

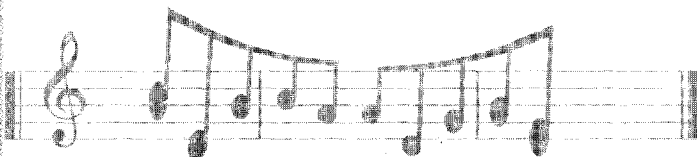


ANNUAL REPORT
& ACCOUNTS
2003-04

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SAREGAMA INDIA LIMITED





SAREGAMA INDIA LIMITED

Board of Directors

Mr. R. P. Goenka, *Chairman*
 Mr. S. Goenka, *Vice Chairman*
 Mrs. S. Goenka
 Mr. S. Banerjee
 Mr. P. K. Mohapatra
 Mr. H. Neotia
 Mr. J. N. Sapru
 Mr. D. Basu
 Mr. C. Ancliff
 Mr. T. K. Maji

Managing Director

Mr. D. R. Mehta

Secretary

Mr. T. K. Banerjee

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
 Canara Bank

Registered Office

33, Jessore Road,
 Dum Dum, Kolkata - 700 028

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Notice

NOTICE is hereby given that the Fifty-Seventh Annual General Meeting of the Members of Saregama India Limited will be held at Williamson Magor Hall (1st Floor) of The Bengal Chamber of Commerce and Industry, 6, Netaji Subhas Road, Kolkata-700 001 on Wednesday, the 15th day of September, 2004 at 11.00 A.M. to transact the following business:

1. To receive, consider and adopt the Profit & Loss Account for the nine months period ended 31st March, 2004, the Balance Sheet as at that date and the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Mr. S. Goenka who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. J. N. Sapru who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D. Basu who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS

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

6. (As an Ordinary Resolution)

"RESOLVED that in modification of the Resolution passed at the Annual General Meeting of the Shareholders held on 23rd September, 1991, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company, for borrowing any sum or sums of money from time to time from any one or more of Financial Institutions, Government/Government Bodies, Company's Bankers and/or from any one or more other persons, Firms or Bodies Corporate, whether by way of Term Loans, Cash Credit, Advance, Deposits, Bills Discounting or otherwise, and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 100 Crores (Rupees One Hundred Crores) exclusive of interest. The Board of Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds for mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think

fit and containing such conditions and covenants as the Board of Directors may think fit."

Registered Office :

33, Jessore Road, Dum Dum
Kolkata 700 028, India

Dated : 18th June, 2004.

By Order of the Board

T. K. Banerjee
Secretary

Notes :

1. The Explanatory Statement in respect of item 6 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY OR AT THE OFFICE OF THE COMPANY'S SECRETARIAL DEPARTMENT AT DUNCAN HOUSE, 31, NETAJI SUBHAS ROAD, KOLKATA 700 001 NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. In accordance with Clause 49 VI (A) of the Listing Agreement, the brief profile regarding each of the Director seeking re-appointments according to items 2, 3 and 4 of this Notice for the forthcoming Annual General Meeting are provided in the Notes annexed hereto.
4. The Register of Members and Share Transfer Books shall remain closed from 7th September, 2004 to 15th September, 2004 (both days inclusive).
5. Pursuant to the provision of Section 205A of the Companies Act, 1956, dividend for the Financial Year ended 31st March, 1997 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. Shareholders who have not encashed their Dividend Warrant(s) so far for the Financial Year ended 31st March, 1997, or any subsequent Financial Years, are requested to make their claims at the earliest to the office of the Registrar and Transfer Agents Messrs. MCS Limited, 77/2A, Hazra Road, Kolkata 700 029. It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof. The Dividend for the Financial Year ended 31st March, 1997 is due to be transferred to the aforesaid account on or before 2nd November, 2004.
6. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No. 2B with the Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata 700 029 (in the case of physical shares) or to the Depository Participants (in the case of dematerialised shares). Blank forms will be supplied on request.
7. Members are requested to notify immediately any change of address :
 - To the Depository Participants in respect of electronic share accounts and
 - To Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata 700 029 in respect of physical share accounts.



