

# JMD TELEFILMS INDUSTRIES LIMITED

## 26<sup>th</sup> Annual Report 2009 - 2010

### BOARD OF DIRECTORS

Kailash Prasad Purohit	Chairman & Managing Director
Jagdish Prasad Purohit	Wholetime Director
Pravin Sawant	Independent Director
Ashok Bothra	Independent Director

### REGISTERED OFFICE

105, Sagar Slopping Centre  
J. P. Road, Andheri (W)  
Mumbai-400 058.

### STUDIO LOCATION

75C, Park Street, Basement, Kolkata 700016

### BANKERS

Axis Bank Limited  
Kotak Mahindra Bank  
HDFC Bank  
Union Bank of India

### AUDITORS

Mehta Kothari & Associates  
Chartered Accountants  
134, Great Western Building  
N. M. Road, Fort, Mumbai-400023

### REGISTRAR & SHARE TRANSFER AGENT

#### Purva Sharegistry (India) Pvt. Ltd.

No. 9, Shiv Shakti Indl. Estate  
Gr. Floor, J. B. Boricha Marg  
Lower Parel, Mumbai-400 011.

### ANNUAL GENERAL MEETING

Date : 30th July 2010  
Time : 11.00 A.M.  
Venue : 105, Sagar Shopping Centre,  
J. P. Road, Andheri (W)  
Mumbai-400 058.

Tel. 022-26773832, URL : [www.jmdtelefilms.com](http://www.jmdtelefilms.com), Email : [jmdtele@gmail.com](mailto:jmdtele@gmail.com)

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Members are requested to bring their copy of Annual Report at the time of Meeting

## NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of **JMD Telefilms Industries Limited** will be held on Friday, the 30th day of July, 2010 at 11.00 A.M. at 105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058 to transact the following businesses as :

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2010.
2. To declare dividend.
3. To appoint Director in place of Mr. Ashok Bothra, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

Mumbai, May 31, 2010

By order of the Board  
For **JMD Telefilms Industries Limited**

Registered Office :  
105, Sagar Shopping Center, J. P. Road  
Andheri (W), Mumbai-400 058.

**Kailash Prasad Purohit**  
Chairman & Managing Director

### **Notes :**

1. 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.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 23rd July 2010 to 30th July 2010 (both days inclusive).
3. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
4. Dividend as recommended by the Directors for the year ended 31st March 2010, if declared, will be payable to those Members, whose names appear in the Register of Members as at the close of business on 22nd July 2010 and in respect of shares held in dematerialized form, as per the list of Beneficial Owners furnished to the Company by NSDL/CDSL, at the close of business on 22nd July 2010. The Dividend warrants will be posted before 20th August 2010.
5. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
6. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
7. Members are requested to intimate change in their address immediately to M/s Purva Sharejistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at No. 9, Shiv Shakti Ind. Estate, Gr. Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.

8. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.
9. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.
10. Members are requested to bring copies of Annual Report to the Annual General Meeting.
11. The Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
12. Members are requested to send their queries in regard to the accounts atleast 10 days in advance to the Registered Office of the Company.
13. Members are requested to quote Folio Number/Client ID in their correspondence.
14. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2010-2011 have been paid to Bombay Stock Exchange Ltd.

Mumbai, May 31, 2010

By order of the Board  
For **JMD Telefilms Industries Limited**

Registered Office :  
105, Sagar Shopping Center, J. P. Road  
Andheri (W), Mumbai-400 058.

