

1. We have audited the attached Balance Sheet of Phonographic Performance Limited (the "Company") as at March 31, 2010, the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
Firm Registration No. 301112E  
Chartered Accountants

*U. A. Shah*

Uday Shah  
Partner  
Membership No. F-46061

Place: Mumbai  
Date: September 6, 2010

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Phonographic Performance Limited on the financial statements for the year ended March 31, 2010)

Page 1 of 2

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company during the current year.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company during the current year.
3. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items sold are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for rendering of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness have been noticed or reported.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth tax, custom duty, excise duty and cess as at March 31, 2010, which have not been deposited on account of any dispute. The particulars of dues of service-tax as at March 31, 2010, which have not been deposited on account of a dispute are as follows:

Name of the statute	Name of the dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax Liability	27,869,195	June 16, 2005 to June 30, 2008	Commissioner, Service Tax

8. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Phonographic Performance Limited on the financial statements for the year ended March 31, 2010)

Page 2 of 2

12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
14. The Company has not obtained any term loans.
15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
17. The Company has not issued any debentures during the year.
18. The Company has not raised any money by public issues during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
20. The other clauses of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India are not applicable to the Company for the current year, since in our opinion, there is no matter which arises to be reported in the aforesaid order.

For Price Waterhouse  
Firm Registration No. 301112E  
Chartered Accountants

*U. A. Shah*

Uday Shah  
Partner  
Membership No. F-46061

Place: Mumbai  
Date: September 6, 2010

**PHONOGRAPHIC PERFORMANCE LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2010**

<u>SOURCES OF FUNDS</u>	<u>Schedule</u>	<u>Rupees</u>	<u>As at March 31, 2010 Rupees</u>	<u>As at March 31, 2009 Rupees</u>
Reserves and Surplus	A		36,232,676	29,151,175
<b>TOTAL</b>			<b>36,232,676</b>	<b>29,151,175</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>	<b>B</b>			
Gross Block		40,181,136		38,796,141
Less: Depreciation		15,620,654		11,621,861
Net Block		24,560,482		27,174,280
Capital work-in-progress including Capital Advances		162,435		139,935
			24,722,917	27,314,215
<b>Investments</b>	<b>C</b>		30,320,000	28,144,000
<b>Deferred Tax Asset (Net)</b> (Refer Notes 1(f) and 6 on Schedule "M")			699,829	174,327
<b>Current Assets, Loans and Advances</b>				
Sundry Debtors	D		402,170,656	344,989,492
Cash and Bank Balances	E		144,489,769	232,563,027
Loans and Advances	F		147,259,896	105,894,056
Other Current Assets	G		1,253,364	1,280,597
			695,173,685	684,727,172
<b>Less: Current Liabilities and Provisions</b>	<b>H</b>			
Current Liabilities			708,782,581	706,640,875
Provisions			5,901,174	4,567,664
			714,683,755	711,208,539
<b>Net Current Assets</b>			(19,510,070)	(26,481,367)
<b>TOTAL</b>			<b>36,232,676</b>	<b>29,151,175</b>
<b>Notes to the Financial Statements</b>	<b>M</b>			

The Schedules referred to herein above form an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

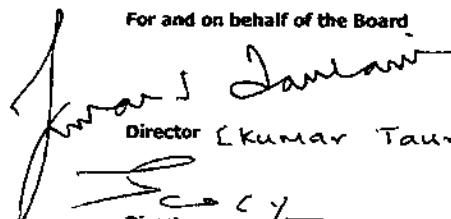
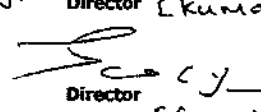
For Price Waterhouse  
 Firm Registration No. 301112E  
 Chartered Accountants

U. A. Shah

Uday Shah  
 Partner  
 Membership No. F-46061

Place: Mumbai  
 Date: September 6, 2010

For and on behalf of the Board

  
 Director [Kumar Taurani]  
  
