



*8th*  
*Annual Report*  
*1998-99*

**BMB MUSIC & MAGNETICS LTD.**

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# 8TH ANNUAL REPORT

## 1998-99

***Board of Directors :***

Shri K.C. Bokadia  
Shri M.C. Bokadia  
Shri Pramod Bokadia  
Shri N.L. Goenka  
Shri M.M. Goenka

***Bankers :***

The Bank of Rajasthan Ltd.  
'C' Scheme, Jaipur

***Auditors :***

M/s Kallash chand Agarwal & Co.  
1751, Jindal Bhawan,  
Khazanewalon Ka Rastha,  
Jaipur -302 001.

***Registered Office & Works :***

SPL4, RIICO Industrial Area,  
Sitapura, Tonk Road,  
Jaipur - 303 905

## NOTICE

Notice is hereby given that the 8th Annual General Meeting of the members of BMB Music and Magnetics Ltd. will be held at SPL-4, RIICO Industrial Area Sitapura, Tonk Road, Jaipur on Thursday 30th DECEMBER 1999 at 10.00 A.M. to transact the following business

### ORDINARY BUSINESS

5. To consider and adopt the audited P&L A/c for the year ended on 30th JUNE 1999 & Balance Sheet as at that day together with Director's Report & Auditor's Report thereon.
6. To appoint a Director in place of Shri Pramod Bokadia who retires by rotation & being eligible offers himself for reappointment.
7. To appoint a Director in place of Shri Nand Lal Goenka who retires by rotation & being eligible offers himself for reappointment.
8. To appoint auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting & fix their remuneration.

By the Order of the Board

PLACE : JAIPUR  
DATED: 3rd DECEMBER, 1999

(K.C. BOKADIA)  
(MANAGING DIRECTOR)

### NOTES

1. A member is entitled to attend and vote is entitled to appoint a proxy to attend & vote instead of himself & the proxy need not to be a member.
2. The instrument of proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of meeting.
3. All documents referred to in notice are open for inspection at the registered office of the company during office hours on all working days between 11.00a.m. up to the date of the A.G.M.
4. Members / Proxies should bring the attendance slips duly filled in.
5. Shareholders seeking any information with regards 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 your account numbers in all correspondence with the company.

## DIRECTORS REPORT

Dear Members,

Your Directors are presenting the 8<sup>th</sup> Annual Report together with Audited Statements of Accounts for the financial year ended on 30<sup>th</sup> June, 1999.

### FINANCIAL HIGHLIGHTS

The financial results of Your Company's working are as under : -

	(RS. in Lacs)	
	1998-99	1997-98
Turnover (including other income)	46.31	44.49
Gross Profit/ (Loss)	20.91	(147.46)
Interest	0.01	75.99
Depreciation	09.57	25.11
Prior year adjustment	13.19	(4.34)
Net Profit/ (Loss)	11.34	(248.56)
Add : Balance in profit & loss B/f from previous year	(440.61)	(187.71)
	<u>416.11</u>	<u>440.61</u>

### DIVIDEND

In view of the financial results of the company no dividend is being recommended by your directors.

### PERFORMANCE AND FUTURE PROSPECTUS :

During the year under review your company's performance was not encouraging but it could oversee the increasing losses and its toward recovery. Music division could not yield much profitability of hit and popular music rights.

Now company has revamped its entire operations. Company is working up total settlement with financial institutions, banks and plans to liquidate its entire debts.

Company has decided to diversify into making of Software for T.V. Serials, marketing of mega films and construction of multi complex theatre. Company has already finalised/making of Hindi T.V. Serial for Popular entertainment network, Mumbai and few Tamil serials for T.V.. Further towards marketing of mega films company has acquired marketing rights of HUM TUMHARE HAIN SANAM starring Sharukh Khan, Salman Khan, Madhuri Dixit and others on commission basis for the company which would result into definite earning. 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 company seems to be bright.

## **DIRECTORS**

Shri Pramod Bokadia and Shri Nand Lal Goenka directors of the retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The board recommend their re-appointment in the interest of the company.

## **AUDITORS**

M/s Kailash Chand Agrawal & Co., Chartered Accountants, statutory auditors of your company hold office until the conclusion of 8<sup>th</sup> 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.

## **PUBLIC DEPOSITS**

The company has not accepted any deposit under Section 58 A of the Companies Act, 1956 during the year under review.

## **PERSONNEL**

None of the employees fall under purview of section 217 (2A) of the Companies Act, 1956 read together with Companies (Particulars of Employee Rules) 1975.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 :

- III. Conservation of Energy : Company's activities do not involve any significant energy consumption, however, every effort is being made to conserve energy.
- IV. Technology Absorption . Efforts made in Technology Absorption as per Form 'B'.