8. In case the mailing address mentioned in the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
9. Consequent to the reduction of the share capital of the Company, pursuant to the Order of the Hon'ble High Court, Calcutta dated 24th July, 1996, the old shares of the Company stands cancelled. As per the Court Order, two new shares were issued to the shareholders in lieu of five old shares held by them in the Company. Accordingly, circulars were sent to shareholders from time to time, requesting them to send their old share certificates to the Company and to obtain their new share certificates in lieu thereof. The Company once again requests to those shareholders, who are yet to send their old share certificates held prior to reduction to capital, to send the same to its Registrars, MCS Limited at the aforesaid address, and get their old share certificates exchanged for new share certificates. Shareholders may note that the old share certificates are neither tradeable in the stock market nor will they be acceptable for dematerialisation.
10. Members, holding shares in identical order of names in more than one folio and which have the same addresses, are requested to send their share certificates to the Registrars of the Company, Messrs. MCS Limited, to enable them to consolidate the holdings into one folio.
11. Members who are still holding their share certificates in physical form are requested to get their shares dematerialised. Shareholders may note that SEBI, vide its Circular No. SMDRP/POLICY/CIR-23/2000 dated 29th May, 2000, has decided to include the Company for compulsory dematerialised trading of securities.
12. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the Meeting.
13. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
14. Members having queries relating to Accounts may send their queries at least 7 days before the date of the Meeting, i.e., it should reach the Company's Secretarial Department at 31, Netaji Subhas Road, Kolkata 700 001 by 8th September, 2004.

Annexure to the Notice

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

1. In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to item 6 of the accompanying Notice dated 18th June, 2004.

2. Item 6

In terms of Section 293(1)(d) of the Companies Act, 1956, the consent of the Members in General Meeting is required to enable the Board of Directors to borrow moneys, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business), exceed the aggregate of the paid-up capital and free reserves,

that is to say, reserves not set apart for any specific purpose.

The Members authorized the Board to make borrowings upto Rs. 25 Crores in terms of Section 293(1)(d) of the Act at the Annual General Meeting held on 23rd September, 1991. In view of Company's plan for modernization, expansion and diversification of business, the Board considers it necessary and appropriate that the limit be enhanced to Rs. 100 Crores to meet the requirement of funds. Your Directors recommend that the Ordinary Resolution set out at item 6 of the annexed Notice, be passed in the interest of the Company.

None of the Directors of the Company is concerned or interested in the resolution.

Brief profile of Directors seeking re-appointments at the Annual General Meeting.

Sanjiv Goenka

Date of Birth	29th January, 1961
Expertise in specific Functional areas	<p>Recognised as one of India's best known new-generation industrialists. Mr. Sanjiv Goenka's experience and expertise cover a vast range of business with which the RPG Group has been associated – tyres, power, chemicals, entertainment and retailing. Mr. Goenka has recently played a key role in ushering in organised retail revolution in the country. As the youngest ever President of CII, India's leading Confederation of Industries, Mr. Goenka spearheaded Indian business transition to the new age and led a number of key delegations to Europe, USA and other parts of the world.</p> <p>His deep interest in technology is reflected in the Chairmanship of the Board of Governors, Indian Institute of Technology, Kharagpur. For three years in a row, this institution was rated by India Today as the country's best engineering college.</p>
Qualification	B.Com.

**Sanjiv Goenka (Contd.)**

Directorship including position held in other companies (excluding foreign companies)	RPG Enterprises Ltd., CESC Ltd., Phillips Carbon Black Ltd., Spencer & Company Ltd., Spencer International Hotels Ltd., Harrisons Malayalam Ltd., Graphite India Ltd., Spencers Travel Services Ltd., Noida Power Co. Ltd., RPG Guardian Pvt. Ltd., Foodworld Supermarkets Ltd., Great Wholesale Club Ltd., Woodlands Hospital & Medical Research Centre Ltd.
Committee position	Chairman of Shareholders/Investors Grievance Committees of Saregama India Limited and CESC Limited and Member of Audit Committee of CESC Limited.

