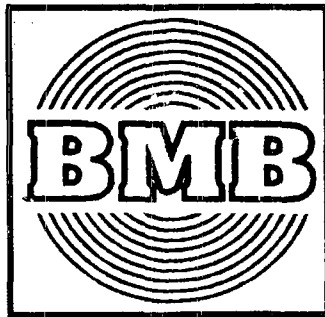


17th

ANNUAL REPORT

2007-08



BMB MUSIC & MAGNETICS LTD.

BMB MUSIC & MAGNETICS LTD.

17th ANNUAL REPORT

2007-2008

*** BOARD OF DIRECTORS**

Kastoor Chand Bokadia (Chairman Cum Managing Director)

Mahavir Chand Bokadia (Director)

Pramod Bokadia (Director)

Mahesh Jangid (Director)

Jai Dev Chakarvorty (Director)

Azgan Thamizmane Vadaseri Alagappa (Director)

Rajeev Jain (Director)

*** BANKERS**

Andhra Bank, Jaipur

*** CORPORATE ADVISOR**

V.M. & Associates

Company Secretaries, Jaipur

*** AUDITORS**

Karnani & Company

Chartered Accountants, Jaipur

*** REGISTERED OFFICE**

206, A-Block, Amrit Kalash, Near Kamal & Co.

Tonk Road, Jaipur - 302015

For BMB MUSIC AND MAGNETICS LTD

K. C. Bokadia

Managing Director

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of BMB Music & Magnetics Limited will be held on Monday, the 30th day of June, 2008 at 11.00. A.M at the registered office of the Company at A- Block Amrit Kalash Near Kamal & Company, Tonk Road, Jaipur to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the financial year ended on 31st March, 2008 together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Mahavir Chand Bokadia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT Shri Azaga Thamizmane, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT Shri Rajeev Jain, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification, the following as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Section 78, 100 to 103, 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and Memorandum and Articles of Association of the Company and subject to the sanction by the Hon'ble High Court of Jaipur of the Scheme of Arrangement presented to that Court, the balance in the Share Premium Account of the company as on 31.03.2008 be utilized to the extent required to adjust Rs. 4,80,36,723.34 amount of business losses in accordance with the provisions of such Scheme of Arrangement .

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, Mr. K C Bokadia, Chairman cum Managing Director and Mr. Mahavir Chand Bokadia, Director of the Company be and are hereby severally authorized to do all such acts, deeds, matter and things as they may, in their absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilization/ adjustment of the account or reserve available for the purpose, in any manner including passing of such accounting entries and / or making such other adjustments in the books of accounts as may be considered necessary or expedient for giving effect to the above Resolutions or to carry out such modifications/ directions as may be ordered by the Hon'ble High Court of Judicature at Jaipur to implement the aforesaid Resolution.

RESOLVED FURTHER THAT Mr. K C Bokadia, Chairman cum Managing Director and Mr. Mahavir Chand Bokadia, Director of the Company be and are hereby severally authorised

(i) to take all necessary steps to obtain confirmation of High Court of Judicature at Jaipur and any other authority, including appointment of suitable Company Secretaries, Advocates/ Attorneys, Chartered Accountants,

(ii) for signing and filing of documents/ affidavits/ applications/ petitions, court papers (iii) for affirming/ declaring/ swearing of affidavits, etc. (iv) to agree to such modifications, alterations, substitutions, additions, deletions, other terms and conditions, etc. as may be suggested/ directed by the High Court of Judicature at Jaipur, and (v) to do all acts, deeds, matters and things as it may, in their absolute discretion, deem necessary, expedient, usual or proper to give effect to the above resolution."

BY ORDER OF THE BOARD

PLACE: JAIPUR

DATE : 24.05.2008

M.C.BOKADIA

K.C.BOKADIA

DIRECTOR CHAIRMAN CUM MANAGING DIRECTOR

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. In terms of Article 100 of the Articles of Association of the Company, Shri Mahavir Chand Bokadia, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. A brief resume of the Director, nature of his expertise in specific functional areas, and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commend his re-appointment.
4. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the meeting.
5. Shareholders seeking any information with regard to accounts are requested to write the Company early so as to enable the management to keep the information ready.
6. Members are requested to notify immediately any change in their address to the Company and quote their Folio Number in all correspondence with the Company.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 20th June, 2008 to Monday 30th June, 2008 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT 1956**Item No. 4**

The Board of Directors of the Company (the Board), under Section 260 of the Companies Act, 1956 (the Act) and the Articles of Association of the Company, appointed Shri Azagan Thamizmane as an Additional Director of the Company with effect from December 3, 2007. In terms of Section 260 of the Act, Shri Azagan Thamizmane holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Shri Azagan Thamizmane for the office of Director of the Company under Section 257 of the Act.

Shri Azagan Thamizmane is not disqualified from being appointed as Director under Section 274 (1) (g) of the Act and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act. The Company has received the requisite Form 'DD-A' from Shri Azagan Thamizmane, in terms of Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 confirming his eligibility for such appointment.

A brief resume of Shri Azagan Thamizmane, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

Except Shri Azagan Thamizmane, no Director of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 5

The Board of Directors of the Company (the Board), under Section 260 of the Companies Act, 1956 (the Act) and the Articles of Association of the Company, appointed Shri Rajeev Jain as an Additional Director of the Company with effect from May 24, 2008. In terms of Section 260 of the Act, Shri Rajeev Jain holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Shri Rajeev Jain for the office of Director of the Company under Section 257 of the Act.