**Kailash Prasad Purohit**  
Chairman & Managing Director

## DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended March 31, 2010.

(Rs. in Lacs)

<b>Financial Results</b>	<b>Year Ended 31.03.2010</b>	Year Ended 31.03.2009
Income	<b>8626.24</b>	6844.46
Profit before Tax & Extraordinary Items	<b>186.15</b>	62.95
Less : Provision for Taxation	<b>31.29</b>	17.04
Profit after Tax	<b>154.86</b>	45.90
Less : Extra Ordinary Items	<b>2.62</b>	0.55
Profit available for appropriation after adding to its Previous Years B/f	<b>152.24</b>	45.35
<b>Appropriated as under :</b>		
Proposed Dividend	<b>70.15</b>	35.07
Corporate Tax on above Dividend	<b>11.92</b>	5.96
Transfer to General Reserve	<b>3.00</b>	1.00
Balance carried forward to Next Year	<b>67.17</b>	43.03

### Dividend

Your Directors are pleased to recommend the payment of Dividend for the year ended 31st March 2010 at 10 Paise (Ten Paise) per share or 10% (ten percent) on face value of Rs. 1/- each, subject to approval of Members at the ensuing Annual General Meeting.

### Industry Structure and Development

In the music industry, a record label is a brand and a trademark associated with the marketing of music recordings and music videos. Most commonly, a record label is the company that manages such brands and trademarks, coordinates the production, manufacture, distribution, marketing and promotion, and enforcement of copyright protection of sound recordings and music videos; conducts talent scouting and development of new artists ("artists and repertoire" or A&R); and maintains contracts with recording artists and their managers.

Within the music industry, most of recording artists have been increasingly reliant upon record labels to broaden their audience, market their albums, and be both promoted and heard on radio, television, with publicists that assist performers in positive media reports to market their merchandise, and make it available via stores and other media outlets. The Internet has increasingly been a way that some artists avoid costs and gain new audiences, as well as the use of videos in some cases, to sell their products.

With the Internet now being a viable source for obtaining music, netlabels have emerged. Depending on the ideals of the net label, music files from the artists may be downloaded free of charge or for a

fee that is paid via Paypal or an online payment system. Some of these labels also offer hard copy CDs in addition to direct download. Most net labels acknowledge the Creative Commons licensing system thus reserving certain rights for the artist. Digital Labels are the latest version of a 'net' label. Whereas 'net' labels were started as a free site or just a hobby point, digital labels seek to give the major record industry a real run for their money.

### **Opportunities & Threats**

Broadband access is now starting to lead to innovative creation and use of content and stimulating the rise of new technologies in PC and consumer electronics. These trends have led to the rapid creation of online music services. Unauthorized sharing of copyrighted works and new commercial digital delivery possibilities have thus far been a disruptive technology for the music industry. Still, the outlook for the music market in 2005 is positive due to rapidly increasing sales of (mobile) digital music services. Digital music is also a driver for the global technology markets. Furthermore, the new digital music value chain produces an array of new digital intermediaries (e.g., digital rights management DRM). Finally, the availability of online technologies opens up possibilities for content created by network users. Music is thus an area in which the transformative impact of digital distribution, file-sharing and new online business models is strong for both the supply side (artists and the music industry) and on the demand side (new music lifestyles, users as content creators).

However, business and policy challenges analyzed in the study need to be addressed if the full potential of online music distribution is to be reached. In sum, regulatory frameworks which balance the interests of suppliers and users, in areas such as the protection of intellectual property rights, and digital rights management, without disadvantaging innovative e-business models are called for.

- A key requisite for the creation of efficient online music delivery is a competitive and widespread access to broadband infrastructure. The delivery of online content also necessitates new technologies and an environment that facilitates the creation, acquisition, management and delivery of content. Effective and secure (micro)-payment systems are needed.
- Alliances between content providers, broadband and technology providers that come up with new business models play a critical role in driving the adoption of licensed content services.
- A diversity of interoperable content, standards and hardware are likely to prove most beneficial to efficient online content markets. With vertical integration, lock-in of consumers to certain standards, and difficult access to certain content, an environment where small and innovative players can compete should be maintained.
- The OECD notes the importance of government actions to take steps to address online piracy. Around one third of Internet users in OECD countries have downloaded files from P2P networks. While, in principle, file-sharing software is a new and innovative technology, piracy is an important impediment to legitimate online content services. The most important is to find equilibrium of available legitimate and innovative uses of new technologies and the necessary protection of associated intellectual property rights (i.e. copyrights).
- The Internet already provides new forms of advertising at lower cost, lower barriers to entry for artistic creation and lower costs of finding new talent. However, the effects of authorised and unauthorised file-sharing and digital music services with pay-per track offers on artists and the music supply are not yet obvious and need further study.

