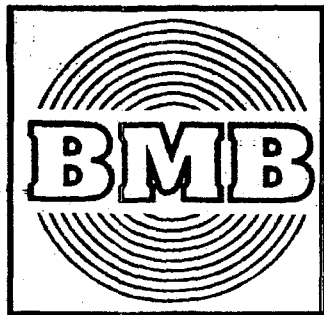


**18 th**

**ANNUAL REPORT**

**2008-09**



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**BMB MUSIC & MAGNETICS LTD.**

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**2008-2009**

**\* BOARD OF DIRECTORS**

**Kastoor Chand Bokadia** (Chairmen Cum Managing Director)

**Mahavir Chand Bokadia** (Director)

**Promod Bokadia** (Director)

**Mahesh Jangid** (Director)

**Jai Dev Chakarvorty** (Director)

**Azgan Thamizmane Vadaseri Alagappa** (Director)

**Rajeev Jain** (Director)

**\* BANKERS**

Andra Bank, Jaipur

**\* CORPORATE ADVISOR**

V.M. & Associates

Company Secretaries, Jaipur

**\* COMPANY SECRETARY**

Sunil Nair

**\* AUDITORS**

Karnani & Company

Chartered Accounts, Jaipur

**\* REGISTERED OFFICE & WORKS**

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

Tonk Road, Jaipur - 302015

**NOTICE**

**NOTICE** is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of BMB Music & Magnetics Limited will be held on Tuesday 29<sup>th</sup> day of September at 11.00 A.M. at the Registered office of the Company at A-Block, Amrit Kalash, Near Kamal & Company, Tonk Road, Jaipur-302015 to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit & Loss Account for the financial Year ended on 31<sup>st</sup> March 2009 together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Directors in place of Mr. Jaidev Chakroborty who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr, Azgan Thamizmane Vadaseri Alagappa, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

**By order of the Board of Directors**

Sd/-

**Kastoor Chand Bokadia**  
Managing Director

Place:- Jaipur  
Dated:- 05-09-09

**REGISTERED OFFICE:-**  
A-Block, Amrit Kalash,  
Near kamal & Company,  
Tonk Road, Jaipur- 302015

**Notes:**

- 1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member.

Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting i.e. by 11.00 am to 29<sup>th</sup> September, 2009

- 2) Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
- 3) Members are requested to bring the attendance slips along with copy of Annual Report.
- 4) Members who wish to obtain information on the Company may send their queries at least 10 days before the Annual General Meeting to the Company at its Registered Office of the Company.
- 5) The Register of Members and Transfer Books in respect of Equity Shares of the Company will be closed from 19<sup>th</sup> September, 2009 to 29<sup>th</sup> September, 2009 (both days inclusive).
- 6) Members are requested to notify change in address, if any immediately to the company at its Registrars M/s Adroit Corporate Services Pvt. Ltd., 19/20 Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059.
- 7) Members may avail nomination facility as provided under Section 109a of the Companies Act, 1956.
- 8) Pursuant to the requirements of the Listing Agreements of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed is given in the Annexure to the Notice.
- 9) As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors/ re-appointment of the retiring Directors, a statement containing details of the concerned Directors is given below.

## **BMB MUSIC & MAGNETICS LTD.**

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### **Annexure to Notice Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting.**

(In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Mr. Jaidev Chakroborty
Age	41
Date of Appointment	15/02/2004
Expertise in specific functional areas	<b>Graduate in Science</b>
Qualifications	<b>Directed of many films and T.V. Serials</b>
List of Companies in which outside Directorship held as on 05 <sup>th</sup> September, 2009 (excluding Private Companies)	NIL
Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director as on 31 <sup>st</sup> March, 2009	NIL

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Name of Director	Dr. Azgan Thamizmane Vadaseri Alagappa
Age	58
Date of Appointment	03/12/2007
Expertise in specific functional areas	<b>Producer in films</b>
Qualifications	<b>PH'D</b>
List of Companies in which Outside Directorship held as on 05 <sup>th</sup> September, 2009 (Excluding Private Companies)	NIL
Chairman/Member of the Committees of the Boards of the other Companies in which he is a Director as on 31 <sup>st</sup> March, 2009	NIL

By order of the Board of Directors,

Sd/-  
**Kastoor Chand Bokadia**  
Managing Director

Place: Jaipur  
Dated: 05.09.2009

**Registered Office:-**  
A-Block Amrit Kalash  
Near Kamal & Company,  
Tonk Road, Jaipur.

## 18th Annual Report

### DIRECTOR'S REPORT TO THE MEMBERS:-

The Directors have pleasure in presenting their 18<sup>th</sup> Annual Report and Audited Accounts for the year ended on 31<sup>st</sup> March, 2009.

### I. FINANCIAL RESULTS:-

(Rs. In '000)

Particulars	For the Year ended 31 <sup>st</sup> March, 2009	For the Year ended 31 <sup>st</sup> March, 2008
Sales	634.90	448.11
Other Income	0.00	4076.58
Total Income	634.90	4524.69
Profit/(Loss) Before Depreciation	(158.53)	2716.77
Depreciation	1937.25	2088.45
Net Profit/(Loss) for the year	(2095.78)	628.32
Income from Extra-ordinary Items	0.00	16275.40
Deferred Tax liability for earlier Year	348.75	3667.93
Opening balance of Profit and Loss accounts	(48036.72)	(68608.37)
Adjustment of Security Premium with opening Balance of P/L A/C	48036.72	0.00
Balance in P/L A/c carried to balance sheet	(1747.03)	(48036.72)

### II. DIVIDEND:

In view of the losses and overall financials of the Company, the Directors retreat their inability to recommend any dividend for the year ended on 31<sup>st</sup> March, 2009.

### III. DIRECTORS

In accordance with the provisions of the Companies act, 1956 and the Articles of Association of the Company Mr. Jaidev Chakroborty and Dr. Azgan Thamizmane Vadaseri Alagappa are to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board of Directors recommends their re-appointment.

### IV. PERFORMANCE AND FUTURE PROSPECTS

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

The Boards of Directors has been exploring new areas of business opportunities and to diversify its present business activities. After detailed deliberations and keeping in consideration the experience and expertise of the Promoters of the Company. The Board of Directors has decided to take up marketing of Mega Films, Making of software for T.V. serials etc. The Company is also planning to enter into Films production business and have decided to shortly launch low budget Bhojpuri Films and the negotiation are being held with some Actors/ Actresses and other cast including script writer etc. The Board of Directors is hopeful that its initiative in new business ventures will bring the Company back on its tracks.

