



Board of Directors

Mr. S. Goenka
Chairman

Mrs. P. Goenka

Mrs. S. Goenka

Mr. S. Banerjee

Mr. P. K. Mohapatra

Mr. B. Raychaudhuri

Mr. V. Mehra

Mr. G. B. Aayeer

GM - Legal & Company Secretary

Mr. Tony Paul

Auditors

Price Waterhouse
Chartered Accountants

Legal Advisors

Khaitan & Company

Registrars and Share Transfer Agents

MCS Share Transfer Agent Ltd.
12/1/5, Manoharpukur Road
Kolkata - 700 026

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

2nd Floor, Spencer Building

30, Forjett Street,

Grant Road (W),

Mumbai - 400 036

Phone : (022) 6688 6200

6, DDA Commercial Complex

3rd Floor

Panchsheel Park

New Delhi - 110 017

Phone : (011) 4052 1912

Fax No : (011) 4052 1913

Door No. 2, 3, 4 & 5

3rd Floor, Kasi Arcade

No. 116, Thyagaraya Road, T. Nagar

Chennai - 600 017

Phone : (044) 2815 1669 - 73

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REPORT OF THE DIRECTORS' WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors are pleased to present the Sixty-Eighth Annual Report of Saregama India Limited along with the audited accounts for the year ended 31st March, 2015.

Financial Results

The performance of your Company for the year ended 31st March, 2015 is summarized below:

	(₹ in Lacs)	
	Year ended 31st March, 2015	Year ended 31st March, 2014
Total income	18894	17369
Profit/(Loss) from operations	1797	2611
Exceptional item	261	886
Provision for Contingencies	Nil	Nil
Profit before tax	1536	1726
Provision for Taxation		
Deferred Tax Charged / (Credit)	(33)	(118)
Current tax	Nil	635
Net profit (after tax and exceptional items)	1569	1209
Proposed Dividend (including tax thereon)	315	305
Transfer to general reserve	Nil	60
Reserves (excluding revaluation reserves)	13880	12724

Your Board is pleased to report a profit of ₹ 1568.51 Lakhs in the year 2014-15.

Dividend

Your Board is pleased to recommend a dividend of ₹ 1.50/- per equity share of ₹ 10/- each for the year ended 31st March, 2015.

Operations
Music Audio Business

Your Company has been able to complete the journey from an old-music label into digital business conglomerate. In April last year your Company entered into partnership with international digital distribution company Believe Digital for digital distribution of the entire music catalogue across different languages and genres in international markets especially with the Indian diaspora. This was followed by the launching of online music store / library starting from Gauhar Jan to the soundtrack of the latest film 'Heropanti' consisting of more than a lakh unique songs in 14 languages streamed for free and downloadable at a price after streaming through Facebook, Twitter, Google Plus and Email, adding a social element to the service. It has four main divisions - Hindi, Regional, Devotional and Languages in 35 sub-categories with an interesting option called 'Experience 360' which provides users with information regarding the song, artists, video and artist biography.

Your Company is concentrating on improving/building content monetization infrastructure, viz., Platform relationships with Telcos, D2h/Cable operators, iTunes, OTT providers, TV channels and Radio stations; Direct-to-customer retail business, e.g. digital : website, apps; & physical: kiosks at high traffic outlets; Youtube business both advertising revenues and claims; International markets monetization; Ad Sales from reinterpretation projects, new South TV programs, advertising agencies.

REPORT OF THE DIRECTORS (contd.)

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 has launched its first Prime Time Daily "Begusarai" on the recently launched GE Channel & TV from Zee Network. Your Company additionally continues to function as a full-fledged Production House on Channels as Life OK crime series titled "Savdhan India", on National Network of Doordarshan family drama titled "Jab Jab Bahar Aayee" and chat show on women empowerment and upliftment "Stree Shakti". 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 Networks 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 business vertical of organizing events for live panel discussions on trending topics in politics, society, sports, world affairs, etc.

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 benefits.