### **FORM "B"**

#### **Research and Development (R & D)**

- 4. Specific Areas in which R & D carried out by the company
  - c) To upgrade the quality of the product.
  - d) For reducing the waste of raw material and /Or re-using the scrap.
- 5. Benefits derived as a result of the above R & D.
  - c) Better quality of the product
  - d) Reduced wastage of raw material thereby reduced cost of product.
- 3. Future plan of Action  
To put in all efforts for Quality improvement and further reduction in cost of product, thereby achieving higher profitability.
- 6. Expenditure on R & D  
The expenditure on the house R & D is shown under respective functional heads and no separate account is maintained.

### **Technology Absorption, Adaptation and Innovation.**

Company's Engineers always keep in touch with the latest technical developments and to upgrade quality to the desired levels within the existing constraint. The company has been able to improve the quality and reduce the cost of product due to such efforts.

III. (a) Foreign Exchange Earnings	NIL
(b) Foreign Exchange outgo RS.	....

### **Acknowledgement**

The board of Directors wish to thank the State Government, Industrial Financial Institutions of India (IFCI), RIICO, The Bank of Rajasthan Ltd. for all the help and support.

For and on behalf of the Board

Dated : 3rd December, 1999  
Place : Jaipur

**(K.C. BOKADIA)**  
Chairman & Managing Director.

## **AUDITOR'S REPORT**

We have audited the attached Balance Sheet of M/s. BMB MUSIC & MAGNETICS LIMITED as at 30.06.1999 together with the Profit and Loss Account of the company for the year ended on that date annexed thereto.

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the Said Order.
  
2. Further to our comments referred to in paragraph (1) above, we report that :
  - (a) We have obtained all the informations and explanations 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 the books of accounts.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - (d) In our opinion the balance sheet and the profit & loss account referred to in this report are comply with the Accounting Standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956 to the extent applicable except AS 15.
  - (e) In our opinion and to the best of our information and according to explanations given to us, the accounts subject to Accounting Policy No. 20 regarding non-provision of retirement benefits, Note no. 5 regarding non-provision of custom duty, note no.7 regarding written off of certain old liabilities, note no.11 for non-provision of interest, note no.13 regarding non charging of depreciation on certain plant & machinery, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - (i) In the case of the Balance Sheet of the state of affairs of the company as at 30th June, 1999 and
    - (ii) In case of Profit & Loss Account of the Profit for the period ended on that date.

**for KAILASH CHAND AGARWAL & CO.**

Chartered Accountants

Place : Jaipur  
Dated : 3rd Dec., 1999

**(K.C.AGARWAL)**  
Partner

## **ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in Paragraph 1 thereof)

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate we report that:

1. The company is maintaining proper records to show full particulars including quantitative details and situations of fixed assets. As explained to us, all the assets have been physically verified by the management during the year. On the basis of explanation given to us no serious discrepancies have been noticed on verification.
2. Fixed Assets has not been revalued during the year.
3. The stocks of finished goods and raw material have been physically verified by the management during the year at the year end only.
4. In our opinion and according to the information and explanation given to us, the procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
5. The material discrepancies noticed on physical verification of the stock of raw material, stores and spares and finished goods and the books to the extent they are ascertainable have been properly dealt in the books of accounts.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. The company has not taken loans from companies, firms or other parties as listed in the Register maintained under Section 301 of the Companies Act, 1956 or from Companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.
8. The company has not granted any loan, secured and unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
9. The parties to whom loans & advances in nature of loans have been given by the company are not generally repaying the principal amount as stipulated and are also not paid the interest where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase.
11. According to the informations and explanations given to us that there are no transactions of purchase of goods and materials and sale of goods and materials and services made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard



to the prevailing market prices for such goods, material and services or the prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to us no unserviceable or damage raw materials were noticed during the period.
13. According to the informations and explanations given to us, the Company has not accepted any deposits from the public under the provisions of Section 58(A) of the Companies Act, 1956.
14. In our opinion reasonable records have been maintained by the company for the sale and disposal of realizable scrap.
15. In our opinion and according to the information & explanation given to us there is no adequate internal audit system commensurate with the size of the company and nature of its business.
16. According to the information and explanation given to us, Employees State Insurance Fund are not applicable to the company during the year. Further Provident Fund due are not regularly deposited by the company with the appropriate authorities.
17. According to the information and explanation given to us, The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
18. According to the books and records examined by us and the informations and explanations given to us there were no undisputed amounts payable in respect of wealth tax, sales tax, excise duty which have remained outstanding as at June, 1999 for a period exceeding six months from the date they become payable.
19. According to the information and explanation given to us and the record of the company examined by us, no personal expenses have been charged to Revenue Account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of Clause (O) OF Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. There were no damaged goods in case of goods purchased by the company for resale.

for **KAILASH CHAND AGARWAL & CO.**  
Chartered Accountants

Place : Jaipur  
Dated : 3rd Dec., 1999

**(KAILASH CHAND AGARWAL)**  
Partner

BMB MUSIC & MAGNETICS LTD.

