenka	Non-Executive (Chairman)	7	5	–	–	–
2.	Mrs. P. Goenka	Non-Executive	–	–	–	–	–
3.	Mrs. S. Goenka	Non-Executive	–	–	–	–	–
4.	Mr. S. Banerjee	Non-Executive Independent	–	4	–	–	–
5.	Mr. P. K. Mohapatra	Non-Executive Independent	2	4	–	2	–
6.	Mr. H. Neotia	Non-Executive Independent	6	3	3	–	–
7.	Mr. P. K. Khaitan [3]	Non-Executive Independent	–	14	–	4	–
8.	Mr. B. Raychaudhuri	Non-Executive Independent	–	2	–	–	–
9.	Mr. G. B. Aayeer	Whole-time Director	–	3	–	–	–
10.	Mr. S. Mantha [4]	Managing Director	–	1	–	–	–

[1] Excluding Foreign Companies and Companies under Section 25 of the Companies Act.

[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 Mr. S. Goenka, Mrs. P. Goenka and Mrs. S. Goenka are related to each other.

[3] Resigned with effect from 8.4.2014.

[4] Resigned with effect from 23.4.2014.

B. Attendance of Directors at the Board Meetings during the period 1st April, 2013 to 31st March, 2014 and at the last Annual General Meeting.

Sl. No.	Name of Directors	Number of Meetings attended out of four Board Meetings held during the year	Attendance at the last AGM on 26.7.2013
1.	Mr. S. Goenka	4	No
2.	Mrs. P. Goenka	1	No
3.	Mrs. S. Goenka	1	No
4.	Mr. S. Banerjee	4	No
5.	Mr. P. K. Mohapatra	1	No
6.	Mr. H. Neotia	3	No
7.	Mr. P. K. Khaitan	-	No
8.	Mr. B. Raychaudhuri	2	Yes
9.	Mr. G. B. Aayeer	4	Yes
10.	Mr. S. Mantha	3	Yes

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 2013-2014 – Four.

Dates of the Board Meetings

27th May, 2013; 17th September, 2013; 20th December, 2013 and 27th March, 2014.

3. Committee of Directors

(i) Composition

The composition of the Committee of Directors as on 31st March, 2014 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	Whole-time Director
Mr. S. Mantha *	Member	Managing Director

* Resigned with effect from 23.4.2014.

(ii) Meetings

During the financial year ended 31st March, 2014, the Committee of Directors met three times on 14th August, 2013, 14th November, 2013 and 14th February, 2014 respectively.

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

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

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

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

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

5. Compliance Reports

At each meeting of the Board of Directors, the Managing / Whole-time 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, 2014 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, 2014, the Audit Committee met four times on 27th May, 2013, 14th August, 2013, 14th November, 2013 and 14th February, 2014 respectively.

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

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

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

7. Remuneration Committee

(i) Terms of Reference

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

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

(ii) Composition

The composition of the Compensation Committee as on 31st March, 2014 is as under :

Name of the Directors	Position	Category of Director	Attendance
Mr. S. Banerjee	Chairman	Non-executive Independent Director	3
Mr. P. K. Mohapatra	Member	Non-executive Independent Director	3
Mr. H. Neotia	Member	Non-executive Independent Director	3

(iii) Meetings

During the financial year ended 31st March, 2014, Compensation Committee met three times on 27th May, 2013, 17th September, 2013 and 27th March, 2014.

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. S. Mantha, Managing Director has been paid remuneration as per the Agreement entered with the Company on 9th January, 2013 and approved by the shareholders at the Annual General Meeting held on 26th July, 2013. At the said meeting the shareholders also authorised the Board to vary and increase the remuneration, perquisites, incentives and bonus etc. payable to Mr. Mantha as Managing Director from time to time as the Board may consider appropriate.

Mr. G. B. Aayeer, the Whole-time 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 variation in remuneration of Mr. Aayeer was also approved by the shareholders at the Annual General Meeting held on 26th July, 2013. The subsequent increment in his remuneration effective 1st July, 2013 has been approved by the Board of Directors at its meeting held on 17th September, 2013 and is subject to approval of the shareholders at the ensuing Annual General Meeting.

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 2013-2014 are given hereunder :

A. **Executive Director** (₹ in thousands)

Name	:	Mr. S. Mantha	Mr. G. B. Aayeer
Designation	:	Managing Director	Chief Financial Officer (Whole-time Director)
Remuneration	:		
Salaries and allowances		8400	5787
Contribution to Provident Fund		504	347
Contribution to Gratuity Fund		191	421
Other benefits/perquisites		4958	6092
Total		**14053**	**12647**
Note:			
Service Contract	:	With effect from 1st January, 2013.	For a period of 5 years with effect from 9th April, 2012.
Notice period	:	(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
Stock Option details	:	Pursuant to approved Saregama Employee Stock Option Scheme 2013 (Scheme), the Compensation Committee of the Board of Directors has granted shares / options to certain eligible employees at the following exercise price, being prevailing market price as on date of joining / revision of salary of respective employee :	

Name of eligible employees	No. of options/ shares	Exercise price per share (₹)
Mr. G. B. Aayeer, Chief Financial Officer and Director	10,000	69.85
Mr. Suryanarayana Murthy Mantha, Managing Director	25,000	87.50

Vesting schedule of the said options is as follows :-

- after 1 year from the date of grant : 20 % of the options granted
- after 2 years from the date of grant : 20 % of the options granted
- after 3 years from the date of grant : 20 % of the options granted
- after 4 years from the date of grant : 20 % of the options granted
- after 5 years from the date of grant : 20 % of the options granted

Exercise period is10 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.

B. **Non-executive Directors**

Sl. No.	Name of the Directors	Sitting Fees Paid / Payable (₹)
1.	Mr. S. Goenka	110000
2.	Mrs. P. Goenka	20000
3.	Mrs. S. Goenka	20000
4.	Mr. S. Banerjee	145000
5.	Mr. P. K. Mohapatra	65000
6.	Mr. H. Neotia	95000
7.	Mr. P. K. Khaitan	—
8.	Mr. B. Raychaudhuri	40000
	Total	**495000**

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, 2014 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, 2014 three Meetings of the Shareholders Grievance Committee were held on 27th May, 2013, 20th December, 2013 and 27th March, 2014 respectively.

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

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

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

Status of Shareholders' Complaints :

Complaints pending as on 1st April, 2013	Nil
Number of complaints	
– received during the year	4
– resolved during the year	4
Complaints pending as on 31st March, 2014	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, 2014 is as under:

Mr. S. Mantha, Managing Director

Mr. G. B. Aayeer, Chief Financial Officer

Mr. Tony Paul, Company Secretary & Head Legal.

The Share Transfer Sub-Committee held 19 meetings during the financial year ended 31st March, 2014.

10. General Body Meetings

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

Date	Type	Venue	Time	Special Resolutions Passed
26th July, 2013	66th AGM	Mohit Moitra Mancha, Kolkata.	10.00 AM	Yes
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

Note :

There was no special resolution put through postal ballot in the last Annual General Meeting (AGM) held on 26th July, 2013. 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, 2013.

(iii) Out of the 53,38,628 equity shares of ₹10/- each issued for cash at a premium of ₹35/- (issue price - ₹ 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.13 - 5,290) equity shares (relating to cases under litigation / pending clearance from concerned authorities) are in abeyance as on 31st March, 2014.

(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 Whole-time Director cum Chief Financial Officer in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2014 was placed before the Board of Directors of the Company at its meeting held on 12th June, 2014.

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, 2014 does not come under the purview of "material non-listed Indian subsidiary" as stipulated in Clause 49 of the Listing Agreement.

13. Means of Communication

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

14. General Shareholder Information

a)	**AGM : Date, Time and Venue**	:	30th July, 2014 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 24th July, 2014 to 30th July, 2014 (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, 2014 as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting to be held on 30th July, 2014, 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 2014-2015 to all the Stock Exchanges.

REPORT ON CORPORATE GOVERNANCE *(contd.)*

f) Stock Code :

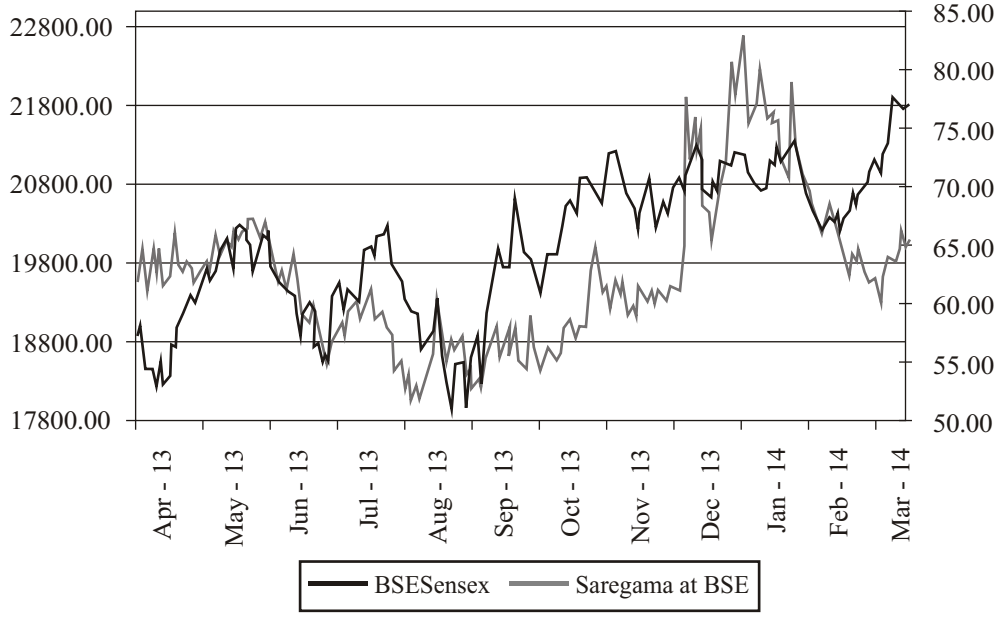
The Calcutta Stock Exchange Limited	:	17177 for physical and 10017177 for demat scrips.
BSE Limited	:	532163.
National Stock Exchange of India Limited	:	SAREGAMA EQ.
ISIN Number for NSDL and CDSL	:	INE979A01017.

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, 2013	71.00	56.85	70.95	53.80	19622.68	18144.22
May, 2013	71.95	60.95	71.85	61.35	20443.62	19451.26
June, 2013	68.95	53.80	68.80	54.05	19860.19	18467.16
July, 2013	62.90	52.60	63.45	52.05	20351.06	19126.82
August, 2013	62.00	48.60	62.30	50.00	19569.20	17448.71
September, 2013	64.15	52.35	61.70	52.00	20739.69	18166.17
October, 2013	65.70	53.30	65.90	54.60	21205.44	19264.72
November, 2013	63.60	57.70	66.00	56.35	21321.53	20137.67
December, 2013	86.50	61.00	86.60	61.15	21483.74	20568.70
January, 2014	83.00	68.05	83.45	65.65	21409.66	20343.78
February, 2014	69.35	61.55	72.00	61.10	21140.51	19963.12
March, 2014	68.75	59.50	70.50	59.85	22467.21	20920.98

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

Saregama Share Price versus BSE Sensex

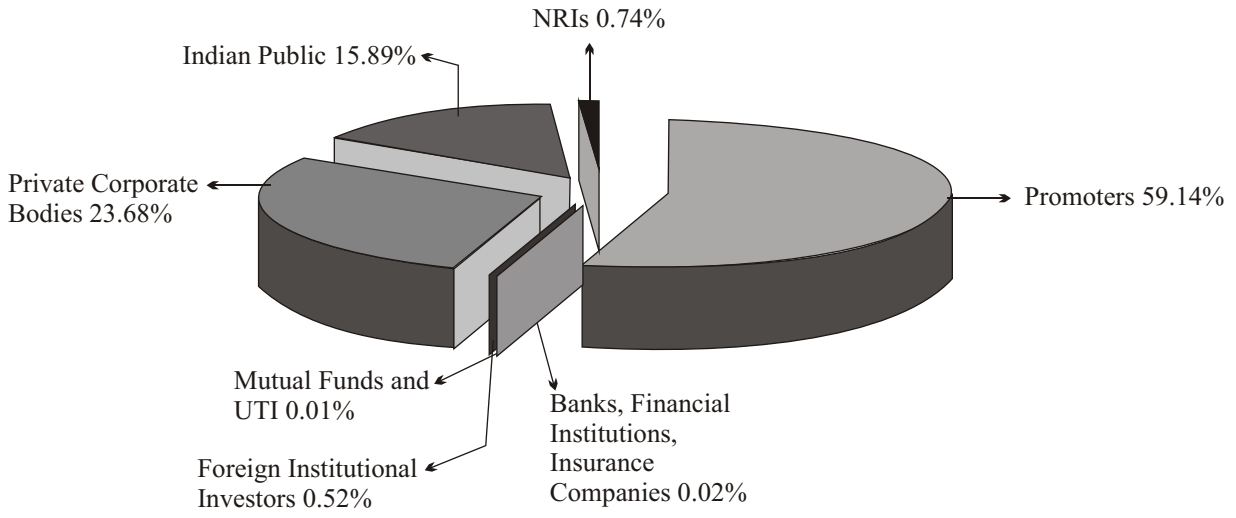


REPORT ON CORPORATE GOVERNANCE *(contd.)*

i) Shareholding pattern as on 31st March, 2014 :

Sl. No.	Category	No. of Equity shares held	Percentage %
1	Promoters	10291859	59.14
2	Mutual Funds and UTI	475	0.01
3	Banks, Financial Institutions, Insurance Companies	3950	0.02
4	Foreign Institutional Investors	90655	0.52
5	Private Corporate Bodies	4121570	23.68
6	Indian Public	2766148	15.89
7	NRIs	128281	0.74
8	Any other	Nil	Nil
	Total	17402938	100.00

Shareholding Pattern as on 31st March, 2014



j) Distribution of Holdings as on 31st March, 2014 :

Category	No. of Shareholders	Percentage %	No. of Shares	Percentage %
Upto 500	15699	95.79	919756	5.29
501 – 1000	329	2.00	262068	1.51
1001 – 2000	161	0.98	235696	1.35
2001 – 3000	62	0.38	158506	0.91
3001 – 4000	28	0.17	99356	0.57
4001 – 5000	19	0.12	88485	0.50
5001 – 10000	36	0.22	276389	1.59
10001 – 50000	35	0.21	768888	4.42
50001 – 100000	6	0.04	454465	2.61
100001 & above	14	0.09	14139329	81.25
Total	16389	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) 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, 2014, a total of 1,72,23,888 Equity Shares of the Company, constituting 98.97% 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.