Shri Rajeev Jain is not disqualified from being appointed as Director under Section 274 (1) (g) of the Act and has complied with the requirement of obtaining the Director Identification Number in terms of Section 266A of the Act. The Company has received the requisite Form 'DD-A' from Shri Rajeev Jain, in terms of Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 confirming his eligibility for such appointment.

A brief resume of Shri Rajeev Jain, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

Except Shri Rajeev Jain, no Director of the Company is, in any way, concerned or interested in this resolution.

ITEM NO. 6

Over a period of time, the company has incurred severe losses to the tune of Rs. 4,80,36,723.34 as on 31.03.2008. Your directors has reached a one time settlement understanding with the IFC and The Bank of Rajasthan Ltd. (Lenders). In view of the decision of Board of Directors of the Company to restructure the overall operations of the Company, get it fine tuned at all levels, get the equity shares re-instated at the Bombay Stock Exchange Ltd at Mumbai, decided to align financial structure. Companies Act provides that the company may, if authorized by its Articles of Association, extinguish or reduce or set off its losses out of share premium account, reserves and surplus etc.

Section 78 of the Companies Act, 1956 enables utilization of securities premium account for various objectives enshrined therein. Further to utilize the share premium account for other purposes, requires compliance of sections 100 to 103 of the Companies Act, 1956 and the approval of Shareholders pursuant to sections 78, 100 to 103, 391 to 394 as the case may be, , by way of a Special Resolution and accordingly the proposed resolution is placed for your consideration and approval. The company's equity share capital structure and shareholding pattern will remain unchanged.

Your Board of Directors has approved the Scheme of Arrangement in this regard.

Your Directors may be deemed to be concerned or interested in the resolution to the extent of their shareholding in the company, commend the aforesaid resolution for passing with or without modification(s).

A copy of the Memorandum and Articles of Association incorporating the proposed alteration is available for inspection at the Registered Office of the Company on any working day during business

BY ORDER OF THE BOARD

M. C. BOKADIA
DIRECTOR

K. C. BOKADIA
CHAIRMAN CUM MANAGING DIRECTOR

PLACE: JAIPUR
DATE : 24.05.2008

DIRECTORS' REPORT

To
DEAR MEMBERS,

Your Directors have pleasure in presenting the 17th Annual Report on the business and operations of the Company alongwith the Audited Statement of Accounts for the year ended on 31st March, 2008.

FINANCIAL RESULTS

(Amount in Thousands)	
2007-2008	2006-2007
Total Income	
4163 (including other income)	650
Total Expenditure excluding Dep.	
5623	10366
Depreciation	
2088	2690
Net Profit / (Loss) for the year	
628	(7027)

DIVIDEND

In view of the losses and overall financials of the Company, the Directors regret their inability to pay any dividend for the year ended on 31st March, 2008.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company Shri Mahavir Chand Bokadia is to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board of Directors has also recommended his re-appointment.

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company Shri Azagan Thamizmane and Shri Rajeev Jain, who were appointed as additional director under section 260 of the Act and liable to hold office upto the ensuing Annual General Meeting, being eligible offers for re-appointment. The company has received necessary notice under section 257 of the Act. Your Board of Directors also recommend their re-appointment.

PERFORMANCE AND FUTURE PROSPECTS

During the year under review, your Company's performance was reasonable as compared to previous years.

However, the Company has decided to diversify into making of Software for T. V. Serials, marketing of mega films and construction of multi complex theatre. The Company has also finalized the making of Hindi T. V. serials for Popular Entertainment Network, Mumbai and few Tamil Serials for T. V. Besides this, Company is negotiating for other such releases. Further Company is negotiating with few leading Indian and Foreign companies for tie up of its audio division. Looking to all this, future of the Company seems to be bright.

The Company has not defaulted in the payment of dues of bank. In the last financial year the company has gone under one-time settlement with The Bank of Rajasthan Limited and Industrial Financial Corporation of India, and dues of which have been paid and their accounts have now been settled.

AUDITORS' & AUDITORS' REPORT

M/s Karnani & Co., Chartered Accountants Statutory auditors of your Company holds office until the conclusion of the 17th Annual General Meeting and being eligible for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1) of the Companies Act, 1956.

The accounting policy referred by Auditors is followed by the Company consistently for several years along with necessary disclosures in the accounts.

The necessary disclosure of accounting policies followed by the Company has been provided to appreciate the view presented in the financial statements of the Company.

Further, the Auditor's Report read with notes to the accounts referred are self-explanatory and therefore, do not require any comment / clarification.

PARTICULARS OF EMPLOYEES

Information in accordance with Sub-Section (2A) of Section 217 of the Companies Act, 1956, as amended read with Companies (Particulars of Employees) Rules, 1975 is NIL.

FIXED DEPOSIT

During the year under review, your Company has not accepted any fixed deposit from public in terms of provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, your Company is taking reasonable steps and Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance will be given in due course as per the implementation schedule prescribed by SEBI as amended upto date. As required by the said clause, a separate Report on Corporate Governance forms part of the Annual Report of the Company. A certificate from M/s V M & Associates, Company Secretaries in Practice regarding compliance of conditions of Corporate Governance is part of this report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given as under: -

Conservation of Energy: Company Activities do not involve any significant energy consumption, however every effort is being made to conserve it.

II. Research & Development, Technology Absorption, Adaptation and Innovation:

The Company does not carry out any specific R & D activity on its own. However, the Company adopts the latest trends in technology development and introduces the same so as to ensure higher production and reduction in cost with best output in return.