BALANCE SHEET AS AT 30TH JUNE-1999

: 1 :

PARTICULARS	Schedules	AS AT 30th JUNE, 1999 (Rs.)	AS AT 30th JUNE, 1998 (Rs.)
<b>SOURCE OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	60,439,600	60,439,600
Share Application Money		-	-
Reserves & Surplus	2	99,472,400	99,472,400
<b>LOAN FUNDS</b>			
Secured Loans	3	72,014,570	65,002,730
<b>TOTAL</b>		<b>231,926,570</b>	<b>224,914,730</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS :</b>			
Gross Block	4	64,695,889	64,807,389
Less: Depreciation		6,763,596	5,820,674
Net Block		57,932,293	58,986,715
Capital Work-in-Progress &		1,455,821	3,786,034
<b>INVESTMENTS</b>			
	5	3,000	3,000
<b>CURRENT ASSETS</b>			
<b>LOANS &amp; ADVANCES</b>			
<b>Current Assets</b>			
Inventories		14,295,617	13,763,311
Sundry Debtors		16,318,632	26,656,578
Cash & Bank Balance		585,514	3,222,336
Loans & Advance		59,639,958	62,205,057
Music Rights		6,469,468	18,258,218
Other Current assets		36,100,000	153,568
		133,409,188	124,259,068
Less: Current Liabilities & Provisions	7	7,415,618	12,355,043
<b>Net Current Assets</b>		<b>125,993,570</b>	<b>111,904,026</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off)			
Public Issue Expenses		3,670,865	4,211,134
Preliminary Expenses		1,258,746	1,960,184
Deferred Revenue Expenditure		4,930,833	6,173,151
<b>Profit &amp; Loss A/c</b>		<b>41,611,053</b>	<b>44,061,805</b>
<b>TOTAL</b>		<b>231,926,570</b>	<b>224,914,730</b>
Accounting Policy & Notes on accounts	17		

AS PER OUR REPORT OF EVEN DATE ANNEXED FOR & ON BEHALF OF BOARD  
For Kailash Chand Agarwal & Co. FOR BMB MUSIC & MAGNETICS LTD.  
(Chartered Accountants)

PALACE: JAIPUR  
DATED: 3rd DEC. 1999

-sd-  
(K.C. Agarwal)  
PARTNER

-sd-                      -sd-  
(K.C. Bokadia)        (Pranod Bokadia)  
Director                      Director

BMB MUSIC & MAGNETICS LTD.

PROFIT & LOSS FOR THE YEAR ENDED ON 30TH, JUNE-1999

: 2 :

	Schedules	FIGURES FOR THE YEAR ENDED	
		30.06.99 (Rs.)	30.06.98 (Rs.)
<b>INCOME</b>			
Turnover	9	3,569,245	3,854,101
Other Income	10	1,061,552	594,466
Increase \ ( Decrease) in Stock	11	466,913	686,283
<b>TOTAL</b>		<b>5,097,710</b>	<b>5,134,850</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	12	214,220	3,900,576
Manufacturing Expenses	13	307,933	11,093,633
Administrative & selling Expenses.	14	293,241	1,813,026
Payment and Provisions for Employees	15	949,385	1,830,912
Financial Expenses	16	1,210	7,599,289
Depreciation		957,411	2,510,982
Miscellaneous Exps. Written off		1,242,318	1,242,318
<b>TOTAL</b>		<b>3,965,718</b>	<b>29,990,736</b>
Profit (Loss) for the year		1,131,992	(24,855,886)
Less : Provision for Taxation			
Profit (Loss) After Taxation		1,131,992	(24,855,886)
Add : Balance Brought Forward		(44,061,805)	(18,771,688)
Add : Prior Period items		1,318,760	(434,231)
Balance Available For Appropriation		(41,611,053)	(44,061,805)
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		-	-
Proposed Dividend		-	-
Balance carried to Balance Sheet		(41,611,053)	(44,061,805)
Accounting Policy & Notes on accounts	17	(41,611,053)	(44,061,805)

PALACE: JAIPUR  
DATED: 3rd DEC. 1999

AS PER OUR REPORT OF EVEN DATE ANNEXED  
For Kailash Chand Agarwal & Co.  
(Chartered Accounts)

-sd-

(K.C. Agarwal)  
PARTNER

FOR & ON BEHALF OF BOARD  
FOR BMB MUSIC & MAGNETICS LTD.

