



**P & G ASSOCIATES, PLLC**  
**Public Accounting Firm (FRM)**

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Regn. No: FRN.5000066

## Independent Auditor's Report

To The Management,

**SAREGAMA INC.**

### **Opinion**

We have audited the accompanying financial statements of Saregama Inc.(the "Company"), which comprise the balance sheets as of March 31, 2024, and related statement of income, stockholder's equity and cash flow for the year then ended and related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the company as of March 31, 2024, and the results of the operations and its cash flow for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audit in accordance with accounting standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in Auditor's responsibilities for the audit of financial statements" section of our report, we are required to be independent of the company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit reports. We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financials statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the company ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's responsibilities for the audit of financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue and auditor report that include our opinion. Reasonable assurance is high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material misstatements resulting from fraud which is higher than for one resulting from error, as fraud may involve collusion and forgery, intentional omissions, misrepresentation or the override of internal control. Misstatements, including omissions are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on financial statements.





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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financials statement whether due to fraud and error, and design and perform audit procedure responsive to those risk. Such procedure include examining, on a test basis, evidence regarding the amounts and disclosure in financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in circumstances, but not for purpose of expressing an opinion on effectiveness of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting policies used and reasonableness of significant accounting estimates made by Management, as well as evaluate overall presentation of financial statements.
- Conclude whether, in our judgment, there are condition or events, considered in aggregate that raise substantial doubt about the company's ability to continue as a going concern for reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope, timing of audit, significant audit findings and certain internal control related matters that we identified during the audit.

**Srinivasa Venkat, CPA**  
**For P&G ASSOCIATES, PLLC**  
Public Accounting Firm  
Firm registration number: 5000066  
Date: 22<sup>nd</sup> May, 2024.



**SAREGAMA INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**MARCH 31, 2024**

**SAREGAMA INC.**  
**Index To Financial Statement**  
**March 31, 2024**

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SAREGAMA INC

Balance Sheet as at March 31st, 2024

Particulars	Notes	March 31, 2024 \$	March 31, 2023 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	C	301,786	269,367
Accounts Receivables	D	832,105	716,457
Inventories		170,156	143,140
Deferred Tax Asset		250,394	162,376
Other Current Assets	E	684,974	657,183
<b>Total Current Assets</b>		<b>2,239,415</b>	<b>1,948,523</b>
<b>Non-Current Assets</b>			
Capital Advance	K	5,000	-
<b>Non-Current Assets</b>		<b>5,000</b>	<b>-</b>
<b>Total Assets</b>		<b>2,244,415</b>	<b>1,948,523</b>
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts Payables		1,066,400	835,281
Borrowings from related party	F	376,135	376,135
Other Current Liabilities	G	342,701	313,699
<b>Total Current Liabilities</b>		<b>1,785,236</b>	<b>1,525,115</b>
<b>Total Liabilities</b>		<b>1,785,236</b>	<b>1,525,115</b>
<b>Stockholders' Equity</b>			
Common stock, par value \$ 1.00 (No. of Stock = 400,000)		400,000	400,000
Retained Earnings		59,179	23,408
<b>Total Stockholders' Equity</b>		<b>459,179</b>	<b>423,408</b>
<b>Total Liabilities and Stockholders' Equity</b>		<b>2,244,415</b>	<b>1,948,523</b>

For Saregama Inc.



Director : Kumar Ajit

Date: May 22nd, 2024



SAREGAMA INC

Income statement for the year ended March 31, 2024

Particulars	Notes	March 31, 2024	March 31, 2023
		\$	\$
Revenue	H	1,329,809	5,552,224
<b>Total Revenue</b>		<b>1,329,809</b>	<b>5,552,224</b>
<b>Operating Expenses</b>			
Contract Manufacturing Charges		191,965	198,813
Cost of Events		-	3,968,750
General and Administrative expenses	J	1,458,933	1,331,305
<b>Total Operating Expenses</b>		<b>1,650,898</b>	<b>5,498,868</b>
<b>Operating Profit/(Loss)</b>		<b>(321,089)</b>	<b>53,356</b>
<b>Other Income</b>	I	<b>397,385</b>	<b>-</b>
<b>Profit before Tax</b>		<b>76,296</b>	<b>53,356</b>
Income tax expense			
- Current tax		128,543	102,040
- Deferred Tax		(88,018)	(107,606)
<b>Total tax expense/(charge)</b>		<b>40,525</b>	<b>(5,566)</b>
<b>Profit for the year</b>		<b>35,771</b>	<b>58,922</b>

For Saregama Inc.