Foreign Exchange Earnings & Outgoings

- (a) Foreign Exchange Earnings : NIL
(b) Foreign Exchange Outgo : NIL

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, is hereby confirmed:

(i) That in preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) That the Directors have selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities;

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a 'going concern basis'.

REINSTATEMENT AT BOMBAY STOCK EXCHANGE

In view of the decision of Board of Directors of the Company to restructure the overall operations of the Company, get it fine tuned at all levels, get the equity shares re-instated at the Bombay Stock Exchange Ltd at Mumbai, decided to align its Balance Sheet and accordingly proposes to extinguish its losses incurred during previous years and setting off the same out of its share premium account and reserve and surplus account.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation to the State Government, Industrial Financial Institutions of India (IFCI), RIICO, The Bank Of Rajasthan Ltd. for all the help and support. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the employees of the Company.

CONCLUSION

Your company's Board and employees are inspired by their vision of sustaining the position of the company as a dynamic and valuable company through world class performance, creating enduring value for all stakeholders, including the shareholders and the Indian Society. The company is continuously engaged in upgrading strategic capability to effectively address the challenge of growth in an increasingly competitive market. The vision of enlarging your company's contribution to the Indian economy is manifest in the creation of unique business models that foster international competitiveness. Propelled by this vision and powered by the internal vitality, your Directors look forward to the future with confidence.

ON BEHALF OF THE BOARD OF DIRECTORS

M. C. BOKADIA
DIRECTOR

K. C. BOKADIA
CHAIRMAN CUM MANAGING DIRECTOR

DATE : 24.05.2008
PLACE: JAIPUR

Certificate of Compliance with the conditions of Corporate Governance

**To The Members of
BMB MUSIC & MAGNETICS LIMITED**

We have examined the Compliance of conditions of Corporate Governance by BMB Music & Magnetics Limited for the year ended on 31st March 2008, as stipulated in clause 49 of the listing agreement of the Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and based on the representations made by the Directors and Management, we certify that the Company has broadly complied with the conditions of Corporate Governance as stipulated in Clause 49 the above-mentioned Listing Agreement and some of the requirements are under process of compliance.

We further state that no investor grievances are pending for a period of exceeding one month except where disputed or sub-judice, as per the records maintained by the Shareholders' / Investors' Grievance Committee.

We further state such compliance is neither an assurance as to the future viability of the Company for the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR V M & ASSOCIATES
COMPANY SECRETARIES**

JAIPUR, 24.05.2008

**V. M. DAVE
PARTNER
FCS 474 ; CP No. 452**

**ANNEXURE TO THE
DIRECTORS' REPORT**

CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align, as nearly as possible, the interests of individuals, corporations and society and thereby enhancing the stakeholders' value. The commitment to good corporate governance practices predates the laws and mandates of the Securities and Exchange Board of India (SEBI) and the stock exchanges through Clause 49 of their listing agreements.

**COMPANY'S PHILOSOPHY ON CODE OF
CORPORATE GOVERNANCE**

The Company's Philosophy on Corporate Governance envisages working towards high levels of transparency, accountability and responsibility, fairness, consistent value systems, delegation, across all facets of its operations leading to sharply focussed and operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities. The Company is committed to learn and adopt the best practices of corporate governance. Given below are the company's corporate governance policies and practices:

Board of Directors

a) Composition and Category of Directors.

The particulars of Directors, their attendance at the Board Meeting during the Financial year 2007-2008 and also other directorships (including directorship in private companies but excluding foreign companies) and Board Committees as at 31st March, 2008 are as under:

Name Of Directors	Category	Attendance at the board Meetings	Attendance at the Last - AGM	No. of other Director ship
Sh. K.C. Bokadia	Non-Executive & Promoter	8	Yes	Nil
Sh. Mahavir C. Bokadia	Non-Executive & Promoter	8	Yes	Nil
Sh. Parmod	Non-Executive & Promoter	8	Yes	Nil
Sh. Mahesh Jangid	Non-Executive & Independent	7	Yes	Nil
Sh. Jaidev Chakraborty	Non-Executive & Independent	6	Yes	Nil
Sh. Azgan Thamizmane Vadaseri Alagappa	Non-Executive & Independent	5	No	Nil

Brief Profile of the Directors to be re-appointed at the Annual General Meeting of the Company is given in the explanatory statement attached to the Notice convening the Meeting.

a) Board Meetings

During the year under review 8 meetings of the Board were held on 04.05.2007, 03.09.2007, 31.10.2007, 29.12.2007, 08.01.2008, 15.01.2008, 17.01.2008 and 19.01.1008.

The Director in consultation with the Managing Director drafts the Agenda of the Board Meetings. Agenda papers along with relevant details are circulated to all Directors, well in advance of the date of the Board Meeting.

Board Members have complete and unfettered access to any information within the Company

Board Committees:

a) Audit Committee

During the year, the Audit Committee was constituted with the following Non-Executive Directors.

Name of Member	Category	No. of Meetin	
		Held	Attended
Sh Azgan Thamizmane (Chairman)	Non-Executive & Independent	5	5
Sh. Mahesh Jangid (Member)	Non-Executive & Independent	5	5
Sh Jaidev Chakroborty (Member)	Non-Executive & Independent	5	5

The accounts of the Company for the financial year ended on 31st March, 2008 were approved by the Audit Committee in their meeting held on 24.05.2008.

Statutory Auditors, Internal Auditors and Chief Financial Officer of the Company have attended all the meetings of the Company. The Company is not having any Company Secretary to the Audit Committee.

b) Remuneration Committee

The Board is underway to constitute a Remuneration Committee. However, no remuneration / sitting fees was paid to any of the Directors of the Company during the year ended on 31st March, 2008.

c) Code of Business Conduct and Ethics for Directors and Senior Management

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Directors at its meeting held on 04.05.2007 adopted the Code of Business Conduct and Ethics for Directors and Senior Management ("the Code").