### V. FORFEITURE OF SHARES

The Board of Directors in its Meeting held on 29<sup>th</sup> April, 2009 has forfeited 98200 partly paid-up Equity Shares of Rs. 10/- each by the Company on which unpaid call money was not received in spite of several reminders.

**VI. SET OFF OF ACCUMULATED LOSSES AGAINST CREDIT BALACE IN SHARE PREMIUM ACCOUNT**

The Hon'ble Rajasthan High Court by Order dated 20<sup>th</sup> March, 2009 granted permission to the Company to adjust accumulated losses of Rs. 4,80,36,723.34 against Credit balance lying in Share Premium Account.

**VII. AUDITOR'S REPORT**

M/s Kamani & Co., Chartered Accountants Statutory Auditors of your Company holds office until the conclusion of the 18<sup>th</sup> Annual General Meeting and being eligible offer themselves 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 (1B) of the Companies Act, 1956.

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

**VIII. PARTICULARS OF EMPLOYEES**

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

**IX. 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.

**X. AUDIT COMMITTEE**

The Audit Committee consists of Independent Directors, namely, Dr. Azgan Thamizmane (Chairman), Mr. Mahesh Jangid (Member) and Mr. Jaidev Chakroborty (Member). The constitution of Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchange.

**XI. INVESTORS GRIEVANCE COMMITTEE**

The Investors Grievance Committee consists of Dr. Azgan Thamizmane (Chairman), Mr. Mehesh Jangid (Member) and Mr. Jaidev Chakroborty (Member). The constitution of Investor Grievance Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchange.

**XII. CORPORATE GOVERNANCE:**

Your Company's philosophy is to enhance Stakeholder's value by adopting and implementing best of the Corporate Governance practices. A detailed Report on Corporate Governance Compliance duly certified by the Practicing Company Secretary form part of this Report as Annexure "A".

**XIII. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended to the Annual Report.

a Management Discussion, an Analysis Report also forms part of this Report of your Directors as Annexure "B".

**XIV. DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that

A. In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

B. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 period.

C. The Directors had 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 preventing and detecting fraud and other irregularities.

D. The Directors had prepared the annual accounts on a going concern basis.

**XV. PARTICULARS OF ENERGY CONSERVATION, 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.

**XVI. 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 Earning & Outgoings**

(A) Foreign Exchange Earning	Nil
(B) Foreign Exchange Outgo	Nil

**XVII. ACKNOWLEDGMENT**

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 commitment services of the employees of the Company.

**XVIII. 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.

By order of the Board of Directors,

Sd/-  
Kastoor Chand Bokadia  
Managing Director  
Place: Jaipur  
Dated: 05.09.2009

**Registered Office:**

A-Block Amrit Kalash  
Near Kamal & Company,  
Tonk Road, Jaipur.



**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, 2009** 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 amount 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.
- 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 except AS-28, regarding Impairment of Assets.
- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 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 **31<sup>st</sup> March, 2009**, and,
  - ii) In the case of the **Profit & Loss A/c**, of the Loss for the year ended on that date.

Place: Jaipur  
Date: 15.07.2009

**For KARNANI & CO.**  
Chartered Accountants

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

**ANNEXURE B**

**REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49  
OF THE LISTING AGREEMENT**

**INTRODUCTION:**

**BMB MUSIC & MAGNETICS LIMITED** (hereinafter referred as "the company") is engaged in the business of manufactures of cassettes. However, due to rapid change in technology and introduction of digitalized Musical Software, the business of cassettes manufacturing as become out dated. The Company is therefore venturing into new business ventures such as making of T.V. Serials, marking of mega Films, films production etc. The board of Directors of the Company has decided to take up low budget Bojpuri Films begin with. There is immense scope in media and entertainment business.

**FINANCIAL PERFORMANCE:**

The Financial Performance of the Company is showing improvement and with the new initiatives under taken by the Board of Directors, the future of the Company looks promising.

During the year under report the Company achieved a sale of Rs. 6.35 Lacs as against sales of Rs. 4.48 Lacs. The other Income was NIL as against income of Rs. 40.77 Lacs in the preceding financial year 2007-2008. The loss before depreciation was Rs. 1.59 Lacs as against profit of Rs. 27.16 Lacs in the preceding financial year. The loss after depreciation was Rs. 20.96 Lacs as against profit of Rs. 6.28 Lacs in the preceding financial year.

**INDUSTRIAL STRUCTURE AND DEVELOPMENT**

In terms of films produced and released every year, India is considered to be the largest film producing country in the world. At the rate of 800 films a year, the cumulative consumer spending on filmed entertainment products in the country is estimated to be over 60 billion a year of which the Hindi film industry itself attracts 40-50 per cent. Close on the heels follow the Tamil and Telugu language film industry.

Analyzing the structural aspects of the Hindi film industry, Hindi films are broadly sub-divided into three categories namely High Grade, Medium Grade and Low Grade. Films in all these three categories have different attributes related to cost of production, consumer reach, release windows, library values, proportion of revenue flow back in the first year of its release and marketing support through co-promotions with consumer brands.

The film industry is undergoing rapid changes. Looking at the emerging business trends it is seen that the number of production of High Grade Hindi Films ha increased from 60 in 2001 to 89 in 2004. In the same period production and release of Hindi Films increased from 157 to 177. Analyzing the release of HGHF films between 2001 and 2004 it is seen that such film released per week has grown by 62 per cent.

There can be seen a trend towards producing multiple films every year by select production houses. 63 out of 89 HGHF films released in 2004 were produced by production houses and companies which earlier used to produce one film in a year. There can also be seen a growing trend towards co-productions that have increased from 3 in 2001 to 15 in 2004.

The average number prints on which a film falling in the top 50 Hindi Film Group has increased by 22% from 310 in 2001 to 377 in 2004 and in the same period average number of domestic prints increased by 18 per cent from 239 to 282 while overseas prints escalated from 71 to 96. It has also been noticed that the number of overseas prints increased in the case of big Hindi Films while the number of domestic prints increased for an average film in the top 50 Hindi Film Group.