 Director [Ganesh Jam]  
 Place: Mumbai  
 Date: September 6, 2010

**PHONOGRAPHIC PERFORMANCE LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	<u>SCHEDULE</u>	<u>2009-2010</u> <u>Rupees</u>	<u>2008-2009</u> <u>Rupees</u>
<b><u>INCOME</u></b>			
Operating Income (Net)	I.	190,025,727	169,840,884
Other Income	J	10,555,999	15,379,746
		<u>200,581,726</u>	<u>185,220,630</u>
<b><u>EXPENDITURE</u></b>			
Employee Cost	K	49,484,290	43,979,603
Administration and Other Expenses	L	88,050,078	76,708,401
Depreciation		4,547,067	4,002,469
Antipiracy Contribution		45,500,000	42,300,000
		<u>187,581,435</u>	<u>166,990,473</u>
<b>Profit before Taxation</b>		13,000,291	18,230,157
Less: Provision for Taxation (Refer Note 1(f) on Schedule "M")			
- Current Tax (including Rs. 2,444,292 of earlier year; Previous Year Rs. 1,384,411)		6,444,292	6,884,411
- Fringe Benefit Tax		-	1,466,000
- Deferred Tax		(525,502)	(263,972)
<b>Profit after Taxation</b>		<u>7,081,501</u>	<u>10,143,718</u>
<b>Profit and Loss Account Balance Brought Forward</b>		25,119,185	14,975,467
<b>Profit and Loss Account Balance Carried to the Balance Sheet</b>		<u>32,200,686</u>	<u>25,119,185</u>

Earning Per Share - Basic and Diluted\*

\*Not Applicable as the Company is limited by guarantee and not having share capital.

**Notes to the Financial Statements**

**M**

The Schedules referred to herein above form an integral part of the Financial Statements.

This is the Profit and Loss Account referred to in our report of even date.

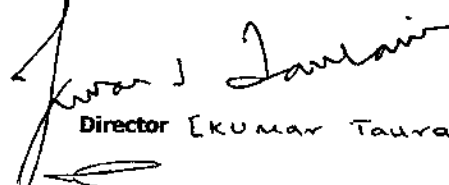
**For Price Waterhouse**  
 Firm Registration No. 301112E  
 Chartered Accountants

U. A. Shah

**Uday Shah**  
 Partner  
 Membership No. F-46061

Place: Mumbai  
 Date: September 6, 2010

**For and on behalf of the Board**

  
 Director [Kumar Taurani]

  
 Director [Kanesh Jain]

Place: Mumbai  
 Date: September 6, 2010

**PHONOGRAPHIC PERFORMANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	2009-2010 Rupees	2008-2009 Rupees
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Taxation	13,000,291	18,230,157
Adjustments for:		
Depreciation	4,547,067	4,002,469
Loss on sale of Fixed Assets	173,774	101,248
Interest Income	(8,279,552)	(12,319,686)
Provision for Leave Encashment	625,625	831,348
Provision for Gratuity	707,885	291,897
Mark to Market (Gain)/ Loss on Current Investments	(2,176,000)	(2,096,000)
<b>Operating Profit Before Working Capital Changes</b>	<b>8,599,090</b>	<b>9,041,233</b>
Adjustments for changes in working capital:		
(Increase)/ Decrease in Sundry Debtors	(57,181,164)	49,396,870
(Increase)/ Decrease in Loans and Advances	384,719	1,329,590
(Decrease)/ Increase in Trade and Other payables	2,141,706	53,350,448
<b>Cash generated from operations</b>	<b>(46,055,649)</b>	<b>113,118,141</b>
Taxes paid (Net)	(48,194,851)	(44,652,491)
<b>Net Cash from / (used in) Operating Activities (A)</b>	<b>(94,250,500)</b>	<b>68,465,650</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(2,156,543)	(6,806,541)
Capital Work-in-Progress	(22,500)	(64,935)
Proceeds from sale of Fixed Assets	49,500	32,500
Interest Received	8,306,785	13,946,675
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>6,177,242</b>	<b>7,107,699</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	-	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(88,073,258)</b>	<b>75,573,349</b>
Cash and Cash Equivalents as at the beginning of the year	232,563,027	156,989,678
Cash and Cash Equivalents as at the end of the year	144,489,769	232,563,027
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(88,073,258)</b>	<b>75,573,349</b>
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Cash and cash equivalents comprise of:		
Balances with Scheduled Banks in:		
- Current Accounts	35,938,785	29,469,999
- Fixed Deposit Accounts	108,550,984	203,093,028
	<b>144,489,769</b>	<b>232,563,027</b>

**NOTES ON CASH FLOW STATEMENT :**

- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard on Cash Flow Statements (AS-3).
- Previous year's figures have been regrouped and rearranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

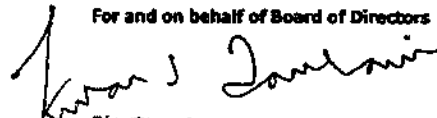
For Price Waterhouse  
 Firm Registration No. 301112E  
 Chartered Accountants


U. A. Shah

Uday Shah  
 Partner  
 Membership No. F-46061

Place: Mumbai  
 Date: September 6, 2010

For and on behalf of Board of Directors

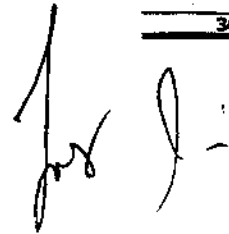
  
 Director [Kumar Taurani]

  
 Director [Ganesh Jain]