Jagdish Narain Sapru

Date of Birth	16th November, 1933
Expertise in specific Functional areas	50 years in Business and Management
Qualification	M.A. (Economics)
Directorship including position held in other companies (excluding foreign companies)	Coates of India Ltd., BOC India Ltd., Bay-Forge India Ltd., Nicco Parks & Resorts Ltd., Philips India Ltd., Krishvidur Services Pvt. Ltd., Rakshvidur Services Pvt. Ltd., Urpas Investments Pvt. Ltd.
Committee position	Chairman of Audit Committees of Philips India Ltd. & Saregama India Ltd., Member of Audit Committee of BOC India Ltd., Chairman of Remuneration / Compensation Committee of Coates of India Ltd. & Saregama India Ltd., Member of Remuneration Committees of BOC India Ltd. & Philips India Ltd., Chairman of Shareholders / Investors Grievance Committee of Coates of India Ltd. and Member of Shareholders/Investors Grievance Committee of BOC India Ltd.

Dipankar Basu

Date of Birth	10th August, 1935
Expertise in specific Functional areas	Mr. Dipankar Basu is the non-executive Chairman of Securities Trading Corporation of India Ltd., Rain Calcining Ltd. and Sun F&C Asset Management (I) Pvt. Ltd. He is also on the Boards of several other companies in India. Mr. Basu was previously the Chairman of State Bank of India. He served concurrently on the Boards of a number of SBI subsidiaries including those engaged in investment banking and fund management. Between 1996 and 1999, Mr. Basu served as a member of the Disinvestment Commission set up to advise the Government of India on public sector disinvestments. During 1997-98, Mr. Basu was a member of Narasimham Committee on Banking Sector Reforms. Mr. Basu brings with him long experience and specialised knowledge of financial markets in India. He has also several years of Board level experience in companies engaged in a wide spectrum of businesses – both financial and non-financial.
Qualification	Master's degree in Economics from Delhi University.
Directorship including position held in other companies (excluding foreign companies)	Securities Trading Corporation of India Ltd., Rain Calcining Ltd., Sun F&C Asset Management (India) Pvt. Ltd., Chambal Fertilisers & Chemicals Ltd., Peerless General Finance & Investment Co. Ltd., SBI Cards & Payment Services Pvt. Ltd., Jet Airways (India) Pvt. Ltd., iGate Global Solutions Ltd., Asian Paints (India) Ltd., Deepak Fertilizers & Petrochemicals Corp. Ltd.
Committee Position	Chairman of Audit Committee of Securities Trading Corporation of India Ltd., Chairman of Remuneration Committees of Rain Calcining Ltd., iGate Global Solutions Ltd. and Asian Paints (India) Ltd., Chairman of Shareholders' Grievance Committee of Deepak Fertilizers & Petrochemicals Corp. Ltd., Member of Audit Committees of iGate Global Solutions Ltd. and Peerless General Finance & Investment Co. Ltd. and Member of Shareholders' Grievance Committee of iGate Global Solutions Ltd.



Directors' Report

Your Directors present the Fifty-Seventh Annual Report of Saregama India Limited along with the audited statement of accounts for the 9 months period ended 31st March, 2004.

Financial Results

The Company's broad financial results are summarised below :

(Rs. in lakhs)

	9 Months ending 31st March '04	15 Months ending 30th June '03
Total income	7106	12351
Profit/(Loss) from operations	(1510)	(4746)
Extraordinary item	Nil	Nil
Provision for Contingencies	600	Nil
Profit/(Loss) before tax	(2110)	(4746)
Net Profit/(Loss) (after tax and extraordinary items)	(2110)	(4809)
Dividend (including tax thereon)	—	—
Transfer to General Reserve	—	—
Reserves (excluding Revaluation Reserves)	4691	5333

Dividend

In view of the loss incurred during the year, your Directors regret their inability to recommend any dividend for the period ended 31st March, 2004.

Domestic Operations

The year 2003-04 did not bring in any respite to music industry. Music sale in cassette format declined further. During the accounts period, Saregama witnessed drop of 21% in cassette sale over the corresponding previous period. This was due to combination of adverse factor like spread of FM Channels, popularity of VCDs, rampant piracy through high-tech format like MP3 etc. The Company invested about Rs. 16 crore in acquisition of music of 14 new hindi films and also spent about Rs. 6 crore on its marketing. Unfortunately, barring two films, music of majority of films could not attract volume sufficient enough to recover the investment. Music of big films like 'Parwana', 'Kuch Na Kahoo', 'Main Prem Ki Diwani Hoon', 'Zinda Dil', 'Ko Mil Gaya', 'L.O.C' etc. could not post even break even volumes and contributed negative margins. Despite such adverse business scenario, the Company made achievements in the following areas :