## **BMB MUSIC & MAGNETICS LTD.**

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Going by the release trend it has been noticed that the number of prints on which a film belonging to the top 50 Hindi Film Group releases increased by 22 per cent from 310 in 2001 to 377 in 2004. In the same period average number of domestic prints increased by 18% from 239 to 282 while prints for overseas exhibition increased by 36% from 71 to 96. While it has been found that the number of overseas prints has increased for big-scale Hindi films, that of prints for the domestic market increased for an average film in the top 50 Hindi Film Group.

On the attendance front the opening weekend (Friday-Sunday) constitutes 56% of cinema attendances while 44% of admissions spread over the remaining four-day period between Monday to Thursday. Going quarterwise the second and third quarter of the calendar year (2004) contributed 57% (Second-30%) and (Third-27%) as compared to 43% for the first (19%) and fourth (24%) quarter.

Gross Box Office Collections (GBOC) of Hindi films have increased from Rs. 9.29 billion in 2001 to Rs. 11.99 billion in 2004 that denotes an increase of 29.08% between 2001 and 2004. Average GBOC per film amongst the top 50 films have increased from Rs. 169 million in 2001 to Rs. 200 million in 2004. Since not many other films ran in same theatres for more than three weeks, average collection trends of all Hindi films together show that a higher proportion of their collections coming from the opening weekend and in the first three weeks of release.

Outside the US, India is probably the strongest local film market in the world. Going by the release of foreign films it was noted that such films grossed Rs. 1800 million and constituted 15-17% and 20% of GBOC for all Hindi films and Top 50 Hindi Films respectively. It may be noted that the proportion of GBOC for all Hindi films and Top 50 Hindi films respectively.

The main work of Media industry is to provide information and generated public opinion. The definition of media has changed and media has many sub forms like Broadcasting with the help of TV and radio, Entertainment with use of audio visual-films and videos, internet that includes blogs, forums, music, news, then Publishing of Books, papers, magazines, and it also includes postal mail, telephony and other interactive Media.

Raised regulations, quality content development, competitive pricing, increased consumer base and significant marketing, creative use of technology and work effectiveness are the key drivers of Indian media industry. Because of varied structure and root presences, many media companies in India have grown up speedily and are recruiting newer young talent for increased efficiency and creativity. Because of this starting a Career in media industry is the latest trend among many youngsters in India. The strong influence that media holds over people's life has also attracted many to start a career in Media. The business opportunities in Indian media and entertainment industry are enormous. There is untapped potential along with the good creativity talent. In addition, good economy, FDI inflow, higher per capita income are the main reasons, because of which new media industries are opening up, thus giving good Career in media industry.

### **SEGMENTWISE PERFORMANCE**

The Company is dealing in single business segment i.e. Media and Media products and all the business dealings are in India only.

### **FUTURE OUTLOOK**

The future outlook of the company is very prospective.

### **OPPORTUNITIES AND THREATS**

#### **Opportunities**

Thanks to the boom in India's Media and Entertainment industry has brought many opportunities that were earlier regarded as mere hobbies have become full time career options. There are plenty of work profile in media sector such as radio jockeys, actors, musicians, dancers, journalists, video technology creators and managers to accounts planning, cameramen, and editors, sound men and public relations managers. This sector offer career opportunities for all. There are many high profile jobs that are in constant public glare and can help to earn unimaginable incomes. Here are some of the profiles-

**Mass Communications** Careers in mass communication basically involve journalism and editing jobs for television as well as print media. Television, Film and Multimedia Career opportunities involve all opportunities in film and television industry from creating new ideas for stories and concepts to graphics and animation etc.

**Writers** Media and Entertainment industry offers great career opportunities for writers. A special demand is seen for political writers, writers for travel, history, places, etc.

**Live Entertainment** The live entertainment segment is witnessing a huge demand for event management professionals.

### **Threat**

There are many production houses in the same line of product, hence there is always a pressure of tough competition. The company's product always depends on the liking of the product. There is always a threat of rivals in the same line of business.

*With new flicks being available online within hours of their big screen release, the film industry is grappling with yet another form of piracy.*

With new flicks being available online within hours after they are released in theaters, the film industry is grappling with yet another form of piracy that is rapidly eating into the profits of the industry.

Industry sources say there are quite many websites available that let people download films with crystal clear picture and sound quality for free, within hours of the film's release.

"Piracy has hit the movie business in a big way. Internet film piracy started with the film *Vivah*, which was heavily promoted on the Internet by the pirate website with a fine print. The film did well in the multiplexes and website also made huge profits by providing it for free," says Shalu Sabharwal, Vice President, Sales and Marketing, PVR Cinemas.

Cyber law expert Pawan Duggal says, "Right now, we don't have any specific cyberlaw for internet film piracy. It comes under copyright infringement and is a serious offence. It's for the film industry to take steps and put pressure on the government to enforce laws to stop this crime".

*Films like Aaja Nachle, Jab We Met, Om Shanti Om, Saawariya and Dhan Dhan Dhan Goal were available on the Net within hours of the release, he adds.*

"Globally internet piracy business would be around USD 18-20 billion and films constitute almost 60 per cent to this ever-growing crime. The demand of Bollywood films on Internet is quite high in India as well as abroad, says Neeraj Roy, Managing Director, Hungama mobile and owner of *Indiafm.com*, a leading entertainment portal, while adding that they are working on a mechanism to track and monitor internet piracy.

### **OUTLOOK, RISKS AND CONCERNS**

The entry of new corporate and star struck NRI producers with deep pockets has impacted the cost of film production to a great extent in recent times. While overheads relating to production has gone up substantially, public response to films has become very unpredictable and lukewarm with pirated CDs hitting rock bottom price and available from the day of release of a film. These are all some of the concerns which the industry has to address immediately. However your company expects reversal in the trend in the years to come.

Thanks to rapidly decreasing internet connectivity cost and increase in connectivity speeds, the potential for web-casting of the films is good. As the company has a large library of films for which it possesses internet rights, it stands to gain in this scenario.

### **RISK MANAGEMENT**

The Company gives importance to risk management in all its business dealings. The company has an enterprise-wide approach to risk management which lays emphasis on identifying major risks in operations and strategic risks. Through this approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the company's future performance. Within the organization, every decision taken is after weighing the pros and cons of such a decision making taking note of the risks attributable.

