

KARNANI & CO.

Chartered Accountants

Office : 15, Venkateshwar Colony,
Ajmer Road, Sodala,
Jaipur - 302 019
Phone : 2296460 (O)
98290 10172 (M)
98290 63960 (M)

Date : 03.09.07

AUDITORS REPORT TO THE MEMEBERS

TO

THE MEMBERS OF BMB MUSIC & MAGNETICS LTD.

We have audited the attached **Balance Sheet of BMB MUSIC & MAGNETICS LTD.** As on **31st March 2007** and **Profit & Loss Account** for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. our responsibilities is to express an opinion on these financial statements.

We have conducted our audit in accordance with 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 from material misstatements. 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.

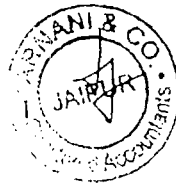
As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.

In accordance with the provision of section 227 of the Companies Act, 1956, we further report as under:

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
- c) The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of accounts.


For BMB MUSIC AND MAGNETICS LTD.

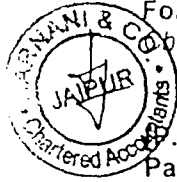
J. C. Babbar
Managing Director



- d) In our opinion, Balance Sheet and Profit & Loss a/c dealt with by this report comply with the accounting standards referred to in sub section 3(c) of Section 211 of Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from the directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us and **subject to the points mentioned in the Notes on Accounts & Auditor's observations attached to the Balance Sheet**, the said accounts give the information required by the companies act, 1956, in the manner so required 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 **31st March, 2007**, and,
 - ii) In the case of the **Profit & Loss A/c**, of the profit for the year ended on that date.

Place: Jaipur
Date: 03.09.2007

For KARNANI & CO.,
Chartered Accountants

[D. D. Karnani, FCA]
Partner, M.N. 054422



ANNEXURE TO AUDITOR'S REPORT

Accounting Year ; 2006-2007

Report on matters to be included pursuant to order issued under section 227(4A) of the Companies Act, 1956.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As informed to us the management has conducted physical verification of fixed assets during the year and no material discrepancies were noticed on such verification. There is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
(c) In our opinion and according to information and explanation given to us, a substantial part of fixed asset has not been disposed of by the company during the previous year.
2. (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The company is maintaining proper records of the inventory. The discrepancies noticed by the management on verification between the physical stocks and the book records were not material.
3. (a) The company has not granted or taken any loan, secured or unsecured to/from the companies, firms or other parties listed in the register maintained u/s 301 of Companies Act, 1956.
(b) Rate of interest and other terms and conditions of loan taken by the company are not prima facie prejudicial to the interest of the company.
(c) According to the explanations given to us, the company is regular in repayment of principal and interest.
(d) No amount is overdue more than Rs. 1 lakh hence this clause is not applicable on the company.
(e) The company has not taken any loans secured or unsecured from companies, firm or other parties covered in the register maintained under section 301 of the Act.
(f) As the company has not taken any loan, hence the requirement of rate of interest and other terms and conditions of loans taken by the company, secured or unsecured are prejudicial to the interest of the company or not is not applicable.
(g) Requirement of regular payment of the principal amount and interest is not applicable being no loan taken by the company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and



with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the internal control.

5. (a) According to the information and explanation given to us, we are of the opinion that the transaction that are required to be entered into the register maintained u/s 301 of the Companies Act 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, these transactions are made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any public deposits under the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under.
7. The company is not having any internal audit system
8. Maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government for the Company.
9. (a) According According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues in respect of Provident fund, Employee's state insurance dues, Investor education and protection fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Custom duty, Excise duty, cess and other statutory dues have generally been regularly deposited by the company during the year with the appropriate authorities in India. However following amounts of Statutory dues are outstanding in the companies books for more than a year.

| | |
|-------------------|-------------------------|
| EPF Payable | 143392.00 |
| Sales Tax Payable | 54341.00 |
| Surcharge on RST | 85.00 |
| TDS Payable | 15680.00 |
| TOTAL | <u>213498.00</u> |

(b) As per explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any disputes as on 31st March, 2007.

(c) According to the information and explanation given to us, there are no dues of sales tax, income tax, Wealth Tax, custom duty, excise duty and cess which has not been deposited on account on any dispute.

9. The company is having accumulated loss of Rs. 686.08 Lacs and the accumulated losses of the company are not more than 50 per cent of its net worth.

The company has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

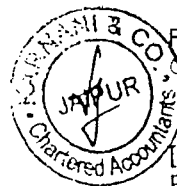


10. The company has defaulted in the payment of dues of bank. The company has gone under one-time settlement with The Bank of Rajasthan Limited and Industrial Financial Corporation of India, and the details of which are following.

| S.N. | FINANCIAL INSTITUTION | OTS Amount (in Rs.) |
|------|----------------------------|------------------------|
| 1. | The Bank of Rajasthan Ltd. | 43,00,000/- |
| 2. | IFCI | 2,85,00,000/- |

11. The company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities hence this clause is not applicable on the company.
12. Considering the nature of activities carried on by the company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it.
13. The company is not dealing in or trading in shares, securities, debentures and other investments hence this clause is not applicable to the company.
14. As per information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
15. The company has not taken any term loans hence this clause is not applicable on the company.
16. According to the information and explanation given to us and on overall examination of the balance sheet of the company and as represented to us by the management, we report that the no funds raised on short term basis have been utilized for long term investments and no long term funds have been used to finance the short term assets except permanent working capital.
17. According to the information and explanation given to us, the company has not made any preferential allotment to the persons entered into the register maintained u/s 301 of the Act, so this clause is not applicable.
18. The company had not issued any debentures hence this clause is not applicable on the company.
19. No money has been raised from the public hence this clause is not applicable on the company.
20. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit

Place: Jaipur
Dated: 03.09.2007



For KARNANI & CO.
Chartered Accountants

[P. D. Karnani, F.C.A.]
Partner, M.N. 54422

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

BALANCE SHEET AS ON 31st MARCH, 2007

| S.N. | Particulars | Schedules | 31.03.2007 | 31.03.2006 |
|------|---|-----------|---------------------|---------------------|
| I | SOURCES OF FUNDS | | | |
| (1) | Shareholder's Funds | | | |
| | a) Share Capital | I | 60439600 00 | 60439600 00 |
| | b) Reserves & Surplus | II | 99472400 00 | 99472400 00 |
| (2) | Debt Funds | | | |
| | a) Secured Loans | III | 24278336 00 | 64964570 00 |
| | b) Unsecured Loans | IV | 11000 00 | 1000000 00 |
| (3) | Deferred Tax Liability | | 12105531 00 | 0.00 |
| | TOTAL | | 196306867.00 | 225876570.00 |
| II | APPLICATION OF FUNDS | | | |
| (1) | Fixed Assets | V | | |
| | a) Gross Block | | 61564140.50 | 61300273 00 |
| | b) Less: Depreciation | | 12933111.00 | 10242836 00 |
| | c) Net Block | | 48631029.50 | 51057437 00 |
| | d) Capital Work in Progress | | NIL | NIL |
| (2) | Investments | VI | 3000 00 | 3000 00 |
| (3) | Current Assets, loans & advances | VII | | |
| | a) Inventories | | 10657195 00 | 10657195 00 |
| | b) Sundry Debtors | | 16116810 00 | 18260922.49 |
| | c) Deposit | | 17000 00 | 1302823 00 |
| | d) Loans & Advances | | 42084365 00 | 48565864 00 |
| | e) Music & Marketing Rights | | 19211356 00 | 19540172 00 |
| | f) Cash & Bank Balances | | 260654.66 | 814524.51 |
| | TOTAL (a to f) | | 88347380.66 | 99141501.00 |
| | Less : Current Liabilities & Provisions | VIII | | |
| | a) Current Liabilities | | 9254409 00 | 3266658 00 |
| | b) Provisions | | 28500 00 | 0.00 |
| | TOTAL (a + b) | | 9282909.00 | 3266658.00 |
| | Net Current Assets | | 79064471.66 | 95874843.00 |
| (4) | a) Misc. Expenditure (To the extent not written off or adjusted) | | 0.00 | 0.00 |
| | b) Profit & Loss a/c | IX | 68608365 84 | 78941290 00 |
| | TOTAL | | 196306867.00 | 225876570.00 |

Note: Statement of significant accounting policies and notes on accounts are forming part of Balance Sheet For BMB Music & Magnetics Ltd.

As per our Audit Report of Even Date annexed

J. C. Bhatnagar
Director

M. C. Bhatnagar
Director Secretary

Date: 03.09.2007
Place: JAIPUR

FOR KARNANI & CO.
Chartered Accountants
P. D. Karnani
Partner, M.N. 054422

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31st MARCH, 2007

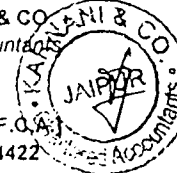
| S.N. | Particulars | Schedules | 31.03.2007 | 31.03.2006 |
|------|--|-----------|----------------------|----------------------|
| I | INCOME | | | |
| | a) Sales | | 0 00 | 0 00 |
| | b) Increase/(Decrease in Stock) | X | 0 00 | 0 00 |
| | c) Other Income | XI | 649864.63 | 0 00 |
| | TOTAL | | 649864.63 | 0.00 |
| II | EXPENDITURE | | | |
| | a) Raw Materials Consumed | | 0 00 | 0 00 |
| | b) Manufacturing Expenses | XII | 1328816.00 | 1328816.00 |
| | c) Payments to Employees | XIII | 173500.00 | 96000.00 |
| | d) Administrative Expenses | XIV | 2691469.00 | 119837.00 |
| | e) Finance Charges | XV | 792399.00 | 2760.00 |
| | f) Preliminary Expenses w/off | | 0.00 | 429251.00 |
| | g) Depreciation on Fixed Assets | V | 2690275.00 | 0.00 |
| | | | 7676459.00 | 1976664.00 |
| | LOSS DURING THE YEAR - FROM ORDINARY OPERATIONS | | (7026594.37) | (1976664.00) |
| | Add: Income from Extra-Ordinary Items | XVI | 31071139.00 | 0 00 |
| | Less: Prior Period Items | XVII | 320803.47 | 100000.00 |
| | PROFIT / (LOSS) BEFORE TAX | | 23723741.16 | (2076664.00) |
| | Add: | | | |
| | Opening Balance of P&L a/c | | (78941290.00) | (76864626.00) |
| | Deferred Tax Liability reversed for Current Period | | 358244.00 | |
| | Less: | | | |
| | Current Tax | | 0 00 | 0 00 |
| | Deferred Tax Liability for Earlier Periods | | 12463775.00 | 0 00 |
| | Income Tax Payment w/off [Earlier year's] | | 1285286.00 | 0 00 |
| | CLOSING BALANCE IN P&L A/C TAKEN TO BALANCE SHEET | | (68608365.84) | (78941290.00) |

Note: Statement of significant accounting policies and notes on accounts are forming part of Balance Sheet For BMB Music & Magnetics Ltd.