- Sale of Compact Discs showed growth of 22% albeit not sufficient to offset loss of revenue in cassette sale.
- The Company found sunrise business in Home Video where 40% topline growth was posted, earning decent bottomline returns. The Company renewed licenses with Warner and additionally, signed with three more prestigious overseas studios.

iii. Loss on cassette sales was partially offset by achieving economies in material cost of Magnetic Tape, Polystyrene and cost of replication of CDs.

iv. Despite continued liquidity pressure, judicious working capital management lead to interest savings of 20% over the corresponding previous period:

v. The Company continued its business focus on the catalogue and brought out quite a few successful compilations like 'Lata-Ehsas', 'Tum Itna Jo', 'Gham Ke Badsah', 'Sunheri Yaadein' etc. Premium 'Legend' launch was also huge success in market.

vi. In regards to new products, the Company successfully launched product like Jagit Singh's album 'Close to my heart' and tied up with leading TV Channels to showcase the launch of this album, also achieving saving of substantial expenditure on promotion.

Publishing Revenues

With advent of FM radio and new formats of delivery of music like digital distribution etc. in the newly evolving business model for the music industry, the content has virtually become king. With Company's rich catalogue build over last many decades, your Company being better placed over competition have indentified publishing as a critical source having substantial potential of revenue growth. While focus continued on receiving revenue from collecting societies for public performances, a portion of revenue also came from cover version recordings by other music companies and licensing of the works for TV commercials, films and even in music videos.

TV Software :

TV Software Division which was transferred last year to Saregama Films Limited, a wholly owned subsidiary of the Company by virtue of a scheme of arrangement has progressively consolidated its operation by catering to the other South Indian languages other than Tamil.

Film Business

Besides existing business of music, home video and TV software, Saregama India Limited through its wholly owned subsidiary Saregama Films Limited has also entered into high potential film making business. The first film of this subsidiary is scheduled for release next year.

International Operations :

International operations are handled by Saregama's two subsidiaries - Saregama Plc. and RPG Global Music Limited. Global retail sales of recorded music in 2003-04 in physical formats showed steep drop both in the value and volume.



Growing popularity of digital downloads and associated internet piracy adversely affected sale of legitimate recorded music in physical format. This has impacted Indian music as well with a host of sites offering free downloads of Indian music. Both international subsidiaries suffered losses; large portion of which was on account of provisioning for slow moving inventory and debtors. Requisite initiatives have been taken up to reduce losses of the overseas subsidiaries through containment of cost, downsizing of distribution channel and thrust on publishing revenue.

Outlook

Acquisition cost of new hindi films has come down substantially, however still does not offer many profitable opportunities due to sliding down of physical music demand and high marketing cost. The Company's efforts to de-risk such acquisition by following variable royalty basis model have largely succeeded. Most of the music companies have also reduced their investment on new upcoming artistes. These developments will help the Company to progressively achieve a break even in its physical music business.

In regard to non-physical music business, publishing revenue is expected to go up substantially in coming years through strengthening of collecting societies and tapping the potential in the overseas markets. Further, the boom in ringtones worldwide and introduction of paid digital downloads promise to become significant revenue stream in future. Dramatic growth in the Home video business is expected to continue. Combination of all the factors should lead to improvement in the profitability.

Corporate Governance &

Management Discussion and Analysis Reports

The Corporate Governance and Management Discussion and Analysis Reports, which form an integral part of this report are set out as separate Annexures to this Report, together with the certificate from the auditors of the Company confirming compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

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 A.G.M. held on 24th September, 2001, approved the introduction of the Employee Stock Option Scheme for eligible employees of the Company and its subsidiaries. During the period under review, no options were granted to the employees. 28376 number of options have lapsed during the period, due to resignation of the concerned employees. The disclosure required 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 Directors' Report.

Fixed Deposits

The Company accepted two Fixed Deposits on 27th March, 2003 aggregating to Rs. 55 lakhs from Directors of the Company and no amount of interest was outstanding as on the Balance Sheet date.

