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ANNUAL REPORT

2008-09



BMB MUSIC & MAGNETICS LTD.

BMB MUSIC & MAGNETICS LTD.

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

BMB MUSIC & MAGNETICS LTD.

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of BMB Music & Magnetics Limited will be held on Tuesday 29th 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 31st March 2009 and Profit & Loss Account for the financial Year ended on 31st 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.

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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

18th Annual Report**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 29th 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 19th September, 2009 to 29th 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.**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	Graduate in Science
Qualifications	Directed of many films and T.V. Serials
List of Companies in which outside Directorship held as on 05 th 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 st March, 2009	NIL

Name of Director	Dr. Azgan Thamizmane Vadaseri Alagappa
Age	58
Date of Appointment	03/12/2007
Expertise in specific functional areas	Producer in films
Qualifications	PH'D
List of Companies in which Outside Directorship held as on 05 th 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 st 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.

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DIRECTOR'S REPORT TO THE MEMBERS:-

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

I. FINANCIAL RESULTS:-

(Rs. In '000)

Particulars	For the Year ended 31 st March, 2009	For the Year ended 31 st 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 31st 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 29th 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.

BMB MUSIC & MAGNETICS LTD.

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

The Hon'ble Rajasthan High Court by Order dated 20th 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 18th 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.

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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.

BMB MUSIC & MAGNETICS LTD.**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 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 **31st 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.