### **CAUTIONARY STATEMENT**

Any statement made in this report relating to Company's perception of future outlook, objectives, expectations etc. may be considered as forward looking within the meaning of applicable Securities Laws and regulations which may differ from the actual results.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy is to enhance Customer's satisfaction and Shareholders value by practicing the principles of good Corporate Governance.

**I. BOARD OF DIRECTORS**

The Board of the Company is well structured with adequate blend of Professional, Executive and Independent Directors.

The Company's Board comprised of Seven Directors: three are Promoter Non-Executive Directors and four are Non-Executive Independent Directors. more than half of the Board of Directors comprises of Independent Directors.

The Composition of the Board is in conformity with the Clause 49 of the Listing Agreements entered into with the Stock Exchanges and exceeds by far the percentages prescribed in the said Agreements. All Independent Non-Executive Directors comply with the legal requirements of being "Independent".

I. None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Necessary Disclosures regarding Committee positions in other Public Companies as on March 31, 2009 have been made by the Directors.

II. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of directorship and Committee Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committee include only Audit and Shareholders/Investors Grievance Committees.

The Board met 8 (Eight) times during the year on 01.04.2008, 30.04.2008, 17.05.2008, 24.05.2008, 31.07.2008, 04.11.2008, 15.01.2009 and 05.03.2009.

**II. COMPOSITION, CATEGORY, THEIR DIRECTORSHIP AND COMMITTEE MEMBERSHIP IN OTHER COMPANIES**

Name of Directors	Category of Directors	No. Of board Meetings during the year 2008-09	Member of boards of other Public Companies (excluding directorship in Private Companies)	Total No. Of Committee (d) Membership held in other Public Limited Companies (excluding Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956		Attendance at the last Annual General Meeting
				As Chairman	As Member	
Mr. K.C. Bokadia (Chairman & Managing Director)	Promoter & Non-Executive	8	Nil	Nil	Nil	Yes
Mr. Mahavir C. Bokadia	Promoter & Non-Executive	8	Nil	Nil	Nil	Yes
Mr. Pramod Bokadia	Promoter & Non-Executive	7	Nil	Nil	Nil	No
Mr. Mahesh Jangid	Non-Executive Independent	7	Nil	Nil	Nil	No
Mr. Jaidav Chakroborty	Non-Executive Independent	2	Nil	Nil	Nil	Yes
Mr. Azgan Thamizmane Vadaseri Alagappa	Non-Executive Independent	5	Nil	Nil	Nil	No
Mr. Rajeev Jain	Non-Executive Independent	2	Nil	Nil	Nil	No

**DETAILS OF DIRECTORS BEING APPOINTED AND RE-APPOINTED**

Mr. Jaidev Chakroborty who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting.

(In pursuance of clause 49 of the Listing Agreement)

Name: Mr. Jaidev Chakroborty  
Age: 41  
Qualification: Graduate in Science  
Expertise: Directed of many films and T.V. Serials  
Other Directorships: NIL  
(Excluding Directorship  
In Private Limited Companies)

Dr. Azgan Thamizmane Vadaseri Alagappa who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting.

(In pursuance of clause 49 of the Listing Agreement)

Name: Dr. Azgan Thamizmane Vadaseri Alagappa  
Age: 58  
Qualification: PH'D  
Expertise: Producer in films  
Other Directorships: NIL  
(Excluding Directorship  
In Private Limited Companies)

**I. AUDIT COMMITTEE**

**I) TERMS OF REFERENCE:**

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges and covers all the aspects stipulated by the SEBI Guidelines. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

**ii) COMPOSITION, NAME OF MEMBER AND CHAIRMAN**

During the year the Audit Committee comprises of Mr. Azgan Thamizmane Vadaseri Alagappa as Chairman, Mr. Mahesh Jangid and Mr. Jaidev Chakroborty as Members. All these Members of this Committee are Independent Directors and possess requisite experience and expertise across a wide spectrum of functional areas including accounts and finance.

The Audit Committee met 5 times i.e. 30<sup>th</sup> April, 2008, 24<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 04<sup>th</sup> November, 2008 and 15<sup>th</sup> January, 2009.

<b>Name</b>	<b>Designation</b>	<b>Meeting held</b>	<b>Meetings attended</b>
Mr. Azgan Thamizmane Vadaseri Alagappa	Chairman	5	5
Mr. Jaidev Chakroborty	Member	5	5
Mr. Mahesh Jangid	Member	5	5

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### iii) THE BROAD POWERS OF THE AUDIT COMMITTEE INCLUDE:

- To investigate any activity within its terms of reference.
  - To seek information from any employee.
  - To obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.
- iv) The Chairman of the Audit Committee has not attended the last Annual General Meeting.

### IV. SHAREHOLDER'S /INVESTORS GRIEVANCE COMMITTEE

#### Terms of Reference:

This Committee looks into Redressal of Shareholders and Investors Grievances with respect to transfer of shares, issue of duplicate certificates and other matters relating to Shareholder relationship.

The Committee shall also review the processes and service standards adopted by the Registrar and Transfer Agent, the complaints received by the company and their resolution.

#### Composition:

During the year the Committee comprised of three Independent Non-Executive Directors. The Shareholder/Grievance Committee met 5 times i.e. 30<sup>th</sup> April, 2008, 24<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 04<sup>th</sup> November, 2008 and 15<sup>th</sup> January, 2009 and the attendance at the Meetings was as follows.

Name	Designation	Meeting held	Meetings attended
Mr. Azgan Thamizmane Vadaseri Algappa	Chairman	5	5
Mr. Jaidav Chakroborty	Member	5	5
Mr. Mahesh Jangid	Member	5	5

There were no Investor complaints pending as on 31<sup>st</sup> March, 2009.

### V. GENERAL BODY MEETINGS

#### ANNUAL GENERAL MEETINGS

The details of the location and time of the last 3 Annual General Meetings are given below:

AGM No.	Accounting year	Date	Time	Location
17 <sup>th</sup>	2007-2008	30 <sup>th</sup> June, 2008	11.00 am	A-Block Amrit Kalash Near Kamal & Company, Tonk Road, Jaipur
16 <sup>th</sup>	2006-2007	29 <sup>th</sup> September, 2007	11.00 am	SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur.
15 <sup>th</sup>	2005-2006	30 <sup>th</sup> September, 2006	11.00 am	SPL-4, RIICO Industrial Area, Sitapura, Tonk Road, Jaipur.