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

Kolkata
12th June, 2014

REPORT ON CORPORATE GOVERNANCE *(contd.)*

Declaration by the Whole-time Director cum Chief Financial Officer under Clause 49I(D)(ii) of the Listing Agreement

I, G. B. Aayeer, Director cum Chief Financial Officer 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, 2014, 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
12th June, 2014

G. B. Aayeer
Director

Certification by Whole-time Director cum Chief Financial Officer of the Company

12th June, 2014

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 2014 :

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and are not aware of deficiencies in the design or operation of such internal controls, if any, which need to be disclosed to the Auditors and the Audit Committee.

(d) We have indicated to the Auditors and the Audit committee that

  (i) there were no significant changes in internal control over financial reporting during the year;

  (ii) there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  (iii) there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours faithfully,
For SAREGAMA INDIA LIMITED

G. B. Aayeer
Director / 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, 2014, 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.

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

Place : Kolkata
Date : 12th June, 2014

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, 2014, 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 notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.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 and other applicable authoritative pronouncements 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;

   (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;

INDEPENDENT AUDITORS' REPORT *(contd.)*

(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;

(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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

(Pinaki Chowdhury)
Partner
Membership No.057572

Kolkata
June 12, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Saregama India Limited on the financial statements for the year ended March 31, 2014

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 not granted unsecured loans, 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 ₹ Nil, 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, as applicable, of such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans, the parties are repaying the principal amounts, as stipulated and as applicable,. and are also regular in payment of interest as applicable.

(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 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, there have been no 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 other than an unsecured loan granted to a company dealt with in paragraph iii(b) to (d) above.

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, 2014 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	5.35	2005-06 2006-07 2008-09	Joint Commissioner
Central Sales Tax Act,1956	Sales Tax	2.21	1990-91 2003-04	Deputy Commissioner
Central Sales Tax Act, 1956	Sales Tax	181.48	1999-00 2006-07 2009-10	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	146.39	2004-05	Revision Board
Central Sales Tax Act, 1956	Sales Tax	2.43	1998-99 2008-09	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
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	3.28	2004-05	Deputy Commissioner
Kerala General Sales Tax Act, 1963	Sales Tax	0.35	2002-03	Deputy Commissioner of Commercial Taxes
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	2.01	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	567.18	2000-01 2005-06 to 2009-10	Commissioner of Income Tax Appeals
Income Tax Act,1961	Income Tax	92.22	2006-07 2009-10 2010-11 2011-12 2012-13 2013-14	Deputy Commissioner
Income Tax Act,1961	Income Tax	10.22	2010-11 2011-12	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.

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

(Pinaki Chowdhury)
Partner
Membership No.057572

Kolkata
June 12, 2014

BALANCE SHEET AS AT 31ST MARCH 2014

(₹ in Lacs)

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	**1,740.29**	1,740.29
Reserves and Surplus	3	**15,771.63**	14,870.83
Non Current Liabilities			
Long Term Borrowings	4	**113.03**	—
Other Long Term Liabilities	5	**18.01**	18.01
Long Term Provisions	6	**114.53**	133.32
Current Liabilities			
Short Term Borrowings	7	**541.16**	1,162.75
Trade Payables	8	**2,492.95**	2,602.44
Other Current Liabilities	9	**1,481.23**	1,339.46
Short Term Provisions	10	**1,670.06**	2,085.44
		23,942.89	23,952.54
ASSETS			
Non Current Assets			
Fixed Assets	11		
Tangible Assets		**7,980.04**	7,907.98
Intangible Assets		**957.65**	583.09
Non-Current Investments	12	**5,020.64**	4,167.66
Deferred Tax Assets (Net)	13	**668.03**	549.93
Long-term Loans and Advances	14	**253.09**	219.06
Other Non Current Assets	15	**2.25**	—
Current Assets			
Inventories	16	**205.20**	683.10
Trade Receivables	17	**3,919.30**	3,817.10
Cash and Bank Balances	18	**918.45**	1,742.62
Short-term Loans and Advances	19	**4,018.24**	4,248.77
Other Current Assets	20	—	33.23
		23,942.89	23,952.54

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,
12th June, 2014

On behalf of the Board

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in Lacs)

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations (Gross)	21	**16,771.72**	17,469.42
Less:Excise Duty		**0.19**	0.47
Revenue from Operations (Net)		**16,771.53**	17,468.95
Other Income	22	**597.01**	977.25
Total Revenue		**17,368.54**	18,446.20
Expenses:			
Cost of Materials Consumed and Contract Manfacturing Charges	23	**247.56**	1,040.42
Cost of Production of Films, Television Serials and Portal	24	**5,178.11**	3,955.33
Changes in Inventories of Finished Goods and Work-in-Progress [(Increase)/Decrease]	25	**471.61**	479.94
Employee Benefits Expense	26	**2,981.27**	3,017.82
Finance Costs	27	**278.38**	264.48
Depreciation and Amortisation Expense	28	**280.79**	1,188.03
Other Expenses	29	**5,319.42**	7,098.48
Total Expenses		**14,757.14**	17,044.50
Profit Before Exceptional Items and Tax		**2,611.40**	1,401.70
Exceptional Items	30	**885.63**	327.17
Profit Before Tax		**1,725.77**	1,074.53
Tax Expenses :			
Current Tax		**635.10**	470.00
Deferred Tax Charge/(Credit)		**(118.10)**	(483.45)
Profit for the Year		**1,208.77**	1,087.98
Earnings per Equity Share: [Nominal Value per share ₹ 10/-(Previous Year- ₹ 10/-)]	34.2		
Basic (₹)		**6.95**	6.25
Diluted (₹)		**6.95**	6.25

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)
Partner
Membership No. - 057572

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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). Pursuant to circular 15/2013 dated 13-09-2013 read with circular 08/2014 dated 04-04-2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the companies Act, 1956 shall continue to apply. Consequently, 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 / service and the time between the acquisition of assets for processing / providing the services 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) **Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, the reported amount of revenue and expenses for the period and disclosure of contingent liability as at the balance sheet date. The estimates and assumptions used in the financial statements are based upon managements' evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from estimates.

(c) **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).

(d) **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 on a straight-line basis over a period of 1-10 years. 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.

(e) **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.

(f) **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.

(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'.

(g) **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.

(h) **Sales and Licence Fees**

Revenue from sales is recognised on transfer of risks and rewards of ownership to customers based on the agreement with the customers. 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.

(i) **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.

(j) **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 Profi and Loss.

(k) **Borrowing Cost**

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expenses in the period in which these are incurred.

(l) **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.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax in excess of MAT during the specified period.

(m) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
2. SHARE CAPITAL		
Authorised		
2,50,00,000 (31.03.2013:2,50,00,000) Equity Shares of ₹10/- each	**2,500.00**	2,500.00
Issued		
1,74,02,938 (31.03.2013:1,74,02,938) Equity Shares of ₹10/- each	**1,740.29**	1,740.29
Subscribed and Paid Up		
1,74,02,938 (31.03.2013:1,74,02,938) Equity Shares of ₹10/- each fully paid up	**1,740.29**	1,740.29
TOTAL	**1,740.29**	1,740.29

2.1 Out of 53,38,628 equity shares issued for cash at a premium of ₹35/- (issue price- ₹45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.2013- 5,290) equity shares (relating to cases under litigation/pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2014.

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

	As at 31st March, 2014		As at 31st March, 2013	
	Number	**Amount (₹ Lacs)**	Number	Amount (₹ Lacs)
Balance as at the beginning of the year	**1,74,02,938**	**1,740.29**	1,74,02,938	1,740.29
Balance as at the end of the year	**1,74,02,938**	**1,740.29**	1,74,02,938	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:

	As at 31st March, 2014		As at 31st March, 2013	
Name of the Shareholder	**No. of shares held**	**Holding Percentage**	No. of shares held	Holding Percentage
Adorn Investments Limited	**16,19,092**	**9.30%**	16,19,092	9.30%
Adapt Investments Limited	**11,65,780**	**6.70%**	7,40,780	4.26%
Universal Industrial Fund Limited	**56,34,291**	**32.38%**	56,34,291	32.38%
Rel Utility Engineers Limited	**13,19,000**	**7.58%**	13,19,000	7.58%

2.5 Stock Option Schemes

Pursuant to approved Saregama Employee Stock Option Scheme 2013 (Scheme), the Compensation Committee of the Board of Directors has granted shares / options to certain eligible employees at the following exercise price, being prevailing market price as on date of joining / revision of salary of respective employee :

Name of eligible employees	No. of options/shares	Exercise price per share (₹)
Mr. G. B. Aayeer, Chief Financial Officer and Director	10,000	69.85
Mr. Suryanarayana Murthy Mantha, Managing Director	25,000	87.50
Mr. Adarsh Gupta, Sr. Vice President, Music Business	12,000	100.80
Mr. Adarsh Gupta, Sr. Vice President, Music Business	10,000	68.05
Mr. Keshav P Sinha, Chief Technology Officer	15,000	63.90
Mr. Avinash Mudaliar, Head Internet Products & Services	10,000	53.95

Vesting schedule of the said options is as follows :-

- After 1 year from the date of grant : 20 % of the options granted
- After 2 years from the date of grant : 20 % of the options granted
- After 3 years from the date of grant : 20 % of the options granted
- After 4 years from the date of grant : 20 % of the options granted
- After 5 years from the date of grant : 20 % of the options granted

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, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
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	**3,049.84**		3,052.89	
Less: Transferred to Statement of Profit and Loss (Refer Note 11.4 and 28)	**2.57**		3.05	
Balance as at the end of the year		**3,047.27**		3,049.84
GENERAL RESERVE				
Balance as at the beginning of the year	**718.29**		663.89	
Add: Transferred from Surplus in the Statement of Profit and Loss	**60.44**		54.40	
Balance as at the end of the year		**778.73**		718.29
SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Balance as at the beginning of the year	**2,023.60**		1,295.42	
Add: Profit for the year	**1,208.77**		1,087.98	
Less: Appropriations				
Proposed dividend @ ₹ 1.50 per share (31.03.2013-₹ 1.50 per share)	**261.04**		261.04	
Dividend distribution tax on proposed dividend	**44.36**		44.36	
Transfer to General Reserve	**60.44**		54.40	
Balance as at the end of the year		**2,866.53**		2,023.60
TOTAL		**15,771.63**		14,870.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
4. LONG TERM BORROWINGS				
Secured				
Term Loan:				
Vehicle Loans from ICICI Bank Limited	**161.75**		4.30	
Less: Current maturities of Long Term Debt (referred to in Note 9)	**48.72**	**113.03**	4.30	—
TOTAL		**113.03**		—

4.1 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 installments from the date of disburement of respective loans with interest rate ranging between 9.5% and 10.45%.Tranches of above term loans are repayable in:

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Amount Repayable within 1 year	**48.72**	4.30
Amount Repayable beyond 1 year but less than 2 years	**53.75**	—
Amount Repayable beyond 2 years but less than 3 years	**59.28**	—

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
5. OTHER LONG TERM LIABILITIES		
Security Deposit from General Insurance Corporation of India on Sub lease of property	**18.01**	18.01
TOTAL	**18.01**	18.01

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
6. LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**114.53**	133.32
TOTAL	**114.53**	133.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
7. SHORT TERM BORROWINGS		
Repayable on demand		
Secured		
Cash Credit from Banks (Refer Note:7.1)	**466.16**	1,107.75
Unsecured		
Inter Corporate Deposits	**75.00**	55.00
TOTAL	**541.16**	1,162.75

7.1 Cash Credit from Banks bearing interest rate between 13.5% to 15.6% per annum are secured by first charge of entire stock 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, 2014	As at 31st March, 2013
8. TRADE PAYABLES		
Trade Payables		
Due to Micro and Small Enterprises (Refer Note:8.1)	**0.99**	1.29
Others*	**2,491.96**	2,601.15
TOTAL	**2,492.95**	2,602.44

*Others include ₹ Nil lacs (Previous year- ₹25.85 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, 2014	As at 31st March, 2013
(a) The Principal amount and interest due thereon remaining unpaid to suppliers under MSMED as at the end of accounting year		
Principal	**0.48**	0.18
Interest	**0.08**	0.01
(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	**0.14**	8.94
Interest	**0.81**	0.95
(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 ₹ 0.30 Lacs (Previous year ₹ 0.61 Lacs) being interest outstanding as at the beginning of the accounting year]	**0.51**	1.11
(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	**0.21**	0.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
9. OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (Refer Note:4)		
Vehicle Loans	**48.72**	4.30
Interest Accrued and Due on Deposits from Dealers	**27.79**	22.42
Income received in Advance (Refer Note:9.1)	—	20.46
Unpaid Dividends (Refer Note:9.2)	**3.19**	1.31
Advance from Customers	**424.49**	191.98
Security Deposit from Dealers	**66.05**	116.23
Dealer's Incentive	**42.64**	83.06
Liabilities for Expenses	**438.23**	462.61
Employee Benefits Payable	**203.49**	166.41
Amount payable to government authorities	**201.63**	245.68
Advance against sale of certain fixed assets	**25.00**	25.00
TOTAL	**1,481.23**	1,339.46

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)

	As at 31st March, 2014	As at 31st March, 2013
10. SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**35.55**	31.70
Gratuity	**13.38**	26.71
Other Provisions		
Provision for Royalty on License Fees (Refer Note: 10.1)	**1,285.73**	1,691.63
Provision for Wealth Tax	**30.00**	30.00
Provision for Proposed Dividend	**261.04**	261.04
Provision for Dividend Distribution Tax on Proposed Dividend	**44.36**	44.36
TOTAL	**1,670.06**	2,085.44

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
10.1 Movements of Provision for Royalty on Licence Fees		
Carrying amount at the beginning of the year	**1,691.63**	1,379.46
Add: Created during the year	**1,135.77**	1,154.76
	2,827.40	2,534.22
Less: Excess provision of earlier years, written back	**34.32**	60.72
Less: Amounts utilised during the year	**1,507.35**	781.87
Carrying amount at the end of the year	**1,285.73**	1,691.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

11. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2013	Additions during the year	Deletions/ Adjustments during the year	**Cost/ Valuation as at 31st March, 2014**	Up to 31st March, 2013	For the Year	On Deletions/ Adjustments during the year	**Up to 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	**6,567.47**	—	—	—	**—**	**6,567.47**	6,567.47
Buildings - Freehold	771.96	—	—	**771.96**	349.19	17.51	—	**366.70**	**405.26**	422.77
Leasehold Buildings	70.60	—	—	**70.60**	29.82	1.48	—	**31.30**	**39.30**	40.78
Plant and Equipment	1,790.92	—	—	**1,790.92**	1,661.81	14.82	—	**1,676.63**	**114.29**	129.11
Furniture and Fittings	691.28	2.37	—	**693.65**	334.89	35.25	—	**370.14**	**323.51**	356.39
Office Equipment	1,435.31	79.86	2.72	**1,512.45**	1,110.95	75.09	1.21	**1,184.83**	**327.62**	324.36
Vehicles	170.51	175.45	103.15	**242.81**	103.41	11.25	74.44	**40.22**	**202.59**	67.10
TOTAL	11,498.05	257.68	105.87	**11,649.86**	3,590.07	155.40	75.65	**3,669.82**	**7,980.04**	7,907.98
Previous Year	11,345.22	193.28	40.45	11,498.05	3,429.74	194.15	33.82	3,590.07	7,907.98	

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2013	Additions during the year	Deletions/ Adjustments during the year	**Cost/ Valuation as at 31st March, 2014**	Up to 31st March, 2013	For the Year	On Deletions/ Adjustments during the year	**Up to 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
B) Intangible Assets										
Copyrights-Music	707.01	394.47	—	**1,101.48**	164.95	105.83	—	**270.78**	**830.70**	542.06
Feature Film	3,759.72	—	—	**3,759.72**	3,759.72	—	—	**3,759.72**	**—**	—
Softwares	439.96	108.05	—	**548.01**	398.93	22.13	—	**421.06**	**126.95**	41.03
TOTAL	4,906.69	502.52	—	**5,409.21**	4,323.60	127.96	—	**4,451.56**	**957.65**	583.09
Previous Year	4,486.88	419.81	—	4,906.69	3,326.67	996.93	—	4,323.60	583.09	

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 ₹2.57 lacs (Previous year - ₹3.05 lacs) which has been transferred from Revaluation Reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

12. NON CURRENT INVESTMENTS

(₹ in Lacs)

	Number				
	As at 31st March, 2014	As at 31st March, 2013	Face Value of each share/unit	**Book Value as at 31st March, 2014**	Book Value as at 31st March, 2013
Long Term :					
A. Trade Investment (valued at cost/under)					
Unquoted-Fully Paid					
Saregama Regency Optimedia Private Limited (Joint Venture)	**14,59,684**	14,59,684	₹ 10	**145.97**	145.97
Less: Provision for other than temporary diminution in the value of Investment				**(145.97)**	—
				—	145.97
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 (written off during the year)	—	5	₹ 1,000	—	0.05
				—	0.05
2. Fully Paid Equity/Ordinary Shares in Subsidiary Companies					
Quoted*					
Saregama Plc.		70,12,222	1 pence	—	48.52
* based on OFEX trading facility in London					
			(a)	—	48.52
Unquoted					
Saregama Plc.	**70,12,222**		1 pence	**48.52**	—
			(b)	**48.52**	—
RPG Global Music Ltd.	**23,14,885**	23,14,885	US $ 1	**1,026.20**	1,026.20
Less: Provision for other than temporary diminution in the value of Investment				**(1,026.20)**	(1,026.20)
			(c)	**—**	—
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				**(5.00)**	(5.00)
			(d)	**—**	—
Open Media Network Private Limited #	**4,20,42,642**	10,000	₹ 10	**4,204.26**	1.00
Less: Provision for other than temporary diminution in the value of Investment				**(3,204.26)**	—
			(e)	**1,000.00**	1.00
			Total (a+b+c+d+e)	**1,048.52**	49.52
3. Fully Paid Equity Shares in Other Companies					
Quoted					
CESC Ltd.	**15,44,988**	15,44,988	₹ 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 @	**2,30,000**	2,30,000	₹ 10	**—**	—
				3,972.12	3,972.12
			Grand Total (A+B)	**5,020.64**	4,167.66
Aggregate Amount of Quoted Investments				**3,971.98**	4,020.50
Aggregate Market Value of Quoted Investments				**7,732.01**	4,119.97
Aggregate Amount of Unquoted Investments				**5,430.09**	1,178.36
Aggregate Provision for Dimunition in the value of Investments				**4,381.43**	1,031.20

@ Acquired during the year 2012-13 pursuant to clause 3.8 of the Agreement entered into between the Saregama India Ltd and Timbre Media Private Limited.

Comprises of the following:

		(₹ Lacs)
a)	Opening Balance	1.00
b)	Conversion of advance balance referred to Note 30.1	3,203.26
c)	Fresh Investment made during the year towards new business intiative of the subsidiary pursuant to decision of Company's Board	1,000.00
		4,204.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
13. DEFERRED TAX ASSET/LIABILITIES		
The major components of Deferred Tax Liabilities and Assets are:-		
Deferred Tax Asset on :-		
Provisions for doubtful debts	**621.27**	455.30
Expenditure allowable for tax purpose in subsequent years	**66.73**	88.96
Total (A)	**688.00**	544.26
Deferred Tax (Asset) / Liability on Depreciation	**19.97**	(5.67)
Total (B)	**19.97**	(5.67)
Deferred Tax Asset (Net) (A-B)	**668.03**	549.93

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
14. LONG TERM LOANS AND ADVANCES				
Capital Advances				
Unsecured considered Good		**0.80**		4.34
Unsecured considered Doubtful	**10.38**		10.38	
Less: Provision for Doubtful advances	**10.38**	—	10.38	—
Security Deposits*				
Unsecured considered Good		**246.13**		203.81
Loan to Employees				
Unsecured considered Good		**6.16**		10.91
TOTAL		**253.09**		219.06

*include ₹ Nil (31.03.2013-₹ 7.80 lacs) being Security Deposit given to Saregama Regency Optimedia Private Limited (Joint Venture).

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
15. OTHER NON-CURRENT ASSETS		
Unsecured, Considered Good		
Bank Deposits with maturity more than 12 months	**2.25**	—
TOTAL	**2.25**	—

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
16. INVENTORIES [Refer Note:1(f)]				
Raw Materials		—		6.29
Finished Goods				
– Untelecasted Television Serials	**180.43**		159.64	
– Audio /Video Compact Discs, Digital Versatile Discs, etc.	**24.77**	**205.20**	517.17	676.81
TOTAL		**205.20**		683.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
16.1 Details of Closing Inventories of Raw Material and Finished Goods				
Raw Material				
– Papers, Digitray, etc.		—		6.29
Finished Goods				
– Untelecasted Television Serials	**180.43**		159.64	
– Audio Compact Discs	**24.77**		437.09	
– Digital Versatile Discs	—		20.19	
– Others	—	**205.20**	59.89	676.81
TOTAL		**205.20**		683.10

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
17. TRADE RECEIVABLES				
Unsecured				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered Good		**224.31**		83.66
Considered Doubtful	**1,796.51**		1,310.56	
Less: Provision for Doubtful Debts	**1,796.51**	—	1,310.56	—
Other Debts				
Considered Good		**3,694.99**		3,733.44
Considered Doubtful	**31.31**		46.25	
Less: Provision for Doubtful Debts	**31.31**	—	46.25	—
TOTAL*		**3,919.30**		3,817.10

(Refer Note 40)

*include ₹ 469.15 lacs (net of provision ₹ 187.65 lacs) ;31.03.2013 - ₹ 512.64 lacs (net of provision ₹ 17.32 lacs) due from Saregama Plc (Subsidiary Company) and ₹ Nil (net of provision ₹ Nil) ;31.03.2013 - ₹ 15.67 lacs (net of provision ₹ Nil) due from RPG Global Music Ltd (Subsidiary Company)

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
18. CASH AND BANK BALANCES		
A. Cash and Cash Equivalents		
Cash on Hand	**3.01**	2.88
Cheques on Hand	**0.03**	77.10
Bank Balances		
– Current Accounts [inculding Remittance in transit of ₹ Nil; (31.03.2013 ₹ 1.71 Lacs)]	**912.22**	951.30
– Unpaid Dividend Accounts @	**3.19**	1.31
	918.45	1,032.59
B. Other Bank Balances*		
– Deposits with maturity more than 3 months but less than 12 months	—	710.03
TOTAL (A+B)	**918.45**	1,742.62

@ Earmarked for payment of unclaimed dividend

* The above excludes deposits ₹ 2.25 Lacs (31.03.2013 -₹ Nil with maturity more that 12 months from the reporting period and shown under 'Other Non-Current Assets' (Note: 15)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
19. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)				
Loans and Advances to Related Parties (Refer Note 39)				
Unsecured considered Good		**21.17**		9.04
Unsecured considered Doubtful	**112.84**		2,577.44	
Less: Provision for Doubtful loans and Advances	**112.84**	—	2,577.44	—
Other Loans and Advances				
Inter Corporate Deposits Given		—		950.00
Minimum Guarantee Royalty Advances		**318.32**		353.57
Royalty Advances				
Unsecured considered Good		**352.35**		329.40
Unsecured considered Doubtful	**310.39**		278.56	
Less: Provision for Doubtful Advances	**310.39**	—	278.56	—
Advance against Film Projects				
Unsecured considered Good		**46.54**		131.56
Unsecured considered Doubtful	**204.59**		202.14	
Less: Provision for Doubtful Advances	**204.59**	—	202.14	—
Loan to Employees		**7.87**		8.01
Balances with Government Authorities		**368.28**		379.60
Prepaid Expense				
Unsecured considered Good		**212.37**		100.78
Unsecured considered Doubtful	**152.85**		155.78	
Less: Provision for Doubtful Prepaid Expense	**152.85**	—	155.78	—
Advance to Artist / for Event				
Unsecured considered Good		**175.89**		—
Unsecured considered Doubtful	**318.77**		318.77	
Less: Provision for Doubtful Advances	**318.77**	—	318.77	—
Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 2,637.94 Lacs; (31.03.13- ₹2,002.84 Lacs)]		**2,495.37**		1,966.73
Advance payment of Fringe Benefit Tax (net of Provision ₹ 147.87 Lacs : 31.03.2013-₹ 147.87 Lacs)		**20.08**		20.08
TOTAL		**4,018.24**		4,248.77

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
20. OTHER CURRENT ASSETS		
Unsecured considered Good		
Interest accrued on Fixed Deposits	—	30.79
Interest accrued on Intercorporate Deposit	—	2.44
TOTAL	—	33.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
21. REVENUE FROM OPERATIONS				
Sale of Products				
Audio Compact Discs	**323.69**		2,100.39	
Digital Versatile Discs	**86.39**		419.64	
Others	**50.29**	**460.37**	104.18	2,624.21
Less: Excise Duty		**0.19**		0.47
		460.18		2,623.74
Sale of Services				
Income from Television Serials(including Free Commercial Time)	**5,623.64**		4,238.94	
Income from Distribution Rights of Feature Films	**—**		0.11	
Licence Fees	**10,639.26**		10,497.78	
Others	**10.78**	**16,273.68**	74.03	14,810.86
Other Operating Revenue		**37.67**		34.35
TOTAL		**16,771.53**		17,468.95

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
22. OTHER INCOME		
Liabilities / Provisions no longer required written back	**144.32**	492.59
Provision for Doubtful Debts/ Advances no longer required written back	**15.43**	181.88
Interest Income (Gross)		
– on Bank Deposits	**79.81**	60.59
– on Security Deposits	**2.39**	2.57
– on Income Tax Refund	**—**	41.82
– on Intercorporate Deposit	**71.42**	2.44
Dividend from Long Term (other than trade) Investments	**108.15**	77.25
Profit on Sale of Tangible Fixed Assets	**0.72**	0.58
Rent Income	**52.38**	112.28
Net Gain on foreign currency transactions/ translation	**118.90**	0.19
Other Non-Operating Income	**3.49**	5.06
TOTAL	**597.01**	977.25

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
23. COST OF MATERIALS CONSUMED AND CONTRACT MANUFACTURING CHARGES		
A) Cost of Materials Consumed (Refer Note:23.1)	**6.29**	2.96
B) Contract Manfacturing Charges (Refer Note:23.2)	**241.27**	1,037.46
TOTAL	**247.56**	1,040.42

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
23.1 Details of Materials Consumed		
Raw Materials Consumed:		
– Papers,Digitray and Others	**6.29**	2.96
TOTAL	**6.29**	2.96

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
23.2 Details of Contract Manufacturing Charges		
Contract Manfacturing Charges		
– Audio Compact Discs	**171.27**	708.57
– Digital Versatile Discs	**56.53**	292.25
– Others	**13.47**	36.64
TOTAL	**241.27**	1,037.46

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
24. COST OF PRODUCTION OF FILMS, TELEVISION SERIALS AND PORTAL		
Cost of Production of Films and Television Serials (Refer Note:24.1)	**5,150.21**	3,910.58
Cost of Portal Development	**27.90**	44.75
TOTAL	**5,178.11**	3,955.33

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
24.1 Details of Cost of Production of Films and Television Serials		
Telecast Fees	**1,644.10**	891.45
Payment to artistes, directors, script-writers, etc.	**849.62**	728.43
Cost of Tapes	**3.10**	4.13
Food, Lodging and Travel	**205.15**	251.87
Set, properties and equipment charges	**175.13**	340.99
Other Production Expenses	**2,252.32**	1,947.53
Increase / (Decrease) in Inventories of Films and Television Serials	**20.79**	(253.82)
TOTAL	**5,150.21**	3,910.58

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS.				
Opening Stock				
– Work-in-Progress - 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**	**676.81**	743.29	1,156.75
Less: Closing Stock				
– Finished Goods-Films and Untelecasted Television Serials	**180.43**		159.64	
– Finished Goods - Audio/Video Compact Discs, Digital Versatile Discs, etc.	**24.77**	**205.20**	517.17	676.81
Net (Increase)/Decrease		**471.61**		479.94

(₹ in Lacs)

	Year ended 31st March, 2013		Year ended 31st March, 2012	
26. EMPLOYEE BENEFITS EXPENSE				
Salaries and Wages		**2,722.50**		2,674.59
Contributions to:				
Provident Fund	**90.32**		84.54	
Superannuation Fund	**8.94**		7.44	
Gratuity Fund	**19.90**		104.19	
Employee's State Insurance Scheme	**8.40**	**127.56**	17.28	213.45
Staff Welfare Expenses		**131.21**		129.78
TOTAL		**2,981.27**		3,017.82

26.1 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 (g) 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, 2014 *(contd.)*

(₹ in Lacs)