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chief Executive Officer is given below:

"I hereby confirm that the company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2007-08."

K C Bokadia
Chief Executive Officer

SHARE TRANSFER & SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

At present Share Transfer Committee of the Board is looking after all the matters connected to shareholders i.e. Share Transfer, Transmission and Investor Grievances etc. No investor grievance is pending as on 31st March, 2008.

GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day & Date	Time	Venue
14 th Meeting	Friday 30-09-2005	11:00a.m.	SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur
15 th Meeting	Saturday 30-09-2006	11:00a.m.	SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur
16 th Meeting	Saturday 29-09-2007	11:00a.m.	SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur

No postal ballots were used/invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956.

DISCLOSURES**Related Party Transactions**

The Company has entered into some transactions of material nature with the promoters, the Directors or the management or relative etc. that may have any potential conflict with the interests of the Company. However, the same were done at arms length and to further the interest of the company. All such transactions are given in Notes on Accounts.

Compliance by the Company

The Company has tried to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

There are no materially significant transactions with related parties i.e., promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interest.

There were no instances of non-compliance on any matter related to the capital markets. However, there are no instances of penalties or strictures by SEBI or Stock Exchanges or any statutory authorities during the said period. Further, no investor's grievance is pending as on date. No Listing Fee has been paid to Jaipur Stock Exchange, The Stock Exchange, Mumbai, The Calcutta Stock Exchange Association Limited and Chennai Stock Exchange Limited for the previous year.

MEANS OF COMMUNICATION

1. In compliance with the requirements of Listing Agreement, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges however; they are not regularly submitted on the annual, half-yearly and quarterly basis to the Stock Exchanges in accordance with the Listing Agreement and not published in newspapers as well.
2. Management Discussions and Analysis Report forms part of the Report of Directors.

GENERAL SHAREHOLDER'S INFORMATION**Annual General Meeting**

Time : 11:00 A. M.
Date : 30.06.2008
Venue : 206, A-Block Amrit Kalash, Near Kamal & Company, Tonk Road Jaipur

Financial Calendar : 1st April, 2008 to 31st March, 2009

Book Closure : 20th June, 2008 to 30th June (both days inclusive).

Dividend : No Dividend being recommended by the Board during the year.

Listing

The Company's Shares are listed at the following Stock Exchanges:
Jaipur Stock Exchange
The Stock Exchange, Mumbai (Code 531420)

The Calcutta Stock Exchange Association Limited, Kolkata.

Chennai Stock Exchange Limited, Chennai

Market Price Data: No transaction took place during the year under report.

Share Transfer Agent : The company is in the process of appointing a share transfer agent.

Distribution of Shareholding as on 31.03.2008

Nominal value of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	Voting Strength (%)
Upto - 5,000	887	85.288	22,45,000	3.655
5,001 - 10,000	46	4.437	3,88,000	0.630
10,001 - 20000	33	3.179	4,86,000	0.789
20,001 - 30000	8	0.771	1,95,000	0.316
30,001 - 40000	9	0.867	3,18,000	0.517
40,001 - 50000	7	0.674	3,22,000	0.522
50,001 - 1,00,000	13	1.252	9,52,000	1.545
1,00,001 and above	37	3.564	5,66,73,000	92.032
Total	1040	100.00	6,15,79,000	100.0

Shareholding Pattern (Category-wise)

	Category	No. of Shares	Shareholding
1.	Promoters	2910200	47.26
2.	Mutual funds and UTI	300000	4.87
3.	Banks, Financial Institution Insurance Companies (Central/ State Govt. Institutions, Non Government Institutions)	499900	8.12
4.	Foreign Institutional Investors	-	-
5.	Private Corporate Bodies	675100	10.96
6.	Indian Public	1494200	24.27
7.	NRIs/OCBs/Foreign Nationals	278500	4.52
8.	GDR	-	-
	Grand Total	6157900	100.00

Investor Correspondence

For all queries (including Share Transfer & Investor Grievances)

Compliance Officer,

BMB MUSIC AND MAGNETICS LIMITED206, A-Block Amrit Kalash Near Kamal & Company,
Tonk Road Jaipur.

AUDITORS' REPORT

We have audited the attached Balance Sheet of BMB MUSIC & MAGNETICS LTD. as at March 2008 and Profit & Loss 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 according 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 statement are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.
- d) In our opinion, Balance Sheet and Profit & Loss a/c dealt with by this report comply with the accounting standard referred to in sub section 3(c) of section 211 of companies Act, 1956 to the extent applicable except AS-28, regarding Impairment of Assets.
- e) On the basis of written representative received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a directors 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 & Auditors'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, 2008, and,
 - ii) In the case of the Profit & Loss A/c, of the profit for the year ended on that date.

**For KARNANI & CO.,
Chartered Accountants**

**Place : Jaipur
Date: 24-05-2008**

**[Amit Mundhra, FCA]
Partner, M.N. 400145**

ANNEXURE TO AUDITOR'S REPORT

Accounting Year: 2007-2008

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, but in case of Plant & Machinery detailed records have not been maintained.

(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 been disposed of by the company during the previous year. The company has sold its Land & Factory Buildings situated at Sitapura Industrial Area, Jaipur during the year excluding Plant & Machinery in the factory.