**Business Segment**

Your Company is basically in a Music Industry and offers its services, both by way of recording as well as rental of studio to other Music Producers and Recorders apart from making music albums for the Company under brand name JMD. The Company is having its Music Studio of around 1200 Sq. Ft., located at Park Street, one of the prominent area of Kolkata metro city. The studio is equipped with almost all modern sound recording systems and hence delivers high quality music recorded Cassettes & CDs and DVDs.

**Performance & Current Year Prospects**

Your Company is among leaders in the field of Music Industry. It offers variety of music to music lovers both in devotional and folk. Apart from Hindi songs, it also offers songs in various regional languages like Rajasthani, Bengali, Assami and Punjabi. The wide range of music albums gives choice to their clients to choose their taste.

Although it cannot be denied that due to global slowdown and steep fall in the income of common man, the demand of music albums has fallen sharply during the year. The piracy in music industry was the added reason of steep fall in profit margin in its products.

In spite of whatever has been stated above, the Company has done well in the current financial year both in term of profit margin and turnover. The turnover of the Company has rose manifold to the tune of 24 percent whereas the profit before tax has jumped dramatically to 196 percent in comparison to the last financial year. A new business development by way of acquisition of new brands and agreement with some of reputed companies tells the story of growth.

During the year, JMD has entered into an Agreement with M/s Onesource Techmedia Ltd., a Chennai Based Company, to give rights to telecast its recorded songs in various languages viz. Bengali, Rajasthani, Hindi etc. on various Television Channels for a price of Rs. 50 Lac per Annum, for the period of 3 Years.

In another instance of business development, the Company has entered into a JV with M/s. Shemaroo Entertainment Pvt. Ltd., owners of famous "Shemaroo" brand, to use its recorded songs in various languages viz. Bengali, Rajasthani, Hindi etc. to use the same as Caller Tune or Mini DVD which can be used on Mobile and/or on Voice Portal; on the terms of Income Sharing in Ratio of 55:45 in favour of Company. The Tenure of said JV is for 2 Years.

Apart from above, the Company has also released a Music Portal namely [www.jmdmusic.com](http://www.jmdmusic.com) wherein anyone can find variety of music in Hindi as well as other Regional Languages. Moreover, you will find almost all news related to music industry on this portal.

**Overview**

The Company is planning to counter its challenges through focused marketing, tight control on liquidity and margins, cost effective sourcing of materials and services, improved quality of products through process automation & upgrading of sound recording equipments. The Company has also strengthened its presence in Music industry with improved quality and variety of its products.

**Risk & Concerns**

The risks that face the Company are the ones that face the industry today and they are mentioned periodically. These risks that includes are innovation of new mode of recorded instruments, change in instruments due to innovation of new technology and better equipments, chances of flop of one or

more songs and bhajans, the Company choose to record and launch in markets. Others risks are client concentration risk, competitive risk and financial risk etc.

#### **Internal Control Systems and Adequacy**

JMD has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

#### **Material Development in Human Resources**

JMD's biggest assets are their employees. We are continuously working on innovative initiatives to attract, train, retain and motivate our employees. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by. Our constant goal, and indeed our biggest strength, is a healthy, happy and prosperous work environment for all our employees. Currently staff strength of the Company is 15 Employees including senior & junior category staff.

#### **Cautionary Statement**

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws, statues and other incidental factors.

#### **Directors**

There is no change in composition of Board during the year under review.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Ashok Bothra is liable to retire and eligible, offers himself for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Ashok Bothra himself, none of Directors is interested in his re-appointment.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

#### **Auditors**

Auditors M/s. Mehta Kothari & Associates, Chartered Accountants, Mumbai holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors under section 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint the Auditors and fix their remuneration.