As per our Audit Report of Even Date annexed

FOR KARNANI & CO
Chartered Accountants

[P. D. Karnani, F.C.A.]
Partner, M.N. 54422



J.C. Bhatnagar
Director

M.C. Bhatnagar
M.C. Director Secretary

Date: 03.09.2007
Place: JAIPUR

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

SCHEDULES TO THE BALANCE SHEET

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|--------------|---|--------------------|--------------------|
| I | SHARE CAPITAL | | |
| | <u>Authorised</u> 65,00,000 Equity Shares of Rs. 10/- each | 65000000.00 | 65000000.00 |
| | <u>Issued, Subscribed & Paid Up</u> 61,57,900 Equity Shares of Rs. 10/- each Fully Paid up including 20,00,000 equity shares of Rs. 10/- each fully paid up for consideration otherwise than in Cash. | (61579000.00) | 61579000.00 |
| | Less: Calls in Arrears | (1139400.00) | (1139400.00) |
| | TOTAL | 60439600.00 | 60439600.00 |
| II | RESERVES & SURPLUS | | |
| | Share Premium account | 103572500.00 | 103572500.00 |
| | Less: Calls in Arrears | (4557600.00) | (4557600.00) |
| | Net Share Premium a/c | 99014900.00 | 99014900.00 |
| | General Reserve | 457500.00 | 457500.00 |
| TOTAL | 99472400.00 | 99472400.00 | |

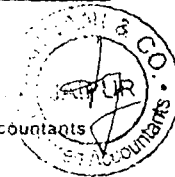
For BMB Music & Magnetics Ltd.

K. C. Babbar
Director

M. C. Bhatnagar
M. Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICC Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|---|--------------------|--------------------|
| III | SECURED LOANS | | |
| | <u>Term Loan from</u> | | |
| | Industrial Financial Corporation of India Ltd. (Secured by way of equitable mortgage of all the company immovable properties by deposit of title deeds and both present & future hypothecation of plant & machinery and other fixed assets (present & future) and also by personal guarantee by two directors of the company.) | 24278336.00 | 58571139.00 |
| | <u>Working Capital Facilities From</u> | | |
| | The Bank of Rajasthan Ltd. (Secured by way of hypothecation of raw material, work in progress, finished goods and the assets of the company and personal guarantee of two directors of the company) | 0.00 | 6393431.00 |
| | TOTAL | 24278336.00 | 64964570.00 |
| IV | UNSECURED LOANS | | |
| | From Others | 11000.00 | 1000000.00 |
| | TOTAL | 11000.00 | 1000000.00 |
| VI | INVESTMENTS | | |
| | NSC | 3000.00 | 3000.00 |
| | TOTAL | 3000.00 | 3000.00 |

For BMB Music & Magnetics Ltd.

J. C. Babbar
Director

M. C. Bhatnagar
Director

Secretary

Chartered Accountants



SCHEDULE : V

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

SCHEDULE : V FIXED ASSETS

| S.N. | Description | Rate of Dep. | GROSS BLOCK as on 01.04.2006 | Addition during the year | GROSS BLOCK as on 31.03.2007 (4+5) | Dep. Provided up to 31.03.2006 | Provided during the year | Total Dep. As on 31.03.2007 (7+8) | NET BLOCK as on 31.03.2007 (6-9) | NET BLOCK as on 31.03.2006 (4-7) |
|-------|-------------------------|--------------|------------------------------|--------------------------|------------------------------------|--------------------------------|--------------------------|-----------------------------------|----------------------------------|----------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 1 | Lease Hold Land | 0.00% | 1928965.00 | (964482.50) | 964482.50 | 0.00 | 0.00 | 0.00 | 964482.50 | 1928965.00 |
| 2 | Factory Building | 3.34% | 17723913.00 | (2871650.00) | 14852263.00 | 4694986.00 | 496066.00 | 5191052.00 | 9661211.00 | 13028927.00 |
| 3 | Plant & Machinery | 4.75% | 38605132.00 | 4100000.00 | 42705132.00 | 4062681.00 | 2028494.00 | 6091175.00 | 35613957.00 | 34542451.00 |
| 5 | Office Equipments | 6.33% | 810383.00 | 0.00 | 810383.00 | 543410.00 | 51297.00 | 594707.00 | 215676.00 | 266973.00 |
| 6 | Electrical Installation | 4.75% | 1699947.00 | 0.00 | 1699947.00 | 662903.00 | 80747.00 | 743650.00 | 956297.00 | 1037044.00 |
| 7 | Furniture & fixtures | 6.33% | 531933.00 | 0.00 | 531933.00 | 278856.00 | 33671.00 | 312527.00 | 219406.00 | 253077.00 |
| TOTAL | | | 61300273.00 | 263867.50 | 61564140.50 | 10242836.00 | 2690275.00 | 12933111.00 | 48631029.50 | 51057437.00 |

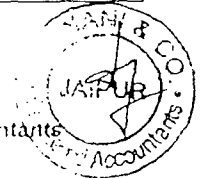
For BMB Music & Magnetics Ltd.

J. C. Bhandari
Director

M. C. Bhandari
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|---|--------------------|--------------------|
| VII | CURRENT ASSETS, LOANS AND ADVANCES | | |
| a) | Inventory [As taken valued and certified by the management] | | |
| | Finished Goods Stock | (6027765.00 | 6027765.00 |
| | Negative Rights | (3570000.00 | 3570000.00 |
| | Unfinished Stock | (1059430.00 | 1059430.00 |
| | TOTAL | 10657195.00 | 10657195.00 |
| b) | Sundry Debtors | | |
| | Akshay Mercantile Pvt Ltd. | (2000000.00 | 2000000.00 |
| | Arihant & Co. | (600000.00 | 600000.00 |
| | Ashna Investments Pvt Ltd. | (2250000.00 | 2250000.00 |
| | BMB Associates | 0.00 | 294368.00 |
| | BMB Music Pvt. Ltd. | 0.00 | 400000.00 |
| | DHL Creations | 0.00 | 146092.00 |
| | Genus Overseas Electronics Ltd. | - 1082286.00 | (1019453.00) |
| | Lakhadia Enterprises Ltd. | (1700000.00 | 1700000.00 |
| | Madhu Bafna | (648235.00 | 648235.00 |
| | M. M. Bafna | (804008.00 | 804008.00 |
| | M. P. Bafna | (823550.00 | 823550.00 |
| | Pen Audio Pvt Ltd. | (3992700.00 | 3992700.00 |
| | Plus Music India Ltd. | 0.00 | 2344005.00 |
| | Popular Entertainment Network Ltd. | (1296550.00 | 1296550.00 |
| | Roop Rajat Productions | 0.00 | 150000.00 |
| | Vijaya Associates | 0.00 | 1500000.00 |
| | Vishal Kumar | (588675.00 | 0.00 |
| | V. Vasanta | (330806.00 | 330806.00 |
| | Diff in Trial Balance | 0.00 | 61.49 |
| | TOTAL | 16116810.00 | 18260922.49 |

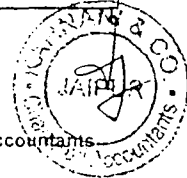
For BMB Music & Magnetis Ltd.