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 58M 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 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	52912.00
Sales Tax Payable	54341.00
Surcharge on RST	85.00
TDS Payable	15680.00
TOTAL	123018.00

(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, 2008

9. The company is having accumulated loss of Rs. 487.90 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 not defaulted in the payment of dues of bank. In the last financial year the company has gone under one-time settlement with The Bank of Rajasthan Limited and Industrial Financial Corporation of India, and dues of which have been paid and their accounts have now been settled.

11. As per the explanations given by the management, 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 fundi nidhi/ mutual benefit fundi 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.

**For KARNANI & CO.,
Chartered Accountants**

**Place : Jaipur
Date : 24-5-2008**

**[Amit Mundhra, FCA]
Partner, M.N. 400145**

BALANCE SHEET AS ON 31st MARCH, 2008

Particulars	Schedules	As at 31th March, 2008 (Rs.)	As at 31th March, 2007 (Rs.)
SOURCES OF FUNDS			
Shareholders Fund	1	60439600.00	604396000
Share Capital	2	99472400.00	99472400.00
Reserve & Surplus			
Debts Funds	3	0.00	24278336.00
Secured Loans	4	11000.00	11000.00
Unsecured Loans		8437606.00	12105531.00
Deferred Tax Liability	Total :	<u>168360606.00</u>	<u>196306867.00</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		47718537.00	61564140.50
Less : Depreciation		15021559.00	12933111.00
Net Block		<u>32696978.00</u>	<u>48631029.50</u>
Capital Block in Progress		NIL	NIL
Investments	6	3000.00	3000.00
Current Assets	7		
Loans & Advance			
Inventories		10295375.00	10657195.00
Sundry Debtors		17768386.00	16116810.00
Deposit		20000.00	17000.00
Loan & Advance		61047991.00	41477115.00
Music & Marketing Right		2000000.00	19211356.00
Cash & Bank Balance		197117.66	260654.66
	Total	<u>91328869.66</u>	<u>87740130.66</u>
Less : Current Liability & Provisions	8		
Current Liabilities		3676465.00	8647159.00
Provisions		28500.00	28500.00
	Total	<u>3704965.00</u>	<u>8675659.00</u>
Net Current Assets		87623904.66	79064471.66
Misc. Expenditure (to the extent not written off or adjusted)		0.00	0.00
Profit & Loss	9	48036723.34	68608365.84
	Total	<u>168360606.00</u>	<u>196306867.00</u>

Note: Statement of significant accounting policies and notes on accounts are forming part of Balance

As per our Audit Report of Even Date Annexed

For & on Behalf of Board
For BMB Music & Magnetics Ltd.
Sd/-

For **Karnani & Co. (Chartered Accountants)**

Sd/-
(Amit Mundhra, FCA)
Partner, M.N. 400145

(M.C. Bokadia)

Director Chairman Cum Managing Director

(K.C. Bokadia)

Place : Jaipur
Date : 24-05-2008

PROFIT & LOSS A/C FOR THE ENDED ON 31st MARCH, 2008

Particulars	Schedules	As at 31th March, 2008 (Rs.)	As at 31th March, 2007 (Rs.)
INCOME			
Sales (Cassetters)		448114.00	0.00
Increase/ (Decrease in Stock)	10	(361820.00)	0.00
Other Income	11	4076576.00	649864.63
	Total	<u>4162870.00</u>	<u>649864.63</u>
Expenditure			
Purchase		33446.00	0.00
Manufacturing Expenses	12	800000.00	1328816.00
Payments to Employees	13	183500.00	173500.00
Administrative Expenses	14	429155.00	2691469.00
Finance Charges	15	0.00	792399.00
Preliminary Expenses w/off		0.00	0.00
Depreciation on Fixed Assets	5	2088448.00	2690275.00
		<u>3534549.00</u>	<u>7676459.00</u>
PROFIT/ (LOSS) DURING THE YEAR FROM ORDINARY OPERATIONS		628321.00	7026594.37
Add:	16		
Income From Extra-Ordinary Items		16275396.50	31071139.00
Less:	17		
Prior Period Items		0.00	320803.47
PROFIT/ (LOSS) BEFORE TAX		<u>16903717.50</u>	<u>23723741.16</u>
Add:			
Opening balance of P&L a/c		68608365.84	78941290.00
Deferred Tax Liability for Earlier Period		3667925.00	358244.00
Less:			
Current Tax		0.00	0.00
Deferred Tax Liability for Earlier Periods		0.00	12463775.00
Income Tax Payment w/off [Earlier year's]		0.00	1285286.00
CLOSING BALANCE IN P&L A/C TAKEN TO BALANCE SHEET		<u>48036723.34</u>	<u>68608365.84</u>

As per our Audit Report of Even Date Annexed

For & on Behalf of Board
For BMB Music & Magnetics Ltd.
 Sd/-

For **Karnani & Co.(Chartered Accountants)**

Sd/-
(Amit Mundhra, FCA)
 Partner, M.N. 400145

(M.C. Bokadia)
 Director

(K.C. Bokadia)
 Chairman Cum Managing Director

Place : Jaipur

Date : 24-05-2008

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31th March, 2008 (Rs.)	As at 31th March, 2007 (Rs.)
Schedule 1 SHARE CAPITAL		
Authorised capital		
6500000 Equity Shares of Rs. 10/-each	65000000.00	65000000.00
Issued, Subscribed & Paid up		
615790 Equity Shares of Rs. 10/- each 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	<u>60439600.00</u>	<u>60439600.00</u>
Schedule 2 RESERVE & SURPLUS		
Share Premium account	103572500.00	103572500.00
Less : Calls in Arrears	4557600.00	4557600.00
Net Share Premium a/c	<u>99014900.00</u>	<u>99014900.00</u>
General Reserve	457500.00	457500.00
TOTAL	<u>99472400.00</u>	<u>99472400.00</u>
Schedule 3 SECURED LOANS		
Terms Loan from 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.)	0.00	24278336.00
TOTAL	<u>0.00</u>	<u>24278336.00</u>
UNSECURED LOANS		
From Others	11000.00	11000.00
TOTAL	<u>11000.00</u>	<u>11000.00</u>
INVESTMENTS		
NSC	3000.00	3000.00
TOTAL	<u>3000.00</u>	<u>3000.00</u>