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 accountant 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 has progressed leaps and bounds propelled by the launching of technology driven newer services. Several new Television and FM Radio channels has been added to the existing bouquet which still continues to be the main platform for music lovers. 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. The opportunities in digital space are ever increasing with widespread use by the consumers of mobile and Internet services. Music publishing business is expected to grow at a fast pace and the cost of new content, both in film and non-film space would be continuously on the rise however unabated piracy is still threatening to eating away a substantial portion of the increased revenue generation. The music industry still continues to streamline the effects resulting from amendments to the Copyright Act.

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

Film and Television publishing will offer be the promising opportunity for your Company and work is on full steam to ensure a robust presence.

REPORT OF THE DIRECTORS (contd.)

TV Software

Your Company is eagerly awaiting the shortlisting of its pending applications with Doordarshan both for 'Prime Time' slots and also in its newly launched channel 'DDKisan'.

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 are expected to generate interest in advertisers and sponsors, providing new content for exploitation in different formats.

Threats

Music Audio Business

The industry is anxiously awaiting to see whether TRAI imposes regulations over OTT services. Also the government's approach over net neutrality controversy remains to be seen. All this will have its impact on the music industry.

Music Publishing Business

Under the new Copyright law the confusion is continuing on a lot of commercial fronts between the stakeholders.

TV Software

The growing cost of production, high cost of Artists and Technicians are 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.

Product Wise Performance

Your Company's musical treasures in Old Hindi Films, Classical and Regional music content continues to buzz across all platforms. Major non-film music albums released during the year includes - Asha Bhosle's tribute to R D Burman Bengali album 'Pancham Tumi Kothay', her Marathi album titled 'Bappa Morya', 'Satrangi' the debut album of Shaan's band Superbia and the Sufi songs 'Ganesh Sharanam' by Kavita Seth. The reinterpretation digital releases are in huge demand amongst the youth. Due to high quality of the content in Tamil, TV software both in National Television and in Tamil 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.

Outlook

Music Audio Business

Social networking sites such as Facebook, Twitter and MYSpace are being used by the music companies to promote their music. With introduction of 4G services by Telecom Companies a revolution in market dynamics is set to create new revenue streams and content delivery platforms. Over-the-top applications over internet and mobile platforms are taking the industry by storm.

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 additional production opportunity for Production Houses.

Music Publishing Business

The music publishing business is expected to grow steadily as the demand for use of compositions / 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 addition of business vertical of events for live panel discussions will augment its top-line contributing to the profitability of the business.

REPORT OF THE DIRECTORS (contd.)
Risk and Concerns

The Stakeholders in music industry are continuing to interpret the amendments in the Copyright Act as suits them best. Even two years after notification of new Act and Rules the Copyright Board is still to become operational. Piracy continues to deter 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. 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 312 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.

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

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;
- The 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;
- The 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;
- That your Directors have prepared the Annual Accounts on a going concern basis;
- The Directors have laid down internal financial controls to be followed by the Company and that such internal controls are adequate and are operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

REPORT OF THE DIRECTORS (contd.)

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The disclosures are set out in Note 39 to the financial statement.

Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. Your Company is committed to identifying and supporting programmes aimed at:

- Provision of access to basic healthcare services / facilities, safe drinking water & sanitation and conducting health awareness camps;
- Empowerment of the disadvantaged sections of society through promoting inclusive education for all, as well as through livelihood generation and skill development;
- Supporting environmental and ecological balance through energy conservation, adoption of initiatives resulting into Greenhouse Gas Emissions reduction and transformation into a low carbon business practices;
- Undertaking livelihood generation / promotion and women empowerment projects;
- Any other programme that falls under the Company's CSR Policy and is aimed at the empowerment of disadvantaged sections of the society; and
- Undertaking / supporting sports activities and programmes of art & culture in various forms.

Vigil Mechanism

The Vigil Mechanism of your Company, which also incorporates a whistle blower policy in terms of the Listing Agreement. Protected disclosures can be made by a whistle blower through e-mail, or a letter to the Chairman of the Audit Committee.