		2013-14	2012-13
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	**489.80**	547.99
(b)	Current Service Cost	**34.15**	31.29
(c)	Interest Cost	**38.48**	38.09
(d)	Acquisitions Cost	—	24.03
(e)	Actuarial Loss / (Gain)	**(11.33)**	58.65
(f)	(Benefits Paid)	**(17.60)**	(210.25)
(g)	Present Value of Obligation as at the end of the year	**533.50**	489.80
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	**463.09**	590.62
(b)	Acquisitions Adjustment	—	1.73
(c)	Expected Return on Plan Assets	**43.79**	46.77
(d)	Actuarial Gain / (Loss)	**(2.39)**	(0.63)
(e)	Contributions	**33.23**	34.85
(f)	(Benefits Paid)	**(17.60)**	(210.25)
(g)	Fair Value of Plan Assets as at the end of the year	**520.12**	463.09
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	**533.50**	489.80
(b)	Fair Value of Plan Assets as at the end of the year	**520.12**	463.09
(c)	Liability/(Asset) recognised in the Balance Sheet	**13.38**	26.71
IV.	**Expense charged to the Statement of Profit and Loss**		
(a)	Current Service Cost	**34.15**	31.29
(b)	Interest Cost	**38.48**	38.09
(c)	(Expected Return on Plan Assets)	**(43.79)**	(46.77)
(d)	Acquisitions Cost	—	22.30
(e)	Actuarial (Gain) / Loss	**(8.94)**	59.28
(f)	Total expense charged to the Statement of Profit and Loss*	**19.90**	104.19
	*reflected as 'Contribution to Gratuity Fund' in Note 26 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	**78%**	77%
(b)	NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	**11%**	11%
(c)	NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	**6%**	6%
(d)	NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	**5%**	6%
VI.	**Actual Return on Plan Assets**	**41.40**	46.14
VII.	**Principal Actuarial Assumptions as at Balance Sheet date**		
(a)	Discount Rate	**9.25%**	8.00%
(b)	Expected Rate of Return on Plan Assets	**9.30%**	9.30%
(c)	Salary Escalation	**8.50%**	8.50%

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, 2014 *(contd.)*

(₹ in Lacs)

VIII Other Disclosures

		2013-14	2012-13	2011-12	2010-11	2009-10
a)	Present value of the Obligation as at the end of the year	**533.50**	489.80	547.99	536.77	517.70
b)	Fair value of Plan Assets as at the end of the year	**520.12**	463.09	590.62	549.91	510.26
c)	(Surplus) / Deficit as at the end of the year	**13.38**	26.71	(42.63)	(13.16)	7.44
d)	Experience Adjustment on Plan Obligation [Gain / (Loss)]	**(25.03)**	(2.31)	(1.45)	1.16	(0.98)
e)	Experience Adjustment on Plan Assets [Gain / (Loss)]	**(2.39)**	(0.63)	0.75	(1.87)	3.15

(₹ in Lacs)

		Year ended 31st March, 2014	Year ended 31st March, 2013
27.	**FINANCE COSTS**		
	Interest Expenses	272.55	251.76
	Other Borrowing Costs	5.83	12.72
	TOTAL	**278.38**	264.48

(₹ in Lacs)

		Year ended 31st March, 2014		Year ended 31st March, 2013	
28.	**DEPRECIATION AND AMORTISATION EXPENSE**				
	Depreciation on Tangible Asset	**155.40**		194.15	
	Less:Transferred from Revaluation Reserve (Refer Note 11.4)	**2.57**	**152.83**	3.05	191.10
	Amortisation on Intangible Asset		**127.96**		996.93
	TOTAL		**280.79**		1,188.03

(₹ in Lacs)

		Year ended 31st March, 2014	Year ended 31st March, 2013
29.	**OTHER EXPENSES**		
	Consumption of Stores and Spare Parts	**0.05**	5.66
	Power and Fuel	**117.60**	117.62
	Rent	**209.86**	212.57
	Repairs – Buildings	**19.00**	32.75
	– Machinery	**13.71**	15.03
	– Others	**20.45**	23.24
	Royalties	**1,688.00**	1,564.44
	Recording Expenses	**103.06**	112.06
	Carriage, Freight and Forwarding Charges	**32.08**	86.16
	Rates & Taxes	**92.88**	137.10
	Insurance	**8.62**	8.95
	Travel and Conveyance	**277.63**	283.50
	Advertisement and Sales Promotion	**799.82**	1,441.74
	Printing and Communication Expenses	**328.43**	192.44
	Bad Debts/Advances written off	**—**	123.41
	Provision for Doubtful debts and Advances [including Provision for Subsidiary company ₹ 170.33 Lacs (Previous year-₹ 1,247.47 Lacs)]	**517.79**	1,507.71
	Loss on sale of Fixed Assets	**3.94**	3.90
	Investment Write off	**0.05**	—
	Legal/Consultancy Expenses	**449.36**	514.24
	Payment to Auditors (Refer Note:33)	**43.19**	43.22
	Miscellaneous Expense	**593.90**	672.74
	TOTAL	**5,319.42**	7,098.48

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

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013
30. EXCEPTIONAL ITEMS			
Payment under Voluntary Retirement Scheme		—	327.17
Provision for Diminution in carrying amount of Investments (including ₹ 3204.26 Lacs for OMNPL referred to in Note 30.1)	**3,350.23**		
Provision for doubtful advances given in earlier year written back (referred to in Note 30.1)	**(2,464.60)**	**885.63**	—
TOTAL		**885.63**	327.17

30.1 The Company has made advances from time to time to support ongoing publication business activities of Open Media Network Private Limited (OMNPL) (Subsidiary company). Balance of such advances as on 27th March,2014 is ₹ 3203.26 Lacs [including ₹ 738.66 Lacs (net) given in 2013-14].

However, as a part of restructuring activities undertaken by OMNPL during the year, the said advances have been considered as contributions for investments in equity shares of OMNPL.Upon conversion of advances into Investments, the provision for doubtful advances has been written back and provision for diminution in value of investments has been created to recognise the decline, other than temporary, in the carrying amount of company's long term investments in OMNPL's Publication business.

As a part of restructuring activities as above, OMNPL has also allotted 2,96,64,000 equity shares of ₹ 10/- each to other companies in aggregrate during the year. Upon allotment of the said shares, Company's holding in OMNPL has reduced to 58.63% from 100%.

31. Capital commitments (net of advances of ₹11.18 Lacs; 31.03.13 - ₹14.72 Lacs) as at 31st March, 2014 are estimated at ₹ 14.18 lacs (31.03.13 - ₹ 22.53 Lacs).

32. Contingent liabilities in respect of -

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
(i) Guarantees given by Banks	**1.50**	1.50
(ii) Claims against the Company not acknowledged as debts in respect of -		
– Copyright Matters	**20.00**	24.85
– Income Tax Matters	**857.94**	667.93
– Sales Tax /Value Added Tax / Entry Tax Matters	**593.00**	635.82
– Excise Duty Matters	**56.08**	56.08
– Custom Duty Matters	**266.75**	266.75

33. Amount paid/payable to Auditors :

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
As Auditors -		
– Audit Fees	**22.00**	22.00
– Tax Audit	**5.50**	5.50
– Limited Reviews	**9.00**	9.00
– Others [certificates, etc.]	**5.75**	5.75
Reimbursement of Expenses (excluding Service tax ₹5.34 Lacs; previous years - ₹5.34 Lacs)	**0.94**	0.97

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 Note 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 for the year would have been lower by about ₹ 0.08 Lac (Previous Year ₹ 0.06 Lac), without any significant impact on basic and diluted earning per share.

34.2 Basic and Diluted Earnings per Share :

	Year ended 31st March, 2014	Year ended 31st March, 2013
Number of equity shares at the beginning of the year	**1,74,02,938**	1,74,02,938
Number of equity shares at the end of the year	**1,74,02,938**	1,74,02,938
Weighted average number of equity shares outstanding during the year (A)	**1,74,02,938**	1,74,02,938
Weighted average number of potential equity shares on account of employee stock options (B)	**31**	–
Weighted average number of equity shares for computing diluted earnings per share [C = (A+B)]	**1,74,02,969**	1,74,02,938
Nominal value of each equity share (₹)	**10**	10
Profit after tax available for equity shareholders (₹in lacs) [D]	**1,208.77**	1,087.98
Basic earnings per share (₹) [D/A]	**6.95**	6.25
Diluted earnings per share (₹) [D/C]	**6.95**	6.25

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

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

	Year ended 31st March, 2014				Year ended 31st March, 2013			
	Raw materials		**Stores, Spare Parts & Components**		Raw materials		Stores,Spare Parts & Components	
	(₹ in Lacs)	**%**	**(₹ in Lacs)**	**%**	(₹ in Lacs)	%	(₹ in Lacs)	%
Imported	—	—	—	—	—	—	—	—
Indigenous	**6.29**	**100.00**	**0.05**	**100.00**	2.96	100.00	5.66	100.00
	6.29		**0.05**		2.96		5.66	

36. Expenditures in Foreign Currency : (₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Royalties	**39.85**	16.68
Others	**54.59**	30.02
	94.44	46.70

37. Earnings in Foreign Exchange : (₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Export of goods calculated on F.O.B. basis	**1.54**	3.53
License Fees	**2,093.31**	1,696.93
Films (Theatrical and Satellite Rights)	—	0.11
	2,094.85	1,700.57

38.1 Rent expenditure includes lease payments of ₹161.03 lacs (previous year - ₹162.59 Lacs) relating to operating leases taken on or after 1st April, 2001. These leasing arrangements range from less than an year to ten years and are primarily in respect of accommodation for employees / office premises. The significant leasing arrangements inter alia include escalation clause and option for renewal.

38.2 Rent income includes sub-lease payments of ₹52.38 Lacs (previous year - ₹ 112.28 Lacs) for the year relating to sub-lease agreements entered into by the Company on or after 1st April, 2001. These lease arrangements inter alia include escalation clause/option for renewal.

38.3 As on 31st March, 2014, ₹NIL (previous year - ₹ 22.46 Lacs) is expected to be received in respect of future minimum sublease payments under non cancellable sub-lease.

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

i) not later than one year- ₹ NIL (previous year ₹ 20.18 Lacs)

ii) later than one year and not later than five years - ₹ NIL (previous year ₹ 44.70 Lacs)

iii) more than five years -₹ NIL (previous year ₹ NIL)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

39. Related Party Disclosures in keeping with Accounting Standard (AS) 18 notified in the Companies Act, 1956

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

* Resigned with effect from 6th April, 2012
** Resigned with effect from 24th April, 2014
\# 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		Key Management Personnel		
		SPLC	RPGG	KMNL	OMNPL	SROPL	Total	Mr. S. Mantha	Mr. G. B. Aayeer	Mr. A. Nagpal
Sale of Goods	**Current Year**	**1.54**	—	—	—	—	**1.54**	—	—	—
	Previous Year	2.75	0.62	—	—	—	3.37	—	—	—
Licence Fees - Income	**Current Year**	**439.25**	**23.83**	—	—	—	**463.08**	—	—	—
	Previous Year	891.14	93.33	—	—	—	984.47	—	—	—
Contract manufacturing charges	**Current Year**	—	—	—	—	**29.49**	**29.49**	—	—	—
	Previous Year	—	—	—	—	395.02	395.02	—	—	—
Reimbursement of Expense paid/payable	**Current Year**	**23.37**	—	—	—	—	**23.37**	—	—	—
	Previous Year	62.68	—	—	—	—	62.68	—	—	—
License Fees - Expense	**Current Year**	—	—	**73.28**	—	—	**73.28**	—	—	—
	Previous Year	—	—	32.95	—	—	32.95	—	—	—
Rent Expenses	**Current Year**	—	—	—	—	**16.44**	**16.44**	—	—	—
	Previous Year	—	—	—	—	17.94	17.94	—	—	—
Reimbursement of Expense received/receivable	**Current Year**	**0.78**	**2.36**	—	—	—	**3.14**	—	—	—
	Previous Year	16.51	2.46	0.01	—	—	18.98	—	—	—
Remuneration to Managerial Personnel	**Current Year**	—	—	—	—	—	—	**140.53**	**126.47**	**-**
	Previous Year	—	—	—	—	—	—	45.82	122.81	19.66
Investment made during the year	**Current Year**	—	—	—	**1,000.00**	—	**1,000.00**	—	—	—
	Previous Year	—	—	—	—	—	—	—	—	—
Advance converted to Investment during the year	**Current Year**	—	—	—	**3,203.26**	—	**3,203.26**	—	—	—
	Previous Year	—	—	—	—	—	—	—	—	—
Advance given during the year	**Current Year**	—	—	**10.63**	**758.66**	—	**769.29**	—	—	—
	Previous Year	—	—	35.52	795.15	—	830.67	—	—	—
Receipt towards Advance given	**Current Year**	—	**2.36**	—	**20.00**	—	**22.36**	—	—	—
	Previous Year	—	76.82	33.32	1,065.00	—	1,175.14	—	—	—
Provision for Doubtful Debts and Advances made during the year	**Current Year**	**170.33**	—	—	—	—	**170.33**	—	—	—
	Previous Year	17.32	—	—	1,230.15	—	1,247.47	—	—	—
Provision for Diminution in the value of Investment made during the year.	**Current Year**	—	—	—	**3,204.26**	**145.97**	**3,350.23**	—	—	—
	Previous Year	—	—	—	—	—	—	—	—	—
Provision for Doubtful advances written back during the year	**Current Year**	—	—	—	**2,464.60**	—	**2,464.60**	—	—	—
	Previous Year	—	—	—	—	—	—	—	—	
Balance Outstanding at year end :										
Non-Current Investments @	**Current Year**	**48.52**	**1,026.20**	**5.00**	**4,204.26**	**145.97**	**5,429.95**	—	—	—
	Previous Year	48.52	1,026.20	5.00	1.00	145.97	1,226.69	—	—	—
Short Term Loans & Advances @	**Current Year**	**8.33**	—	**125.68**	—	—	**134.01**	—	—	—
	Previous Year	6.82	—	115.05	2,464.60	—	2,586.47	—	—	—
Long Term Loans & Advances (Security Deposit)	**Current Year**	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	7.80	7.80	—	—	—
Trade Receviables@	**Current Year**	**656.80**	—	—	—	—	**656.80**	—	—	—
	Previous Year	529.96	15.67	—	—	—	545.63	—	—	—
Trade Payables	**Current Year**	—	—	—	—	—	—	—	—	—
	Previous Year	—	—	—	—	25.85	25.85	—	—	—
Provision for Doubtful Advances	**Current Year**	—	—	**112.84**	—	—	**112.84**	—	—	—
	Previous Year	—	—	112.84	2,464.60	—	2,577.44	—	—	—
Provision for diminution in the value of investment	**Current Year**	—	**1,026.20**	**5.00**	**3,204.26**	**145.97**	**4,381.43**	—	—	—
	Previous Year	—	1,026.20	5.00	—	—	1,031.20	—	—	—
Provision for Doubtful Debts	**Current Year**	**187.65**	—	—	—	—	**187.65**	—	—	—
	Previous Year	17.32	—	—	—	—	17.32	—	—	—

