



Entertainment Sector



annual report and accounts 2005-2006



Saregama India Limited



Saregama India Limited

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Board of Directors

Mr. R. P. Goenka, *Chairman*

Mr. S. Goenka, *Vice Chairman*

Mrs. S. Goenka

Mr. J. N. Sapru

Mr. D. Basu

Mr. H. Neotia

Mr. S. Banerjee

Mr. P. K. Mohapatra

Mr. S. Chattopadhyay, *Managing Director*

Company Secretary & Head Legal

Mr. S. Coomer

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

'The Studios @ Dum Dum'
33, Jessore Road
Dum Dum
Kolkata – 700 028



NOTICE

NOTICE is hereby given that the Fifty-Ninth 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 20th day of September, 2006 at 11.00 A.M. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2006, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To appoint a Director in place of Mr. R. P. Goenka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. Goenka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. S. Goenka who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS

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

6. *As an Ordinary Resolution*

"RESOLVED that Mr. Subroto Chattopadhyay be and is hereby appointed a Director of the Company."

7. *As a Special Resolution*

"RESOLVED that subject to the approval of the Central Government pursuant to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the approval of the Company be and is hereby granted for the appointment of Mr. Subroto Chattopadhyay as the Managing Director of the Company for a period of five years with effect from 1st April, 2006 on the terms and conditions set out in the draft Agreement to be executed by the Company with Mr. Subroto Chattopadhyay, a copy whereof initialled by the Chairman is laid on the table for the purpose of identification.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to make necessary alterations/variation in the remuneration payable to Mr. Subroto Chattopadhyay including the terms and conditions of the said appointment, if any, in terms of the approval of the Central Government in this regard."

8. *As a Special Resolution*

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 93 of the Articles of Association of the Company be substituted by the following :

'93. Unless otherwise determined by the Company in General Meeting, each Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a Committee of the Board a fee per meeting of the Board or a Committee of the Board attended by him to be decided by the Board from time to time subject to the amount that may be prescribed by the Central Government pursuant to Section 310 of the Act.

All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director, or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid reasonable travelling and hotel and other expenses incurred by them for attending the Board and Committee of the Board meetings or otherwise incurred in the execution of their duties as Directors.' "

Registered Office :

'The Studios @ Dum Dum'
33, Jessore Road,
Kolkata-700 028
Dated: 27th June, 2006.

By Order of the Board

S. Coomer

Company Secretary & Head Legal



NOTICE (contd.)

NOTES :

1. The Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Items 6, 7 and 8 are annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members/Proxies should bring the Attendance Slips duly filled in, for attending the Meeting.
4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification at the Meeting.
5. In accordance with Clause 49 IV (G) of the Listing Agreement, a brief profile of the Directors seeking appointment and/or re-appointment according to Items 2, 3, 4 and 6 of this Notice are provided in the Notes annexed hereto.
6. The Register of Members and Share Transfer Books shall remain closed from 11th September, 2006 to 20th September, 2006 (both days inclusive).
7. Pursuant to the provision of Section 205A of the Companies Act, 1956, dividend for the Financial Year ended 31st March, 1997 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The Company has transferred Rs.72,522 towards unpaid and unclaimed dividend for the period ended 31.3.1998 to IEPF on 17th November, 2005. The Dividend for the Financial Year ended 31st March, 1999 is due to be transferred to the aforesaid account on or before 1st December, 2006. Shareholders who have not encashed their Dividend Warrant(s) for the Financial Year ended 31st March, 1999 or for any subsequent Financial Year(s) are requested to apply to the Company's Registrars and Share Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata-700 029. It may be noted that on transfer of the unclaimed dividend to IEPF no claims shall lie in respect thereof.
8. 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.
9. Members having queries relating to Accounts may send their queries at least 7 days before the date of the Meeting, to the Company's Secretarial Department at 31, Netaji Subhas Road, Kolkata-700 001.

ANNEXURE TO THE NOTICE

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

Item Nos. 6 & 7

The Board of Directors at its meeting held on 20th March, 2006 appointed Mr. Subroto Chattopadhyay (Mr. Chattopadhyay) as an Additional Director with effect from 1st April, 2006 to hold office upto the conclusion of the next Annual General Meeting.

Mr. Chattopadhyay is an Honours Graduate in Economics, Mathematics and Statistics from St. Xavier's College under the University of Calcutta. He has worked in senior positions with multinationals and other large corporate houses like Unilever, ITC and Pepsi, both in India as well as overseas, for over 25 years. Mr. Chattopadhyay joined the services of the Company with effect from 1st November, 2005 as President and CEO – Entertainment Sector and prior to joining the Company he was working with Pepsi Foods as Executive Director in India and Member, Executive Committee of Pepsi Foods – South Asia.