-sd-

(K.C. Bokadia)  
Director

-sd-

(Pranod Bokadia)  
Director

BMB MUSIC & MAGNETICS LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF UNAUDITED BALANCE SHEET AND  
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON JUNE 30TH, 1999.

: 3 :

	FIGURES AS AT	
	30.06.99 (Rs.)	30.06.98 (Rs.)
<b>SCHEDULE : '1' SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
65,00,000 equity Shares of Rs.10/- each (Prev. Year 65,00,000 equity shares of of Rs. 10/- each	65,000,000	65,000,000
<b>ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>		
61,57,900 Equity Share of Rs. 10/- each. fully paid up. (Previous year 6157900 Equity Shares of Rs. 10/- each fully paid up. ( including 20,00,0000 Equity Shares of Rs. 10/- each fully issued for consideration otherwise than in cash.)	61,579,000	61,579,000
Less : Calls in Arrear	1,139,400	1,139,400
	60,439,600	60,439,600
<b>SCHEDULE : '2' RESERVES &amp; SURPLUS</b>		
Share Premium	103,572,500	103,572,500
Less : Calls In Arrear	4,557,600	4,557,600
General Reserve	457,500	457,500
	99,472,400	99,472,400

BMB MUSIC & MAGNETICS LTD.  
BALANCE SHEET AS AT 30TH JUNE, 1999

: 4 :

	FIGURES AS AT 30.06.99 (Rs.)	FIGURES AS AT 30.06.98 (Rs.)
<b>SCHEDULE: : '3' SECURED LOANS</b>		
<b>-----</b>		
<b>TERM LOAN from</b>		
INDUSTRIAL FINANCIAL CORPORATION OF INDIA (Including interest accrued & due Rs. 19271139 Previous year Rs.14500228)	64,271,139	59,500,228
mortgage of all articles by deposit present & future and machinery and other (and future) and personal guarantee of two directors.		
Working Capital facilities from THE BANK OF RAJASTHAN LIMITED Secured by way of hypothecation of raw material, stock in process, finished goods and other assets of the company and personal guarantee of two directors	7,743,431	5,502,502
	----- 72,014,570 -----	----- 65,002,730 -----

BMB MUSIC & MAGNETICS LTD.  
BALANCE SHEET AS AT 30TH JUNE, 1999

SCHEDULE : '4' FIXED ASSETS

: 5 :

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 30.6.98	Addition during the year / deletion during the year	As on 30.06.99	Up to 30.6.98	For The Year	Dep.adjustme t for Pr.Yrs.	t Up to 30.06.99	As at 30.06.99	As at 30.06.98
	(Rs.)	(Rs.)		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Leasehold Land	1,928,965	---	1,928,965				0	1,928,965	1,928,965
Buildings	17,723,915	0	17,723,915	1,304,054	589,657		1,893,711	15,830,204	16,419,861
Plant & Machinery	40,897,131	---	40,897,131	3,685,707	62,829	15,664	3,764,200	37,132,931	37,211,424
Office Equipments	783,033	---	783,033	200,704	64,135		264,839	518,194	582,329
Vehicles	1,242,465	(111,500)	1,130,965	346,377	126,371	(30,153)	442,595	688,370	896,088
Furniture & Fixtures	531,933	---	531,933	85,219	33,672		118,891	413,042	446,714
Electric installation	1,699,947	---	1,699,947	198,613	80,747		279,360	1,420,587	1,501,334
	64,807,389	(111,500)	64,695,889	5,820,674	957,411	(14,489)	6,763,596	57,932,293	58,986,715
Previous Year	64,013,574	793,815	64,807,389	3,309,692	2,510,982		5,820,674	58,986,715	60,703,822
Capital Work In Progress									
Grand Total :								1,455,821	3,786,034

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BMB MUSIC & MAGNETICS LTD.  
BALANCE SHEET AS AT 30TH JUNE, 1999

: 6 :

FIGURES AS AT		
30.6.99	-	30.6.98
(Rs.)		(Rs.)