J. C. Bafna
Director

M. C. Bafna
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|--|--------------------|--------------------|
| c) | Deposits | | |
| | Advance Tax | 0.00 | 185948.00 |
| | Income Tax 1996-97 | 0.00 | 544260.00 |
| | Income Tax 1997-98 | 0.00 | 415377.00 |
| | Rent Security | 17000.00 | 0.00 |
| | TDS Receivable | 0.00 | 138101.00 |
| | Excise Duty (PLA) | 0.00 | 10000.00 |
| | Excise Duty (Modvat) | 0.00 | 7537.00 |
| | TOTAL | 17000.00 | 1302823.00 |
| d) | Loans & Advances | | |
| | Advista Pvt Ltd., Mumbai | 0.00 | 582793.00 |
| | Arihant Securities Pvt. Ltd. | 0.00 | 588675.00 |
| | Artage Pvt Ltd | (132600.00 | 132600.00 |
| | Artage Securities Pvt. Ltd. | (3000000.00 | 3000000.00 |
| | Bank Guarrantee (Customs Dept) | 0.00 | 4100000.00 |
| | BIFCO Pvt Ltd. | (743805.00 | 743805.00 |
| | BMB Combines | 0.00 | 1100000.00 |
| | BMB Pictures | 133969.00 | 0.00 |
| | Classic Pictures | (3209166.00 | 3209166.00 |
| | Exxon Financial Services Ltd. | (1122234.00 | 1122234.00 |
| | Finolex Industries Ltd. | (3459893.00 | 3703893.00 |
| | Gemini Pictures | (600000.00 | 600000.00 |
| | Goyal Fubnacao Pvt Ltd. | (2352196.00 | 2352196.00 |
| | Pelicon Fabrics Ltd. | ✓ 23692063.00 | 23692063.00 |
| | Shriji Fincap | (500000.00 | 500000.00 |
| | Sofia Management & Consultancy | ✓ 3138439.00 | 3138439.00 |
| | TOTAL | 42084365.00 | 48565864.00 |
| e) | Music & Marketing Rights | | |
| | Jane Tamanna (BMB Pictures) | 6311356.00 | 6311356.00 |
| | HTHS (BMB Productions) | 11100000.00 | 11100000.00 |
| | Music Rights | 0.00 | 1328816.00 |
| | Music & Ringtone rights (We are Friends) | 1000000.00 | 0.00 |
| | Ring tone rights (Bold) | 800000.00 | 800000.00 |
| | TOTAL | 19211356.00 | 19540172.00 |

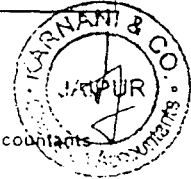
For BMB Music & Magnetics Ltd.

J.C. Bhandari
Director

M.C. Bhandari
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|---|-------------------|-------------------|
| f) | Cash & Bank Balances | | |
| | Cash in Hand | 215893 00 | 752650 00 |
| | Bank Balances (With Scheduled Banks) | | |
| | Bank of Baroda | 40000 00 | 40000 00 |
| | Bank of Maharashtra | 227 21 | 180 00 |
| | Bank of Rajasthan A/C 0550301019594 | 3940 14 | 4180 14 |
| | Bank of Rajasthan Versoa 2450301016526 | 0 00 | 330 00 |
| | Global Trust Bank, Madaras | 0 00 | 1848 00 |
| | Indian Bank, Mumbai a/c 11406 | 0 00 | 2505 00 |
| | Indian Bank, JVPD Mumbai a/c 11315 | 0 00 | 4176 00 |
| | J & K Bank Ltd. 0299010100001676 | 594 31 | 1002 00 |
| | State Bank of Bikaner & Jaipur | 0 00 | 1322 87 |
| | The Sangli Bank Mumbai | 0 00 | 6330 50 |
| | TOTAL | 260654.66 | 814524.51 |
| VIII | CURRENT LIABILITIES AND PROVISIONS | | |
| a) | Sundry Creditors (Others) | | |
| | A. Bafna & co. | 0 00 | 66606 00 |
| | Aditya Investment & Co. Ltd. | 0 00 | 215820 00 |
| | Alind Kumar | 8500 00 | 0 00 |
| | BMB Productions | 607250 00 | 181250 00 |
| | Bombay Stock Exchange | 0 00 | 21000 00 |
| | Budha Films Ltd. | 0 00 | 212239 00 |
| | CRB Capital Market | 0 00 | 244000 00 |
| | Harsh Productions | 500000 00 | 800000 00 |
| | Jaipur Stock Exchange Ltd. | 42000 00 | 42000 00 |
| | Ratan Textile | 100000 00 | 100000 00 |
| | Sangeeta Pictures | 215000 00 | 800000 00 |
| | Shanti Interactive Pvt Ltd. | 1000000 00 | 0 00 |
| | Shiv Choudhary Motors | 0 00 | 42577 00 |
| | Vinod Kumar | 96000 00 | 0 00 |
| | Advance Payments Received | | |
| | Banga Constructions Pvt Ltd. (Advance) | 6300000 00 | 0 00 |
| | TOTAL | 8868750.00 | 2725492.00 |

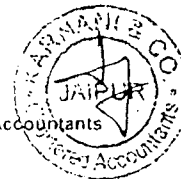
For BMB Music & Magnetics Ltd.