SCHEDULES : 4 FIXED ASSETS

Particulars	Rate of Dep.	Gross Block as On 01-04-2007	Addition during the year	Gross Block as On 01-04-2008	Dep. Provided up to 31-3-2007	Provided during the year	Total Dep. as on 31-3-2008	Net Block as on 31-3-2008	Net Block as on 31-3-2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Hold Land	0.00%	964482.50	964482.50	0.00	0.00	0.00	0.00	0.00	964482.00
Factory Building	3.34%	14852263.00	9591898.00	5260365.00	5191052.00	69313.00	5260365.00	0.00	9661211.00
Plant & Machinery	4.75%	42705132.00	1921000.00	40784132.00	6091175.00	1995979.00	8087154.00	32696978.00	36613957.00
Office Equipments	6.33%	810383.00	208508.00	601875.00	594707.00	7168.00	601875.00	0.00	215676.00
Electrical Installation	4.75%	1699947.00	945014.00	754933.00	743650.00	11283.00	754933.00	0.00	956297.00
Furniture & Fixtures	6.33%	531933.00	214701.00	317232.00	312527.00	4705.00	317232.00	0.00	219406.00
TOTAL		<u>61564140.50</u>	<u>13845603.50</u>	<u>47718537.00</u>	<u>12933111.00</u>	<u>2088448.00</u>	<u>15021559.00</u>	<u>32696978.00</u>	<u>48631029.50</u>

FIGURES AS AT**31-3-2008****31-3-2007****Schedule : '6' Current Assets, Loans & Advance****A) Inventory**{ As taken valued and certified by
the management}

Finished Good Stock	6691929.00	6027765.00
Negative Rights	3570000.00	3570000.00
Unfinished Stock	0.00	1059430.00
Audio CD Stock	33446.00	0.00
Total	<u>10295375.00</u>	<u>10657195.00</u>

B) Sundry Debtors

Akshay Mercantile Pvt Ltd.	2000000.00	2000000.00
Aarti Choudhary	100000.00	0.00
Arihant & Co.	600000.00	600000.00
Ashna Investments Pvt. Ltd.	2250000.00	2250000.00
Genus Overseas Electronic Ltd.	1158862.00	1082286.00
Goutam Chand Bokadia	230000.00	0.00
Khandelwal Polymers	313000.00	0.00
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
Popular Entertainment Network Ltd.	1296550.00	1296550.00
Rajendra Pahadia	950000.00	0.00
Vishal Kumar	570675.00	588675.00
V. Vasanta	330806.00	330806.00
Total	<u>17768386.00</u>	<u>16116810.00</u>

C) Deposits

Rent Security (Prakash Chand Jain)	20000.00	17000.00
Total	<u>20000.00</u>	<u>17000.00</u>

	FIGURES AS AT	
	31-3-2008	31-3-2007
D)Loans & Advances		
Artage Pvt Ltd.	132600.00	132600.00
Artage Securities Pvt Ltd.	3000000.00	3000000.00
BIFCO Pvt Ltd.	743805.00	743805.00
BMB Pictures	7015325.00	133969.00
BMB Production	12082270.00	(607250.00)
Classic Pictures	3209166.00	3209166.00
Exxon Financial Services Ltd.	1122234.00	1122234.00
Finolex Industries Ltd.	3459893.00	3459893.00
Gemini Pictures	600000.00	600000.00
Goyal Fubrics Ltd.	2352196.00	2352196.00
Shriji Fincap	23692063.00	23692063.00
Sofia Management & Consultancy	500000.00	500000.00
	3138439.00	3138439.00
Total	<u>61047991.00</u>	<u>41477115.00</u>
E)Music & Marketing Right		
Jane Tamanna (BMB Pictures)	0.00	6311356.00
HTHS (BMB Production)	0.00	11100000.00
Music Rights (Challenge)	2000000.00	0.00
Music Ringtone Rights (We are friends)	0.00	1000000.00
Ring tone Rights (Bold)	0.00	800000.00
Total	<u>2000000.00</u>	<u>19211356.00</u>
F)Cash & Bank Balance		
Cash In Hand	148588.00	215893.00
Bank Balances		
(With Scheduled Bankes)		
Andhra Bank (CA-119)	3228.00	0.00
Bank of Baroda	40000.00	40000.00
Bank of Maharastra	767.21	227.21
Bank of Rajasthan A/C 0550301019594	3940.14	3940.14
J & K Bank Ltd. 0299010100001676	594.31	594.31
Total	<u>197117.66</u>	<u>260654.66</u>

FIGURES AS AT

31-3-2008

31-3-2007

Schedule : '8' Current Liabilities and Provisions

a) Sundry Creditors(Others)