Place: Mumbai  
 Date: September 6, 2010

**PHONOGRAPHIC PERFORMANCE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	As at March 31, 2010 <u>Rupees</u>	As at March 31, 2009 <u>Rupees</u>
<b>"A" RESERVES AND SURPLUS</b>		
General Reserve	4,031,990	4,031,990
Profit and Loss Account	32,200,686	25,119,185
	<u>36,232,676</u>	<u>29,151,175</u>



PHONOGRAPHIC PERFORMANCE LIMITED  
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

**B- FIXED ASSETS**  
(Refer Note 1(b) on Schedule "M")

Particulars	Gross Block				Depreciation				Net Block	
	As at April 1, 2009	Additions during the year	Deletions / Adjustments during the year	As at March 31, 2010	Up to April 1, 2009	For the Year	on Deletions / Adjustments during the year	Up to March 31, 2010	As at March 31, 2010	As at March 31, 2009
Office Premises	17,069,658	-	-	17,069,658	3,405,114	683,227	-	4,088,341	12,981,317	13,664,544
Office Equipments	10,025,755	1,953,633	771,548	11,207,840	4,356,436	1,713,978	548,274	5,522,140	5,685,700	5,669,319
Furniture and Fittings	4,653,566	152,250	-	4,805,816	1,684,341	553,980	-	2,238,321	2,562,495	2,969,225
Motor Car	5,318,548	-	-	5,318,548	2,020,812	853,784	-	2,874,596	2,443,952	3,297,736
Leasehold Improvements	1,728,614	50,660	-	1,779,274	155,158	742,098	-	897,256	882,018	1,573,456
Previous Year	38,796,141	2,156,543	771,548	40,181,136	11,621,861	4,547,067	548,274	15,620,654	24,560,487	27,174,280
	32,437,088	6,006,541	447,488	38,796,141	7,933,132	4,007,469	313,740	11,621,861	152,435	139,935
Capital work-in-progress [including Capital Advance Rs. 162,435 (Previous Year: Rs. 139,935)]									24,722,917	27,314,215

*J. J. Joshi*





**PHONOGRAPHIC PERFORMANCE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	As at March 31, 2010 <u>Rupees</u>	As at March 31, 2009 <u>Rupees</u>
<b>"C" INVESTMENTS</b> (Refer Note 1(d) on Schedule "M")		
<b>Non Trade Current (Unquoted)</b>		
32 (Previous Year: 32) Units of HUDCO 5.15% Tax Free Bonds 2014 of the Face Value of Rs. 1,000,000	30,320,000	28,144,000
	<u>30,320,000</u>	<u>28,144,000</u>
Note: Aggregate cost of unquoted investment in Tax Free Bonds of Rs. 31,008,000; Previous year Rs. 31,008,000 Aggregate amount of Repurchase price in Tax Free Bonds of Rs. 30,320,000; Previous year Rs. 28,144,000		
<b>"D" SUNDRY DEBTORS</b> (Unsecured and considered good unless otherwise stated)		
Debts Outstanding For a Period Exceeding Six Months	37,564,420	23,146,552
Other Debts	364,606,236	321,842,940
	<u>402,170,656</u>	<u>344,989,492</u>
<b>"E" CASH AND BANK BALANCES</b>		
Cash in Hand		
Balances with Scheduled Banks in:		
- Current Accounts	35,938,785	29,469,999
- Fixed Deposit Accounts	108,550,984	203,093,028
	<u>144,489,769</u>	<u>232,563,027</u>
<b>"F" LOANS AND ADVANCES</b>		
Advances Recoverable in Cash or in Kind or for Value to be Received	6,823,991	6,871,750
Security Deposits	997,895	1,334,855
Advance Tax and Tax Deducted at Source (Net of provision for taxation Rs. 24,599,791; Previous Year Rs. 18,155,499)	139,438,010	97,687,451
	<u>147,259,896</u>	<u>105,894,056</u>
<b>"G" OTHER CURRENT ASSETS</b>		
Interest Accrued on Investments and Fixed Deposits	1,253,364	1,280,597
	<u>1,253,364</u>	<u>1,280,597</u>

*[Handwritten signatures]*



**PHONOGRAPHIC PERFORMANCE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	As at March 31, 2010 <u>Rupees</u>	As at March 31, 2009 <u>Rupees</u>
<b>"H" CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Book Overdraft	20,954,512	55,245,015
Sundry Creditors (Refer Note 12 on Schedule "M")		
a) Micro and Small Enterprises	-	-
b) Others	655,757,920	597,513,300
Other Liabilities	32,070,149	53,882,560
	<u>708,782,581</u>	<u>706,640,875</u>
<b>Provisions</b>		
Fringe Benefit Tax (Net of Advance Fringe Benefit Tax Rs. 3,497,042; Previous Year Rs. 3,497,042)	398,958	398,958
Leave Encashment (Refer Notes 1(e) and 16 on Schedule "M")	2,794,967	2,169,342
Gratuity (Refer Notes 1(e) and 16 on Schedule "M")	2,707,249	1,999,364
	<u>5,901,174</u>	<u>4,567,664</u>
	<u>714,683,755</u>	<u>711,208,539</u>