Director : Kumar Ajit  
Date: May 22nd, 2024

SAREGAMA INC

Statement of Stockholder's Equity for the year ended March 31, 2024  
(all amounts are in United State Dollars, unless otherwise stated)

Particulars	Common Stock	Retained Earnings	Stockholder's Equity
Balance as on March 31, 2022	400,000	(35,514)	364,486
Net Income for the year	-	58,922	58,922
Balance as on March 31, 2023	400,000	23,408	423,408
Net Income for the year	-	35,771	35,771
Balance as on March 31, 2024	400,000	59,179	459,179

Stockholders equity consists of common stock, additional paid in capital and retained earnings. The Corporation is authorized to issue one class of stock designated "Common Stock." The Corporation is authorized to issue and has issued 400,000 shares. All stocks of the Corporation has par value of \$1 per share. All stocks are issued to Saregama PLC a UK Company

The accompanying notes form an integral part of these financial statements

SAREGAMA INC

Statement Of Cash Flows For Year Ended March 31, 2024  
(all amounts are in United State Dollars, unless otherwise stated)

	March 31, 2024	March 31, 2023
	\$	\$
<b>Cash Flow From Operating activities</b>		
Profit before tax	76,296	53,356
<b>Changes in Assets &amp; Liabilities</b>		
<b>(Increase) / Decrease in assets</b>		
Accounts Receivable	(115,648)	(117,990)
Inventories	(27,016)	(31,373)
Other Current Assets	(27,791)	(104,785)
<b>Increase(Decrease) in Liabilities</b>		
Accounts Payable	231,119	286,028
Other Current Liabilities	(99,541)	262,321
Less: Taxes Paid	-	(668,070)
<b>Net Cash Generated/(Used) in Operating Activities</b>	<u>37,419</u>	<u>(320,513)</u>
<b>Cash Flow From Investing Activities</b>		
Capital Advance	(5,000)	-
<b>Net Cash provided by Investing Activities</b>	<u>(5,000)</u>	<u>-</u>
<b>Cash Flow From Financing Activities</b>		
Proceeds from Borrowings	-	2,295,431
Repayment of Borrowings	-	(1,919,296)
<b>Net Cash Generated By Financing Activities</b>	<u>-</u>	<u>376,135</u>
<b>Net Cash and cash Equivalent for the year</b>	<u>32,419</u>	<u>55,622</u>
Cash and Equivalent at the beginning of the year	269,367	213,745
<b>Cash and Equivalents at the end of the year</b>	<u>301,786</u>	<u>269,367</u>

Cash flow statements have been prepared using Indirect method as specified in US GAAP.

The accompanying notes form an integral part of these financial statements.

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## SAREGAMA INC

Notes to the Financial Statements for the year ended March 31, 2024

### Note A The Company - Nature of Operations

Saregama, Inc. (the Company) was incorporated in Delaware State of USA on August 27, 2015. The company is a wholly owned subsidiary of an UK based company named Saregama Limited. The Company is engaged in the business of selling (wholesale & Retail) Carvaan Bluetooth speaker, it has got a number of interesting features built in, most notable of which is that it comes with 5,000 classic songs in different languages (Hindi, Tamil, Punjabi, Bengali & Marathi) which you can listen to anytime you want to, without any internet connection. The company also sells Carvaan Mini, a smaller version of (Carvaan Bluetooth speaker), its sleek and portable speaker allows you to stream music from your phone or music-streaming apps. The company also introduced selling of USB music drive which has a storage capacity of 4GB with 200 HD Quality songs preloaded in different languages, Caravaan Go Mini Speaker with 3,000 Preloaded Songs in Multiple Languages. The company have started granting licensing all their products through reputable third-party sub publishing vendor in USA with an arrangement to receive between 75% to 85% of Net revenue generated by them. The company have started earning revenue in financial year 22-23 from organizing music events and receives payment in exchange for its services. The income earned from organizing these events would be recognized as part of the company's overall revenue.

### Note B Significant Accounting Policies

#### 1 Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) to reflect the financial position and results of operations of the Company. All income and expenditures having a material bearing on the financial statements are recognized on accrual basis and all amounts are stated in United States dollars.

Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to confirm to the classifications used in the current year. These changes had no impact on previously reported net income or stockholder's equity

#### 2 Revenue Recognition

The Company derives its revenues from sale of Carvaan Bluetooth speaker and Carvaan Mini Bluetooth speaker. The Company recognizes revenue through a sale to distributor and through online retail sales to Amazon after deducting Amazon Fees & Credit card processing fees, when revenue from respective activity is realized or realizable and earned. The Company, considers the revenue, realized or realizable and earned, when it has persuasive evidence of an arrangement, delivery has occurred, the price is fixed and determinable and collectability is reasonably assured. The direct costs, selling and general administrative expenses are charged, to cost or expense, as incurred. Licensing fees & sub publishing revenue recognized based on collection from Sub-publisher after deducting all marketing, administrative and related local sales tax incurred by sub-publishing vendors. The Company generates income through royalty earnings from the Royalty Network in the USA. The royalty network monitors the usage of Saregama's songs in various public places and digital platforms, collecting royalties from third-party users. The Company receives 85% of this revenue and is paid accordingly by the royalty network. Advertising and Promotion income from various sponsors were recognized Net of Cost based on collection from various promoters. The company have started earning revenue from organizing music events and receives payment in exchange for its services. The income earned from organizing these events would be recognized as part of the company's overall revenue.

#### 3 Use of Estimates

Preparation of financial statements in conformity with the generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported revenues and expenses during the reporting period. The management's estimates for determination of useful lives for property and equipment, provision for doubtful debts, allowance for chargebacks, discounts and rebates, and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates'. Revisions in accounting estimates are recognized prospectively in the current and future periods. Revenue from license fees has been considered to be critical since the Company has entered into the contractual agreements with customers wherein, the Company recognises revenue based on the logs/ information as received from such customers.

SAREGAMA INC

Notes to the Financial Statements for the year ended March 31, 2024

**4 Inventory**

Inventories are stated at the lower of cost or market using the first-in first-out method. Generally, the Company procures material from the vendors against the sales orders booked by it, and therefore, inventory holding as on a date represents material that is stored at public-warehouse rented by company.

**5 Cash & Cash Equivalents**

The Company considers all highly liquid investments with a remaining maturity at the date of purchase/investment of 3 months or less to be cash equivalents. Cash and Cash equivalents consist of cash and cash on deposit with banks.

**6 Accounts Receivable - Accounting bad debts**

Account receivable is reported at the amount management expects to collect from outstanding balances. The Company follows the specific identification method for recognizing provision for doubtful accounts. Management analyses composition of the accounts receivable aging, historical bad debts, current economic trends, risk identified and customer credit worthiness of each accounts receivable when evaluating the adequacy of the provision for doubtful accounts. Provision for doubtful accounts is included in General and administration expenses in the statements of income. The Company charges off bad debts against the provision in the period in which it determines they are uncollectible. The management is of the opinion that not all the accounts receivables outstanding for more than six months are recoverable, and therefore, provision of USD 73,034 is deemed sufficient in the current year.

**7 Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The company undertakes revaluation of its monetary assets and liabilities denominated in foreign currency, on its balance sheet.

**8 Income Taxes**

Pursuant to the Internal Revenue Code, the company has elected to be treated as an association taxable as a corporation. Income taxes are accounted for under the asset liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities, and their respective tax bases and operating losses, and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. Deferred income tax expense (benefit) represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized. The Company evaluates for uncertain tax positions in accordance with Accounting Standards Codification (ASC) 740, *Income taxes*. ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties and financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company classifies interest related to the underpayment of income taxes as a component of interest expense and classifies any related penalties in general and administrative expenses in the Statements of Income. There were no penalties or interest related to income taxes recognized during the year ended March 31, 2024. The Company files income tax returns in the U.S. federal jurisdiction, and state jurisdictions. The Company was no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2016.

The provision for taxes for the year is calculated on the basis of actual expenditure and revenue computed in accordance with the relevant provision of Income Tax Act (IRS).

**9 Advertising**

The Company expenses advertising costs as they are incurred. Actual Expenses are billed to company on actual broadcast of their advertisement by all media company. Advertising expenses for years ended March 31, 2024 & March 31, 2023 were \$ 217,029 & \$324,129 respectively.



## SAREGAMA INC

### Notes to the Financial Statements for the year ended March 31, 2024

#### 10 Fair Value Measurements and Financial Instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data

Level 3 - unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings. The estimated fair value of cash, accounts receivable, accounts payable, accrued liabilities and short-term borrowings approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

#### 11 Concentration of Credit Risk and Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. By their nature, all accounts receivable involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of March 31, 2024 there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and accounts receivable.

The Company's top 3 customers accounted for approximately 82% of revenue for the year ended March 31, 2024. The Company expects to maintain these relationships with the customers.