#### EXTRA ORDINARY GENERAL MEETINGS

There has been no Extra-Ordinary General Meeting held during the year 2008-2009



**VI. DISCLOSURES**  
**SUBSIDIARY COMPANIES**

The revised Clause 49 defines a "material Non Listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, who's Turnover or Net Worth (Paid up Capital & Free Reserves) exceeds 20% of the Consolidated Turnover or Net worth respectively, of the Lister Holding Company and its subsidiaries in the immediately preceding Accounting year.

The Company does not have any "material non listed India subsidiary" during the Year under review.

**DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES**

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.

**DISCLOSURES OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS**

The Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI), in preparation of its Financial Statements.

**RISK MANAGEMENT**

Risk assessment and minimization procedure is being formulated.

**DETAILS OF DIRECTOR'S SHAREHOLDING**

Details of Directors Shareholding in the Company are as under:

<b>Name of Director</b>	<b>No. of Equity Shares Held</b>
Mr. K. C. Bokadia	1928300
Mr. Pramod Kumar Bokadia	239000
Mr. Mahavir C. Bokadia	232100
<b>Total</b>	<b>2399400</b>

The Company does not have any scheme for grant of stock options to its Directors or Employees.

**CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND MANAGEMENT PERSONAL**

The Code of business Conduct and Ethics for Directors and Senior Managements 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 Mr. K. C. Bokadia, Managing Director 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 Financial Year 2008-2009.

Sd/-  
**K. C. Bokadia**  
Managing Director

## **CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

The Company has adopted Code of prevention of Insider Trading Practices for designated Person.

## **COMPLIANCE O REGULATORY REQUIREMENTS**

The Company has complied with all the requirements of regulatory authorities. During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets on the Company.

## **MEANS OF COMMUNICATION**

The Annual and quarterly results are also submitted to the Bombay Stock Exchanges and published in leading newspapers.

## **VII. THE MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report (MDA) has been attached to the Director's Report and forms part of this Annual Report.

## **VIII. COMPLIANCE WITH MANDATORY REQUIREMENTS**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance except the following:

1. The Company has not laid down Risk assessment and minimization procedure.
2. The Chairman of the Audit Committee did not attend the last AGM.
3. The Company has not updated the Code of Conduct for Directors and Senior Management personnel and Code of Conduct under SEBI Insider Trading Regulation.

## **IX. GENERAL SHAREHOLDER TRANSACTION**

### **ANNUAL GENERAL MEETING**

**VENUE** : **BMB Music & Magnetics Ltd.**  
A-Block Amrit Kalash  
Near Kamal & Company,  
Tonk Road, Jaipur - 302015

**TIME** : **11.00 A.M.**

**DAY & DATE** : **Tuesday, 29<sup>th</sup> September, 2009**

## **TENTATIVE FINANCIAL CALENDAR FOR THE YEAR 2009-10**

### **Financial Reporting and Limited Review Report**

For the quarter ending 30<sup>th</sup> June, 2009  
For the quarter/half year ending 30<sup>th</sup> September, 2009  
For the quarter ending 31<sup>st</sup> December, 2009  
For the quarter ended 31<sup>st</sup> March, 2010

### **Date of submission to Stock Exchanges latest by**

By the end of July, 2009  
By the end of October, 2009  
By the end of January, 2010  
By the end of April, 2010

### **Results (Audited)**

For the year ended March 31, 2010

By the end of September, 2010

## **SMB MUSIC & MAGNETICS LTD.**

### **X. BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from 19.09.2009 to 29.09.2009 (Both Days Inclusive)

### **XI. DIVIDEND**

The Company has not declared any dividend.

### **XII. LISTING ON STOCK EXCHANGES**

The Company's securities are listed on the Bombay Stock Exchange.

Scrp Code on the Bombay Stock Exchange, Mumbai : 531420

Month	High	BSE Price (Rs.)	Low
April, 08	-		-
May, 08	-		-
June, 08	-		-
July, 08	-		-
August, 08	-		-
September, 08	-		-
October, 08	-		-
November, 08	-		-
December, 08	-		-
January, 09	-		-
February, 09	-		-
March, 09	-		-

### **XIII. REGISTRAR AND TRANSFER AGENTS:**

**M/s Adroit Corporate Services Pvt. Ltd.**

19/20 Jaferbhoy Industrial Estate,  
Makwana Road, Marol Naka, Andheri (E),  
Mumbai 400059

### **XIV. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2009:**

Category	No. of Shares	% of Shares
Promoter's Holding (including persons acting in concert)	2460200	39.95%
Non Promoter's Holding		
A) Mutual Funds & UTI	300000	4.87%
B) Banks, FIs and Insurance Company	499900	8.12%
C) FIIs	NIL	NIL
Others		
A) Bodies Corporates	1228000	19.94%
B) Individuals	1391300	22.59%
C) NRIs/OCBs	278500	4.53%
D) Others		
<b>Total</b>	<b>6157900</b>	<b>100.00%</b>



**DISTRIBUTION SCHEDULE**

<b>No. of Shares</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>Share Amount (Rs.)</b>	<b>% of Equity</b>
Up to 500	881	85.29	2051000	3.33
501-1000	46	4.45	380000	0.62
1001-2000	31	3.00	440000	0.71
2001-3000	7	0.68	173000	0.28
3001-4000	8	0.77	284000	0.46
4001-5000	7	0.68	327000	0.53
5001-10000	13	1.26	995000	1.62
10001- Above	40	3.87	56929000	92.45
<b>Total</b>	<b>1033</b>	<b>100</b>	<b>61579000</b>	<b>100</b>

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members of the Company have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2009.

Sd/-

**K. C. Bokadia**  
Managing Director

Place: Mumbai  
Date: 15.07.2009

**CEO/CFO CERTIFICATE**

We (1) K. C. Bokadia, CEO and Managing Director of MBM Music & Magnetism Ltd. appointed in terms of the Companies Act, 1956 certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statement together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**K.C. Bokadia**

(Managing Director and  
CEO)

Place: Mumbai

Date: 27<sup>th</sup> July, 2009

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of:  
**MBM Music & Magnetics Ltd.**  
A-Block Amrik Kalash  
Near Kamal & Company,  
Tonk Road, Jaipur 302015

We have examined the compliance of the condition of Corporate Governance by **BMB MUSIC & MAGNETICS LTD.** for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note of Certification of Corporate Governance issued by the Institute of Company Secretaries of India and has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the condition of Corporate Governance. It is neither an audit nor an expression 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 representations made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except the following:

1. The Company has not laid down Risk assessment and minimization procedure.
2. The Chairman of the Audit Committee did not attend the last AGM.
3. The Company has not updated the Code of Conduct for Directors and Senior Management personnel and Code of Conduct under SEBI Insider Trading Regulation.