*[Handwritten signatures]*



**PHONOGRAPHIC PERFORMANCE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	Notes on Schedule "M"	2009-2010 Rupees	2008-2009 Rupees
<b>"I" OPERATING INCOME (NET)</b>			
Royalty income of members:			
Broadcasting (Tax Deducted at Sources Rs. 10,559,306; Previous Year Rs. 7,969,454)	1(g), 4(a) and 4(b)	353,854,661	160,367,905
Public Performance (Tax Deducted at Sources Rs. 5,477,704; Previous Year Rs. 5,040,218)	1(g)	302,066,332	221,246,142
Mobile and Digital (Tax Deducted at Sources Rs. 24,660,641; Previous Year Rs. 35,949,065)	1(g)	1,378,096,818	991,329,923
		<u>2,034,017,811</u>	<u>1,372,943,970</u>
Less: Royalty distribution to members	5	<u>1,843,992,084</u>	<u>1,203,103,086</u>
<b>NET INCOME</b>		<u><b>190,025,727</b></u>	<u><b>169,840,884</b></u>
<b>"J" OTHER INCOME</b>			
Interest on:			
- Fixed deposit (Tax Deducted at Source Rs. 1,008,441; Previous Year Rs. 2,411,986)		6,631,552	10,671,886
- Tax free Bonds		1,648,000	1,648,000
Mark to Market Gain/ (Loss) on Current Investments		2,176,000	2,096,000
Other Income		100,447	963,860
		<u>10,555,999</u>	<u>15,379,746</u>

*[Handwritten signatures]*



**PHONOGRAPHIC PERFORMANCE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	<b>2009-2010</b> <b><u>Rupees</u></b>	<b>2008-2009</b> <b><u>Rupees</u></b>
<b>"K" EMPLOYEES COST</b>		
Salaries and Bonus	42,551,152	36,843,581
Contribution to Provident and Other Fund	2,040,786	1,640,558
Leave Encashment	940,860	954,527
Gratuity	1,202,560	1,590,738
Staff Welfare	2,748,932	2,950,199
	<b><u>49,484,290</u></b>	<b><u>43,979,603</u></b>
<b>"L" ADMINISTRATION AND OTHER EXPENSES</b>		
Rent	1,422,228	1,579,592
Electricity	973,311	1,027,347
Rates and Taxes	32,171	684,635
Travelling	9,183,186	10,702,267
Legal Expenses	30,695,303	20,229,762
Professional and Retainership Fees	17,302,799	13,596,226
Repairs and Maintenance	2,724,411	2,649,584
Monitoring and Processing Expenses	638,884	472,485
Motor Car Expenses	2,239,248	2,268,483
Software	301,532	40,230
Printing and Stationery	1,399,524	1,322,946
Advertisement, Publicity etc.	1,915,085	7,760,756
Postage, Telegram and Telephone	4,058,260	3,708,082
Loss on Sale of Fixed Assets	173,774	101,248
Donation	216,320	200,000
Director's Sitting Fees	320,000	275,000
Auditors' Remuneration (Refer Note 15 on Schedule "M")	860,401	858,786
Commission	9,188,977	5,892,764
Insurance Charges	26,680	23,425
Sales Promotion Expenses	768,110	1,245,250
Miscellaneous	3,609,874	2,069,533
	<b><u>88,050,078</u></b>	<b><u>76,708,401</u></b>

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**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M"**

**NOTES TO THE FINANCIAL STATEMENTS**

**BackGround**

The Indian Phonographic Industry (IPI), the Association of Phonogram Producers, was established in 1936, and it was instrumental in finalising the Broadcasting License arrangement in India. Subsequently, IPI members decided to form a specialised body to administer their Public Performance and Broadcasting Rights, so Phonographic Performance Limited (PPL) came into being and was registered and incorporated as a Company on April 24, 1941. PPL is a Company limited by Guarantee and not having a share capital, where liability of the members is limited. IPI changed its name to The Indian Music Industry (IMI) in 1994.

PPL has been functioning as the Performing Rights Society for Sound Recordings. After the amendments in copyright law in 1994, PPL was registered with the Registrar of Copyrights, Government of India, as Copyright Society in respect of Sound Recordings.