J. C. Babbar
Director

M. C. Balakrishna
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|--|--------------------|--------------------|
| b) | <u>Sundry Creditors (For Raw Material)</u> | | |
| | Swastic Electricity & Fertilizer | 134161.00 | 134161.00 |
| | TOTAL | 134161.00 | 134161.00 |
| c) | <u>Duties & Taxes</u> | | |
| | EPF Payable | 143392.00 | 298899.00 |
| | Excess Allotment Money Refundable | 38000.00 | 38000.00 |
| | Sales Tax Payable | 54341.00 | 54341.00 |
| | Surcharge on RST | 85.00 | 85.00 |
| | TDS Payable | 15680.00 | 15680.00 |
| | TOTAL | 251498.00 | 407005.00 |
| | TOTAL CURRENT LIABILITIES (a+b+c) | 9254409.00 | 3266658.00 |
| d) | <u>Provisions</u> | | |
| | Audit Fees Payable | 21000.00 | 0.00 |
| | ROC Fees Payable | 7500.00 | 0.00 |
| | TOTAL | 28500.00 | 0.00 |
| IX | <u>PROFIT & LOSS A/C</u> | | |
| | Balance in Profit & Loss a/c | 68608365.84 | 78941290.00 |
| | TOTAL | 68608365.84 | 78941290.00 |
| X | <u>INCREASE/DECREASE IN STOCK</u> | | |
| | Closing Stock | 10657195.00 | 10657195.00 |
| | Less: Opening Stock | 10657195.00 | 10657195.00 |
| | Increase/Decrease in Stock | 0.00 | 0.00 |

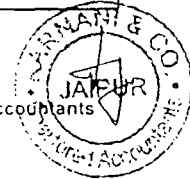
For BMB Music & Magnetics Ltd.

J. C. Babbar
Director

M. C. Bakadia
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|--------------|-----------------------------------|-------------------|-------------------|
| XI | <u>OTHER INCOME</u> | | |
| | Rent Receivable | 450345 00 | 0 00 |
| | Sundry amounts w/off | 199519 63 | 0 00 |
| | TOTAL | 649864.63 | 0.00 |
| XII | <u>MANUFACTURING EXP.</u> | | |
| | Music Rights W/off | 1328816 00 | 1328816.00 |
| | TOTAL | 1328816.00 | 1328816.00 |
| XIV | <u>ADMINISTRATIVE EXP.</u> | | |
| | Auditors Remuneration | | |
| | a) Audit Fees | 15000 00 | 10000.00 |
| | b) Other Servies | 6000.00 | 0 00 |
| | Audit Exp. | 0 00 | 850.00 |
| | Bank Charges | 782.00 | 0 00 |
| | Bad Debts | 2344005 00 | 0 00 |
| | Director's Remuneration | 96000 00 | 0 00 |
| | Computer Exp. | 0 00 | 6445.00 |
| | Conveyance Exp. | 0 00 | 4350.00 |
| | Consultancy Exp. | 15000.00 | 0 00 |
| | Digital Signature Exp. | 2600.00 | 0 00 |
| | Electricity Exp. | 5142.00 | 0 00 |
| | Listing Fee | 0 00 | 60000.00 |
| | Misc Exp. | 0 00 | 11347.00 |
| | Postage & Telegram | 0 00 | 3985.00 |
| | Printing & Stationery | 0 00 | 4440.00 |
| | Telephone Exp. | 0 00 | 12980.00 |
| | Office Exp. | 43940.00 | 0 00 |
| | Office Rent | 155500.00 | 0 00 |
| | Travelling Exp. | 0 00 | 5440.00 |
| | ROC Fees | 7500.00 | 0 00 |
| TOTAL | 2691469.00 | 119837.00 | |

For BMB Music & Magnetics Ltd.

J. C. Bhatnagar
Director

M. C. Bhatnagar
Director

Secretary

Chartered Accountants



B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

Accounting Year : 2006-2007

Assessment Year : 2007-2008

| S.N. | SCHEDULES | As on 31.3.2007 | As on 31.3.2006 |
|------|--|--------------------|------------------|
| XV | <u>PAYMENTS TO EMPLOYEES</u> | | |
| | Salary & Wages | 173500.00 | 96000.00 |
| | TOTAL | 173500.00 | 96000.00 |
| XV | <u>FINANCIAL CHARGES</u> | | |
| | Interest | 792399.00 | 2760.00 |
| | TOTAL | 792399.00 | 2760.00 |
| XVI | <u>INCOME FROM EXTRA-ORDINARY ITEMS</u> | | |
| | One Time Settlement Scheme Relief a/c | 31071139.00 | 0.00 |
| | TOTAL | 31071139.00 | 0.00 |
| XVII | <u>PRIOR PERIOD ITEMS</u> | | |
| | Loss on Sale of Land | 64482.50 | 0.00 |
| | Loss on Sale of Building | 150650.00 | 0.00 |
| | Bank Charges | 5530.48 | 0.00 |
| | Interest on Loan (Rajasthan Bank) | 1527569.00 | 0.00 |
| | Other Exp. | 629472.49 | 100000.00 |
| | Compensation Received | (250000.00) | 0.00 |
| | Rent Receivable | (1806901.00) | 0.00 |
| | TOTAL | 320803.47 | 100000.00 |

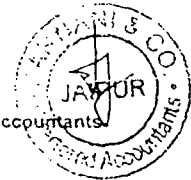
For BMB Music & Magnetics Ltd.

J. C. Bhatnagar
Director

M. C. Bhatnagar
Director

Secretary

Chartered Accountants



BMB MUSIC & MAGNETICS LTD.

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(ACCOUNTING YEAR : 2006-2007)

SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies not specifically referred to otherwise are consistent and in consonance with Generally Accepted Accounting Principles.