On the basis of the records maintained by the Company, and furnished to us and the information and the explanations given to us by the Company, we state that, there were on Investor's Grievances pending against the Company for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For S. K. Jain & Co.,  
Company Secretaries**

Place: **Mumbai**  
Date: **05.09.2009**

Sd/-  
**(S.K. Jain)**  
Partner

**BMB MUSIC & MAGNETICS LTD.****BALANCE SHEET AS ON 31st MARCH, 2009**

Particulars	Schedules	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
<b>SOURCES OF FUNDS</b>			
Shareholders Fund	1	59912500.00	59145500.00
Share Capital	2	53598276.66	100766500.00
Reserve & Surplus			
Debts Funds	3	0.00	0.00
Secured Loans	4	0.00	11000.00
Unsecured Loans		8088861.00	8437606.00
Deferred Tax Liability	Total :	<u>121599637.00</u>	<u>168360606.00</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	5		
Gross Block		40784132.00	40784132.00
Less : Depreciation		<u>10024400.00</u>	<u>8087154.00</u>
Net Block		<u>30759732.00</u>	<u>32696978.00</u>
Capital Block in Progress		Nil	Nil
Investments	6	3000.00	3000.00
Current Assets	7		
Loans & Advance			
Inventories		10079254300	10295375.00
Sundry Debtors		17891386.00	17768386.00
Deposit		20000.00	20000.00
Loan & Advance		59253295.00	59682991.00
Music & Marketing Right		2000000.00	2000000.00
Cash & Bank Balance		<u>303065.35</u>	<u>197117.66</u>
	Total	<u>89547000.35</u>	<u>89963869.66</u>
Less : Current Liability & Provisions	8		
Current Liabilities		424629.00	2311465.00
Provisions		<u>32500.00</u>	<u>28500.00</u>
	Total	<u>457129.00</u>	<u>2339965.00</u>
Net Current Assets		89089871.35	87623904.66
Misc. Expenditure (to the extent not written off or adjusted)		0.00	0.00
Profit & Loss	9	<u>1747034.31</u>	<u>48036723.34</u>
	Total	<u>121599637.66</u>	<u>168360606.00</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 **Karnani & Co. (Chartered Accountants)**  
S/d  
**(Amit Mundhra)**  
Partner, M.N. 400145

For & on Behalf of Board  
For **BMB Music & Magnetics Ltd.**  
S/d  
**(K.C. Bokdia)**  
Chairman Cum Director

Place : Jaipur  
Date : 15-07-2009

**PROFIT & LOSS A/C FOR THE ENDED ON 31st MARCH, 2009**

Particulars	Schedules	As at 31th March, 2009 (Rs.)	As at 31th March, 2008 (Rs.)
<b>INCOME</b>			
Sales (Cassetters)		634900.00	448114.00
Increase/ (Decrease in Stock)	10	(216121.00)	(361820.00)
Other Income	11	0.00	4076576.00
	<b>Total</b>	<b>418779.00</b>	<b>4162870.00</b>
<b>Expenditure</b>			
Purchase		0.00	33446.00
Manufacturing Expenses	12	0.00	800000.00
Payments to Employees	13	111000.00	183500.00
Administrative Expenses	14	466312.00	429155.00
Finance Charges	15	0.00	0.00
Preliminary Expenses w/off		0.00	0.00
Depreciation on Fixed Assets	5	1937246.00	2088448.00
		<b>2514558.31</b>	<b>3534549.00</b>
		(2095779.31)	628321.00
<b>PROFIT/ (LOSS) DURING THE YEAR FROM ORDINARY OPERATIONS</b>			
Add:	16	0.00	16275396.50
Income From Extra-Ordinary Items			
Less:	17		
<b>PROFIT/ (LOSS) BEFORE TAX</b>		<b>(2095779.31)</b>	<b>16903717.50</b>
Add:		(48036723.34)	(68608365.84)
Opening balance of P&L a/c		348745.00	3667925.00
Deferred Tax Liability for Earlier Period		48036723.34	0.00
Op. Balance of P&L A/c adj. with Sec. Premium			
Less:			
Current Tax		0.00	0.00
Deferred Tax Liability for Earlier Periods		0.00	0.00
<b>CLOSING BALANCE IN P&amp;L A/C</b>		<b>(1747034.31)</b>	<b>(48036723.34)</b>
<b>TAKEN TO BALANCE SHEET</b>			

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

S/d  
**(Amit Mundhra)**  
Partner, M.N. 400145

For & on Behalf of Board  
For **BMB Music & Magnetics Ltd.**

S/d  
**(K.C. Bokdia)**  
Chairman Cum Director

Place : Jaipur  
Date : 15-07-2009



**RMB MUSIC & MAGNETICS LTD.****SCHEDULES TO THE BALANCE SHEET**

Particulars	FIGURES AS AT	
	31-3-2009	31-3-2008
<b>Schedule 1 SHARE CAPITAL</b>		
<b>Authorised capital</b>		
6500000 Equity Shares of Rs. 10/-each	65000000.00	65000000.00
<b>Issued, Subscribed &amp; Paid up</b>		
615790 Equity Shares of Rs. 10/- each	61579000.00	61579000.00
Shares of Rs. 10/- each fully paid up for Consideration otherwise than in Cash.		
<b>Less :</b>		
Calls in Arrears	(1666500.00)	(2433500.00)
(See Note: 2 of Notes on Accounts)		
<b>TOTAL</b>	<u>59912500.00</u>	<u>59145500.00</u>
<b>Schedule 2 RESERVE &amp; SURPLUS</b>		
Securities Primum Account	103572500.00	103572500.00
Less : Calls in Arrears	(2395000.00)	(3263500.00)
(See note: 2 of Notes on Accounts)		
Less: Op. Bal. of P & L A/c adjusted	(48036723.34)	0.00
Net Securities Premium a/c	<u>53140776.66</u>	<u>100309000.00</u>
General Reserve	457500.00	457500.00
<b>TOTAL</b>	<u>53598276.66</u>	<u>100766500.00</u>
<b>Schedule 3 SECURED LOANS</b>		
TOTAL	<u>0.00</u>	<u>0.00</u>
<b>Schedule 4 UNSECURED LOANS</b>		
TOTAL	<u>0.00</u>	<u>11000.00</u>
<b>Schedule 6 INVESTMENTS</b>		
NSC	3000.00	3000.00
<b>TOTAL</b>	<u>3000.00</u>	<u>3000.00</u>