PPL is mainly engaged in administering the Broadcasting / Telecasting, Digital, Mobile and Public Performance Rights on behalf of nearly 160 music companies which are its members. The main object of the Company includes among many others, issuing or granting license for the public performance of gramophone records, perforated rolls and other forms by which sounds may be mechanically and/or electronically reproduced.

**1. Significant Accounting Policies:**

**(a) Basis of Accounting**

The financial statements have been prepared under historical cost convention to comply in all material aspects with all the applicable accounting principles in India, provisions of the Companies Act, 1956 of India (the Act) and the accounting standards referred in Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006.

**(b) Fixed assets and Depreciation**

Fixed Assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Depreciation has been provided on a written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions and deletions during the year is calculated on pro-rata basis.

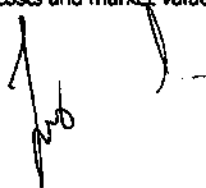
Depreciation on assets costing Rs. 5,000 or less is provided at the rate of 100% in the year of acquisition of the assets. Leasehold improvements are amortised over the period of lease.

**(c) Software Expenses**

Software obtained initially together with hardware is capitalised along with the cost of hardware and depreciated in the same manner as the hardware. Purchases of software requiring annual renewal of licenses are treated as revenue expenditure and charged to Profit and Loss Account during the year.

**(d) Investments**

Current Investments are stated at lower of costs and market value/repurchase price.



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**(e) Employee Benefits**

**i) Defined Contribution Plans**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund which is recognised by the Income Tax Authorities.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to Profit and Loss Account every year.

**ii) Defined Benefit Plans**

The Company has Defined Benefit Plan namely Gratuity for all its employees. The Company contributes to a Gratuity Fund, which is recognised by the Income Tax Authorities and administered through its trustees. The Gratuity Fund has taken a Group Gratuity-Cum-Life Insurance Policy with Life Insurance Corporation of India (LIC) and makes contribution to LIC.

Liability for Defined Benefit Plan is provided on the basis of an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

**iii) Other Employee Benefit Plans**

The employees of the company are entitled to leave encashment as per the leave policy of the company. The liability in respect of leave encashment is provided based on an actuarial valuation carried out by an independent actuary as at the year end.

iv) Termination benefits are recognised as expense as and when incurred.

**(f) Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(g) Recognition of Royalty Income**

Royalty income is generally recognised on accrual basis (except where there are significant uncertainties) based on usage report submitted by licensees at rates and/or minimum guarantee rates as per agreements with those parties. Royalty income in Broadcasting includes All India Radio (AIR), Private Frequency Modular (FM), Community Radio, and Telecasting; in Mobile and Digital includes Ringtone, Ring Back Tone, Embedded, Interactive Voice Response (IVR), Mobile Radio Streaming, Juke Box, retail kiosks and Webcasting.



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**(h) Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

**(i) Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – 'Provisions, Contingent Liability and Contingent Assets' is made.

**(j) Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the asset's net selling price or estimated future cash flows, which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and asset is reflected at the recoverable amount.

**2. Leases:**

The Company has entered into cancellable leasing arrangements for premises. The lease rental of Rs. 1,422,228 (Previous Year Rs. 1,579,592) has been included under the head "Administrative and Other Expenses" under Schedule 'L' to the Profit and Loss Account.

**3. Capital Commitments:**

Estimated amount of contracts [net of advances Rs. 162,435 (Previous Year Rs. 139,935)] remaining to be executed on capital account and not provided for is Nil (Previous Year Nil).

**4. Broadcasting Income:**

- (a) The reporting system and the royalty income from AIR continues to be erratic and the same has been accounted for on cash basis in view of significant uncertainty as to ascertainment of accruals. The reports from most of the AIR stations are received with significant delay. Accordingly, the Company has accounted usage reports received during the current year.



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(b) Royalty income for Private Frequency Modular (FM) have been accounted for based on intimation received from parties regarding hours broadcast during the year at agreed rates and/or at rates pursuant to interim orders of High Courts at Kolkata and Mumbai. During the year 2004-05, Mumbai High Court vide their order dated April 13, 2004 disposed off the appeals made by the Company and the broadcasters against the order of the Copyright Board (CRB) dated November 19, 2002. The Mumbai High Court held that the compulsory license can be issued to all the broadcasters, however, the court set aside the CRB's aforesaid order and referred the matter to them for re-determination of the fees.

As the order of CRB dated November 19, 2002 was set aside, the Company has moved to the Mumbai High Court for directions as to which Order should now be followed and from what date. However, there is no order on the matter so far and certain broadcasters continue to pay the royalty fees as per their respective interim court orders prior to the order of Mumbai High Court dated April 13, 2004.