SCHEDULE : '5' INVESTMENTS (Valued at Cost.)  
\*\*\*\*\*

In Govt. Securities

National Saving Certificate. (Pledged with Sales Tax Deptt.) (Face Value Rs. 3000/-)	3,000	3,000
	-----	-----
	3,000	3,000
	-----	-----

BMB MUSIC & MAGNETICS LTD.  
BALANCE SHEET AS AT 30TH JUNE, 1999

SCHEDULE : '6' CURRENT ASSETS, LOANS & ADVANCES

: 7 :

	FIGURES AS AT	
	30.06.99	30.06.98
<b>A) CURRENT ASSETS:</b>		
<b>1) INVENTORIES</b>		
(As taken valued and certified by management)		
Raw Material & Packing material	860,845	795,452
Finished Goods	7,916,222	7,449,309
Work in Progress	1,748,550	1,748,550
Negative Rights	3,770,000	3,770,000
	-----	-----
	14,295,617	13,763,311
<b>2) SUNDRY DEBTORS</b>		
(Unsecured but considered good)	16,318,632	26,656,578
<b>3) CASH AND BANK BALANCE</b>		
Cash in hand	518,956	2,728,094
With schedule banks		
In Current Account	66,558	69,242
In Fixed Deposit	0	425,000
(against margin money)	-----	-----
	585,514	
		3,222,336
<b>4) MUSIC RIGHTS</b>	6,469,468	18,258,218
<b>5) OTHER CURRENT ASSETS</b>		
Accrued interest	0	153,568
Film Production A/c	15,000,000	0
Marketing Rights of Films	21,100,000	
	-----	-----
	36,100,000	
<b>B) LOANS &amp; ADVANCE :</b>		
(Unsecured but considered good		
Advances recoverable in cash or		
kind or for value to be received	17,020,075	23,773,973
Intercompany Deposits	37,083,410	37,081,173
Security Deposit	4,251,187	151,187
Advance Income Tax & T.D.S.	1,285,286	1,198,724
	-----	-----
	59,639,958	62,205,057
	-----	-----
	133,409,188	124,259,067
	-----	-----



## FIGURES AS AT

30.06.99

30.06.98

## SCHEDULE : '7' CURRENT LIABILITIES &amp; PROVISIONS

## A. CURRENT LIABILITIES

Interest Accrued but not due	0	2,979,431
Sundry Creditors for Material	2,195,300	4,579,348
Sundry Creditors for Capital Goods	494,585	641,696
Sundry Creditors Others	2,799,476	1,974,370
Advance from Customers	186,000	186,000
Other Liabilities	1,740,257	1,994,198

7,415,618

12,355,043

7,415,618

12,355,043

## SCHEDULE : '8' MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjust

Preliminary Expenses	1,833	2,444
Less: Written off during the year	611	611
	1,222	1,833
Deferred Revenue Expenditure	1,960,184	2,661,622
Less: Written off during the year	701,438	701,438
	1,258,746	1,960,184
Public Issue Expenses	4,211,134	4,751,403
Less: Written off during the year	540,269	540,269
	3,670,865	4,211,134
	4,930,833	6,173,151

## FIGURES AS AT

30.06.99

30.06.99

## SCHEDULE : '9' Turn over

-----

Sales	2,091,771	3,854,101
Profit on Sale of Picture	1,477,474	-
	3,569,245	3,854,101

## SCHEDULE : '10' OTHER INCOME

-----

Interest Received	95,923	594,466
Rebate & Discount	5,680	-
Old Liabilities Written Off	959,949	-

1,061,552

594,466

## SCHEDULE : '11' INCREASE (DECREASE) IN STOCK.

-----

A) Closing Stock		
Compact Discs	244,476	244,476
Audio Cassettes	7,671,746	7,204,833
Work in Progress	1,748,550	1,748,550
Negative Rights	3,770,000	3,770,000
TOTAL (A)	13,434,772	12,967,859
B) Opening Stock		
Compact Discs	244,476	244,476
Audio Cassettes	7,204,833	7,764,335
Work in Progress	1,748,550	502,765
Negative Rights	3,770,000	3,770,000
TOTAL (B)	12,967,859	12,281,576
INCREASE/(DECREASE) ( A - B )	466,913	686,283

BMB MUSIC & MAGNETICS LTD.

SCHEDULE : '12' RAW MATERIAL CONSUMED

----- : 10 : -----

Particulars	Opening Stock	Purchased During the year	Closing Stock	Consumption
(A) Raw Material				
Raw Material	740,947	-	740,947	0
	-	-	-	0
(B) Packing Material	54,505	279,613	119,898	214,220
<b>Total</b>	<b>795,452</b>	<b>279,613</b>	<b>860,845</b>	<b>214,220</b>
<b>Previous Year</b>	<b>4,010,163</b>	<b>685,865</b>	<b>795,452</b>	<b>3,900,576</b>

BMB MUSIC & MAGNETICS LTD.