Employee Benefit Scheme

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*. Your Company is desirous to extend the said benefits also to employees (including directors whether whole time directors or not) of the subsidiary companies.

Your Company has further formulated the *Saregama Stock Appreciation Rights Scheme - 2014* for benefit of its employees as per applicable regulations of Securities and Exchange Board of India as amended from time to time.

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 ₹ 2,402 lakhs. 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 73 of the Companies Act, 2013 and the Rules made thereunder.

Particulars of Employees

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(1) to 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees drawing remuneration in excess of the limits set out in the Rules are provided in the Annual Report. However, as per first proviso to Section 136(1) of the said Act the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company. None of the employees as set out in the said Annexure is related to any Director of the Company.

Directors and Key Managerial Personnel

In terms of Article 102 of the Articles of Association and pursuant to the relevant provisions of the Companies Act, 2013 Mrs. S Goenka and Mr. G B Aayeeer retires by rotation and, being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting. The particulars regarding the Directors proposed to be re-appointed at the ensuing Annual General Meeting, as required under Clause 49 of the Listing Agreement of the Stock Exchanges, has been given in the Notes annexed to the Notice convening the meeting.

REPORT OF THE DIRECTORS (contd.)

Mr. Harshavardhan Neotia resigned as a Director of the Company with effect from 18th November, 2014. The Board places on record its deep appreciation for the services rendered by Mr. Harshavardhan Neotia during his tenure as Director of the Company.

Your Company has devised programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters. Also a Policy of performance evaluation was followed for Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive and executive directors.

Auditors

M/s Price Waterhouse, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

M/s. Shome & Banerjee, Cost Accountants, has been appointed by the Board for conducting the audit of cost records of your Company for the financial year ended 31st March, 2015.

M/s MR & Associates, Practicing Company Secretaries, has been appointed by the Board to conduct Secretarial Audit for the financial year ended 31st March, 2015.

Subsidiary Companies

In accordance with the Companies Act, 2013 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 invested an amount of ₹ 17 Crores in Kolkata Metro Networks Limited, a wholly owned subsidiary, to generate revenue through live music, artiste management, representation, event management etc. Your Company has increased its holding to the extent of 75.18% in Open Media Network Private Limited 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 2014-2015 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:

	Current Year	(₹ in Lacs) Previous Year
Foreign Exchange used	15.94	94.44
Foreign Exchange earned	3019.43	2094.85

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

G. B. Aayeer
 Director

DIN - 00087760

 Kolkata,
 29th May, 2015

REPORT OF THE DIRECTORS (contd.)

Statement as at 31st March, 2015, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in respect of Options granted under the Company's Employee Stock Option Schemes :

Sl.No.		Saregama Employee Stock Option Scheme 2013 (Scheme)	
		During 2014-15	Cumulative
(A)	(i) Number of Options Granted :	—	82,000
	(ii) Total Number of Options Granted :	—	82,000
(B)	Pricing Formula	“Exercise Price” means the price determined by the Nomination and Remuneration Committee from time to time at which the eligible Employees shall be authorized to exercise their Options provided that such price is not detrimental to such eligible Employees' interest	
(C)	Options Vested		NIL
(D)	Options exercised		NIL
(E)	Options Lapsed		62,000
(F)	Variations of terms of Options		None
(G)	Money realised by the exercise of the Options		NIL
(H)	Total number of Options in force		20,000
(I)	Weighted Average Exercise Price (₹)		
	Mr. G. B. Aayeer		69.85
	Mr. Avinash Mudaliar		53.95
(J)	Weighted Average Fair Value (₹)		
	Mr. G. B. Aayeer		49.50
	Mr. Avinash Mudaliar		51.10
(K)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.		The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:
	(i) Risk free interest rate		9.00%
	(ii) Expected Life		10 Years
	(iii) Expected Volatility		57.30%
	(iv) Expected Dividends		5.00%
	(v) Price of the underlying Shares in the Market at the time of the Option grant.		₹ 63.50