Alind Kumar	0.00	8500.00
Annat Electronics Pvt. Ltd	33446.00	0.00
Harsh Production	0.00	500000.00
Jaipur Stock Exchange Ltd.	42000.00	42000.00
Ratan Textile	100000.00	100000.00
Sangeeta Pictures	1365000.00	215000.00
Shanti Interactive Pvt. Ltd.	0.00	1000000.00
Vinod Kumar	144000.00	96000.00
Prakash Chand Jain(Rent)	20000.00	0.00
Advance Payment Received		
Banga Constructions Pvt. (Advance)	1600000.00	6300000.00
Total	<u>3304446.00</u>	<u>8261500.00</u>

b) Sudry Creditors (For Raw Material)

Swastic Electricity & Fertilizer	134161.00	134161.00
Total	<u>134161.00</u>	<u>134161.00</u>

c) Duties & Taxes

EPF Payble	52912.00	143392.00
Exess Allotment Money Refundble	38000.00	38000.00
Sales Tax Payble	54341.00	54341.00
Surcharge on RST	85.00	85.00
TDS Payble	15680.00	15680.00
VAT (Rajasthan) Payble	76840.00	0.00
Total	<u>237858.00</u>	<u>251498.00</u>
Total Current Liabilities (a+b+c)	<u>3676465.00</u>	<u>8647159.00</u>

d) Provision

Audit Fees Payble	21000.00	21000.00
ROC Fees Payble	7500.00	7500.00
Total	<u>28500.00</u>	<u>28500.00</u>

Schedule : '9' Profit & Loss A/C

Balance in Profit & Loss a/c	48036723.34	68608365.84
Total	<u>48036723.34</u>	<u>68608365.84</u>

	FIGURES AS AT	
	31-3-2008	31-3-2007
Schedule : '10' Increase/ Decrease in Stock		
Closing Stock	10295375.00	10657195.00
Less: Opening Stock	10657195.00	10657195.00
Increase/ Decrease in Stock	<u>361820.00</u>	<u>0.00</u>
Schedule : '11' Other Income		
Rent Receivable	76576.00	450345.00
Sundry amounts w/off	0.00	199519.63
Profit on Sale of Marketing Rights	4000000.00	0.00
Total	<u>4076576.00</u>	<u>649864.63</u>
Schedule : '12' Manufacturing Exp.		
Music Rights W/off	800000.00	1328816.00
Total	<u>800000.00</u>	<u>1328816.00</u>
Schedule : '14' Administrative Auditors Remuneration		
Audit Fees	15000.00	15000.00
Other Service	6000.00	6000.00
Bank Charges	3532.00	782.00
Bad Debts	0.00	2344005.00
Directo's Remuneration	96000.00	96000.00
Consultancy Exp.	15000.00	15000.00
Digital Signature Exp.	0.00	2600.00
Electricity Exp.	5968.00	5142.00
Legal Exp.	87600.00	0.00
Office Exp.	36555.00	43940.00
Office Rent	156000.00	155500.00
ROC Fees	7500.00	7500.00
Total	<u>429155.00</u>	<u>2691469.00</u>

	FIGURES AS AT	
	31-3-2008	31-3-2007
Schedule : '15' Payment to Employees		
Salary & Wages	183500.00	173500.00
Total	<u>183500.00</u>	<u>173500.00</u>
Schedule : '15' Financial Charges		
Inertest	0.00	792399.00
Total	<u>0.00</u>	<u>792399.00</u>
Schedule : '16' Income from Extra Ordinary Items		
One Time Settlement Scheme Relief A/c	0.00	31071139.00
Profit on Sale of Land & Building	16275396.50	0.00
Total	<u>16275396.00</u>	<u>31071139.00</u>
Schedule : '17' Prior Period Items		
Loss on Sale of Land	0.00	64482.50
Loss on Sale of Building	0.00	150650.00
Bank Charges	0.00	5530.48
Interst on Loan (Rajasthan Bank)	0.00	1527569.00
Other Exp.	0.00	629472.49
Compensation Received	0.00	(250000.00)
Rent Receivable	0.00	(1806901.00)
Total	<u>0.00</u>	<u>320803.47</u>

BMB MUSIC & MAGNETICS LTD.**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS****(ACCOUNTING YEAR: 2007-2008)
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 Other Stock 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.

**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.

i) Profit on Sale of Land & Building During the year the company has disposed of its Land & Building situated at Sitapura Industrial Area, Jaipur excluding its Plant & Machinery and made a profit of Rs. 162.75 Lacs on such transaction.

ii) Sale of Plant & Machinery

During the year the company has disposed of some of its Plant & Machinery selling value being Rs. 19.21 lacs. Though as per management, the company has suffered loss in these transactions, the value of such loss could not be quantified in absence of requisite details, hence such loss is not reflecting in the profit and loss account of the company.

The effect of Extra-ordinary items has clearly stated in the Profit & Loss *alc* of the company where Profit before Extraordinary and Prior Period items is Rs. 6.28 Lacs and Profit after giving effect to these items is Rs. 169.03 Lacs.

2. The balances of sundry debtors, sundry creditors, loans and advances and unsecured loans accounts are subject to confirmations from these parties.

3. The bank balances are subject to reconciliation from respective banks.

4. 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. In the year under audit, the provision for Current tax has not been made because necessary informations and details are not available with the company.
- 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.

CALCULATION OF DEFERRED TAX FOR THE ACCOUNTING YEAR 2007-08**DEFERRED TAX LIABILITY**

W.D.V. as per Income Tax Act as on 1.4.2007	12666885.00
W.D.V. as per Companies Act as on 1.4.2007	48631029.50
Difference	35964144.50

A Tax Effect @ 33.66% of the Difference 12105532.00

W.D.V. as per Income Tax Act as on 31.3.2008	5390808.00
W.D.V. as per Companies Act as on 31.3.2008	32696978.00
Difference	27306170.00

B Tax Effect of Timing Differences @ 30.90% 8437607.00
C Deferred Tax Liability Reversed during the year (B-A) 3667925.00

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.