#### 12 Royalty Expense

The company pays royalty to Saregama India Ltd of \$717,333 (2023- \$591,559) as a consideration for providing the copyrights, technical know-how and music rights/licenses sub publishing revenue as well as advertising & promotion revenue.

#### 13 Deferred tax Asset

The company has provided for Deferred Tax Asset which is the difference between pretax book income and taxable income under tax returns which comes to \$250,394 (2023 - \$162,376) is shown as Deferred Tax Asset in the company's balance Sheet for March 31, 2024.

#### 14 Related Party Transactions

The related party transactions as of March 31, 2024 are summarized as below:

Related Party	Nature of Relation	Transaction Type	Amount as on March 2024	Amount as on March 2023
Saregama PLC (UK Company)	Member (Holding Company)	Common Stock	\$ 400,000	\$ 400,000
		Short Term Borrowings	\$ 376,135	\$ 376,135
Saregama India Ltd	Ultimate Holding Company of Saregama PLC (UK Company)	Royalties Fees (Cost)	\$ 717,333	\$ 591,559
		Accounts Payable	\$ 967,288	\$ 582,557
Saregama FZE	Other Related Party	Accounts Receivable	\$ 14,485	\$ 14,526

**SAREGAMA INC**

Notes to the Financial Statements for the year ended March 31, 2024

**Note C CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents, include the following

	As at March 31,2024	As at March 31,2023
Cash in Hand	185	185
Cash at Bank	301,601	269,182
<b>Total</b>	<b>301,786</b>	<b>269,367</b>

The company has no restricted cash balance as at March 31, 2024.

**Note D ACCOUNTS RECEIVABLE**

	As at March 31,2024	As at March 31,2023
Accounts receivable	905,139	716,457
Provision for Doubtful Debts	(73,034)	-
<b>Total</b>	<b>832,105</b>	<b>716,457</b>

**Note E OTHER CURRENT ASSETS**

Other Current Assets, net include the following

	As at March 31,2024	As at March 31,2023
Sales Tax Receivable	3,509	3,509
Prepaid Expenses	9,000	-
Advance against supply of goods and services	14,485	-
Withholding Tax Receivable*	657,980	653,674
<b>Total</b>	<b>684,974</b>	<b>657,183</b>

\*The amount will be adjusted on filing the next return.

**Note F BORROWINGS FROM RELATED PARTY**

Borrowings from related party include:

	As at March 31,2024	As at March 31,2023
Inter Corporate Deposits Taken	376,135	376,135
<b>Total</b>	<b>376,135</b>	<b>376,135</b>

The company has taken a Interest free loan from its holding company Saregama PLC.

**Note G OTHER CURRENT LIABILITIES**

	As at March 31,2024	As at March 31,2023
Liabilities for Expenses	92,721	193,971
Amount Payable to Government Authorities	16,331	14,622
Current tax liabilities	233,649	105,106
<b>Total</b>	<b>342,701</b>	<b>313,699</b>

**Note H REVENUE**

The following tables summarize revenues for the years March 31, 2024

Particulars	As at March 31,2024	As at March 31,2023
	Sale of Products	472,937
Sale of Services*	856,872	668,312
Income from Events	-	4,365,251
<b>Total</b>	<b>1,329,809</b>	<b>5,552,224</b>

\*Sale of Services comprises license fees receivable from Royalty Network which has been estimated from January 1, 2024 to March 31, 2024

*AC*



SAREGAMA INC

Notes to the Financial Statements for the year ended March 31, 2024

Note I OTHER INCOME

Particulars	As at	As at
	March 31,2024	March 31,2023
Other receipts (Income Tax Refund)	149,305	-
Foreign exchange gain	39,744	-
Liabilities written back	208,336	-
<b>Total</b>	<b>397,385</b>	<b>-</b>

Note J GENERAL AND ADMINISTRATIVE EXPENSES

Particulars	As at	As at
	March 31,2024	March 31,2023
Royalties	717,333	591,559
Carriage, Freight and Forwarding Charges	216,662	226,772
Advertisement and Sales Promotion	217,029	324,129
Administrative expenses	307,909	188,845
<b>Total</b>	<b>1,458,933</b>	<b>1,331,305</b>

Note K Capital Advance comprises of amount paid as advance for copy rights to get song from singer which are pending capitalisation.

Note L Previous year's figures have been regrouped / rearranged wherever necessary to correspond with the current year's classification/disclosure

Note M Subsequent Events

Subsequent events have been evaluated till the date on which the financial statements were issued