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

- a) The Financial Statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956 as adopted consistently
- b) The Company follows mercantile system of Accounting and recognizes significant items of income & expenditure on accrual basis unless stated otherwise elsewhere.

2. FIXED ASSETS

Fixed Assets are stated at Original Cost less Depreciation.

3. INVENTORIES

Finished Goods, Negative Rights and Work in Progress are Valued at cost.

4. DEPRECIATION

The Depreciation has been calculated on the Straight Line Method at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956

5. REVENUE RECOGNITION

- i) All other expenditures are accounted on accrual basis except circumstances mentioned below in notes on accounts.
- ii) Figures of the Previous Year have been rearranged where necessary.
- iii) In the opinion of the Board of Directors of the Company the current assets and loans & advances have a value on realization in the ordinary course of the business approximately the amount at which they are stated.
- iv) Term loan from Industrial Financial Corporation of India is secured by way of equitable mortgage of all the company's immovable properties by deposit of title deeds and all other fixed assets of the company

NOTES ON ACCOUNTS & AUDITOR'S OBSERVATIONS

1. EXTRA-ORDINARY ITEMS

Extraordinary items are income or expenses that arise from events of transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly. Following extra-ordinary items incurred in the books of the company during the year.

J. C. C. Babbar
M.C.

M. C. Babbar
M.C.



i) *One Time Settlement Scheme*

During the year the company's has gone through One Time Settlement with respect to outstanding in the accounts of IFCI and The Bank of Rajasthan.

In these One Time Settlement Schemes, the company has got relief of Rs. 3,10,71,139/- by way of waiver of some part of Interest & Principle of the Outstanding amount, which has been credited to Profit & Loss account.

2. **PRIOR-PERIOD ITEMS**

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. Following prior-period items incurred in the books of the company during the year.

i) *Loss on Sale of Land & Building*

As per the Management representation received and books and records examined by us, during the year 2003, land and building situated at SPL-4A, RIICO Industrial Area, Sitapura, Jaipur which is owned by the company has been auctioned by The Bank of Rajasthan Ltd. for recovery of their dues for total price of Rs. 36,21,000/-. *This transaction has been entered in the books of accounts of the company during the current year.*

The total auction price & the cost Price has been bifurcated by the management of the company as below.

| Assets | Auction Price (Rs.) | Cost Price (Rs.) | Loss on Sale (Rs.) |
|----------|---------------------|------------------|--------------------|
| Land | 9,00,000.00 | 9,64,482.50 | 64,482.50 |
| Building | 27,21,000.00 | 28,71,650.00 | 1,50,650.00 |

This bifurcation has also been considered for the purpose of calculating the depreciation on Building.

ii) *Interest & Bank Charges*

During the year the Interest on Loan from The Bank of Rajasthan has been debited amounting to Rs. 15,27,569/- which relates to the interest debited by the Bank during the earlier accounting periods and this amount is adjusted by netting-off from the amount of relief of One Time Settlement Scheme.

The Bank charges of Rs. 5530.48 has incurred during the re-conciliation and write off of various bank accounts which are inoperative

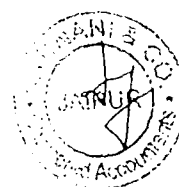
iii) *Other Expenses*

Other expenses of prior periods includes various expenses like advertisement expenses, salary & compensation paid during the earlier periods.

iv) *Compensation Received*

J. C. Bhatnagar
u-

M. C. Bhatnagar
MC



During the year 2006 the company has received a compensation of Rs. 2,50,000/- from Vijaya Associates, which is entered in the books of the company in the current year..

v) *Rent Receivable*

During the year 2001, the company has entered into leave & license agreement with Genus Overseas Electronics Ltd for letting out of premises owned by the company.

A total amount of Rs. 22,57,246/- has been debited to its account towards rent from year 2001 to 2007. out of this amount, Rs. 18,06,901/- relates to the prior accounting periods.

The effect of Extra-ordinary & Prior-Period items has clearly stated in the Profit & Loss a/c of the company where Loss before Extraordinary and Prior Period items is Rs. 70.26 Lacs and Profit after giving effect to these items is Rs. 237 24 Lacs.

3. The balances of sundry debtors, sundry creditors and unsecured loans accounts are subject to confirmations from these parties.
4. The bank balances are subject to reconciliation from respective banks. As per the representation received by the management, some of the bank accounts have been written off in view of non-availability of bank statements from the respective banks.
5. **APPLICATION OF AS-22**

Tax expense is the aggregate of current year tax and deferred tax charged or credited to the Profit & Loss account for the year.

- i) Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable tax laws.
- ii) Deferred tax is recognized on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provisions.
- iii) Deferred tax liability is measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date.

As during the previous years no deferred tax liability was recognized, so in this year the effect is given by way of Transitional Calculation mentioned as below.

CALCULATION OF DEFERRED TAX DURING THE TRANSITIONAL PERIOD

DEFERRED TAX LIABILITY

| | |
|---|-------------|
| W.D.V. as per Income Tax Act as on 1.4.2006 | 14028991.00 |
| W.D.V. as per Companies Act as on 1.4.2006 | 51057437.00 |
| Difference | 37028446.00 |

A Deferred Tax Liability Created during the Transitional

Period upto 1.4.2006 @ 33.66% of 37028446.00 12463775.00

J. C. Babu
u

M. C. Belcastro
-
MC



CALCULATION OF DEFERRED TAX FOR THE ACCOUNTING YEAR 2006-07

DEFERRED TAX LIABILITY

| | |
|--|--------------------|
| W.D.V. as per Income Tax Act as on 31.3.2007 | 12666885.00 |
| W.D.V. as per Companies Act as on 31.3.2007 | 48631029.50 |
| Difference | 35964144.50 |
| C Tax Effect of Timing Differences @ 33.66% | 12105531.00 |
| D Deferred Tax Liability Reversed during the year (C-A) | 358244.00 |