@ Gross of Provision.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

40. 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,2014	Proportion of ownership interest as at 31st March,2013
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 less write down. The Company's share of each of the assets, liabilities, income and expenses (each without elimination of the effect of transactions between the Company and Joint Venture) related to its interest in the joint venture are:-

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES		
Shareholders ' Funds		
Reserves and Surplus		
Capital Reserve	**25.69**	25.69
Foreign Currency Translation Reserve	**(0.37)**	(0.25)
Surplus/(Deficit) in the Statement of Profit and Loss	**(170.11)**	(138.07)
Non Current Liabilities		
Long Term Borrowings	**218.30**	198.69
Other long Term Liabilities	**—**	2.16
Long Term Provisions	**0.27**	6.42
Current Liabilities		
Short Term Borrowings	**45.19**	56.32
Trade Payables	**9.74**	4.86
Other Current Liabilities	**34.97**	59.96
Short Term Provisions	**0.32**	0.47
	164.00	216.25
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	**274.21**	279.97
Intangible Assets	**—**	4.60
Long-term Loans and Advances	**0.63**	5.70
Other Non Current Assets	**15.96**	27.66
Current Assets		
Inventories	**4.76**	16.08
Trade Receivables	**0.50**	12.90
Cash and Bank Balances	**3.74**	5.25
Short-term Loans and Advances	**10.17**	10.07
	309.97	362.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Income:		
Revenue from Operations (Net)	**11.02**	122.34
Other Income	**69.54**	7.16
	80.56	129.50
Expenses:		
Cost of materials consumed	**7.98**	59.12
Purchases of Stock-in Trade	**1.40**	7.86
Changes in Inventories of Finished Goods and Work-in-Progress [Increase/(Decrease)]	**2.13**	(0.95)
Employee Benefits Expense	**20.05**	27.75
Finance Costs	**12.36**	9.38
Depreciation and Amortisation Expense	**25.71**	23.33
Other Expenses	**42.97**	54.36
	112.60	180.85

41. The Company has following un-hedged exposures in foreign currencies

	Year ended 31st March, 2014 Foreign Currency (in lacs)	Year ended 31st March, 2014 Amount (₹ lacs)	Year ended 31st March, 2013 Foreign Currency (in lacs)	Year ended 31st March, 2013 Amount (₹ lacs)
Trade Receivables	**GBP 6.58**	**656.80**	GBP 6.47	529.96
Trade Receivables	**USD 5.21**	**302.32**	USD 4.17	225.34
Trade Receivables	**SAR 0.32**	**5.13**	—	—
Trade Receivables	**MYR 0.75**	**13.74**	—	—
Trade Receivables	**NPR 0.14**	**0.09**	—	—
Trade Receivables	**—**	**—**	MUR 0.03	0.05
Short Term Loans & Advances	**GBP 0.08**	**8.33**	GBP 0.08	6.82

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

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

		Year ended 31st March, 2014		Year ended 31st March, 2013	
A.	**Cash Flow from Operating Activities**				
	Profit Before Tax		**1,725.77**		1,074.53
	Adjustments for:				
	Depreciation and Amortisation Expenses	**280.79**		1,188.03	
	Provision for Doubtful Debts/Advances	**517.79**		1,507.71	
	Exceptional Items (Refer Note 30)	**885.63**		—	
	Interest Expenses	**272.55**		251.76	
	Other borrowing costs	**5.83**		12.72	
	Liabilities / Provisions no longer required written back	**(144.32)**		(492.59)	
	Provision for Doubtful Debts/ Advances no longer required written back	**(15.43)**		(181.88)	
	Interest Income	**(153.62)**		(107.42)	
	Unrealised (Gain) on foreign currency transactions/translation	**—**		16.27	
	Bad debt/Advance written off	**—**		123.41	
	Loss on sale of Fixed Assets	**3.94**		3.90	
	Profit on sale of Fixed Assets	**(0.72)**		(0.58)	
	Investment written off	**0.05**		—	
	Dividend from Long Term Investments-Other than Trade	**(108.15)**		(77.25)	
			1,544.34		2,244.08
	Operating profit before Working Capital Changes		**3,270.11**		3,318.61
	Changes in Working Capital:-				
	Increase / (Decrease) in Trade Payables	**0.51**		(170.29)	
	Increase / (Decrease) in Provisions	**(399.85)**		412.32	
	Increase in Other Current Liabilities	**90.10**		79.66	
	(Increase) in Trade Receivables	**(573.21)**		(1,049.93)	
	Decrease in Inventories	**477.90**		482.91	
	Decrease / (Increase) in Loans and Advances	**661.62**		(760.46)	
	(Increase) in other non-current Asset	**(2.25)**	**254.82**	—	(1,005.79)
	Cash generated from operations		**3,524.93**		2,312.82
	Direct Taxes (net of refund)		**(1,163.74)**		(370.28)
	Net cash generated from Operating Activities		**2,361.19**		1,942.54
B.	**Cash Flow from Investing Activities**				
	Purchase of fixed assets	**(756.66)**		(616.76)	
	Sale of Fixed assets	**27.00**		3.31	
	Interest Received	**186.85**		94.19	
	Dividend from Long Term Investments-Other than Trade	**108.15**		77.25	
	Investment made in subsidiary	**(1,000.00)**		—	
	Net cash (used in) Investing Activities		**(1,434.66)**		(442.01)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
C. Cash Flow from Financing Activities				
Repayment of Long Term Borrowings	**(4.30)**		(856.48)	
Decrease in Cash Credit facilities from banks	**(641.59)**		(212.09)	
Repayment of Short Term Borrowings	**—**		(2,540.00)	
Proceeds from Long Term Borrowings	**161.75**		—	
Proceeds from Short Term Borrowings	**20.00**		—	
Interest paid	**(267.18)**		(250.96)	
Other borrowing costs paid	**(5.83)**		(12.72)	
Dividend Paid	**(259.16)**		—	
Dividend Distribution Tax Paid	**(44.36)**		—	
Net cash (used in) Financing Activities		**(1,040.67)**		(3,872.25)
Net Increase in cash and cash equivalents (A+B+C)		**(114.14)**		(2,371.72)
Cash and Cash Equivalents at the beginning of the year		**1,032.59**		3,404.31
Cash and Cash Equivalents at the end of the year		**918.45**		1,032.59

Notes to the Cash Flow Statement for the year ended 31st March, 2014

1 The above 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.

2 Cash and cash equivalent comprise of : -

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Cash on hand	**3.01**	2.88
Cheques on hand	**0.03**	77.10
Bank Balances	**912.22**	951.30
Unpaid Dividend @	**3.19**	1.31
TOTAL	**918.45**	1,032.59

@ Represents not available for use by the Company.

3 The above Cash Flow Statement does not include conversion of advances amounting to ₹ 3,203.26 Lacs into investments in Equity Shares of Open Media Network Private Limited, being non cash transaction (Refer Note 30.1).

4 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,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
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, 2014, 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 and other applicable authoritative pronouncements 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

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, 2014;

   (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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014

Other Matter

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 ₹ 1,005.01 lakhs and net assets of ₹ (13.72) lakhs as at March 31, 2014, total revenue of ₹ 1,925.85 lakhs, net loss of ₹ 192.75 lakhs and net cash flows amounting to ₹ (43.22) lakhs 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
June 12, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

(₹ in Lacs)

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders ' Funds			
Share Capital	2	**1,740.29**	1,740.29
Reserves and Surplus	3	**14,833.93**	9,532.54
Minority Interest		**328.99**	335.30
Non Current Liabilities			
Long Term Borrowings	4	**331.33**	198.69
Deferred Tax Liabilities (Net)	5	**—**	4.80
Other Long Term Liabilities	6	**18.01**	18.14
Long Term Provisions	7	**143.13**	170.69
Current Liabilities			
Short Term Borrowings	8	**881.90**	5,879.40
Trade Payables	9	**2,605.30**	2,723.33
Other Current Liabilities	10	**1,773.18**	1,763.97
Short Term Provisions	11	**1,696.85**	2,114.59
		24,352.91	24,481.74
ASSETS			
Non Current Assets			
Fixed Assets	12		
Tangible Assets		**8,334.03**	8,303.69
Intangible Assets		**1,902.18**	584.89
Non-Current Investments	13	**3,972.12**	3,972.17
Deferred Tax Assets (Net)	14	**672.81**	549.93
Long-term Loans and Advances	15	**316.25**	285.19
Other Non Current Assets	16	**18.21**	27.66
Current Assets			
Inventories	17	**294.19**	864.94
Trade Receivables	18	**3,738.47**	3,645.17
Cash and Bank Balances	19	**1,038.39**	1,899.55
Short-Term Loans and Advances	20	**4,066.26**	4,315.32
Other Current Assets	21	**-**	33.23
		24,352.91	24,481.74

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)
Partner
Membership No. - 057572

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in Lacs)

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations (Gross)	22	**17,749.39**	18,599.92
Less:Excise Duty		**0.19**	0.47
Revenue from Operations (Net)		**17,749.20**	18,599.45
Other Income	23	**1,080.57**	1,039.84
Total Revenue		**18,829.77**	19,639.29
Expenses:			
Cost of Materials Consumed and Contract Manfacturing Charges	24	**390.14**	1,143.29
Purchase of Stock-in-Trade	25	**1.40**	7.86
Cost of Production of Films, Television Serials and Portal	26	**5,178.11**	3,955.33
Changes in Inventories of Raw Material, Finished Goods and Work-in-Progress [(Increase)/Decrease]	27	**518.37**	482.34
Employee Benefits Expense	28	**3,758.14**	3,841.46
Finance Costs	29	**293.62**	281.49
Depreciation and Amortisation Expense	30	**322.70**	1,294.22
Other Expenses	31	**6,167.14**	7,584.59
Total Expenses		**16,629.62**	18,590.58
Profit Before Exceptional Items and Tax		**2,200.15**	1,048.71
Exceptional Items-Payment under Voluntary Retirement Scheme	32	—	327.17
Profit Before Tax and Minority Interests		**2,200.15**	721.54
Tax Expenses :			
Current Tax		**635.10**	469.40
Deferred Tax Charge/(Credit)		**(127.68)**	(494.47)
Profit After Tax Before Minority Interests		**1,692.73**	746.61
Minority Interest		**(197.81)**	(63.54)
Profit After Tax and Minority Interests		**1,890.54**	810.15
Earnings per Equity Share: [Nominal Value per share ₹ 10/- (Previous Year- ₹ 10/-)]	37.2		
Basic (₹)		**10.86**	4.66
Diluted (₹)		**10.86**	4.66

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)
Partner
Membership No. - 057572

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014

1. Significant Accounting Policies

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

These consolidated 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). Pursuant to circular 15/2013 dated 13-09-2013 read with circular 08/2014 dated 04-04-2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.Consequently, these consolidated 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 Group's normal operating cycle and other criteria set out in Schedule VI to the Companies Act,1956. Based on the nature of products / services and the time between the acquisition of assets for processing / providing the services 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) **Use of Estimates**

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, the reported amount of revenue and expenses for the period and disclosure of contingent liability as at the balance sheet date. The estimates and assumptions used in the consolidated financial statements are based upon managements' evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from estimates.

(c) **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).

(d) **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 on a straight line basis over a period of 1-10 years. 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.

(e) **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.

(f) **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.

(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'.

(g) **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.

(h) **Sales,Licence Fees and Advertising Revenue**

Revenue from sales is recognised on transfer of risks and reward of ownership to customers based on the agreement with the customers.

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.

(i) **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.

(j) **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.

(k) **Borrowing Costs**

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

(l) **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.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax in excess of MAT during the specified period.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(m) **Provisions and Contingent Liabilities**

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provision are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(n) **Consolidation**

Consolidated financial statements relate to Saregama India Limited, the Parent Company and on subsidiaries and Joint venture (the Group). The consolidated financial statements are in conformity with the Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard - 27 on "Financial Reporting of Interests in Joint Ventures", notified under Section 211(3C) of the Companies Act, 1956 of India (the Act) and are prepared as set out below:

1) The financial statements of the Parent Company and its subsidiaries have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after adjustments / elimination of inter-company balances, transactions including unrealized profits on inventories etc, if any.

2) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures".

3) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements

4) The financial statements of foreign operation (prepared other than in Indian rupees) is translated using the principles and procedures as if the transaction of the foreign operation had been those of the reporting enterprise.

5) The excess of cost to the Parent Company of its investment in the subsidiaries over the Parent's portion of equity of the subsidiaries at the dates they became subsidiaries is recognized in the financial statements as Goodwill.

6) Minority interest in the consolidated financial statements is identified and recognized in the consolidated balance sheet separate from liabilities and the equity of the Company's Shareholders after taking into consideration:

   i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

   ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

   iii) Adjustment of the losses attributable to the minorities against the minority interest in the equity of the subsidiaries and thereafter adjustment of the excess of loss, if any, over the minority interest in the equity against the majority interest.

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
2. SHARE CAPITAL		
Authorised		
2,50,00,000 (31.03.2013:2,50,00,000) Equity Shares of ₹10/- each	**2,500.00**	2,500.00
Issued		
1,74,02,938 (31.03.2013:1,74,02,938) Equity Shares of ₹10/- each	**1,740.29**	1,740.29
Subscribed and Paid Up		
1,74,02,938 (31.03.2013:1,74,02,938) Equity Shares of ₹10/- each fully paid up	**1,740.29**	1,740.29
TOTAL	**1,740.29**	1,740.29

2.1 Out of 53,38,628 equity shares issued for cash at a premium of ₹35/- (issue price- ₹45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 (31.03.2013- 5,290) equity shares (relating to cases under litigation / pending clearance from the concerned authorities) are kept in abeyance as on 31st March, 2014.