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	FIGURES AS AT
	30.06.99
	30.06.98

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SCHEDULE : '13' MANUFACTURING EXPENSES.

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Consumable Stores & Chemical Exp.	39	27,148
DG Set running Expenses	57,415	1,900
Designing Expenses	-	30,000
Freight & Cartage (Inward)	719	23,760
Music Recording Expenses	54,730	53,410
Music Rights Written Off	188,750	10,325,532
Oil & Lubricants	-	5,750
Power	-	596,363
Repairs & Maintenance (P & M)	6,280	29,770
	<b>307,933</b>	<b>11,093,633</b>

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## BMB MUSIC &amp; MAGNETICS LTD.

## SCHEDULE : '14' ADMINISTRATIVE &amp; SELLING EXPENSES :

30.06.99

: 11 :

30.06.98

	30.06.99	30.06.98
Remuneration	25,000	26,750
Audit Expenses	2,539	
Books & Periodicals	1,173	10,774
Computer Expenses	3,670	1,500
Conveyance Expenses	53,881	96,950
Courier Charges	-	9,042
Directors Travelling	12,247	119,466
Donation	102	-
Electric & Water charges	-	18,817
Garden Expenses	-	1,040
Hire Charges	-	81,000
Insurance	16,374	23,398
Legal & Professional Expenses	3,000	68,915
Misc Expenses	17,020	35,069
Office Expenses	2,224	41,290
Postage & Telegram	2,436	11,370
Printing & Stationery	3,321	41,795
Registration & Filing Fee	-	6,240
Rent Rates & Taxes	59,050	23,410
Repair & Maintenance (Building)	5,523	27,069
Repair & Maintenance (Others)	778	53,702
Staff Welfare	32,210	205,881
Telephone Expenses	29,105	145,392
Travelling Expenses	14,256	509,731
Vehicle (R&M) Expenses	1,972	60,047
Freight & Cartage (Outward)	6,530	22,167
Advertisement & Publicity	332	146,010
Packing & Forwarding Charges	-	3,543
Sales Promotion	-	22,057
Rebate & Discount	500	603
	293,241	1,813,026

BMB MUSIC & MAGNETICS LTD.

: 12 :

FIGURES AS AT

30.06.99

30.06.98

SCHEDULE : '15' PAYMENT TO AND PROVISION FOR EMPLOYEES  
\*\*\*\*\*

Salary & Wages & Allowances

894,661

1,651,037

Contribution to P.F.

54,724

179,875

949,385

1,830,912

SCHEDULE : '16' FINANCIAL EXPENSES  
\*\*\*\*\*

Bank Charges

1,210.00

12,750.00

Interest paid

On Bank CC & Term Loan

7,586,539.00

1,210.00

7,599,289.00

**SCHEDULE - '17' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**  
**ACCOUNTING POLICIES**

1. **General** : The accounts are prepared on the historical cost convention and in accordance with the Companies Act, 1956.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting policies.

2. **Revenue Recognition** : Expenses and income considered payable and receivable respectively are accounted for on accrual basis except discount, insurance claims, rebates and interest recoverable on Inter Corporate Deposits etc. on cash basis i.e. as and when realised or paid since the amount is not ascertainable with reasonable accuracy.

3. **Fixed Assets** : Fixed assets are stated at their original cost of acquisition including taxes, freight and other incidental expenses related to acquisition and installation of the concerned assets.

4. **Depreciation** : Depreciation on fixed assets except Leasehold land has been provided on straight line method on the cost of Fixed assets as per the rates provided in schedule XIV of the Companies Act, 1956 except non charging of depreciation @ 100% on items costing below Rs.5000/-. Further the depreciation has been provided on a pro-rata basis commencing from the date during which the assets is commissioned.

5. **Music Rights** : Music rights have been considered as Current Assets and have been charged as under :

(a) **FILM MUSIC** : Film Musics are charged at the rate of 25%, if music is released during the year for 180 days or more otherwise 12.5% and additional 25% if film is also released during the year for 180 days or more, otherwise 12.5%.

(b) **DEVOTIONAL/VERSION MUSIC** : Devotional musics are charged over a period of 4 years commencing from the year in which the music is released.

(c) **OTHERS** : Other musics are charged over a period of 2 years commencing from the year in which the music is released.