The deferred tax asset for the earlier periods and for the current period has not been recognized since there is no certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

6. EARNING PER SHARE

| | Year 2006-2007 (Rs.) | Year 2005-2006 (Rs.) |
|--------------------------------|-------------------------|-------------------------|
| Profit / Loss after Tax | 1,03,32,924.16 | (20,76,664.00) |
| Number of Equity Shares | 61,57,900 | 61,57,900 |
| Basic EPS | 1.68 | NIL |
| Nominal Value per Equity Share | 10/- | 10/- |

7. MANAGERIAL REMUNERATION

| | Year 2006-2007 (Rs.) | Year 2005-2006 (Rs.) |
|-------------------------|-------------------------|-------------------------|
| Director's Remuneration | 96000.00 | NIL |

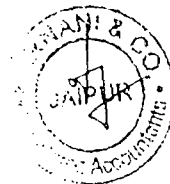
8. In absence of necessary information with the company relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said act could not be compiled and disclosed.

9. RELATED PARTY DISCLOSURES

In accordance with the Accounting Standard 18, the transactions with related parties have been disclosed as below.

J. C. Babbar
uc

M. C. Belchansky
mc



| S.N. | Name of Related Party | Volume of Transactions (Rs.) | | Amount Outstanding (Rs.) | | Amount w/off & w/back (Rs.) | Any other Disclosure |
|------|------------------------------|------------------------------|-------------|--------------------------|------------|-----------------------------|----------------------|
| | | Debit | Credit | Debit | Credit | | |
| 1. | BMB Productions | 34,76,000/- | 39,02,000/- | NIL | 6,07,250/- | NIL | NIL |
| 2. | BMB Pictures | 1,46,092/- | 12,123/- | 1,33,969/- | NIL | NIL | NIL |
| 3. | Sangeeta Pictures | 7,00,000/- | 1,15,000/- | NIL | NIL | NIL | NIL |
| 4. | Harsh Productions | 3,00,000/- | NIL | NIL | 5,00,000/- | NIL | NIL |
| 5. | BMB Combines | NIL | 11,00,000/- | NIL | NIL | NIL | NIL |
| 6. | Classic Pictures | NIL | NIL | 32,09,166/- | NIL | NIL | NIL |
| 7. | BMB Associates | NIL | 2,94,368/- | NIL | NIL | NIL | NIL |
| 8. | Vishal Bokadia (Salary) | 72,000/- | NIL | NIL | NIL | NIL | NIL |
| 9. | M. C. Bokadia (Remuneration) | 96,000/- | NIL | NIL | NIL | NIL | NIL |

9. QUANTITY INFORMATION

As the company has not taken up any production activity during the year, the quantity information is NIL

For and on behalf of the Board
annexed

As per our separate report of even date

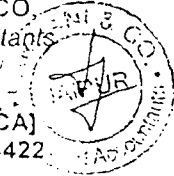
J. C. Bokadia
[Director]

M. C. Bokadia
[Director]

[Secretary]

For KARNANI & CO.
Chartered Accountants

P. D. Karjani
[P. D. Karjani, FCA]
Partner, M.N. 054422



Date : 03.09.2007
Place : Jaipur

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2007

[Rs. In Lacs]

| S.N. | PARTICULARS | As on 31.03.2007 | As on 31.03.2006 |
|----------|---|------------------|------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Profit Before Tax | 237.24 | -20.77 |
| | Depreciation | 26.90 | 3.00 |
| | Interest | 7.92 | 0.03 |
| | Loss from Sale of Fixed Assets | 2.15 | 0.00 |
| | Provision for Bad & Doubtful Debts | 5.50 | 0.00 |
| | Loss on Sale of Investments | 0.00 | 0.00 |
| | Preliminary Exp W/off | 0.00 | 4.25 |
| | Cash Flow before Working Capital changes | 274.22 | -16.45 |
| | (Increase) / Decrease in Sundry Debtors | 21.44 | 3.00 |
| | (Increase) / Decrease in Inventories | 0.00 | 0.00 |
| | (Increase) / Decrease in Deposits | 12.86 | 0.00 |
| | (Increase) / Decrease in Advances | 64.81 | 0.00 |
| | (Increase) / Decrease in Other Current Assets | 3.29 | 5.29 |
| | Increase / (Decrease) in Current Liabilities & Provisions | 60.16 | 7.89 |
| | Cash Generation from Operation | 436.78 | -0.27 |
| | Interest Paid | - 7.92 | 0.03 |
| | Direct Taxes Paid | - 121.06 | 0.00 |
| | Old Income Tax w/off | - 12.85 | |
| | Dividend Paid | 0.00 | 0.00 |
| | Tax on Dividend Paid | 0.00 | 0.00 |
| | Net Cash Flow from Operating Activities | 294.95 | -0.30 |
| B | CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| | Sale of Shares/Investments | 0.00 | 0.00 |
| | Purchase of Investments | 0.00 | 0.00 |
| | Purchase/Acquisition of Fixed Assets | -41.30 | 0.00 |
| | Sale of Fixed Assets | 36.21 | 0.00 |
| | Net Cash Flow from Investment Activities | -4.79 | 0.00 |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Issued Capital | 0.00 | 0.00 |
| | Secured Loans | -406.86 | -10.00 |
| | Unsecured Loans | -9.89 | 10.00 |
| | Dividend | 0.00 | 0.00 |
| | Deferred Tax Liability | 121.06 | 0.00 |
| | Interest Received | 0.00 | 0.00 |
| | Net Cash Flow from Financing Activities | -295.70 | 0.00 |
| | Net Increase/Decrease in Cash & Cash Equivalents | -5.54 | -0.30 |
| | Opening Balance of Cash & Cash Equivalents | 8.15 | 8.44 |
| | Closing Balance of Cash & Cash Equivalents | 2.61 | 8.15 |

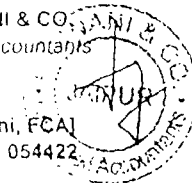
For and on behalf of the Board

J.C. Bhatnagar M.C. Bhatnagar
 Director M.C. Director

Secretary

Date : 03.09.2007

Place : Jaipur

For KARNANI & CO. KARNANI & CO.
Chartered Accountants[P. D. Karnani, FCA]
Partner, M.N 054422

BMB MUSIC & MAGNETICS LTD.

