Company Registration No. 3736163 (England and Wales)

SAREGAMA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

SAREGAMA PLC

COMPANY INFORMATION

Directors	G B Aayeer P K Mohapatra
Secretary	N Nagpure
Company number	3736163
Registered office	Unit 14 Europa Studios Victoria Road London NW10 6ND
Auditors	FSPG 21 Bedford Square London WC1B 3HH
Business address	Unit 14 Europa Studios Victoria Road London NW10 6ND

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report and financial statements for the year ended 31 March 2016.

Fair review of the business
The company's turnover decreased to £759,559 (2015: £856,444). The gross profit margin for the period increased to 25% as compared to 13% in 2015. The losses after taxation decreased by £156,231 amounting to £75,361. The factors responsible for such losses were decision of the company to exit business of music events and decline in royalty income.

Principal risks and uncertainties
The directors have a policy of continuous identification and review of key business risks and uncertainties. While the revenues from sales in physical formats of music continues to drop due to a significant shift in consumer preferences, the company is continuously exploring newer geographies and sources for increasing its publishing income.

On behalf of the board

G B Aayeer
Director
24 March 2016

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities
The principal activity of the company continued to be that of the selling of predominantly Indian music and publishing of music in key international markets through traditional and modern distribution channels.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G B Aayeer
P K Mohapatra

Results and dividends
The results for the year are set out on page 7.

The loss for the year, after taxation, amounted to £75,361.

The directors recommend that no final dividend be paid in respect of the year under review.

Financial instruments

Liquidity risk
The company's policy throughout the year has been to maintain the cash flow position within the parameters set out internally at the beginning of the year. The liquidity of the company is limited to by available cash held by the company. At the balance sheet date the company held cash of £121,064 (2015: £75,552).

Foreign currency risk
The company is moderately exposed to the risk of fluctuations on exchange rates due to its trading in foreign countries. The risk is managed through a discipline of operating between budgeted rates of purchases and sales.

Credit risk
The company's exposure to credit risk is moderate and it has no significant concentrations of credit risk. The company's credit risk is managed through a mixtures of initiatives such as obtaining post dated cheques, entering into legally sound and enforceable contracts, monitoring of credit exposure within the firm limits fixed for various customers. The company monitors credit risk closely and considers that its current policies meet its objectives of managing exposure to credit risk.

Future developments
The company's strategy is to focus on the development of growth areas especially the digital music market. With the introduction of 4G data services, popularity and prominence of digital distribution of music with mobile and broadband is expected to grow significantly.

Auditors
In accordance with the company's articles, a resolution proposing that FSPG be re-appointed as auditors of the company will be put at a General Meeting.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

G B Aayeer
Director
24 March 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAREGAMA PLC

We have audited the financial statements of Saregama PLC for the year ended 31 March 2016 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continue support of the parent company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SAREGAMA PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Tropp (Senior Statutory Auditor)
for and on behalf of FSPG

24 March 2016

Chartered Accountants
Statutory Auditor

21 Bedford Square
London
WC1B 3HH

SAREGAMA PLC

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	**3**	759,559	856,444
Cost of sales		(573,322)	(742,704)
Gross profit		186,237	113,740
Distribution costs		(3,413)	(4,351)
Administrative expenses		(258,185)	(333,416)
Operating loss	**4**	(75,361)	(224,027)
Interest payable and similar charges	**5**	-	(7,565)
Loss before taxation		(75,361)	(231,592)
Taxation	**6**	-	-
Loss for the financial year		(75,361)	(231,592)
Total comprehensive income for the year		(75,361)	(231,592)
Retained earnings at 1 April 2015		(2,456,019)	(2,224,427)
Retained earnings at 31 March 2016		(2,531,380)	(2,456,019)

The income statement has been prepared on the basis that all operations are continuing operations.

SAREGAMA PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	**7**		300,000		400,000
Current assets					
Debtors	**10**	197,326		182,718	
Cash at bank and in hand		121,064		75,552	
		318,390		258,270	
Creditors: amounts falling due within one year	**11**	(658,807)		(623,326)	
Net current liabilities			(340,417)		(365,056)
Total assets less current liabilities			(40,417)		34,944
Capital and reserves					
Called up share capital	**12**		99,850		99,850
Share premium account			2,391,113		2,391,113
Profit and loss reserves			(2,531,380)		(2,456,019)
Total equity			(40,417)		34,944

The financial statements were approved by the board of directors and authorised for issue on 24 March 2016 and are signed on its behalf by:

G B Aayeer
Director

Company Registration No. 3736163

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	**16**		45,512		41,991
Interest paid			-		(7,565)
Net cash inflow from operating activities			45,512		34,426
Net cash used in investing activities			-		-
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			45,512		34,426
Cash and cash equivalents at beginning of year			75,552		41,126
Cash and cash equivalents at end of year			121,064		75,552

1 Accounting policies

Company information

Saregama PLC is a company limited by shares incorporated in England and Wales. The registered office is Unit 14, Europa Studios, Victoria Road, London, NW10 6ND.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Saregama PLC prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of the assumption depends upon the continued financial support of the parent company.