2.2 Stock Option Schemes

Pursuant to approved Saregama Employee Stock Option Scheme 2013 (Scheme), the Compensation Committee of the Board of Directors has granted shares / options to certain eligible employees at the following exercise price, being prevailing market price as on date of joining / revision of salary of respective employee :

Name of eligible employees	No. of options/shares	Exercise price per share (₹)
Mr. G. B. Aayeer, Chief Financial Officer and Director	10,000	69.85
Mr. Suryanarayana Murthy Mantha, Managing Director	25,000	87.50
Mr. Adarsh Gupta, Sr. Vice President, Music Business	12,000	100.80
Mr. Adarsh Gupta, Sr. Vice President, Music Business	10,000	68.05
Mr. Keshav P Sinha, Chief Technology Officer	15,000	63.90
Mr. Avinash Mudaliar, Head Internet Products & Services	10,000	53.95

Vesting schedule of the said options is as follows :-

- After 1 year from the date of grant : 20 % of the options granted
- After 2 years from the date of grant : 20 % of the options granted
- After 3 years from the date of grant : 20 % of the options granted
- After 4 years from the date of grant : 20 % of the options granted
- After 5 years from the date of grant : 20 % of the options granted

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.

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
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	**3,049.84**		3,052.89	
Less: Transferred to Statement of Profit and Loss (Refer Note 12.4 and 30)	**2.57**		3.05	
Balance as at the end of the year		**3,047.27**		3,049.84
GENERAL RESERVE				
Balance as at the beginning of the year	**718.29**		663.89	
Add:Transferred from Surplus in the Statement of Profit and Loss	**60.44**		54.40	
Balance as at the end of the year		**778.73**		718.29
SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT & LOSS				
Balance as at the beginning of the year	**(4,510.68)**		(4,961.03)	
Add: Adjustment of Minority Interest and Goodwill pursuant to dilution of control	**3,718.82**		—	
Add: Profit for the year	**1,890.54**		810.15	
Less: Appropriations				
Proposed dividend @ ₹ 1.50 per share (31.03.2013-₹ 1.50 per Share)	**261.04**		261.04	
Dividend distribution tax on proposed dividend	**44.36**		44.36	
Transfer to General Reserve	**60.44**		54.40	
Balance as at the end of the year		**732.84**		(4,510.68)
		14,808.24		9,506.85
Share of Joint venture [Refer Note 33(b) and 41]		**25.69**		25.69
TOTAL		**14,833.93**		9,532.54

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
4. LONG TERM BORROWINGS				
Secured				
Term Loans				
Vehicle Loan from ICICI Bank Limited	**161.75**		4.30	
Less: Current maturities of Long Term Debt (referred to in Note 10)	**48.72**	**113.03**	4.30	—
		113.03		—
Share of Joint venture [Refer Note 33(b)]		**218.30**		198.69
TOTAL		**331.33**		198.69

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability on Depreciation	—	16.32
TOTAL (A)	—	16.32
Deferred Tax Asset on :-		
Items allowable for tax purpose on payment basis	—	11.52
TOTAL (B)	—	11.52
Deferred Tax Liability (Net) (A-B)	—	4.80
Share of Joint venture [Refer Note 33(b)]	—	—
TOTAL	—	4.80

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
6. OTHER LONG TERM LIABILITIES		
Security Deposit from General Insurance Corporation of India on Sub lease of property	**18.01**	18.01
	18.01	18.01
Share of Joint venture [Refer Note 33(b)]	—	0.13
TOTAL	**18.01**	18.14

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
7. LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**142.86**	164.27
	142.86	164.27
Share of Joint venture [Refer Note 33(b)]	**0.27**	6.42
TOTAL	**143.13**	170.69

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
8. SHORT TERM BORROWINGS		
Repayable on demand		
Secured		
Cash Credit from Banks	**466.16**	1,192.53
Unsecured		
Inter Corporate Deposits	**370.55**	4,630.55
	836.71	5,823.08
Share of Joint venture [Refer Note 33(b)]	**45.19**	56.32
TOTAL	**881.90**	5,879.40

8.1 Open Media Network Private Limited (OMNPL), a wholly owned subsidiary of the Parent Company, has obtained short term borrowing from its parent company and other companies from time to time to support its ongoing publication business activities. Balance of such loans as on March 27, 2014 was ₹ 6,169.66 Lacs in aggregate.

As a part of restructuring activities undertaken by OMNPL during the year, the said borrowings has been converted into equity share capital. Accordingly, OMNPL has alloted 320,32,600 equity shares of ₹ 10 each and 296,64,000 equity shares of ₹ 10 each to its Parent Company and other companies respectively. Upon allotment of the said shares, Parent Company's holding in OMNPL has reduced to 58.63% from 100%.

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
9. TRADE PAYABLES		
Trade Payables	**2,595.56**	2,718.47
	2,595.56	2,718.47
Share of Joint venture [Refer Note 33(b)]	**9.74**	4.86
TOTAL	**2,605.30**	2,723.33

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
10. OTHER CURRENT LIABILITIES		
Current maturities of Long Term Debt (Refer Note:4)		
Vehicle Loans	**48.72**	4.30
Interest Accrued and Due on Deposits from Dealers	**27.79**	22.42
Income received in Advance (Refer Note:10.1)	**—**	20.46
Unpaid Dividends (Refer Note:10.2)	**3.19**	1.31
Advance from Customers	**448.58**	412.56
Advance - Subscription	**23.35**	16.06
Security Deposit from Dealers	**100.18**	150.10
Dealer's Incentive	**42.64**	83.06
Liabilities for Expenses	**528.37**	536.57
Employee Benefits Payable	**217.06**	169.67
Amount payable to Government Authorities	**273.33**	262.50
Advance against sale of certain fixed assets	**25.00**	25.00
	1,738.21	1,704.01
Share of Joint venture [Refer Note 33(b)]	**34.97**	59.96
TOTAL	**1,773.18**	1,763.97

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-lessees adjustable over the sub-lease period.

10.2 There are no amounts 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)

	As at 31st March, 2014	As at 31st March, 2013
11. SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**40.22**	36.25
Gratuity (Refer Note 28.1)	**13.38**	26.71
Other Provisions		
Provision for Royalty on License Fees (Refer Note:11.1)	**1,285.73**	1,691.63
Provision for Wealth Tax	**30.00**	30.00
Provision for Returns of Magazines	**21.81**	24.13
Provision for Proposed Dividend	**261.04**	261.04
Provision for Dividend Distribution Tax on Proposed Dividend	**44.36**	44.36
	1,696.54	2,114.12
Share of Joint venture [Refer Note 33(b)]	**0.31**	0.47
TOTAL	**1,696.85**	2,114.59

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
11.1 Movements of Provision for Royalty on Licence Fees		
Carrying amount at the beginning of the year	**1,691.63**	1,379.46
Add: Created during the year	**1,135.77**	1,154.76
	2,827.40	2,534.22
Less: Excess provision of earlier years, written back	**34.32**	60.72
Less: Amounts utilised during the year	**1,507.35**	781.87
Carrying amount at the end of the year	**1,285.73**	1,691.63

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

12. FIXED ASSETS

(₹ in Lacs)

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2013	Additions during the year	Deletions/ Adjustments during the year	**Cost/ Valuation as at 31st March, 2014**	Upto 31st March, 2013	For the Year	On Deletions/ Adjustments during the year	**Upto 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
A) Tangible Assets										
Land - Freehold	6,567.47	—	—	**6,567.47**	—	—	—	—	**6,567.47**	6,567.47
Buildings - Freehold	771.96	—	—	**771.96**	349.19	17.51	—	**366.70**	**405.26**	422.77
Leasehold Buildings	70.60	—	—	**70.60**	29.82	1.48	—	**31.30**	**39.30**	40.78
Plant and Equipment	1,790.92	—	—	**1,790.92**	1,661.80	14.82	—	**1,676.62**	**114.30**	129.12
Furniture and Fittings	800.92	2.37	—	**803.29**	366.75	41.92	—	**408.67**	**394.62**	434.17
Office Equipment	1,599.28	81.37	4.31	**1,676.34**	1,197.47	90.99	1.51	**1,286.95**	**389.39**	401.81
Vehicles	179.85	175.45	103.15	**252.15**	112.76	11.25	74.44	**49.57**	**202.58**	67.09
TOTAL	11,781.00	259.19	107.46	**11,932.73**	3,717.79	177.97	75.95	**3,819.81**	**8,112.92**	8,063.21
Share of Joint venture [Refer Note 33(b)]	318.31	—	3.09	**315.22**	77.83	18.15	1.87	**94.11**	**221.11**	240.48
TOTAL	12,099.31	259.19	110.55	**12,247.95**	3,795.62	196.12	77.82	**3,913.92**	**8,334.03**	8,303.69
Previous Year	11,949.19	202.71	52.59	**12,099.31**	3,596.68	235.04	36.10	**3,795.62**	**8,303.69**	

	Gross block				Depreciation and Amortisation				Net block	
	Cost/ Valuation as at 31st March, 2013	Additions during the year	Deletions/ Adjustments during the year	**Cost/ Valuation as at 31st March, 2014**	Upto 31st March, 2013	For the Year	On Deletions/ Adjustments during the year	**Upto 31st March, 2014**	**As at 31st March, 2014**	As at 31st March, 2013
B) Intangible Assets										
Goodwill on Consolidation	—	943.92	—	**943.92**	—	—	—	—	**943.92**	-
Copyrights-Music	1,342.53	394.47	—	**1,737.00**	800.44	105.83	—	**906.27**	**830.73**	542.09
Feature Film	3,759.72	—	—	**3,759.72**	3,759.72	—	—	**3,759.72**	—	—
Softwares	531.36	108.05	—	**639.41**	488.67	23.21	—	**511.88**	**127.53**	42.69
TOTAL	5,633.61	1,446.44	—	**7,080.05**	5,048.83	129.04	—	**5,177.87**	**1,902.18**	584.78
Share of Joint venture [Refer Note 33(b)]	7.61	—	—	**7.61**	7.50	0.11	—	**7.61**	—	0.11
TOTAL	5,641.22	1,446.44	—	**7,087.66**	5,056.33	129.15	—	**5,185.48**	**1,902.18**	584.89
Previous Year	5,221.37	419.85	—	**5,641.22**	3,994.10	1,062.23	—	**5,056.33**	**584.89**	

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 ₹ 2.57 lacs (Previous year-₹ 3.05 lacs) which has been transferred from Revaluation Reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

13. NON CURRENT INVESTMENTS

	Number			(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013	Face Value of each share/unit	**Book Value as at 31st March, 2014**	Book Value as at 31st March, 2013
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 (written off during the year)	—	5	₹ 1,000	—	0.05
				—	0.05
2. Fully Paid Equity Shares in Other Companies					
Quoted					
CESC Limited.	**15,44,988**	15,44,988	₹ 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 @	**2,30,000**	2,30,000	₹ 10	—	—
				3,972.12	3,972.12
				3,972.12	3,972.17
Aggregate Amount of Quoted Investments				**3,971.98**	3,971.98
Aggregate Market Value of Quoted Investments				**7,732.01**	4,091.25
Aggregate Amount of Unquoted Investments				**0.14**	0.19

@ Acquired during the year 2012-13 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, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
14. DEFERRED TAX ASSET (NET)		
The major components of Deferred Tax Liabilities and Assets are :		
Deferred Tax Asset on :-		
Provisions for doubtful debts/advances	**621.27**	455.30
Expenditure allowable for tax purpose in subsequent years	**85.54**	88.96
Total (A)	**706.81**	544.26
Deferred Tax (Asset) / Liability on Depreciation	**34.00**	(5.67)
Total (B)	**34.00**	(5.67)
Deferred Tax Asset (Net) (A-B)	**672.81**	549.93
Share of Joint venture [Refer Note 33(b)]	**—**	—
TOTAL	**672.81**	549.93

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
15. LONG TERM LOANS AND ADVANCES				
Capital Advances				
Unsecured considered Good		**0.80**		4.34
Unsecured considered Doubtful	**10.38**		10.38	
Less: Provision for Doubtful advances	**10.38**	**—**	10.38	—
Security Deposits				
Unsecured considered Good		**308.66**		264.24
Loan to Employees				
Unsecured considered Good		**6.16**		10.91
		315.62		279.49
Share of Joint venture [Refer Note 33(b)]		**0.63**		5.70
TOTAL		**316.25**		285.19

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
16. OTHER NON CURRENT ASSETS		
Unsecured, considered Good		
– Bank deposits with maturity more than 12 months	**2.25**	—
	2.25	—
Share of Joint venture [Refer Note 33(b)]	**15.96**	27.66
TOTAL	**18.21**	27.66

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
17. INVENTORIES [Refer Note:1(f)]				
Raw Materials		**17.15**		60.34
Finished Goods				
– Untelecasted Television Serials	**180.43**		159.64	
– Audio / Video Compact Discs, Digital Versatile Discs etc.	**91.85**	**272.28**	628.88	788.52
		289.43		848.86
Share of Joint venture [Refer Note 33(b)]		**4.76**		16.08
TOTAL		**294.19**		864.94

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
17.1 Details of Closing Inventories of Raw Material and Finished Goods				
Raw Materials				
– Papers, Digitray, etc.		**17.15**		60.34
Finished Goods				
– Untelecasted Television Serials	**180.43**		159.64	
– Audio Compact Discs	**83.44**		487.95	
– Digital Versatile Discs	**8.18**		26.96	
– Others	**0.23**	**272.28**	113.97	788.52
		289.43		848.86
Share of Joint venture [Refer Note 33(b)]		**4.76**		16.08
TOTAL		**294.19**		864.94

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
18. TRADE RECEIVABLES				
Unsecured				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered Good		**271.64**		147.66
Considered Doubtful	**1,727.55**		1,362.65	
Less: Provision for Doubtful Debts	**1,727.55**	—	1,362.65	—
Other Debts				
Considered Good		**3,466.33**		3,491.33
Considered Doubtful	**12.71**		46.20	
Less: Provision for Doubtful Debts	**12.71**	—	46.20	—
		3,737.97		3,638.99
Share of Joint venture [Refer Note 33(b)]		**0.50**		6.18
TOTAL		**3,738.47**		3,645.17

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
19. CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Cash on Hand	**3.68**		3.38	
Cheques on Hand	**0.03**		77.10	
Bank Balances				
– Current Accounts [inculding Remittance in transit of ₹ Nil ; (31.03.2013 ₹ 1.71 Lacs)]	**983.50**		1,069.48	
– Unpaid Dividend Accounts @	**3.19**	**990.40**	1.31	1,151.27
Other Bank Balances *				
Balances with Bank				
– Deposits with maturity more than 3 months but less than 12 months		**44.25**		743.03
		1,034.65		1,894.30
Share of Joint venture [Refer Note 33(b)]		**3.74**		5.25
TOTAL		**1,038.39**		1,899.55

@ Earmarked for payment of unclaimed dividend.