#### **Comments On Auditor's Report:**

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

**Public Deposits**

Your Company has not accepted any deposits from the Public during the year under review.

**Corporate Governance**

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of Listing Agreement deals with the Corporate Governance requirements which every publicly listed Company has taken steps to comply with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchange.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

**Human Resources**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR policies to the growing requirements of the business.

The Company has a structured induction process and management development programmes to upgrade skills of managers. Objective appraisal systems are in place for senior management system.

**Statutory Information**

The Company being basically in the media sector, requirement, regarding and disclosures of Particulars of conservation of energy and technology absorption prescribed by the rule is not applicable to us.

**Particulars of Employees**

People are the backbone of our operations. It is a matter of great satisfaction for our Company that our employees have been very supportive of the Company's plan. By far the employee's relations have been cordial through out the year.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

**Particulars under section 217 (1) (e) of the Companies Act, 1956**

The Company is engaged in the business of media products hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be Nil.

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

**Directors Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the Annuals Accounts, for the year ended 31st March 2010, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;



2. The Directors had adopted 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 of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

**Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) is a commitment of the Company to improve the quality of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stakeholders and Society.

**Appreciation**

The Board of Directors wishes to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers, and Governmental and Statutory Authorities for their continued support.

Mumbai, May 31, 2010

By order of the Board  
For **JMD Telefilms Industries Limited**

Registered Office :  
105, Sagar Shopping Center, J. P. Road  
Andheri (W), Mumbai-400 058.

**Kailash Prasad Purohit**  
Chairman & Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

### Company's Philosophy on Code of Governance

JMD Telefilms Industries Ltd (JMD) is committed to implement sound corporate governance practices with a view to bring about transparency in its operations and maximize shareholders value. The Company's core philosophy on the code of Corporate Governance is to ensure -

- Fair and transparent business practices;
- Accountability for performance;
- Transparent and timely disclosure of financial and management information;
- Effective management control and monitoring of executive performance by the Board; and
- Adequate representation of promoter, executives and independent directors on the Board.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below.

The Certificate of Corporate Governance from the Statutory Auditors of the Company confirming compliance of the conditions of Corporate Governance is annexed hereto.

### Board of Directors

#### Composition of Directors

The constitution of the Board is in conformity with the provisions of Clause 49 of the listing Agreement of the Stock Exchange. The Board consists of four Directors out of which two members are Independent Directors.

The Board of Directors met 7 times on 25th May, 2nd June, 19th June, 31st July, 30th October and on 22nd December in year 2009 and on 29th January in the year 2010 during the financial year 2009-2010.

Details of Composition of Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorship are given below :-

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership	Committee Chairmanship	No. of Directorship in other Public Ltd. Co.
Kailash Prasad Purohit	Chairman & Managing Director	7	Yes	2	4	2
Jagdish Prasad Purohit	Whole time Director	7	Yes	5	1	4
Pravin Sawant	Independent Director	7	Yes	2	2	Nil
Ashok Bothra	Independent Director	7	Yes	5	4	4

**Audit Committee**

The Audit Committee consists of two Independent Directors & the Managing Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

**Terms of Reference**

The terms of reference of the Audit Committee are as under :

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board, the appointment, reappointment and, if required the replacement or removal of the statutory auditor and fixation of audit fees.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to -
  - (i) Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of section 217 of the Companies Act 1956.
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (iv) Significant adjustments made in the financial statements arising out of audit findings.
  - (v) Compliance with listing and other legal requirements relating to financial statements.
  - (vi) Disclosure of any related party transactions.
  - (vii) Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing with the management performance of statutory and internal auditors, adequacy of internal control systems.
- g) Reviewing with the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
- h) Discussion with internal auditors any significant findings and follow-up thereon.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any areas of concern.
- k) To look into the reasons for substantial defaults in the payment to shareholders (in case of non-payment of declared dividend) and creditors.