Aggrieved by the interpretation of Section 31 (Compulsory Licence) by the Mumbai High Court, the company filed a special leave petition (SLP) before the Supreme Court challenging the order of the Mumbai High Court. The Supreme Court, on May 16, 2008, issued order directing Copyright Board to hear compulsory licensing applications. The Copyright Board has completed its proceedings in compulsory licensing applications received by it from certain FM radio broadcasters and issued an order dated August 25, 2010 confirming the rates. The Company is in the process of filing an appeal with the High Court contesting the rates and adjustments in royalty income and distribution of royalty payable to the members will be accounted for on final resolution of the matter.

5. Royalty distribution has been accounted for, to the extent of the corresponding royalty income for the year after recouping all the related expenses.

**6. Deferred Tax (Asset)/ Liability:**

The Company accounts for Deferred Tax in accordance with the Accounting Standard 22 - "Accounting for Taxes on Income".

The Deferred tax balances are set out below.

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>Deferred Tax Assets</b>		
Gratuity	(920,194)	(679,584)
Leave Encashment	(950,009)	(737,359)
	(1,870,203)	(1,416,943)
<b>Deferred Tax Liability</b>		
Depreciation	1,170,374	1,242,616
	1,170,374	1,242,616
Deferred Tax (Asset)/ Liability (Net)	(699,829)	(174,327)

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**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**7. Segment Information:**

**(i) Information about Primary Business Segment:**

In accordance with Accounting Standard - 17, "Segmental Reporting", the Company has determined its business segment as issuing or granting license for the public performance of gramophone records, perforated rolls and other forms by which sounds may be mechanically and/or electronically reproduced and there are no other primary reportable segments. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, total cost incurred to acquire segment assets and total amount of charge for depreciation during the year, is as reflected in the Financial Statements as of and for the year ended March 31, 2010.

**(ii) Information about Secondary Business Segment:**

Revenue by Geographical Segments	2009-2010 (Rupees)			2008-2009 (Rupees)		
	India	Outside India	Total	India	Outside India	Total
External	2,032,332,552	1,685,259	2,034,017,811	1,372,065,234	878,736	1,372,943,970
Carrying Amount of Segment Assets	750,916,431	-	750,916,431	740,359,714	-	740,359,714
Additions to Fixed Assets	2,156,543	-	2,156,543	6,806,541	-	6,806,541

**Notes:**

The Segment revenue in the geographical segments considered for disclosure is as follows:

- (a) Revenue within India includes royalty income from licensees located within India and earnings in India.
- (b) Revenue outside India includes royalty income from licensees located outside India and earnings outside India.



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**8. Related Party Disclosures:**

**Relationships:**

(i) Key Management Personnel:

Mr. Vipul Pradhan  
Mr. Suresh Srinivasan  
Mrs. Kavita Pradhan (relative of Mr. Vipul Pradhan)

(ii) Transactions:

Nature of Transactions	2009-2010 (Rupees)			2008-2009 (Rupees)		
	Mr. Vipul Pradhan	Mr. Suresh Srinivasan	Mrs. Kavita Pradhan	Mr. Vipul Pradhan	Mr. Suresh Srinivasan	Mrs. Kavita Pradhan
Salaries and Allowances	4,096,520	5,068,215	-	3,320,038	4,870,885	-
Motor Car hire charges	-	-	474,528	-	-	432,000
Deposit received	-	-	500,000	-	-	-
Outstanding receivable as at the year end- Deposit	-	-	-	-	-	500,000

**9. Maharashtra Value Added Tax:**

Pursuant to issuance of Trade Circular No. 24T of 2005 dated August 30, 2005, to claim administrative relief under the Lease Tax Act, 1985, the Company in the year 2005 had registered itself, voluntarily and without prejudice, under Maharashtra Value Added Tax Act, 2002 (MVAT). Upon such registration, the tax which would have been levied in respect of lease of copyright of cinematograph films including video films for the period April 1, 2000 to March 31, 2005, which was being contested by the Company, was waived as administrative relief.

However, the Company had not paid the MVAT liability on all its operating income from April 1, 2005 to September 29, 2005. The Company had made an application dated April 26, 2006 for determination of disputed question (DDQ) under Section 56 of the Maharashtra Value Added Tax Act, 2002 whereby the Company claimed that it is not a dealer under the provisions of Maharashtra Value Added Tax Act, 2002 and the transactions of the Company are not liable to Sales Tax under Maharashtra Value Added Tax Act, 2002. While awaiting the response from the MVAT authorities, the Company had started voluntarily paying towards MVAT liability effective February 2006. During the financial year 2007-08, the Commissioner of Sales Tax, Maharashtra State, Mumbai under Section 56 of the Maharashtra Value Added Tax Act, 2002 vide order dated April 30, 2007 stated the Company is a dealer under the provisions of MVAT. The Company filed its appeal dated July 5, 2007 against the said order with the Maharashtra Sales Tax Tribunal. The Tribunal passed the Order dated June 19, 2009 that the impugned transactions cannot be termed as a "transfer of right to use" to come in the clutches of 'sale' contemplated u/s 2(24) read with explanation (iv) of the MVAT Act. Based on this order, the Company had filed an application in Form 103 dated August 6, 2009 for cancellation of VAT registration. The Company has received order cancelling VAT registration dated August 21, 2009.