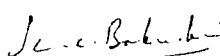
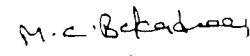
Accounting Year : 2006-2007

COMPANY'S GENERAL BUSINESS PROFILE1) **Registration Details**Registration No. L18101RJ1991PLC014466
Balance Sheet Dated 31 03 20072) **Capital Raised during the year***(Amount in Rs. Thousands)*Public Issue 0.00 Right Issue 0.00
Bonus Issue 0.00 Private Placement 0.003) **Position of Mobilization and development funds***(Amount in Rs. Thousands)*

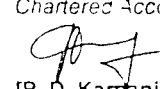
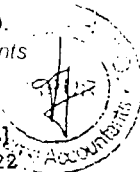
Total Liabilities 196306.87 Total Assets 196306.87

Sources of FundsPaid up Capital 60439.60 Reserves 99472.40
Secured Loans 24278.34 Surplus 0.00
Application Money 0.00 Unsecured Loans 11.00**Application of Funds**Net Fixed Assets 48631.03 Investments 3.00
Net Current Assets 79064.47 Misc. Expenditure 0.00
Accumulated Loss 68608.374) **Performance of the Company***(Amount in Rs. Thousands)*Turnover 649.86 Total Expenses 7676.46
Profit/Loss before Tax 23723.74 Profit/Loss after Tax 10332.92
Earning Per Share 1.68 Dividend Rate (%) 0.005) **Name of Principal Products/Services of the Company**Item Code N.A
Product/Service Description N.A

For BMB Music & Magnetics Ltd.


Director
Director

Secretary

Date: 03.09.2007
Place: JAIPURFor KARNANI & CO.
Chartered Accountants
[P. D. Karnani, FCA]
Partner, M.N. 054422

B.M.B. MUSIC & MAGNETICS LTD.

Regd Office : A-206, Amrit Kalash, Tonk Road, Near Kamal & co., Jaipur

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2008

| | | [Rs. In Lacs] | |
|----------|---|---------------------|---------------------|
| S.N. | PARTICULARS | AS ON 31.03.2008 | AS ON 31.03.2007 |
| A | <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| | Profit Before Tax | 169.04 | 237.24 |
| | Depreciation | 20.88 | 26.90 |
| | Interest | 0.00 | 7.92 |
| | Loss from Sale of Fixed Assets | 0.00 | 2.15 |
| | Provision for Bad & Doubtful Debts | 0.00 | 0.00 |
| | Loss on Sale of Investments | 0.00 | 0.00 |
| | Preliminary Exp. W/off | 0.00 | 0.00 |
| | Cash Flow before Working Capital changes | 189.92 | 274.22 |
| | (Increase) / Decrease in Sundry Debtors | (16.52) | 21.44 |
| | (Increase) / Decrease in Inventories | 3.62 | 0.00 |
| | (Increase) / Decrease in Deposits , | (0.03) | 12.86 |
| | (Increase) / Decrease in Advances | (195.71) | 64.81 |
| | (Increase) / Decrease in Other Current Assets | 172.11 | 3.29 |
| | Increase / (Decrease) in Current Liabilities & Provisions | (49.71) | 60.16 |
| | Cash Generation from Operation | 103.69 | 436.78 |
| | Interest Paid | 0.00 | (7.92) |
| | Direct Taxes Paid (Deferred Tax Liab (Created)/Reversed) | 36.68 | (121.06) |
| | Old Income Tax w/off | 0.00 | (12.85) |
| | Dividend Paid | 0.00 | 0.00 |
| | Tax on Dividend Paid | 0.00 | 0.00 |
| | Net Cash Flow from Operating Activities | 140.37 | 294.94 |
| B | <u>CASH FLOW FROM INVESTMENT ACTIVITIES</u> | | |
| | Sale of Shares/Investments | 0.00 | 0.00 |
| | Purchase of Investments | 0.00 | 0.00 |
| | Purchase/Acquisition of Fixed Assets | 0.00 | (41.00) |
| | Sale of Fixed Assets | 138.46 | 36.21 |
| | Net Cash Flow from Investment Activities | 138.46 | (4.79) |
| C | <u>CASH FLOW FROM FINANCING ACTIVITIES</u> | | |
| | Increase/(Decrease) in Issued Capital | 0.00 | 0.00 |
| | Increase/(Decrease) in Secured Loans | (242.78) | (406.86) |
| | Increase/(Decrease) in Unsecured Loans | 0.00 | (9.89) |
| | Dividend | 0.00 | 0.00 |
| | Increase/(Decrease) in Deferred Tax Liability | (36.68) | 121.06 |
| | Interest Received | 0.00 | 0.00 |
| | Net Cash Flow from Financing Activities | (279.46) | (295.69) |
| | Net Increase/Decrease in Cash & Cash Equivalents | (0.64) | (5.54) |
| | Opening Balance of Cash & Cash Equivalents | 2.61 | 8.15 |
| | Closing Balance of Cash & Cash Equivalents | 1.97 | 2.61 |

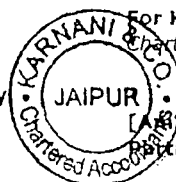
For and on behalf of the Board

J. C. Babbar Director *M. C. Babbar* Director

Director

Director

Secretary



For KARNANI & CO.
Chartered Accountants

[Amit Mundhra, FCA]

Partner, M.N 400145

Date : 17.05.2008

Place : Jaipur