### Authority and Responsibilities

The Audit Committee reviews the Company's financial reporting process, disclosure of accounting treatment, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, Compliance with listing and other legal requirements relating to financial statements, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on, To review the functioning of the Whistle Blower mechanism, Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate etc.

In addition to the above, Audit Committee reviews the followings :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

The members of Audit Committee met four times on - 2nd June, 31st July and 30th October in year 2009 & on 29th January 2010 during the financial year ended on 31st March 2010.

Name	Number of Meetings Held	Meetings Attended
Kailash Prasad Purohit	4	4
Ashok Bothra	4	4
Pravin Sawant*	4	4

\*Chairman of Committee

### Remuneration Committee

Since the Company does not have remuneration Committee (constitution of which is a non-mandatory requirement), the details pertaining to the same are not provided.

### Details of Remuneration paid to Directors

The payment of salary to Directors was Nil during the financial year 2009-2010.

No Stock option has been allotted to any of the Directors during the financial year 2009-2010.

None of the Independent Directors holds any shares in their name or in the name of their relatives.

### Share Transfer Committee

The Board of Directors has constituted Share Transfer Committee under the Chairmanship of Mr. Pravin Sawant; whole time Director with two other Independent Director namely Mr. Kailash Prasad Purohit & Mr. Ashok Bothra.

The members of Share Transfer Committee met four times on 2nd June, 31st July and 30th October in year 2009 & on 29th January 2010 during the financial year ended on 31st March 2010.

Name	Number of Meetings Held	Meetings Attended
Mr. Kailash Prasad Purohit	4	4
Mr. Ashok Bothra	4	4
Mr. Pravin Sawant*	4	4

\*Chairman of Committee

### Investor Grievance Committee

The Board of JMD Telefilms Limited has constituted a Committee of Directors, which inter-alia also functions as "Shareholders/Investors" Grievance Committee, consisting of three members, chaired by a Non-Executive, Independent Director. The Committee meets once a month and inter-alia, deals with various matter relating to:

- Transfer/transmission/transposition of shares;
- Consolidation/splitting of shares/folios;
- Issue of Share Certificates for lost, sub-divided, consolidated, rematerialize, defaced etc;
- Review of Shares dematerialized and all other related matters; and
- Investors' grievances and redressal mechanism and recommend measures to improve the level of Investor Services.

The Share Department of the Company and the Registrar and Share Transfer Agent, Purva Sharegistry India Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges and Registrar of Companies etc.

The Minutes of Shareholders'/Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

### Compliance Officer

The Company has appointed Mr. Ashok Bothra, Non-Executive Director as a Compliance Officer within the meaning of Listing Agreement.

### Composition of Committee and Meetings attended

During the year, twelve meetings of the Committee of Directors were held on April 1, May 4, June 1, July 1, August 3, September 1, October 1, November 2, and December 1 in year 2009 and on January 2, February 1 and March 1 in year 2010.

Brief Details of Names, Position, Category and meeting attended by Members of Committee is as follows:

Name	Position	Category	Meetings Attended
Mr. Ashok Bothra*	Chairman	Independent, Non-Executive	12
Mr. Pravin Sawant	Member	Independent, Non-Executive	12
Mr. Kailash Prasad Purohit	Member	Promoter, Executive	12

\*Chairman of Committee

#### Details of Shareholders' Complaints

During the year the Company has received one compliant from its share holder which was being resolved during the year. There was no pending complaint at the close of the financial year.

#### GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
25th Annual General Meeting	16th July 2009, 11.00 AM	105, Sagar Shopping Center, J. P. Road, Andheri (W), Mumbai-400 058.
24th Annual General Meeting	18th September 2008, 10.30 AM	105, Sagar Shopping Center, J. P. Road, Andheri (W), Mumbai-400 058.
23rd Annual General Meeting	18th September 2007, 11.00 AM	14, Popat wadi, 1st floor, Kalbadevi Road, Mumbai-400 002.