6. **Deferred Revenue Expenditure** : Revenue expenses of deferred nature mainly Advertisement Expenses etc. are treated Deferred Revenue Expenses and same are to be amortized over a period of five years.

7. **Preliminary Expenses & Public Issue Expense** : Preliminary expenses and Public Issue Expenses are amortized over a period of ten years.

**8. Valuation of Inventories :**

- (i) Raw material, Stores & Spares, Consumables at cost.
- (ii) Finished goods is valued at cost or net realizable value whichever is lower. Cost for this purpose is direct cost which includes direct cost of raw materials, salaries & wages, manufacturing expenses, and depreciation on Plant & Machinery and Building.

**9. Contingent Liabilities :** Contingent liabilities are determined on the basis of available informations and are disclosed by way of a Note on Accounts.

**10. Retirement Benefits :** Retirement benefits if any, are accounted for as and when they arise.

**B. NOTES ON ACCOUNTS :**

**1. Contingent Liabilities not provided for : -**

A) Income Tax Demand of Rs.26,36,005/- raised by the Income Tax Department, Bombay against which the company has filed the Appeal.

**2. No provision of any retirement benefits has been made as required by Accounting Standard -15 issued by ICAI, in view of Accounting policy no.11.**

**3. Consumption of consumables and raw material have been arrived at by adding purchases to opening stock and deducting closing stock therefrom.**

**4. Sundry Debtors, Loan & Advances and Sundry Creditors have been taken at their book value and are subject to confirmation and reconciliation.**

**5. During the year under review Bank guarantee of Rs.41.00 lacs given to Customs Authority has been invoked by the authorities amount has been paid by the bank debited to our cash credit account. The amount paid to Custom Authority has been shown under Loans & Advances. No provision for the same has been made as the same is under dispute.**

**6. During the year under review the company has taken marketing rights of three pictures. Any advance given as security against such rights has been taken under other current assets.**

**During the year under review certain old liabilities of Rs.09.60 lacs which of the opinion of the management not to be paid have been written off.**

8. Auditors Remuneration

	1998-99	1997-98
Audit Fees	20,000	20,000
Tax Audit Fees	5,000	5,000
Service Tax	1,250	-
	<u>26,250</u>	<u>25,000</u>

9. Arrear of Allotment Money (Including Premium Amount) amounting to Rs. 56.97 lacs is due by other. (Previous Year 56.97)

10. Additional information pursuant to the provision of paragraphs 3 and 4 of part II of the Schedule VI of Companies Act, 1956 are either NIL or one except below :

(b) Particulars of Goods manufactured/purchased and Sales.

Sl. No.	Particulars	Unit	Opening Stock		Production/Purchase		Sales		Closing Stock	
			Qty.	Amount	Qty.	Amount.	Qty.	Amount	Qty.	Amount
1.	Pre-recorded Audio Cassettes	Nos.	845368	7204833	-	-	244641	2091771	600727	7671746
2.	Negative Rights	Nos.	1	3770000	-	-	-	-	1	3770000
3.	Compact Disc.	Nos.	2940	244476	-	-	-	-	2940	244476

(c) Raw Material, Store & Spares Consumed

	Unit	This Year July 98 - June 99		Pre. Yr. July 97 to June 98	
		Qty.	Amount	Qty.	Amount
(i) Raw Material					
(a) Crystal	M.T.	NIL	NIL	61.861	2479858
(b) Mag. Tape	Nos.	NIL	NIL	126600	559296
(c) Others	-	NIL	NIL	-	861421
(ii) Store, Spare & Others	-	-	-	-	57454

(d) Value of import Calculated on CIF Basis

	This year July 98 to June 99 Amount (Rs.)	Pre. Yr. July 97 to June 98
(i) Raw Material	NIL	NIL
(ii) Consumables	NIL	NIL
(iii) Capital Goods	NIL	NIL



(e) **Expenses in Foreign Currency**

(i)	Capital Goods	NIL	NIL
(ii)	Foreign Traveling	NIL	NIL

(f) There is no expenditure incurred on employees who were in receipt of remuneration on the aggregate of not less than 3,00,000/- per annum if employed throughout the year or Rs.25,000/- per month if employed for a part of the year.

11. No provision of interest due on Term Loan from IFCI Ltd., Bank of Rajasthan (CC limit) has been made in view of proposal of one time settlement of loan given to IFCI Ltd.. Management of the opinion that there will be no further liability of any interest due to several concession to be given in interest.

12. During the year under review the company has sold its picture underproduction, any profit arised has been shown separately in turn over.