Particulars of Employees

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report and is annexed hereto.

Directors

Mr. B. S. Pandit, nominee of UTI resigned on 3rd December, 2003 and Mr. T. K. Maji was nominated as Director in his stead. Your Directors placed on record their appreciation for the services rendered by Mr. B. S. Pandit during tenure of his Directorship with the Company.

Mr. S. Goenka, Mr. J. N. Sapru and Mr. D. Basu retire by rotation under Article 102 of the Articles of Association of the Company and, being eligible, offer themselves for re-appointment.

Auditors

M/s Price Waterhouse, the Auditors of the Company, retire at the A.G.M. and, being eligible, offer themselves for re-appointment.



Human Resources Development

The quality of people is more important than any of the other assets of the Company. There is a constant endeavour to improve the knowledge, skills and attitude through various training programmes for employees of the Company. This has created greater awareness of safety, environmental protection, compliance to regulatory requirements resulting in greater performance enhancement.

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 Auditor's Report thereon form part of the Annual Report.

Conservation of Energy, Technology Absorption and foreign exchange earnings and outflow

The Company regularly conducts an energy audit in the factory to ensure energy conservation. The technology for the manufacture of audio cassettes has not undergone any major change.

During the accounting period, the Company has earned foreign exchange to the extent of Rs. 238 lakhs against which the outflow on account of the import of raw materials, finished goods, capital items and operational expenses, including royalty, was Rs. 216 lakhs resulting in a net inflow of Rs. 22 lakhs.

Acknowledgement

Your Directors express their sincere thanks to artistes, composers, musicians, film producers, suppliers, dealers, bankers, financial institutions and shareholders for their continued support. Your Directors also thank the Central and State Government for their cooperation.

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Nine Months period ended 31st March, 2004

Name	Age	Qualification	Date of Commencement of Employment	Designation/ Nature of Duties	Remuneration (Rs.)	Experience (Years)	Last Employment
*Abhik Mitra	44	B.Tech.	12.12.2000	Managing Director & CEO - Entertainment Sector	1209005	21	President - E-RPG Ventures Ltd.
*D. R. Mehta	61	B. Sc., L.L.B., MBA	03.09.2003	Managing Director	1952292	35	Managing Director - RPG Cellular Services Ltd.
Harish Dayani	50	B. Sc. (Hons.)	18.01.1996	Chief Executive - Film Business	2209144	27	Business Manager - ML Exports, Hindustan Lever Ltd.

- Notes :**
1. Gross remuneration includes salaries, allowances, bonus, leave travel assistance and house rent and Company's contribution to retirement funds on actuals and all other taxable value of perquisites.
 2. Nature of employment is contractual for the employees referred to above. Other terms and conditions are as per the Company's rules.
 3. None of the above employees is related to any Director of the Company.

*Employed for part of the period.

By Order of the Board

Kolkata,
18th June, 2004

R. P. Goenka
Chairman



Annexures to the Report to the Directors for the 9 months period ended 31st March, 2004

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 :

1. Options granted during 2001-02	59533
2. Options granted during 2002-03	Nil
3. Options granted during 2003-04	Nil
4. Total options granted as of 31st March, 2004 (period end)	59533
5. Pricing formula	The exercise price of the option is the closing price of National Stock Exchange of India Ltd.as on the date of the grant. This pricing is based in accordance with the definitions of market price as stated in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
6. Options vested	15568
7. Options exercised	Nil
8. Number of shares arising as a result of exercise of Options	Nil
9. Options lapsed	28376
10. Variation of terms of Options	Nil
11. Money realised by the exercise of Options	Nil
12. Total number of Options in force	31157

Employee-wise details of Options granted under Employee Stock Option Scheme

i) Senior Managerial Personnel :

Name	Designation	No. of Options granted
Harish Dayani	Chief Executive – Film Business	3397
Biman Mitra	V. P. – Manufacturing	2193
Kulmeet Makkar	V.P. – Sales & Reg. Mktg.	2285

ii) Employees granted 5% or more of the Options :

Name	Designation	No. of Options granted
Harish Dayani	Chief Executive – Film Business	3397

iii) Employees who were granted Options equal to or exceeding 1% of the Issued capital : None

Name	Designation	Total Options
—	—	Nil

Diluted Earnings per share (EPS) pursuant to Issue of shares on exercise of Options calculated in accordance with the International Accounting Standard (IAS) 33 :

No dilution of EPS has taken place as no Options have been exercised.