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**10. Contingent Liabilities not provided for**

The service tax department has raised a show cause-cum-demand of Rs. 27,869,195 (Previous Year: Rs. 27,869,195) for the taxable value of services rendered under the category of "Club or Association" for the period June 15, 2005 to June 30, 2008 vide show cause-cum-demand notice dated October 10, 2008. The Company has disputed the same and has filed its reply to the show cause-cum-demand notice on May 11, 2009, and is still awaiting the date of hearing. No provision has been made in the books of accounts.

11. Certificates for tax deducted at source aggregating Rs. 21,746,966 (pertaining to FY 2008-2009 and 2009-2010; Previous Year Rs. 19,655,560 pertaining to FY 2007-2008 and 2008-2009) are in the process of being collected from licensees. The Management is hopeful of collecting these certificates. Hence, no provision has been considered necessary by the Management. With respect to certificates pertaining to FY 2007-2008, a provision of Rs. 2,444,292 has been made in the current year. (Previous Year Rs. 1,384,411 for FY 2006-2007).

**12. Sundry Creditors include:**

- (a) Rs. 39,988 (Previous Year- Rs. 39,988) received from certain parties on account of Broadcasting Fees (FM - Private) and held in a fixed deposit bank account, pursuant to an interim order of January 1994 of the Kolkata High Court pending final resolution of the matter.
- (b) Security Deposit/ Advances from licensees Rs. 154,061,892 (Previous Year Rs. 144,961,640)
- (c) Amount received in advances and/or pending invoicing Rs. 43,880,786 (Previous Year Rs. 161,236,362)
- (d) There are no delays in payments to Micro and Small Enterprises as required to be disclosed under the Micro Small and Medium Enterprises Development Act, 2006. The said information and that given in Schedule "H" Current Liabilities regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
- (e) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**13. Earnings in Foreign Currency:**

Particulars	2009-2010	2008-2009
	Rupees	Rupees
Mobile and Digital	249,260	878,736
Other Income	100,413	-

**14. Expenditure in Foreign Currency:**

Particulars	2009-2010	2008-2009
	Rupees	Rupees
Travelling	367,809	675,595

**15. Remuneration to Auditors**

Particulars	2009-2010	2008-2009
	Rupees	Rupees
As Auditors	650,000	650,000
Other Services	200,000	200,000
Out of Pocket Expense	10,401	8,786
	860,401	858,786

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**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

16. The Company has classified various benefits provided to employees as under:-

**I) Defined Contribution Plans**

- a) Provident Fund
- b) State Defined Contribution Plans
  - i) Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

Particulars	2009-2010	2008-2009
	Rupees	Rupees
Employers' Contribution to Provident Fund	1,433,412	1,098,253
Employers' Contribution to Employee's Pension Scheme 1995.	607,374	542,305

-Included in Contribution to Provident and Other Funds (Refer Schedule "K")

**II) Defined Benefit Plans**

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:-

Particulars	As at	As at
	March 31, 2010	March 31, 2009
Discount Rate (per annum)	8.00%	7.75%
Rate of Increase in Compensation levels	7.00%	7.00%
Rate of Return on Plan Assets	8.00%	7.75%
Expected Average remaining working lives of employees (years)	21	23

**A) Changes in the Present Value of Obligation**

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Present Value of Obligation at the beginning of the year	4,025,367	2,576,978
Interest Cost	311,966	206,158
Current Service Cost	968,769	616,280
Benefits Paid	801,265	(255,693)
Actuarial (Gain) / Loss on obligations	(1,525,145)	881,644
Present Value of Obligation as at the year end	4,582,222	4,025,367



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**B) Changes in the Fair Value of Plan Assets**

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Fair Value of Plan Assets at the beginning of the year	2,026,003	869,511
Expected Return on Plan Assets	157,015	69,948
Actuarial Gain / (Loss) on Plan Assets	(1,603,985)	43,396
Contributions	494,675	1,289,165
Benefits Paid	801,265	(255,693)
Fair Value of Plan Assets at the year end	1,874,973	2,026,003

**C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Present Value of Funded Obligation as at the year end	4,582,222	4,025,367
Fair Value of Plan Assets as at the end	1,874,973	2,026,003
Funded Status	1,874,973	2,026,003
Present Value of Unfunded Obligation as at the Year end	2,707,249	1,999,364
Unrecognised Actuarial (Gain) / Loss	-	-
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(2,707,249)	(1,999,364)
- Included in Provisions (Refer Schedule "H")		