13. No depreciation has been charged on certain plant & machinery for the year as the same were not used during the year.

14. Previous year figures have been rearranged, regrouped wherever necessary.

15. Figures are round off to the nearest rupee.

Signed schedule 1 to 18 as per our report  
of even date

for **KAILASH CHAND AGARWAL & CO.**  
Chartered Accountants

For & on behalf of board

**(K.C. AGARWAL)**  
Partner

**(K.C. BOKADIA)**  
Director

**(PRAMOD BOKADIA)**  
Director

Total Increase (Decrease)		
In Cash and Cash Equivalents	(15.05)	(26.37)
Cash and Cash Equivalents at the beginning of the year	47.27	32.22
	-----	-----
	32.22	5.85
	-----	-----

Note : (1) Extra Ordinary have been adjusted as follows :

Extraordinary Items	13.19
Add : Loss on sale of fixed assets	0.40
Less : Dep. Adjustments	(0.14)
	-----
	13.45
	-----

For and on behalf of the board

Place : Jaipur  
Dated : 3<sup>rd</sup> December, 1999

(K.C BOKADIA)  
Managing Director

#### REPORT OF AUDITORS ON CASH FLOW STATEMENT

To :  
The Board of Directors  
BMB Music & Magnetics Limited

We have examined the attached Cash Flow Statement of BMB Music & Magnetics Limited, for the period ended 30<sup>th</sup> June, 1999. The statement has been prepared by the company in compliance of Listing Agreement and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

for Kailash Chand Agrawal & Co.  
Chartered Accountants

Place : Jaipur  
Dated : 3<sup>rd</sup> December, 1999

(K.C. AGRAWAL)  
Partner

**STATEMENT OF CASH FLOW  
PARTICULARS**

**A. CASH FLOW FROM OPERATING ACTIVITIES**

**FIGURES AS AT**

30.06.99      30.06.98  
(RS. in lacs)

Net Profit (Loss) before tax and extraordinary items	11.32	(248.56)
Depreciation and Amortisation	9.57	25.11
Preliminary & Deferred Revenue Expenses	12.42	12.42
Other Income not relating to Operation	(0.96)	(5.94)
Interest (Paid)	-	75.86
	<u>32.35</u>	<u>141.11</u>
Decrease (Increase) in Trade & Other Receivables	(256.08)	53.14
Decrease (Increase) in Inventories	(5.32)	25.28
(Increase ) Decrease in Music Rights	117.89	(9.48)
Increase (Decrease) in Current Liability	(49.39)	(133.98)
Decrease (Increase) in Loans & Advances	25.65	197.23
Interest (Paid)	-	(75.86)
Direct Tax	NIL	NIL

**CASH FLOW BEFORE EXTRAORDINARY ITEMS**

Extraordinary Items (Note No.1)	13.45	(4.34)
Net Cash fom Operations	<u>(121.45)</u>	<u>(89.12)</u>

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of fixed Assets	NIL	(7.94)
Preliminary & Pre-operative Expenses	NIL	NIL
Sale Proceeds of Fixed Assets	0.71	NIL
Interest Received	0.96	5.94
Other Income	NIL	NIL
Decrease in Capital work in progress (including Cap. Advances)	23.30	19.16
Net cash from investing Activities	<u>24.30</u>	<u>17.16</u>

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Issue of share Capital (Net)	NIL	NIL
Increase in Secured Loans	70.11	56.91
Net Cash used in financing activities	<u>70.11</u>	<u>56.91</u>

# BMB MUSIC & MAGNETICS LTD.

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

## ATTENDANCE SLIP

Particulars TO BE COMPLETED BY MEMBERS

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

Member's Rgd. Folio No..... No. of shares held.....  
Name of Proxy, if attending for member.....  
(in block letters)

I hereby record my presence at the 8<sup>th</sup> Annual General Meeting of BMB Music & Magnetics Limited  
On Thursday the 30th December, 1999

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

Signature of Member/Proxy

..... Tear Here .....

# BMB MUSIC & MAGNETICS LTD.

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

## PROXY FORM

I/We .....of  
District of .....  
..... being Member(s) of BMB Music & Magnetics Limited hereby  
appoint..... of ..... of failing him  
..... of .....

As my/our proxy to attend and vote for me/us on my/our behalf at the 8<sup>th</sup> Annual General Meeting of the  
company to be held on 30th December, 1999 and/or at any adjournment thereof.

Singed this..... day of..... 1999

Date..... Member's Name : .....

No. of Shares..... Folio No.....

Signatuer(s) of the member(s)

Note : 1. This proxy form 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.