

17th

ANNUAL REPORT

2007-08



BMB MUSIC & MAGNETICS LTD.

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2007-2008

*** BOARD OF DIRECTORS**

Kastoor Chand Bokadia (Chairman Cum Managing Director)
Mahavir Chand Bokadia (Director)
Pramod Bokadia (Director)
Mahesh Jangid (Director)
Jai Dev Chakarvorty (Director)
Azgan Thamizmane Vadaseri Alagappa (Director)
Rajeev Jain (Director)

*** BANKERS**

Andhra Bank, Jaipur

*** CORPORATE ADVISOR**

V.M. & Associates
Company Secretaries, Jaipur

*** AUDITORS**

Karnani & Company
Chartered Accountants, Jaipur

*** REGISTERED OFFICE**

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

For BMB MUSIC AND MAGNETICS LTD

L. C. Babbar
Managing Director

17th Annual Report

1.

NOTICE

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

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

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

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

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2.

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

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

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

BY ORDER OF THE BOARD

PLACE: JAIPUR

DATE : 24.05.2008

M.C.BOKADIA

DIRECTOR

K.C.BOKADIA

CHAIRMAN CUM MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. In terms of Article 100 of the Articles of Association of the Company, Shri Mahavir Chand Bokadia, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. A brief resume of the Director, nature of his expertise in specific functional areas,

and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commend his re-appointment.

4. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the meeting.
5. Shareholders seeking any information with regard to accounts are requested to write the Company early so as to enable the management to keep the information ready.
6. Members are requested to notify immediately any change in their address to the Company and quote their Folio Number in all correspondence with the Company.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 20th June, 2008 to Monday 30th June, 2008 (both days inclusive).

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3.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT 1956

Item No. 4

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

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

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

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

ITEM NO. 5

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

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

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

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

ITEM NO. 6

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

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

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

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

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

BY ORDER OF THE BOARD

M. C. BOKADIA
DIRECTOR

K. C. BOKADIA
CHAIRMAN CUM MANAGING DIRECTOR

PLACE: JAIPUR
DATE : 24.05.2008

DIRECTORS' REPORT

To
DEAR MEMBERS,

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

FINANCIAL RESULTS

(Amount in Thousands)

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

DIVIDEND

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

DIRECTORS

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

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

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5.

PERFORMANCE AND FUTURE PROSPECTS

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

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

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

AUDITORS' & AUDITORS' REPORT

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

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

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

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

PARTICULARS OF EMPLOYEES

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

FIXED DEPOSIT

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

CORPORATE GOVERNANCE

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

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

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

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

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

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

BMB MUSIC & MAGNETICS LTD.**6.****Foreign Exchange Earnings & Outgoings**

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

REINSTATEMENT AT BOMBAY STOCK EXCHANGE

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

ACKNOWLEDGEMENT

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

CONCLUSION

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

ON BEHALF OF THE BOARD OF DIRECTORS

M. C. BOKADIA
DIRECTOR

K. C. BOKADIA
CHAIRMAN CUM MANAGING DIRECTOR

DATE : 24.05.2008
PLACE: JAIPUR

Certificate of Compliance with the conditions of Corporate Governance

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

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

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

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

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

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

**FOR V M & ASSOCIATES
COMPANY SECRETARIES**

JAIPUR, 24.05.2008

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