5.	EARNING PER SHARE	Year 2007-2008(Rs.)	Year 2006-200(Rs.)
	Profit / Loss after Tax	20571642.50	1,03,32,924.16
	Number of Equity Shares	61,57,900	61,57,900
	Basic EPS	3.34	1.68
	Nominal Value per Equity Share	10/-	10/-
6.	MANAGERIAL REMUNERATION	Year 2007-2008(Rs.)	Year 2006-200(Rs.)
	Director's Remuneration	96000.00	96000.00

7. 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.

8. RELATED PARTY DISCLOSURES

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

S.N.	Name of Related	Volume of Transactions (Rs.)		Amount Outstanding (Rs.)		Amount w/ off. & w/ back (Rs.)	Any Other Disclosure
		Debit	Credit	Debit	Credit		
1.	BMB Productions	1,36,00,000/-	9,10,480/-	1,20,82,270/-	-	-	-
2.	BMB Pictures	78,11,356/-	9,30,000/-	70,15,325/-	-	-	-
3.	Sangeeta Pictures	8,50,009/-	20,00,000/-	-	13,65,000/-	-	-
4.	Harsh Productions	5,00,000/-	-	-	-	-	-
5.	BMB Combines	-	-	-	-	-	-
6.	Classic Pictures	-	-	32,09,166/-	-	-	-
7.	BMB Associates	-	-	-	-	-	-
8.	Vishal Bokadia	-	18,000/-	5,70,675/-	-	-	-
9.	M. C. Bokadia (Remuneration)	96,000/-	-	-	-	-	-

Further disclosures regarding Related parties transactions, it is disclosed that the company has sold back the marketing rights of movies "Hum Tumhare Hain Sanam" & "Jane Tammanna" to BMB Productions & BMB Pictures at a profit of Rs. 40.00 lacs, both the firms are related to the directors.

9. NON-APPLICATION OF AS-28 "IMPAIRMENT OF ASSETS".

The objective of AS:..28 is to ensure that the assets of an organization is carried at no more than its recoverable amounts. If the carrying amount exceeds the recoverable amount, then "Loss on Impairment of Assets" needs to be recognized in the books.

The company has not recognized "Loss on Impairment of Assets" in its financial statements as required by AS-28 issued by The Institute of Chartered Accountants of India due to non-determination of Recoverable amounts of its assets by the company.

10. QUANTITY INFORMATION

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

For & on Behalf of Board
For BMB Music & Magnetics Ltd.
Sd/-

(M.C. Bokadia)
Director

(K.C. Bokadia)
Chairman Cum Managing Director

As per our Audit Report of Even Date Annexed
For Karnani & Co.(Chartered Accountants)
Sd/-
(Amit Mundhra, FCA)
Partner, M.N. 400145

Place : Jaipur
Date : 24-05-2008

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

FIGURES AS AT

31-3-2008

31-3-2007

CASH FLOW FROM OPERATING ACTIVITIES

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 Deposit	0.03	12.86
(increase) / Decrease in Advance	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
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	0.00	41.00
Sale of Fixed Assets	138.46	36.21
Net Cash Flow from Operating Activities	138.46	4.79
NET CASH FLOW FROM FINANCING ACTIVITIES		
(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	259.69
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 Equivalents	1.97	2.61

ON BEHALF OF THE BOARD OF DIRECTORS

DATE : 24.05.2008
PLACE: JAIPURM. C. BOKADIA
DIRECTORK. C. BOKADIA
CHAIRMAN CUM MANAGING DIRECTOR

17th Annual Report

BMB MUSIC & MAGNETICS LTD.

Regd. office: 206, A-Block, Amrit Kalash, Near Kamal & Co.
Tonk Road, Jaipur - 302015

ATTENDANCE SILP

Particulars : To be completed by Members

Name of Member : Mr./ Mrs./ Ms.
(on block Letters)

Member Regd. Folio No. No. of Shares held

Name of Proxy, if attending for member
(in block letters)

I hereby record my presence at the 17th Annual General Meeting of
BMB Music & Magnetics Ltd. on 30th, June, 2008

- Note : 1. Please sign the attendance slip and handover at the reception.
- 2. Please bring your copy of the Notice at the Meeting.

Signature of Member/ Proxy

BMB MUSIC & MAGNETICS LTD.

Regd. office: 206, A-Block, Amrit Kalash, Near Kamal & Co.
Tonk Road, Jaipur - 302015

I/Weof
district

.....being Member(s) of BMB Music & Magnetics Ltd. hereby
appoint ofof falling him
..... of

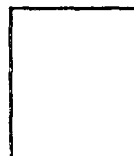
as my/our proxy to attend and vote for me/ us on my/ our behalf at the 17th Annual General
Meeting of the company to be held on the 30th, June, 2008 and/ or at any adjournment thereof.

Signed this day of

Date Member's Name.....

No. of Share Folio No.

Signature(s) of the member(s)



Note : 1. This proxy from must be deposited at the registered Office of the Company not later
than 48 hours before the time for holding the aforesaid meeting.

2. A PROXY NEED NOT BE A MEMBER.

Book Post



If undelivered, please return to:
BMB MUSIC & MAGNETICS LTD.
206,A-Block, Amrit Kalash, Near Kamal & Kamal Co.
Tonk Road, Jaipur, 302015