## SCHEDULES : 5 FIXED ASSETS

Particulars	Rate of Dep.	Gross Block as On 01-04-2008	Addition during the year	Gross Block as On 01-04-2009 (4+5)	Dep. Provided up to 31-3-2008	Provided during the year	Total Dep. as on 31-3-2009 (7+8)	Net Block as on 31-3-2009 (6-9)	Net Block as on 31-3-2008 (4-7)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Hold Land	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Factory Building	3.34%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant & Machinery	4.75%	40484132.00	0.00	40484132.00	8087154.00	1937246.00	10024400.00	30759732.00	32696978.00
Office Equipments	6.33%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electrical Installation	4.75%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Furniture & Fixtures	6.33%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>		<u>40784132.00</u>	<u>0.00</u>	<u>40784132.00</u>	<u>8087154.00</u>	<u>1937246.00</u>	<u>10024400.00</u>	<u>30759732.00</u>	<u>32696978.00</u>

**BMB MUSIC & MAGNETICS LTD.**

Particulars	FIGURES AS AT	
	31-3-2009	31-3-2008
<b>Schedule : '7' Current Assets, Loans &amp; Advance</b>		
<b>A) Inventory</b>		
{ As taken valued and certified by the management}		
Finished Good Stock	6475808.00	6691929.00
Negative Rights	3570000.00	3570000.00
Unfinished Stock	33446.00	0.00
Audio CD Stock		33446.00
<b>Total</b>	<b>10079254.00</b>	<b>10295375.00</b>
<b>B) Sundry Debtors</b>		
Akshay Mercantile Pvt Ltd.	2000000.00	2000000.00
Aarti Choudhary	300000.00	100000.00
Arihant & Co.	600000.00	600000.00
Ashna Investments Pvt. Ltd.	2250000.00	2250000.00
Genus Overseas Electronic Ltd.	1158862.00	1158862.00
Goutam Chand Bokadia	230000.00	230000.00
Khandelwal Polymers	313000.00	313000.00
Lakhadia Enterpries 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	950000.00
Visha! Kumar	313675.00	570675.00
V. Vasanta	330806.00	330806.00
<b>Total</b>	<b>17891386.00</b>	<b>17768386.00</b>
<b>C) Deposit</b>		
Rent Security(Prakash Chand Jain)	20000.00	20000.00
<b>Total</b>	<b>20000.00</b>	<b>20000.00</b>
<b>D) Loans &amp; Advances</b>		
Artage Pvt Ltd.	1326000.00	1326000.00
Artage Securities Pvt Ltd.	30000000.00	30000000.00
BIFCO Pvt Ltd.	743805.00	743805.00
BMB Pictures	6649325.00	7015325.00
BMB Production	10277574.00	12082270.00
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
Pelicon Fabrics Ltd.	23692063.00	23692063.00
Shriji Fincap	500000.00	500000.00
Sofia Management & Consultancy	3138439.00	3138439.00
Sangeeta Pictures	376000.00	(1365000.00)
<b>Total</b>	<b>59253295.00</b>	<b>59682991.00</b>

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Particulars	FIGURES AS AT	
	31-3-2009	31-3-2008
<b>E) Music &amp; Marketing Right</b>		
Music Rights (Challenge)	2000000.00	2000000.00
<b>Total</b>	<u>2000000.00</u>	<u>2000000.00</u>
<b>F) Cash &amp; Bank Balance</b>		
Cash In Hand	257714.00	148588.00
Bank Balances (With Scheduled Bankes)		
Andhra Bank (CA-119)		
Bank of Baroda	644.00	3228.00
Bank of Maharastra	40000.00	40000.00
Bank of Rajasthan A/C 0550301019594	767.21	767.00
J & K Bank Ltd. 0299010100001676	3940.14	3940.14
	0.00	594.31
<b>Total</b>	<u>303065.35</u>	<u>197117.66</u>
<b>Schedule : '8' Current Liabilities and Provisions</b>		
<b>a) Sundry Creditors(Others)</b>		
Annat Electronics Pvt. Ltd	0.00	33446.00
Jaipur Stock Exchange Ltd.	42000.00	42000.00
Ratan Textile	0.00	100000.00
Vinod Kumar	0.00	144000.00
Prakash Chand Jain(Rent)	0.00	20000.00
<b>Advance Payment Received</b>		
Banga Constructions Pvt. (Advance)	0.00	1600000.00
<b>Total</b>	<u>42,000.00</u>	<u>1939446.00</u>
<b>b) Sudry Creditors (For Raw Material)</b>		
Swastic Electricity & Fertilizer	134161.00	134161.00
<b>Total</b>	<u>134161.00</u>	<u>134161.00</u>
<b>c) Duties &amp; Taxes</b>		
EPF Payble	52912.00	52912.00
Exess Allotment Money Refundble	38000.00	38000.00
Sales Tax Payble	54341.00	54341.00
Surcharge on RST	85.00	85.00
TDS Payble	26260.00	15680.00
VAT (Rajasthan) Payble	76840.00	76840.00
<b>Total</b>	<u>248468.00</u>	<u>237858.00</u>
<b>Total Current Liabilities (a+b+c)</b>	<u>424629.00</u>	<u>2311465.00</u>