* The above excludes deposits ₹ 2.25 Lacs (31.3.2013 : ₹ Nil) with maturity more than 12 months from reporting period and shown under 'Other Non-Current Assets' (Note-16)

(₹ in Lacs)

	As at 31st March, 2014		As at 31st March, 2013	
20. SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)				
Inter Corporate Deposits Given		—		950.00
Minimum Guarantee Royalty Advances		**318.32**		353.57
Royalty Advances				
Unsecured considered Good		**352.35**		329.40
Unsecured considered Doubtful	**310.39**		278.56	
Less: Provision for Doubtful Advances	**310.39**	—	278.56	—
Advance against Film Projects				
Unsecured considered Good		**46.54**		131.56
Unsecured considered Doubtful	**204.59**		202.14	
Less: Provision for Doubtful Advances	**204.59**	—	202.14	—
Loan to Employees		**7.87**		8.01
Balances with Government Authorities		**368.34**		391.76
Prepaid Expense				
Unsecured considered Good		**233.27**		124.18
Unsecured considered Doubtful	**152.85**		155.78	
Less: Provision for Doubtful Prepaid Expense	**152.85**	—	155.78	—
Gratuity (Refer Note 28.1)		**1.55**		2.39
Advance to Artist / for Event / Others				
Unsecured considered Good		**193.08**		6.22
Unsecured considered Doubtful	**318.77**		318.77	
Less: Provision for Doubtful Advances	**318.77**	—	318.77	—
Advance payment of Income Tax and Tax Deducted at Source [net of Provision for Taxation ₹ 2638.47 Lacs (31.03.13- ₹2003.37 Lacs)]		**2,514.70**		1,988.08
Advance payment of Fringe Benefit Tax [net of Provision ₹ 147.87 Lacs ; (31.03.2013-₹ 147.87 Lacs)]		**20.08**		20.08
		4,056.10		4,305.25
Share of Joint venture [Refer Note 33(b)]		**10.16**		10.07
TOTAL		**4,066.26**		4,315.32

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
21. OTHER CURRENT ASSETS		
Unsecured considered Good		
Interest accrued on Fixed Deposits	—	30.79
Interest accrued on Inter Corporate Deposits	—	2.44
	—	33.23
Share of Joint venture [Refer Note 33(b)]	—	—
TOTAL	—	33.23

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
22. REVENUE FROM OPERATIONS				
Sale of Products				
Audio Compact Discs	**324.69**		2,106.80	
Digital Versatile Discs	**86.39**		419.76	
Others	**50.29**	**461.37**	104.18	2,630.74
Less:Excise Duty		**0.19**		0.47
		461.18		2,630.27
Sale of Services				
Advertising	**622.26**		227.50	
Newstand	**58.68**		57.04	
Income from Television Serials (including Free Commercial Time)	**5,623.64**		4,238.94	
Income from Distribution Rights of Feature Films	—		0.11	
Licence Fees	**10,882.97**		10,867.02	
Others	**59.08**	**17,246.63**	520.63	15,911.24
Other Operating Revenue		**37.67**		34.35
		17,745.48		18,575.86
Share of Joint venture [Refer Note 33(b)]		**3.72**		23.59
TOTAL		**17,749.20**		18,599.45

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
23. OTHER INCOME		
Liabilities / Provisions no longer required written back	**644.32**	492.59
Provision for Doubtful Debts/ Advances no longer required written back	**15.43**	205.66
Interest Income (Gross)		
– on Bank Deposits	**81.49**	62.09
– on Security Deposits	**2.39**	2.57
– on Income Tax Refund	**0.79**	41.82
– on Inter Corporate Deposits	**71.42**	2.44
Dividend from Long Term (other than trade) Investments	**108.15**	77.25
Profit on Sale of Tangible Fixed Assets	**0.72**	0.58
Rent Income	**52.38**	112.28
Net Gain on foreign currency transactions / translation	**30.26**	28.56
Other Non-Operating Income	**7.90**	11.50
	1,015.25	1,037.34
Share of Joint venture [Refer Note 33(b)]	**65.32**	2.50
TOTAL	**1,080.57**	1,039.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
24. COST OF MATERIAL CONSUMED AND CONTRACT MANUFACTURING CHARGES		
A) Cost of Materials Consumed (Refer Note:24.1)	**125.74**	136.80
B) Contract Manfacturing Charges (Refer Note:24.2)	**256.42**	947.37
	382.16	1,084.17
Share of Joint venture [Refer Note 33(b)]	**7.98**	59.12
TOTAL	**390.14**	1,143.29

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
24.1 Details of Materials Consumed		
Opening Stock		
– Materials : Paper	**60.34**	51.51
Materials Purchased		
– Papers, Digitray etc.	**82.55**	145.63
Less : Closing Stock		
– Materials : Paper	**17.15**	60.34
	125.74	136.80
Share of Joint venture [Refer Note 33(b)]	**7.98**	59.12
TOTAL	**133.72**	195.92

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
24.2 Details of Contract Manufacturing Charges		
Contract Manufacturing Charges		
– Audio Compact Discs	**163.97**	609.82
– Digital Versatile Discs	**56.53**	292.25
– Others	**35.92**	45.30
	256.42	947.37
Share of Joint venture [Refer Note 33(b)]	—	—
TOTAL	**256.42**	**947.37**

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
25. PURCHASE OF STOCK-IN-TRADE		
Share of Joint venture [Refer Note 33(b)]	**1.40**	7.86
TOTAL	**1.40**	7.86

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
26. COST OF PRODUCTION OF FILMS, TELEVISION SERIALS AND PORTAL		
Cost of Production of Films and Television Serials (Refer Note:26.1)	**5,150.21**	3,910.58
Cost of Portal Development	**27.90**	44.75
	5,178.11	3,955.33
Share of Joint venture [Refer Note 33(b)]	—	—
TOTAL	**5,178.11**	3,955.33

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
26.1 Details of Cost of Production of Films and Television Serials		
Telecast Fees	**1,644.10**	891.45
Payment to artistes, directors, script-writers, etc.	**849.62**	728.43
Cost of Tapes	**3.10**	4.13
Food, Lodging and Travel	**205.15**	251.87
Set, properties and equipment charges	**175.13**	340.99
Other Production Expenses	**2,252.32**	1,947.53
Increase / (Decrease) in Inventories of Films and Television Serials	**20.79**	(253.82)
Share of Joint venture [Refer Note 33(b)]	**—**	—
TOTAL	**5,150.21**	3,910.58

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
27. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS.				
Opening Stock				
– Work-in-Progress-Television Serials	**—**		17.22	
– Finished Goods-Films and Untelecasted Television Serials	**159.64**		396.24	
– Finished Goods-Pre recorded Cassette, Audio/Video Compact Discs,Digital Versatile Discs,etc.	**628.88**	**788.52**	858.35	1,271.81
Less: Closing Stock				
– Finished Goods-Films and Untelecasted Television Serials	**180.43**		159.64	
– Finished Goods-Audio/Video Compact Discs, Digital Versatile Discs, etc.	**91.85**	**272.28**	628.88	788.52
		516.24		483.29
Share of Joint venture [Refer Note 33(b)]		**2.13**		(0.95)
Net (Increase)/Decrease		**518.37**		482.34

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
28. EMPLOYEE BENEFITS EXPENSE				
Salaries and Wages		**3,443.06**		3,423.54
Contributions to:				
Provident Fund	**111.24**		106.06	
Superannuation Fund	**8.94**		7.44	
Gratuity Fund	**20.73**		110.71	
Employee's State Insurance Scheme	**18.70**	**159.61**	24.91	249.12
Staff Welfare Expenses		**135.42**		141.05
		3,738.09		3,813.71
Share of Joint venture [Refer Note 33(b)]		**20.05**		27.75
TOTAL		**3,758.14**		3,841.46

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 (g) 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, 2014 *(contd.)*

(₹ in Lacs)

		2013-14			2012-13		
I.	**Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation**	**Parent Company**	**Subsidiary**	**Share of Joint Venture**	Parent Company	Subsidiary	Share of Joint Venture
	(a) Present Value of Obligation at the beginning of the year	**489.80**	**22.57**	**0.97**	547.99	15.83	0.65
	(b) Current Service Cost	**34.15**	**7.00**	**0.05**	31.29	6.36	0.32
	(c) Interest Cost	**38.48**	**1.72**	**0.04**	38.09	1.40	0.04
	(d) Acquisitions Cost	**—**	**—**	**—**	24.03	—	—
	(e) Actuarial Loss / (Gain)	**(11.33)**	**(5.81)**	**0.18**	58.65	(1.02)	(0.04)
	(f) (Benefits Paid)	**(17.60)**	**(3.26)**	**(0.97)**	(210.25)	—	—
	(g) Present Value of Obligation as at the end of the year	**533.50**	**22.22**	**0.27**	489.80	22.57	0.97
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	**463.09**	**24.96**	**—**	590.62	2.74	—
	(b) Acquisitions Adjustment	**—**	**—**	**—**	1.73	—	—
	(c) Expected Return on Plan Assets	**43.79**	**2.10**	**—**	46.77	1.23	—
	(d) Actuarial Gain / (Loss)	**(2.39)**	**(0.03)**	**—**	(0.63)	(1.01)	—
	(e) Contributions	**33.23**	**—**	**0.97**	34.85	22.00	—
	(f) (Benefits Paid)	**(17.60)**	**(3.26)**	**(0.97)**	(210.25)	—	—-
	(g) Fair Value of Plan Assets as at the end of the year	**520.12**	**23.77**	**—**	463.09	24.96	—
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	**533.50**	**22.22**	**0.27**	489.80	22.57	0.97
	(b) Fair Value of Plan Assets as at the end of the year	**520.12**	**23.77**	**—**	463.09	24.96	—
	(c) Liability / (Asset) recognised in the Balance Sheet	**13.38**	**(1.55)**	**0.27**	26.71	(2.39)	0.97
IV.	**Expense charged to Statement of Profit and Loss**						
	(a) Current Service Cost	**34.15**	**7.00**	**0.05**	31.29	6.36	0.32
	(b) Interest Cost	**38.48**	**1.72**	**0.04**	38.09	1.40	0.04
	(c) (Expected Return on Plan Assets)	**(43.79)**	**(2.10)**	**—**	(46.77)	(1.23)	—
	(d) Acquisitions Cost	—	—	—	22.30	—	—
	(e) Actuarial (Gain) / Loss	**(8.94)**	**(5.78)**	**0.18**	59.28	(0.01)	(0.04)
	(f) Total expense charged to the Statement of Profit and Loss*	**19.90**	**0.84**	**0.27**	104.19	6.52	0.32
	*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	**78%**	**—**	**—**	77%	—	—
	(b) NAV based Group Balanced Fund with ICICI Prudential Life Insurance Company Limited	**11%**	**—**	**—**	11%	—	—
	(c) NAV based Group Short Term Debt Fund with ICICI Prudential Life Insurance Company Limited	**6%**	**—**	**—**	6%	—	—
	(d) NAV based Group Debt Fund with ICICI Prudential Life Insurance Company Limited	**5%**	**—**	**—**	6%	—	—
	(e) Fund with Aviva Life Insurance Company India Ltd	**—**	**100%**	**—**	—	100%	—
VI.	**Actual Return on Plan Assets**	**41.40**	**2.07**	**—**	46.14	0.22	—
VII.	**Principal Actuarial Assumptions as at Balance Sheet date**						
	(a) Discount Rate	**9.25%**	**9.20%**	**9.25%**	8.0%	8.20%	8.00%
	(b) Expected Rate of Return on Plan Assets	**9.30%**	**9.00%**	**—**	9.3%	9.00%	—
	(c) Salary Escalation	**8.50%**	**7.00%**	**8.50%**	8.5%	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, 2014 *(contd.)*

(₹ in Lacs)

VIII Other Disclosures

A) Parent Company	**2013-14**	2012-13	2011-12	2010-11	2009-10
a) Present value of the Obligation as at the end of the year	**533.50**	489.80	547.99	536.77	517.70
b) Fair value of Plan Assets as at the end of the year	**520.12**	463.09	590.62	549.91	510.26
c) (Surplus) / Deficit as at the end of the year	**13.38**	26.71	(42.63)	(13.16)	7.44
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	**(25.03)**	(2.31)	(1.45)	1.16	(0.98)
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	**(2.39)**	(0.63)	0.75	(1.87)	3.15

B) Subsidiary	**2013-14**	2012-13	2011-12	2010-11	2009-10
a) Present value of the Obligation as at the end of the year	**22.22**	22.57	15.83	9.37	9.08
b) Fair value of Plan Assets as at the end of the year	**23.77**	24.96	2.74	2.51	—
c) (Surplus) / Deficit as at the end of the year	**(1.55)**	(2.39)	13.09	6.86	9.08
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	**3.40**	2.86	(1.17)	7.85	5.11
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	**(0.03)**	(1.01)	—	0.01	—

C) Share of Joint Venture	**2013-14**	2012-13	2011-12	2010-11	2009-10
a) Present value of the Obligation as at the end of the year	**0.27**	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	**0.27**	0.97	0.65	0.44	—
d) Experience Adjustment on Plan Obligation [Gain / (Loss)]	**0.18**	(0.04)	(0.04)	(0.01)	—
e) Experience Adjustment on Plan Assets [Gain / (Loss)]	**—**	—	—	—	—

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
29. FINANCE COSTS		
Interest Expenses	**275.49**	259.43
Other Borrowing Costs	**5.83**	12.72
	281.32	272.15
Share of Joint venture [Refer Note 33(b)]	**12.30**	9.34
TOTAL	**293.62**	281.49

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
30. DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation on Tangible Asset	**177.97**		216.79	
Less:Transferred from Revaluation Reserve (Refer Note 12.4)	**2.57**	**175.40**	3.05	213.74
Amortization on Intangible Asset		**129.04**		1,060.30
		304.44		1,274.04
Share of Joint venture [Refer Note 33(b)]				
Depreciation on Tangible Asset		**18.15**		18.25
Amortization on Intangible Asset		**0.11**		1.93
TOTAL		**322.70**		1,294.22

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
31. OTHER EXPENSES		
Consumption of Stores and Spare Parts	**0.05**	5.66
Power and Fuel	**134.40**	132.49
Rent	**292.75**	311.19
Repairs – Buildings	**19.00**	32.75
– Machinery	**13.71**	15.03
– Others	**62.02**	59.30
Royalties	**1,762.95**	1,594.10
Recording Expenses	**103.06**	112.06
Carriage, Freight and Forwarding Charges	**162.93**	228.60
Rates & Taxes	**162.55**	176.62
Insurance	**27.67**	32.04
Travel and Conveyance	**368.36**	367.62
Advertisement and Sales Promotion	**941.15**	1,579.76
Editorial Expenses	**85.38**	86.08
Printing & Publishing Expenses	**81.47**	89.19
Printing and Communication Expenses	**357.86**	229.72
Bad Debts/Advances written off	**—**	256.06
Provision for Doubtful debts and Advances	**378.19**	268.62
Provision for Magazine Returns	**14.20**	19.83
Loss on sale of Fixed Assets	**4.22**	9.72
Investment Write off - Long term	**0.05**	—
Legal/Consultancy Expenses	**508.12**	574.43
Event Expense	**—**	583.57
Payment to Auditors	**57.48**	54.77
Miscellaneous Expense	**569.79**	699.22
	6,107.36	7,518.43
Share of Joint venture [Refer Note 33(b)]	**59.78**	66.16
TOTAL	**6,167.14**	7,584.59

(₹ in Lacs)

	Year ended 31st March, 2014	Year ended 31st March, 2013
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, 2014	Proportion of ownership interest as at 31st March, 2013
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	**58.63%**	100%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

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

Name	Country of Incorporation	**Proportion of ownership interest as at 31st March, 2014**	Proportion of ownership interest as at 31st March, 2013
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 ₹11.18 Lacs; 31.03.13 - ₹14.72 Lacs) as at 31st March, 2014 are estimated at ₹ 14.18 Lacs (31.03.13 - ₹22.53 Lacs).