#### Special Resolution Passed at last three Annual General Meetings:

During financial year 2006-07, Special Resolutions were passed to appoint Mr. Ashok Bothra and Mr. Pravin Sawant as Directors of the Company whereas no special resolutions were proposed during financial year 2007-08 and financial year 2008-09 in either of Annual General Meetings.

#### Passing of Resolution by Postal Ballot:

During Financial Year 2008-09, Special Resolutions have been passed through Postal Ballot Rules to enhance Authorized Capital and to incorporate enhanced Authorized Capital in Memorandum & Articles of Association. A Special Resolution has also been passed to issue 50,00,000 Equity Shares (Face value of Rs. 10/-) at a price of Rs. 17/- per Share to Non-Promoter Group. Use of fund so raised has been disclosed in separate section elsewhere in this Annual Report.

During Financial Year 2009-10, Special Resolutions have been passed through Postal Ballot Rules to sub-divide Equity Shares of the Company from Paid up value of Rs. 10/- per Share to Rs. paid-up value of Re. 1/- per Share. Notices have been sent to the Members of the Company seeking their consent for said Special Resolutions through Postal Ballot Rules 2001. On the day of Results, these Resolutions have been passed with requisite majority. Mr. Vijay Kumar Mishra, Practicing Company Secretary has been appointed as Scrutinizer who has conducted the entire process and has forwarded his report and result to the Management of Company and the same has been announced in Board Meeting at Registered Office of the Company.

The procedure for Postal Ballot is as per section 192A of the Companies Act, 1956 and Rules made there under namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by Postal Ballot.

### **Extra-Ordinary General Meeting**

No Extra-Ordinary General Meeting was held by the Company during the financial year ended 31st March 2010.

### **Board Disclosures**

#### **Risk Management**

The Company has a Risk Management Policy which has been adopted by the Board of Directors, currently, the Company's risk management approach comprises of the following :-

- Governance of Risk
- Identification of Risk
- Assessment of Control of Risk

The risks have been prioritized through a companywide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.

Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

#### **Subsidiaries**

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeding 20% of the consolidated turnover or networth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

#### **Insider Trading**

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for Prevention of Insider Trading (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Compliance Office has been appointed for monitoring adherence to the said Regulations.

**Disclosures**

- (a) There are no transactions with related parties i.e. with Promoters, Directors, Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large.
- (b) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise.
- (c) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof. However whistle blower policy has not been formed during the year under review. Further, we affirm that no personnel has been denied access to the Audit Committee.
- (d) Secretarial Audit :- A qualified Practicing Company Secretary carried out Secretarial Audit on quarterly basis to reconcile the total admitted capital with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**Disclosures on Non-Mandatory Requirements**

The Company has adopted/complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of Listing Agreement with the Stock Exchange :-

- a) None of the Independent Directors on the Board of the Company has served for the tenure of exceeding nine years. The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- b) The Company has not setup Compensation and Remuneration Committee.
- c) We publish our quarterly results and half yearly results in widely circulated newspapers whereas we did not send half yearly results to any of shareholders.
- d) The financial statements of the Company are unqualified.
- e) The Board of Directors of the Company at its meeting held on 2nd June 2009 has adopted the Whistle Blower Policy and appointed an ombudsperson. Employees can report to the Management concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct Policy. No Employee has been denied access to the Audit Committee.

**Means of Communications**

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.
- The Quarterly/Half Yearly/Nine Months & Annual Results have been submitted to Bombay Stock Exchange Ltd. and published in the leading English Newspapers i.e. Financial Express and in vernacular language Newspaper i.e. Mahanayak.



- Company is not yet started to post its Quarterly Results/Half Yearly/ Nine Months & Annual Results on its website.
- Official News releases have been posted on its web portal www.jmdmusic.com.
- No formal representations were made to Institutional Investors or Analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report will be posted to the shareholders of the Company.