**MB MUSIC & MAGNETICS LTD.**

Particulars	FIGURES AS AT	
	31-3-2009	31-3-2008
<b>d) Provision</b>		
Audit Fees Payble	25000.00	21000.00
ROC Fees Payble	7500.00	7500.00
<b>Total</b>	<u>32500.00</u>	<u>28500.00</u>
<b>Schedule : '9' Profit &amp; Loss A/C</b>		
Balance in Profit & Loss a/c	1747034.31	48036723.34
<b>Total</b>	<u>1747034.31</u>	<u>48036723.34</u>
<b>Schedule : '10' Increase/ Decrease in Stock</b>		
Closing Stock	10079254.00	10295375.00
Less: Opening Stock	10295375.00	10657195.00
<b>Increase/ Decrease in Stock</b>	<u>(216121.00)</u>	<u>(361820.00)</u>
<b>Schedule : '11' Other Income</b>		
Rent Receivable	0.00	76576.00
Profit on Sale of Marketing Rights	0.00	4000000.00
<b>Total</b>	<u>0.00</u>	<u>4076576.00</u>
<b>Schedule : '12' Manufacturing Exp.</b>		
Music Rights W/off	0.00	800000.00
<b>Total</b>	<u>0.00</u>	<u>800000.00</u>
<b>Schedule : '14' Administrative</b>		
<b>Auditors Remuneration</b>		
Audit Fees	20000.00	15000.00
Other Service	5000.00	6000.00
Advertisement Exp.	37532.00	0.00
Bank Charges	2316.31	3532.00
Bad Debts	0.00	96000.00
Directo's Remuneration	171500.00	15000.00
Consultancy Exp.	5498.00	5968.00
Electricity Exp.	7327.00	87600.00
Legal Exp.	13634.00	36555.00
Office Exp.	120000.00	156000.00
Office Rent	9100.00	0.00
Postage & Telegram	13655.00	0.00
Printing & Stationery	7500.00	0.00
ROC Fees	53250.00	0.00
Stock Exchange Fees		
<b>Total</b>	<u>466312.31</u>	<u>429155.00</u>

# 18th Annual Report



Particulars	FIGURES AS AT	
	31-3-2009	31-3-2008
<b>Schedule : '13' Payment to Employees</b>		
Salary & Wages	111000.00	183500.00
<b>Total</b>	<u>111000.00</u>	<u>183500.00</u>
<b>Schedule : '15' Income from Extra Ordinary Items</b>		
Profit on Sale of Land & Building	0.00	16275396.50
<b>Total</b>	<u>0.00</u>	<u>16275396.50</u>

**BMB MUSIC & MAGNETICS LTD.**

**ACCOUNTING POLICIES AND  
NOTES ON ACCOUNTS**

**(ACCOUNTING YEAR: 2008-09)  
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. Utilisation of Securities Premium Account to write off Accumulated Losses.**

During the F.Y. 2008-2009, the company has sought permission from Hon'ble High Court of Rajasthan to adjust Accumulated Losses lying in the balance sheet of the company as on 31.03.2008 with Securities Premium Account as on 31.03.2008. Hon'ble High Court of Rajasthan has granted permission to this effect vide its order dated 20.03.2009. In pursuant to that order the Accumulated losses amounting to Rs. 4,80,36,723.34 as on 31<sup>st</sup> March, 2008 has been adjusted with Securities Premium Account.

**2. Reconciliation of Calls in Arrear (Share Capital A/c) and Calls in Arrear (Securities Premium A/c)**

## 18th Annual Report

Pursuant to the reconciliation of Calls in Arrears (Share Capital A/c) and Calls in Arrears (Securities Premium A/c) on receiving the call money from various shareholders of the company, it was observed by the management that calls in arrear (share capital) a/c was shown short by Rs. 1294100/- as on 31.03.2008 whereas call in arrear (securities premium) a/c was shown excess by the same amount. Now upon final reconciliation, the rectification entry has been passed in the books of the company to the correct figure. The details are as follows.

Particulars	Amount as on 31.03.2008 pre books	Amount to be shown as on 31.03.2008	Difference	Remarks
Calls in Arrears (Share Capital A/c)	1139400.00	2433500.00	1294100.00	Rectification Done
Calls in Arrears (Securities Premium)	4557600.00	3263500.00	(-) 1294100.00	Rectification Done
Total Calls in Arrears	5697000.00	5697000.00	0.00	

2. The balance of sundry debtors, sundry creditors, Loans and advances and unsecured loans accounts are subject to confirmation from these parties

3. The bank balances are subject to reconciliations 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 years

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 information 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 1.4.2008	5390808.00
W.D.V. as per Companies Act as on 1.4.2008	32696978.00
<b>Difference</b>	<b>27306170.00</b>

**A Tax Effect @ 33.66% of the Difference** **8437606.00**

W.D.V. as per Income Tax Act as on 31.3.2008	4582186.00
W.D.V. as per Companies Act as on 31.3.2008	30759732.00
<b>Difference</b>	<b>26177546.00</b>

**B Tax Effect of Timing Differences @ 30.90%** **808881.00**  
**C Deferred Tax Liability Reversed during the year (B-A)** **348745.00**



## BMB MUSIC & MAGNETICS LTD.

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 2008-2009(Rs.)	Year 2007-2008(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 2008-2009(Rs.)	Year 2007-2008(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.No.	Name of Related Party	Volume of Transaction (Rs.)		Amount Outstanding (Rs.)		Amount w/off & w/back (Rs.)	Any other Disclosure
		Dabit	Credit	Dabit	Credit		
1	BMB Productions	5,75,000/-	23,79,696/-	1,02,77,574/-	-	-	-
2	BMB Picture	-	3,66,000/-	66,49,325/-	-	-	-
3	Sangeeta Picture	17,41,000/-	-	3,76,000/-	-	-	-
4	Harsh Productions	-	-	-	-	-	-
5	BMB Combines	-	-	-	-	-	-
6	Classic Picture	-	-	32,09,166/-	-	-	-
7	BMB Associates	-	-	-	-	-	-
8	Vishal Bokadia	-	2,57,000/-	3,13,675/-	-	-	-
9	Vishal Bokadia (Salary)	21,000/-	-	-	-	-	-

### 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.

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

For & on Behalf of Board  
For **BMB Music & Magnetics Ltd.**  
S/d

**(K.C. Bokdia)**  
Chairman Cum Director

Place : Jaipur  
Date : 15-07-2009

# 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 18th Annual General Meeting of  
BMB Music & Magnetics Ltd. on 29th, September, 2009

- 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/We .....of  
district

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

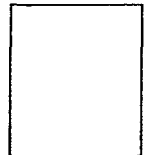
as my/our proxy to attend and vote for me/ us on my/ our behalf at the 18th Annual General  
Meeting of the company to be held on the 29th, September, 2009 and/ or at any adjournment thereof.

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 MEMBEER .

Book Post

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