**D) Amount Recognised in the Balance Sheet**

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Present Value of Obligation as at the year end	4,582,222	4,025,367
Fair Value of Plan Assets as at the year end	1,874,973	2,026,003
Net Liability/ (Asset) Recognised in the Balance Sheet	2,707,249	1,999,364

-Included in Provisions (Refer Schedule "H" )

**E) Expenses Recognised in the Profit and Loss Account**

Particulars	2009-2010	2008-2009
	Rupees	Rupees
Current Service Cost	968,769	616,280
Interest Cost	311,966	206,158
Expected Return on Plan Assets	(157,015)	(69,948)
Net Actuarial (Gain) / Loss Recognised in the year	78,840	838,248
Total Expenses Recognised in the Profit and Loss Account	1,202,560	1,590,738

-Included in Gratuity (Refer Schedule "K" )



**PHONOGRAPHIC PERFORMANCE LIMITED**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE: "M" (Contd.)**

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**F) Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at the end of the year**

The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

**G) Expected Contribution to be paid for next year**

Particulars	2009-2010	2008-2009
	Rupees	Rupees
Expected Contribution to be paid for next year	899,266	904,941

**H) Details of Present Value of obligation, Plan Assets and Experience Adjustments**

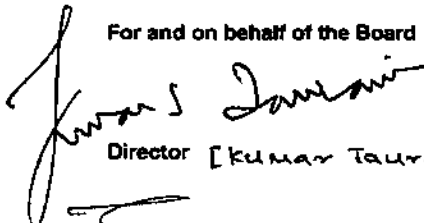
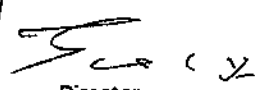
Particulars	2009-2010	2008-2009	2007-2008
	Rupees	Rupees	Rupees
Present Value of obligation	4,582,222	4,025,367	2,576,978
Fair Value of Plan Assets	1,874,973	2,026,003	869,511
Surplus/ (Deficit)	(2,707,249)	(1,999,364)	(1,707,467)
Experience adjustments on plan liabilities (Gain)/Loss	(1,353,460)	761,353	58,251
Experience adjustments on plan Assets Gain /(Loss)	(1,603,985)	43,396	593

**III)** The liability for leave encashment as the year end is Rs. 2,794,967 (Previous Year Rs. 2,169,342).

17. Previous year's figures have been rearranged and regrouped wherever necessary.

Signatures to Schedules "A" to "M" forming part of the Balance Sheet and Profit and Loss Account.

For Price Waterhouse  
Firm Registration No.: 301112E  
Chartered Accountants  
U. A. Shah  
Uday Shah  
Partner  
Membership No. : 46061

For and on behalf of the Board  
  
Director [Kumar Taurani]  
  
Director [Ganesh Jain]

Place: Mumbai  
Date: September 6, 2010

Place: Mumbai  
Date: September 6, 2010

**PHONOGRAPHIC PERFORMANCE LIMITED  
ANNEXURE**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.   
 Balance Sheet Date    State Code

**II Capital Raised During the Year (Amount in Rs. Thousands)**

<b>Public Issue</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Rights Issue</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<b>Bonus Issue</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Private Placement</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

<b>Total Liabilities</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/>	<b>Total Assets</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/>	
<b>Sources of Funds</b>		<b>Reserves and Surplus</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/>	
	<b>Paid up Capital</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Unsecured Loans</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
	<b>Secured Loans</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Investments</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/>
<b>Application of Funds</b>		<b>Net Fixed Assets</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="3"/>	
	<b>Net Current Assets</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="0"/>	<b>Miscellaneous Expenditure</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
<b>+ -</b>	<b>Accumulated Losses</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Deferred Tax Asset (Net)</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/>

**IV Performance of Company (Amount in Rs. Thousands)**

<b>Turnover</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/>	<b>Total Expenditure</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/>
<b>+ -</b>	<b>Profit / Loss Before Tax</b>	<b>+ -</b>	<b>Profit / Loss After Tax</b>
<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input checked="" type="checkbox"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/>
(Please tick appropriate + for Positive, - for Negative)			
<b>Earning Per Share in Rs.</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<b>Dividend Rate %</b>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**V Generic Names of Three Principal Products / Services of Company**

(As per monetary terms)  
 Item Code No. (ITC Code)   
 Product Description   
 The Company is a service provider and does not deal in any products

For and on behalf of Board of Directors

*Kumar Taurani* Director  
*Ganesh Jain* Director  
 Place: Mumbai  
 Date: September 6, 2010