



Soul of India



**RP - Sanjiv Goenka
Group**

Growing Legacies

Board of Directors

Dr. R. P. Goenka
Chairman

Mr. S. Goenka
Vice Chairman

Mrs. S. Goenka

Mr. H. Neotia

Mr. S. Banerjee

Mr. P. K. Mohapatra

Mr. P. K. Khaitan

Mr. G. B. Aayeer

Company Secretary & Head Legal

Mr. Tony Paul

Auditors

Price Waterhouse
Chartered Accountants

Legal Advisors

Khaitan & Company

Registrars and Share Transfer Agents

MCS Limited
77/2A, Hazra Road
Kolkata - 700 029

Bankers

United Bank of India
State Bank of India
ICICI Bank Limited

Registered Office

‘The Studios@Dum Dum’
33, Jessore Road
Dum Dum
Kolkata - 700 028

CORPORATE INFORMATION**Registered Office & Studios**

'The Studios @ Dum Dum'

33, Jessore Road

Kolkata - 700 028

Phone : (033) 2551 2984, 4773

Fax No. : (033) 2550 0817

e-mail : co.sec@saregama.com

Visit us at : www.saregama.com

Regional Offices

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e-mail : anurag.singh@rp-sg.in

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No. 116, Thyagaraya Road, T. Nagar

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NOTICE**NOTICE**

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

AS ORDINARY BUSINESS

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

AS SPECIAL BUSINESS

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

5. *As an Ordinary Resolution*

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

6. *As an Ordinary Resolution*

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

7. *As a Special Resolution*

"RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof, consent be and is hereby accorded to partially amending / varying the remuneration paid / payable to Mr. Apurv Nagpal, during his tenure as the Managing Director (Mr. Nagpal) as follows :-

With effect from 1st July, 2011 –

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

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

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

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

8. *As a Special Resolution*

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

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

Registered Office:

'The Studios @ Dum Dum'

33, Jessore Road,

Kolkata-700 028

Dated: 6th July, 2012.

By Order of the Board

Tony Paul

Company Secretary & Head Legal

NOTICE (contd.)

NOTES:

1. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item 5 to 8 are annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
4. Members/Proxies should bring the Attendance Slips duly filled in, for attending the Meeting.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
6. In accordance with Clause 49 IV (G) of the Listing Agreement, a brief profile of the Directors seeking appointment and/or re-appointment according to Items 2, 3, 5 and 6 of this Notice is provided in the Notes annexed hereto.
7. The Register of Members and Share Transfer Books shall remain closed from 20th July, 2012 to 27th July, 2012 (both days inclusive).
8. Pursuant to the provision of Section 205A of the Companies Act, 1956, dividend for the Financial Year ended 31st March, 1997 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The dividend for the Financial Year ended 31st March, 2008 is due to be transferred to the aforesaid account on or before 28th August, 2015. Shareholders who have not encashed their Dividend Warrant(s) for the Financial Year ended 31st March, 2008 are requested to apply to the Company's Registrar and Share Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata-700 029. It may be noted that on transfer of the unclaimed dividend to IEPF no claims shall lie in respect thereof.
9. Members can avail the nomination facilities under Section 109A of the Companies Act, 1956 by filing Form No. 2B with the Registrars and Transfer Agents, MCS Limited, 77/2A, Hazra Road, Kolkata-700 029 (in the case of physical shares) or to the Depository Participants (in the case of dematerialised shares). The necessary Form will be supplied on request.
10. Members having queries relating to Accounts may send their queries at least 7 days before the date of the Meeting, to the Company's Secretarial Department at 33, Jessore Road, Kolkata-700 028.
11. Saregama is committed to make efforts for preserving the environment and has been working on a number of ways to reduce usage of paper. In line with the circular of the Ministry of Corporate Affairs, Government of India, the Company proposes to send to the Members notices, annual report and accounts and other communication through electronic mode. Members are, therefore, requested to update their e-mail address with the Depository Participant, if the holding is in electronic mode or intimate to the Company's Registrars MCS Limited by sending an e-mail mentioning the shareholder's name and Folio Number / DPID & Client ID at saregama_investors@rediffmail.com. Copies of all such communication can also be obtained in physical form free of cost, upon request.

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

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

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

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

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

Item No. 7

Mr. Apurv Nagpal ('Mr. Nagpal') was appointed as the Managing Director of the Company with effect from 15th January, 2009 and his appointment and remuneration were approved by the shareholders at the Annual General Meeting held on 24th July, 2009 and subsequently by the Central Government by its letter reference No. A59536383/4/2011-CL.VII dated 27th April 2011. The variation in remuneration of Mr. Nagpal was also approved by the shareholders at the Annual General Meeting held on 29th July, 2011. In terms of the said approval, Mr. Nagpal is entitled to a salary of ₹ 3,34,000/- per month, Management Allowance of ₹ 3,34,000/- per month and Customised Allowance Pool (comprising of Leave Travel Allowance and Medical reimbursement) of ₹ 70,000/- per month respectively. The Board of Directors of your Company ('the Board') at its meeting held on 27th December, 2011, on the recommendation of the Compensation Committee, approved, subject to the approval of the Members, an increase in the Salary and Management Allowance as well as restructuring of the allowances / reimbursements paid / payable to Mr. Nagpal during his tenure as the Managing Director with effect from 1st July, 2011 as detailed hereinbelow to bring it in conformity with the remuneration structure of the Company.

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

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

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

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

Your Board recommends that the resolution set out in Item no.7 of the Notice convening the Meeting be approved by the Members.

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

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

Item No. 8

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

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

NOTICE (contd.)

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

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

PART A

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

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

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

PART B

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

PART C

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Date of Birth: 1st March, 1930.

Directorship in other companies:

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

CEAT Limited – Chairman, CESC Limited – Chairman

Membership of Committees of the Board: Nil.

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

2. Mr. H. Neotia

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

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

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

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

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

Date of Birth: 19th July, 1961.

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

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

Membership of Committees of the Board:

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

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

NOTICE (contd.)

3. Mr. P. K. Khaitan

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

Date of Birth: 25th March, 1941.

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

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

Membership of Committees of the Board:

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

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

4. Mr. G. B. Aayeer

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

Date of Birth: 8th June, 1959.

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

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

Membership of Committees of the Board: Nil.

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

REPORT OF THE DIRECTOR'S WITH MANAGEMENT DISCUSSION AND ANALYSIS

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

Financial Results

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

(₹ in Lacs)

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

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

Operations**Music Audio Business**

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

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

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

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

REPORT OF THE DIRECTORS (contd.)

Films Business

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

TV Software

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

Home Video

Your Company distributes and markets Home Video products of renowned international studios like BBC Worldwide Limited, Discovery, Entertainment Rights, Focus Features, Millennium Interactive, Power Sports, Kimmel Entertainment and other independent studios. The titles are predominantly catering to English home video.

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

Publication Business

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

Corporate Governance

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

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

Your Board of Directors is committed to good governance practices based on principles of integrity, fairness, transparency and accountability for creating long-term sustainable shareholder value.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

A certificate of the auditors regarding compliance of the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to this Report.

Management Discussion and Analysis (MD & A)

This Report includes MD & A as appropriate so that duplication and overlap between Directors' Report and a separate MD & A is avoided and the entire information is provided in a composite and comprehensive manner.

Industry Structure and Developments

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