### General Shareholder Information

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

### Shareholders' Information

#### a. Next Annual General Meeting

The information regarding 26th Annual General Meeting for the financial year ended on 31st March 2010 is as follows :-

Date	:	30th July, 2010
Time	:	11.00 A.M.
Venue	:	105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai - 400 058.

b. **Financial Calendar** : 1st April to 31st March.

c. **Future Calendar** :

Subject Matter	Date
Financial Reporting of 1st Quarter ended on 30th June 2010	14th August, 2010
Financial Reporting of 2nd Quarter ended on 30th September 2010	15th November 2010
Financial Reporting of 3rd Quarter ended on 31st December 2010	15th February 2011
Financial Reporting of 4th Quarter ended on 31st March 2011	13th May 2011
Date of Annual General Meeting	During September 2011

d. **Date of Book Closure** : July 23 to July 30, 2010. (Both days inclusive)

e. **Dividend Payment** : The Board of Directors are pleased to recommend the payment of Dividend 10 Paise per Equity Share of Rs. 1/- each (i.e. 10 Percent of paid-up Capital) Subject to approval of Shareholders, will be paid within the prescribed time period. This Dividend, if approved at the Annual General Meeting, shall be paid to all eligible Members whose names appear on the Register of Members on July 22, 2010.

f. **Listing of Shares** : Bombay Stock Exchange Ltd.

g. **Custody Charges & Listing Fees** : Annual Custody Charges to NSDL & CDSL and Annual Listing Fees for Financial year 2009-2010 have been paid.

h. **Stock Code &** : 511092 on BSE

**ISIN Code** : INE047E01015 on CDSL & NSDL

## i. Market Price Data :

Month	Price on BSE (Rs.) & Volume			BSE Sensitive Index	
	High	Low	Volume	High	Low
April 2009	98.90	67.10	3012	11492.10	9546.29
May 2009	215.30	103.80	1077	14930.54	11621.30
June 2009	321.00	226.05	11212	15600.30	14016.95
July 2009*	287.80	24.00*	118671	15732.81	13219.99
August 2009	99.60	59.80	20556	16002.46	14684.45
September 2009	67.25	50.00	21701	17142.52	15356.72
October 2009	55.65	48.65	48493	17493.17	15805.20
November 2009	53.55	44.15	105884	17290.48	15330.56
December 2009	121.50	51.50	101967	17530.94	16577.78
January 2010	136.25	112.05	1339118	17790.33	15982.08
February 2010	151.60	119.00	2162511	16669.25	15651.99
March 2010	147.00	65.25	14643063	17793.01	16438.45

\*Split in the face value of Equity Shares from Rs. 10/- to Rs. 1/- in July 2009.

## j. Registrar &amp; Share Transfer Agent.

M/s. Purva Sharegistry (India) Pvt. Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical and electronic mode. All transfer, transmission, request related to correspondence/queries, intimation of change of address etc. should be addressed to our RTA directly at the following Address:

M/s. Purva Shareregistry (India) Pvt. Ltd.

No. 9, Shiv Shakti Indl. Estate, Gr. Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.  
Tel : 022-23016761

## k. Share Transfer Systems

The Share transfer is processed by the Registrar & Share Transfer Agent, **Purva Sharegistry (India) Pvt. Ltd.** and approved by Share Transfer Committee, if the documents are complete in all respects, within 21 days from the date of lodgment.