If the company were unable to continue in existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for any further liabilities that might arise.

1.3 Turnover

Turnover represents amounts receivable for royalty income, music events and sale of music discs.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Copyrights	Over their estimated useful lives

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Company website	20% straight line
Fixtures, fittings & equipment	15% straight line

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Sale of products	-	116
Royalties	759,559	855,844
Musical events income	-	484
	759,559	856,444

Turnover analysed by geographical market

	2016	2015
	£	£
UK and Europe	435,380	272,473
Rest of the World	324,179	583,971
	759,559	856,444

4 Operating loss

	2016	2015
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	(2,204)	16,486
Fees payable to the company's auditors for the audit of the company's financial statements	9,000	8,000
Amortisation of intangible assets	100,000	100,000
Cost of stocks recognised as an expense	544,433	707,101
Operating lease charges	18,416	18,802

5 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	7,565

6 Taxation

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016 £	2015 £
Loss before taxation	(75,361)	(231,592)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(15,072)	(46,318)
Permanent capital allowances in excess of depreciation	(93)	(114)
Depreciation on assets not qualifying for tax allowances	20,000	20,000
Other Tax adjustment	(4,835)	26,432
Tax expense for the year	-	-

The company has estimated losses of £967,450 (2015: £991,623) available for carry forward against future trading profits.

7 Intangible fixed assets

	Copyrights £
Cost	
At 1 April 2015 and 31 March 2016	2,052,660
Amortisation and impairment	
At 1 April 2015	1,652,660
Amortisation charged for the year	100,000
At 31 March 2016	1,752,660
Carrying amount	
At 31 March 2016	300,000
At 31 March 2015	400,000

8 Tangible fixed assets

	Company website	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2015 and 31 March 2016	89,367	39,751	129,118
Depreciation and impairment			
At 1 April 2015 and 31 March 2016	89,367	39,751	129,118
Carrying amount			
At 31 March 2016	-	-	-
At 31 March 2015	-	-	-

9 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	197,326	182,718
Carrying amount of financial liabilities		
Measured at amortised cost	655,773	620,033

10 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Trade debtors	9,733	-
Amounts due from subsidiary undertakings	179,538	179,538
Other debtors	8,055	3,180
	197,326	182,718

11 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	280	1,099
Amount due to parent undertaking	614,730	589,012
Other taxation and social security	3,034	3,293
Other creditors	19,422	19,422
Accruals and deferred income	21,341	10,500
	658,807	623,326

12 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
99,850,000 Ordinary shares of 0.1p each	99,850	99,850

13 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its business premises.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	16,470	11,460

14 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016	2015
	£	£

The company incurred royalty charges of £544,433 (2015: £636,500) from Saregama India Limited during the year. At the balance sheet date, the company owed £614,730 (2015: £589,012) to Saregama India Limited, the parent company.

At the balance sheet date, the company was owed £179,538 (2015: £179,538) by RPG Global Music Limited, a fellow subsidiary.

15 Controlling party

The ultimate controlling party is Saregama India Limited, a company incorporated in India, who own 76.41% of the issued share capital of Saregama Plc.

16 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(75,361)	(231,592)
Adjustments for:		
Finance costs	-	7,565
Amortisation and impairment of intangible assets	100,000	100,000
Movements in working capital:		
(Increase)/decrease in stocks	-	70,601
(Increase)/decrease in debtors	(14,608)	194,718
Increase/(decrease) in creditors	35,481	(99,301)
Cash generated from operations	45,512	41,991

SAREGAMA PLC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

		2016		2015
	£	£	£	£
Turnover				
Sales of products		-		116
Royalties received		759,559		855,844
Music events and miscellaneous income		-		484
		759,559		856,444
Cost of sales				
Opening stock of finished goods	-		70,601	
Purchases	544,433		636,500	
Subcontract labour	28,889		35,603	
		(573,322)		(742,704)
Gross profit		186,237		113,740
Distribution costs	3,413		4,351	
Administrative expenses	258,185		333,416	
		(261,598)		(337,767)
Operating loss		(75,361)		(224,027)
Interest payable and similar charges				
Bank interest on loans and overdrafts		-		(7,565)
Loss before taxation		(75,361)		(231,592)