35. Contingent liabilities in respect of -

(₹ in Lacs)

		As at 31st March, 2014	As at 31st March, 2013
(i)	Guarantees given by Banks	**1.50**	1.50
(ii)	Claims against the Group not acknowledged as debts in respect of -		
	Copyright matters	**20.00**	24.85
	Income Tax matters	**857.94**	667.93
	Sales tax / value added tax / entry tax matters	**593.00**	635.82
	Excise duty matters	**56.08**	56.08
	Custom duty matters	**266.75**	266.75

36. Un-hedged exposures in foreign currencies

	As at 31st March, 2014		As at 31st March, 2013	
	Foreign Currency (in'Lacs)	**₹ (in 'Lacs)**	Foreign Currency (in'Lacs)	₹ (in 'Lacs)
Unsecured Loan - External Commercial Borrowing	**US$ 3.65**	**218.30**	US$ 3.65	198.69
Secured Loan - Buyers Credit	**NIL**	**NIL**	US$ 0.208	11.31
Interest on unsecured loan	**US$ 0.445**	**26.59**	US$ 0.445	24.20
Interest on secured loan	**NIL**	**NIL**	US$ 0.0036	0.19
Current Liabilities	**NIL**	**NIL**	AU$ 0.2767	15.70
Current Liabilities	**NIL**	**NIL**	US$ 0.5900	32.09
Balances with Bank	**US$ 0.0004**	**0.02**	US$ 0.0004	0.02
Trade Receivables	**US$ 5.21**	**302.32**	US$ 4.17	225.34
Trade Receivables	**SAR 0.32**	**5.13**	NIL	NIL
Trade Receivables	**MYR 13.74**	**13.74**	NIL	NIL
Trade Receivables	**NPR 0.14**	**0.09**	NIL	NIL
Trade Receivables	**NIL**	**NIL**	MUR 0.03	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 Note 2.2, 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 for the year would have been lower by about ₹ 0.08 Lac (Previous Year ₹ 0.06 Lac), without any significant impact on basic and diluted earning per share.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

37.2 Basic and Diluted Loss / Earnings per share :

	Year ended 31st March, 2014	Year ended 31st March, 2013
Number of equity shares at the beginning of the year	**1,74,02,938**	1,74,02,938
Number of equity shares at the end of the year	**1,74,02,938**	1,74,02,938
Weighted average number of equity shares outstanding during the year (A)	**1,74,02,938**	1,74,02,938
Weighted average number of potential equity shares on account of employee stock options (B)	**31**	—
Weighted average number of equity shares for computing diluted earnings per share [C = (A+B)]	**1,74,02,969**	1,74,02,938
Nominal value of each equity share (₹)	**10**	10
Profit after Taxation and Minority Interests available for equity shareholders (₹ in Lacs) [D]	**1,890.54**	810.15
Basic earnings per share (₹) [D/A]	**10.86**	4.66
Diluted earnings per share (₹) [D/C]	**10.86**	4.66

38. Segment Reporting :

Primary Segment information (Business Segments) (₹ in Lacs)

		Year ended 31st March, 2014						**Year ended 31st March, 2013**					
	Particulars	**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	**11,396.32**	**5,623.64**	**729.24**	**17,749.20**	**—**	**17,749.20**	13,980.39	4,299.04	320.02	18,599.45	—	18,599.45
	– Intersegment Sales and License Fees	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—
	Total	**11,396.32**	**5,623.64**	**729.24**	**17,749.20**	**—**	**17,749.20**	13,980.39	4,299.04	320.02	18,599.45	—	18,599.45
2	Segment Result *	**4,245.11**	**175.18**	**(392.91)**	**4,027.38**	**—**	**4,027.38**	4,842.35	(1,149.43)	(1,283.18)	2,409.74	—	2,409.74
	Interest expense not allocated to segments						**(282.59)**						(268.77)
	Other unallocated expenditure (net)						**(1,544.64)**						(1,419.43)
	Profit before taxation						**2,200.15**						721.54
3	Segment Assets	**12,603.79**	**2,726.20**	**393.77**	**15,723.76**	**—**	**15,723.76**	12,741.49	2,405.58	500.00	15,647.07	—	15,647.07
	Unallocated						**8,629.15**						8,834.67
	Total Assets						**24,352.91**						24,481.74
4	Segment Liabilities	**5,312.69**	**325.59**	**326.66**	**5,964.94**	**—**	**5,964.94**	5,723.82	383.61	7,219.90	13,327.33	(2,464.60)	10,862.73
	Unallocated						**1,484.76**						2,010.88
	Total Liabilities						**7,449.70**						12,873.61
5	Segment Capital Expenditure	**756.66**	**—**	**1.51**	**758.17**			618.27	—	7.99	626.26		
6	Segment Depreciation and amortisation	**297.95**	**1.49**	**23.26**	**322.70**			321.11	945.57	27.54	1,294.22		
7	Segment non-cash expenditure other than Depreciation and amortisation	**334.34**	**21.52**	**22.33**	**378.19**			331.00	193.71	19.83	544.54		

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, 2014 *(contd.)*

Secondary Segment Information (Geographical Segments)

	12 Months to 31.03.14	12 Months to 31.03.13
Segment Revenue		
– within India	**17,039.87**	16,824.70
– outside India	**709.33**	1,774.75
TOTAL	**17,749.20**	18,599.45
Segment Assets		
– within India	**15,395.82**	15,217.47
– outside India	**327.94**	429.60
TOTAL	**15,723.76**	15,647.07
Capital Expenditure		
– within India	**758.17**	626.26
– outside India	**–**	–
TOTAL	**758.17**	626.26

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)	Joint Venture 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)	Key Management Personnel
	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

** Resigned with effect from 24th April, 2014

\# 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	21.82	–	–	–
	Previous Year	292.31	–	–	–
Rent Expenses	Current Year	12.17	–	–	–
	Previous Year	13.28	–	–	–
Remuneration to Managerial Personnel	Current Year	–	140.53	126.47	–
	Previous Year	–	45.82	122.81	19.66
Balance Outstanding at year end :					
Long Term Loans & Advances (security deposit)	Current Year	–	–	–	–
	Previous Year	5.77	–	–	–
Trade Payables	Current Year	–	–	–	–
	Previous Year	19.13	–	–	–

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31st March, 2014 *(contd.)*

40. (a) Rent and share of Joint Venture disclosed under Other Expenses (Note 31) includes lease payments of ₹.161.03 Lacs (31.03.2013 - ₹162.59 Lacs) and ₹ 12.39 Lacs (31.03.2012-₹ 12.33 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: (₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Parent Company	**Share of Joint Venture**	Parent Company	Share of Joint Venture
Not later than one year	**NIL**	**12.93**	20.18	12.93
Later than one year and not later than five years	**NIL**	**NIL**	44.70	41.58
More than five years	**NIL**	**NIL**	NIL	NIL

40. (c) Rent income includes sub-lease payments of ₹52.38 Lacs (Previous Year - ₹ 112.28 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, 2014, ₹ Nil (Previous Year - ₹ 22.46 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(31.03.2013-₹ 25.69 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

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

		Year ended 31st March, 2014		Year ended 31st March, 2013	
A.	**Cash Flow from Operating Activities**				
	Profit Before Tax and Minority Interest		**2,200.15**		721.54
	Adjustments for:				
	Depreciation and Amortisation Expenses	**322.70**		1,294.22	
	Bad debt/Advances written off	**—**		256.06	
	Provision for Doubtful Debts/Advances	**378.19**		268.62	
	Interest Expenses	**282.59**		268.77	
	Other borrowing costs	**11.03**		12.72	
	Liabilities / Provisions no longer required written back	**(709.26)**		(492.59)	
	Provision for Doubtful Debts/ Advances no longer required written back	**(15.43)**		(205.66)	
	Interest Income	**(155.59)**		(108.92)	
	Unrealised Loss on foreign currency transactions/translation	**19.61**		9.36	
	Loss on sale of Fixed Assets	**4.22**		9.72	
	Profit on sale of Fixed Assets	**(0.72)**		(0.58)	
	Investments written off	**0.05**		—	
	Dividend from Long Term Investments-Other than Trade	**(108.15)**		(77.25)	
			(29.24)		1,234.47
	Operating profit before Working Capital Changes		**2,229.39**		1,956.01
	Changes in Working Capital:-				
	(Decrease) in Trade Payables	**56.91**		(156.37)	
	Increase in Provisions	**89.02**		389.41	
	Increase/ (Decrease) in Other Current Liabilities	**(42.46)**		302.84	
	Increase/ (Decrease) in Other Long Term Liabilities	**(0.13)**		0.10	
	(Increase) in Trade and Other Receivables	**(424.71)**		(981.65)	
	Decrease in Inventories	**570.75**		477.94	
	(Increase) / Decrease in Loans and Advances	**1,413.53**		(1,020.08)	
	Decrease in Other Non Current Assets	**9.45**		7.58	
			1,672.36		(980.23)
	Cash generated from operations		**3,901.75**		975.78
	Direct Taxes (Net of Refund)		**(1,161.72)**		(379.65)
	Net cash generated from Operating Activities		**2,740.03**		596.13
B.	**Cash Flow from Investing Activities**				
	Purchase of fixed assets	**(758.17)**		(626.23)	
	(Transfer for) Fixed Capital Investment Subsidy	**—**		(0.84)	
	Sale of Fixed assets	**29.23**		7.35	
	Interest Received	**188.82**		95.68	
	Dividend from Long Term Investments-Other than Trade	**108.15**		77.25	
	Net cash (used in) Investing Activities		**(431.97)**		(446.79)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 *(contd.)*

(₹ in Lacs)

	Year ended 31st March, 2014		Year ended 31st March, 2013	
C. Cash Flow from Financing Activities				
Repayment of Long Term Borrowings	**(4.30)**		(856.48)	
Repayment of Short Term Borrowings	**(2,051.10)**		—	
Proceeds from Long Term Borrowings	**161.75**		11.81	
Proceeds from Short Term Borrowings	**20.00**		1,011.41	
Interest paid	**(277.22)**		(267.97)	
Other borrowing cost paid	**(11.02)**		(12.72)	
Dividend Paid	**(259.16)**		—	
Dividend Distribution Tax Paid	**(44.36)**		—	
Net cash (used in) Financing Activities		**(2,465.42)**		(113.95)
Net Increase in cash and cash equivalents (A+B+C)		**(157.36)**		35.39
Cash and Cash Equivalents at the beginning of the year		**1,151.50**		1,116.11
Cash and Cash Equivalents at the end of the year		**994.14**		1,151.50

Notes to Consolidated Cash Flow Statement for the Year ended 31st March, 2014

1 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.

2 Cash and Cash equivalents comprise of :-

(₹ in Lacs)

	As at 31st March, 2014	As at 31st March, 2013
Cash on hand	**3.68**	3.38
Cheques on hand	**0.03**	77.10
Bank Balances	**983.50**	1,069.48
Unpaid Dividend @	**3.19**	1.31
Share of Joint Venture [Note 33(b) to the Consolidated Financial Statement]	**3.74**	0.23
TOTAL	**994.14**	1,151.50

@ Represents not available for use by the Company.

3 Allotment of Equity Shares by Open Media Network Private Limited (OMNPL), subsidiary of the Parent Company, to minority share holders on conversion of borrowings taken from them, being noncash transaction, has not been considered for the purpose of the prfeparation of the above consolidated Cash Flow Statement (Refer Note 8.1).

4. 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,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
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, 2014	Year ended 31st March, 2014	Year ended 31st March, 2014	Year ended 31st March, 2014
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	42,042,642 Equity shares of ₹ 10 each, fully paid
(b) Extent of holding	70.23%	100.00%	100.00%	58.63%
3. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year not dealt with in the Company's accounts :				
(i) for the financial year of the subsidiary	(GBP 1,42,068)	(₹ 28.21)	(₹ 2.22)	(₹ 3.23)
(ii) for the previous financial years/period since it became a subsidiary	(GBP 14,20,648)	(₹ 1,431.43)	(₹ 145.82)	(₹ 3,919.82)
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,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. 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	121.98	681.81	511.31	—	476.81	(114.20)	—	(114.20)	—
		GBP	0.70	1.17	6.95	5.08	—	4.99	(1.42)	—	(1.42)	—
2	RPG Global Music Limited	INR	1,026.20	(1,459.64)	34.70	468.14	—	37.11	(28.21)	—	(28.21)	—
3	Kolkata Metro Networks Ltd	INR	5.00	(165.22)	261.88	422.10	—	73.28	(2.22)	—	(2.22)	—
4	Open Media Network Private Limited	INR	4,204.26	(4,157.46)	237.40	190.61	—	724.96	(230.36)	(5.61)	(224.75)	—

Exchange rates as at year end considered for conversion:

GBP 1= ₹ 98.98 for Current Asset (Closing Buying Rate), Fixed Asset, Share Capital. Share Premium at Historical cost

GBP 1= ₹ 100.75 for Secured Loan and Current Liabilities & Provision (Closing Selling Rate)

GBP 1= ₹ 95.56 for Income (Average Selling Rate)

GBP 1= ₹ 97.17 for Expense (Average Buying Rate)

On behalf of the Board

Kolkata,
12th June, 2014

T. Paul
Company Secretary

B. Raychaudhuri
Director

G. B. Aayeer
Director

NOTES