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

Due to Mr. D. R. Mehta's retirement as the Managing Director of the Company with effect from 1st April, 2006, the Board of Directors at its Meeting held on 20th March, 2006, appointed Mr. Chattopadhyay as Managing Director for a period of five years with effect from 1st April, 2006, subject to the approval of the Members and that of the Central Government in terms of Section 269 and other applicable provisions of the Companies Act, 1956. The remuneration payable to Mr. Chattopadhyay as Managing Director with effect from 1st April, 2006, subject to the approval of the Central Government, as detailed in a draft Agreement proposed to be entered into between Mr. Chattopadhyay and the Company is as under :

NOTICE (contd.)

1. Basic Salary : Rs. 2,00,000 per month.
2. Management Allowance : Rs. 2,00,000 per month.
3. Bonus / Incentive / Increments : In accordance with the Rules of the Company but not exceeding 100% of the annual Basic Salary and annual Management Allowance.
4. Perquisites : As detailed in Part A hereunder. Perquisites shall be restricted to an amount equal to the aggregate of the annual Salary and annual Management Allowance to be reckoned on the basis of actual expenditure or liability incurred by the Company.

PART A

- (i) Medical reimbursement : Reimbursement of domiciliary medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
- (ii) Hospitalisation Insurance : The Company shall pay premia for Medical insurance for Mr. Chattopadhyay and his family as per the Rules of the Company.
- (iii) Term Life Insurance : The Company shall take out a Term Life Insurance policy for Mr. Chattopadhyay as per the Rules of the Company.
- (iv) Club Fees : Fees of one Club including entrance, membership and other fees.

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

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

PART B

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

PART C

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

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

In view of the rich and varied experience of Mr. Chattopadhyay, your Board considers that such appointment shall be advantageous to the Company and recommends that the resolutions set out in item nos. 6 and 7 of the Notice convening the Meeting be approved by the Members.

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

Except Mr. Subroto Chattopadhyay, no other Director of the Company is concerned or interested in the aforesaid resolutions.

**NOTICE (contd.)****Item No. 8**

In terms of Article 93 of the Articles of Association, the Non-Executive Directors are paid Sitting Fees of Rs.5,000 each for attending the Meetings of the Board of Directors or any Committees thereof. The Central Government vide its Notification No. G.S.R. 580(E) dated 24th July, 2003 has increased the amount of Sitting Fees payable to the Directors depending on the size of a Company. In case of your Company, a maximum Sitting Fee of Rs.20,000 may be paid to each of the Directors for attending Meetings of the Board of Directors or any Committees thereof. The Board at its Meeting held on 27th June, 2006 proposed an increase in the Sitting Fees upto Rs.20,000 for each Non-Executive Director for attending the Meetings of the Board of Directors. However, for attending any Committee of Directors meeting the sitting fees payable to each non-executive Director shall continue to be Rs. 5,000 as at present. It is therefore proposed that Article 93 of the Articles of Association be amended accordingly to enable your Board of Directors to fix the Sitting Fees payable to its Directors for attending the Meetings of the Board of Directors or any Committees thereof subject to the ceilings prescribed by the Central Government from time to time.

Your Board of Directors recommends that the resolution set out in item no. 8 of the Notice convening the Meeting be passed by the Members.

A copy of the Articles of Association of the Company along with the proposed changes is available for inspection of Members at the Registered Office of the Company between 10 A.M. to 12 Noon on any working day of the Company and will also be available for inspection at the Meeting.

Except Mr. Subroto Chattopadhyay, all other Directors of the Company may be considered to be interested in the above resolution.

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 27th June, 2006.

By Order of the Board

S. Coomer

Company Secretary & Head Legal

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NOTICE (contd.)

Brief profile of Directors seeking appointment and/or re-appointment at the Annual General Meeting to be held on 20th September, 2006.

1. Mr. S. Chattopadhyay

Mr. Subroto Chattopadhyay has worked in senior positions with multinationals and other large corporate houses like Unilever, ITC and Pepsi, both in India as well as overseas, for over 25 years. Prior to joining the Company in November, 2005, he was working with Pepsi Foods as Executive Director in India and Member, Executive Committee of Pepsi Foods – South Asia.

Qualification : Honours Graduate in Economics, Mathematics and Statistics from St. Xavier's College under the University of Calcutta.

Date of Birth : 4th September, 1958.

Directorship in other companies : Mr. Subroto Chattopadhyay is also a Director in the following companies :
Saregama Films Limited – Director, Audit Bureau of Circulations – Director, Phonographic Performance Limited – Director, Saregama Plc., U. K. – Director.

Membership of Committees of the Board : Nil.