Corporate Governance Report

I. Company's philosophy on Corporate Governance

Effective Governance at Saregama India Limited is directed at the enhancement of shareholder value while protecting the interests of the other stakeholders.

II. (a) Composition of the Board of Directors as on 31st March, 2004

The Board of Directors of the Company comprised

- 5 Non-Executive Directors,
- 5 Non-Executive Independent Directors, one of whom is a nominee Director from UTI, and
- 1 Executive Director who is the Managing Director.

Name of the Directors	Category of Directors	No. of Directorships in other Public Limited Companies incorporated in India	No. of other Committee positions held	
			As Member	As Chairman
Mr. R. P. Goenka (Chairman)	Non Executive	4	None	None
Mr. S. Goenka (Vice Chairman)	Non Executive	12	2	1
Mrs. S. Goenka	Non Executive	None	None	None
Mr. P. K. Mohapatra	Non Executive	9	5	1
Mr. S. Banerjee	Non Executive	10	1	None
Mr. H. V. Neotia	Non Executive Independent	9	2	None
Mr. T. K. Maji (Nominee of UTI)	Non Executive Independent	1	None	None
Mr. C. Ancilff	Non Executive Independent	None	None	None
Mr. J. N. Sapru	Non Executive Independent	5	7	3
Mr. D. Basu	Non Executive Independent	7	7	4
Mr. D. R. Mehta (Managing Director)	Executive	8	4	None

(b) Attendance Record of the Directors at the Board Meetings and the Annual General Meeting (AGM) held during the Financial Year* ended 31st March, 2004

The first meeting of the Board of Directors was held after a gap of more than four months from the beginning of the financial year on 27th November, 2003 due to unavoidable circumstances. The previous meeting of the Board was held during the preceding

financial year on 25th June, 2003. During the financial year another meeting of the Board of Directors was held on 20th February, 2004.

Name of the Directors	Board Meetings during the year Held	Attended	Attendance at last AGM 24.3.2004
Mr. R. P. Goenka (Chairman)	2	-	No
Mr. S. Goenka (Vice Chairman)	2	2	Yes
Mrs. S. Goenka	2	-	No
Mr. S. Banerjee	2	2	Yes
Mr. P. K. Mohapatra	2	-	No
Mr. H. V. Neotia	2	2	No
Mr. B. S. Pandit ¹ (Nominee of UTI)	2	-	Not Applicable
Mr. T. K. Maji ¹ (Nominee of UTI)	2	1	No
Mr. C. Ancilff	2	-	No
Mr. J. N. Sapru	2	2	Yes
Mr. D. Basu	2	2	Yes
Mr. D. R. Mehta ² (Managing Director)	2	2	Yes

* In this report on Corporate Governance 'financial year' is the period from 1st July, 2003 till 31st March, 2004.

¹ Mr. T. K. Maji has been nominated as Director on 3rd December, 2003 in place of Mr. B. S. Pandit.

² Mr. D. R. Mehta has been appointed as Managing Director on and from 3rd September, 2003 in place of Mr. A. Mitra.

III. Audit Committee

Composition

The Audit Committee comprises three Non-executive Directors out of whom two are Independent.

The composition of the Audit Committee and the details of the meetings held and attended by its members during the financial year is given below :

Name of Directors	Positions Held	No. of Meetings held	No. of Meetings attended
Mr. J. N. Sapru	Chairman	2	2
Mr. H. V. Neotia	Member	2	2
Mr. S. Banerjee	Member	2	1

Terms of Reference

The terms of reference of the Audit Committee include the powers as stipulated in Clause 49 II (C) of the Listing Agreement and the role as laid down in Clause 49 II (D) of the Listing Agreement.

- The Audit Committee meetings were held on 24th September, 2003 and 20th February, 2004 during the financial year comprising 9 months. The annual financial statements for the 15 months period ended 30th June, 2003 and unaudited financial results along with Limited Review Report for the quarter ended 31st December, 2003 were reviewed by the Audit Committee at its meeting held on 20th February, 2004.