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

2. Mr. R. P. Goenka

Mr. Rama Prasad Goenka is Chairman Emeritus of RPG Enterprises, one of India's top industrial houses. Amongst the Group's core businesses are power transmission, tyres, retail, entertainment and information technology. A former Member of Rajya Sabha, Mr. Goenka is currently Chairman, Board of Governors, International Management Institute. He is also a Trustee of Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust and Rajiv Gandhi Foundation. He is a former President of Federation Indian Chambers of Commerce & Industry (FICCI) and the Confederation of Asia-Pacific Chambers of Commerce and Industry. He is also the immediate past Chairman, Board of Governors, Indian Institute of Technology, Kharagpur.

Qualification : B.A. (Hons.), Presidency College, Calcutta University.
Advanced Management Programme, Harvard University, USA.
D. Litt. (Honoris Causa) from the Institute of Advanced Studies in Education (IASE) of Rajasthan.
Doctor of Science (Honoris Causa) from IIT Kharagpur.

Date of Birth : 1st March, 1930.

Directorship in other companies : Mr. R. P. Goenka is a director in the following companies :
Ceat Limited – Chairman, CESC Limited – Chairman, Jubilee Investments & Industries Limited – Director and Hilltop Holdings India Limited – Director.

Membership of Committees of the Board : Nil.

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

3. Mr. S. Goenka

Mr. Sanjiv Goenka is Vice Chairman, RPG Enterprises, one of India's top industrial houses. A former President of CII, Mr. Goenka is currently Chairman of CII's Energy Council.

RPG's core activity includes power, tyre, retail, entertainment and technology. Mr. Goenka is currently Chairman, Board of Governors, Indian Institute of Technology, Kharagpur and Honorary Consul of Canada in Kolkata. He is also a Member of India-China Eminent Persons' Group, Indo-French Forum and National Integration Council.

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

Date of Birth : 29th January, 1961.



NOTICE (contd.)

Directorship in other companies :

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

RPG Enterprises Limited – Director, Phillips Carbon Black Limited – Chairman, Spencer & Co. Limited – Chairman, Harrisons Malayalam Limited – Chairman, CESC Limited – Vice Chairman, Spencer International Hotels Limited – Chairman, Graphite India Limited – Director, Spencer Travel Services Limited – Chairman, Noida Power Co. Limited – Director, Great Wholesale Club Limited – Chairman, Eveready Industries India Limited – Director and Woodlands Medical Centre Limited – Chairman.

Membership of Committees of the Board :

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

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

4. Mrs. S. Goenka

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

Qualification :

Home educated.

Date of Birth :

15th August, 1936.

Directorship in other companies :

Nil.

Membership of Committees of the Board :

Nil.

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

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REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

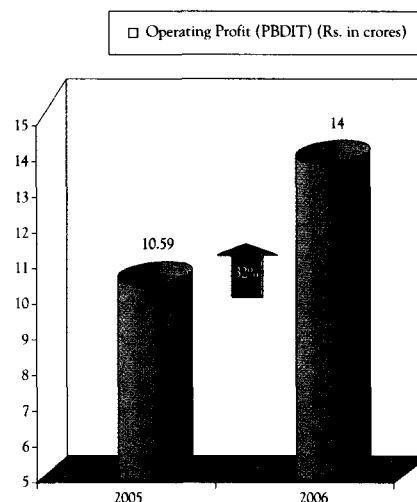
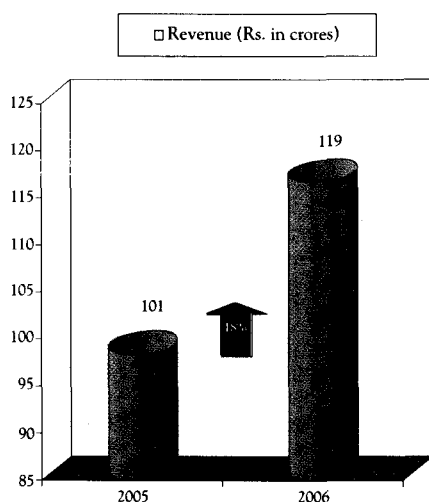
Your Directors are pleased to present the Fifty-Ninth Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March, 2006.

Financial Results

The performance of your Company for the year ended 31st March, 2006 is summarised below :

	Year ended 31st March '06	Year ended 31st March '05
Total income	11887	10087
Profit/(Loss) from operations	1022	551
Extraordinary item	Nil	Nil
Provision for Contingencies	Nil	Nil
Profit/(Loss) before tax	1022	551
Provision for Taxation	135	30
Net profit/(Loss) (after tax and extraordinary items)	887	521
Dividend (including tax thereon)	-	-
Transfer to general reserve	-	-
Reserves (excluding revaluation reserves)	6557	4691

The total income of your Company increased by 18%. The profit before tax however has registered a rise of 85% over the previous year. This was possible due to superior operational performance in every line of business coupled with effective cost control measures.



Dividend

In view of loss carried forward from the previous year, your Directors regret their inability to recommend any dividend for the year ended 31st March, 2006.