## l. Shareholding Pattern as on 31st March 2010

Categories	No. of Shares	% of Shareholding
Promoters, Directors & Relatives & Person acting in concert	12500000	17.82
Indian Bank / Mutual Funds	0	0
NRI/OCBS	600	0
Private Corporate Bodies	10673741	15.22
Indian Public	46971659	66.96
<b>Total .....</b>	<b>70146000</b>	<b>100.00</b>

**m. Categories of Shareholders as on 31st March 2010.**

Category	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share Holding
1-5000	142	41.16	49942	0.07
5001-10000	12	3.48	106890	0.15
10001-20000	20	5.79	313608	0.45
20001-30000	17	4.93	445271	0.63
30001-40000	10	2.90	385298	0.55
40001-50000	15	4.35	741830	1.06
50001-100000	47	13.62	3738080	5.33
100001 and Above	82	23.77	64365081	91.76
<b>Total....</b>	<b>345</b>	<b>100.00</b>	<b>70146000</b>	<b>100.00</b>

**n. Categories of Shareholders as on 31st March 2010.**

Category	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share Holding
Individuals	202	58.55	46971659	66.96
Non-Resident Indians	1	0.29	600	0.00
Body Corporate	141	40.87	10673741	15.22
Local Mutual Funds	0	0.00	0	0.00
Promoters	1	0.29	12500000	17.82
<b>Total ...</b>	<b>345</b>	<b>100.00</b>	<b>70146000</b>	<b>100.00</b>

**o. Dematerialization of Shares & Liquidity**

The Company's Equity Shares are in Demat trading segment and the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

**Procedures for dematerialization / rematerialization of Equity Shares:-**

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched within one month from the date of issue of Shares.

The Shares of Company are traded under "B" category on Bombay Stock Exchange Ltd. 90.00% of the Company's Equity Share Capital held under Public category has been dematerialized up to 31st March 2010.

**p. Unclaimed Dividend**

Pursuant to Section 205C of the Companies Act, 1956, Dividends that are unpaid/unclaimed for a period of seven year from the date of they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF. Members are advised that no claims shall lie against the said fund or the Company for the amounts of dividend so transferred to said Fund.

**q. Nomination**

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

**q. Requirement of PAN Card in case of Transfer of Shares in Physical Form**

Pursuant to SEBI Circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

**r. For the Attention of Shareholders holding shares in electronic form**

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**s. Listing Fees & Annual Custodial Fees**

The Company has paid the Annual Listing Fees for year 2010-11 to Bombay Stock Exchange Ltd. Annual Custodial Fees to both the Depositories for the year 2010-11 have also been paid.

**t. Brief Resume of the Directors Seeking Re-Appointment**

Mr. Ashok Bothra, Age 44, B. Com. is having vast experience in the area of Accounts, Taxation & Capital Market activities since last 20 years. Before joining JMD Telefilms, he was among Board of Directors in Network Stock Broking Ltd. (NSBL), one of the leading stock brokers and has catered his services to NSBL for over 11 years. Beside broking activities he is also familiar to the Company Laws which will surely benefit to the Company.

He is not holding any shares of the Company either in his name or in the name of his family members as on 31st March 2010.

As on 31st March 2010, he is on the Board of Directors of the following Companies.

**Sr. No. Name of the Company**

1. Unisys Softwares & Holding Industries Ltd.
2. Prraneta Industries Limited
3. Dynamic Portfolio Management & Services Ltd.
4. Blue Circle Services Ltd.

Further, he is having 5 Committee Chairmanship and 4 Committee Membership in various listed cos. where he is holding position as Director.

**u. Details on use of Public Funds Obtained in the last three years :**

Rs. 8.50 Crore have been raised through Preferential Issue of Equity Shares to Non-Promoters during the previous financial year i.e. 2008-09. Out of Rs. 8.50 Crore, Rs. 2.16 Crore have been utilized as an Advance for Setting up Studio as well as Renovation of existing Recording Studio, Rs. 5.00 Crore have been invested in Listed Securities & Mutual Fund scheme for the time being and Rs. 1.34 Crore has been utilized as working Capital.

**v. Investors Correspondence**

Shareholders can contact the following Officials for secretarial matters of the Company :-

Mr. Ashok Bothra - jmdtele@gmail.com

**w. Outstanding GDRs./ADRs/Warrants or any convertible instruments, conversion data likely impact on Equity :**

Not Applicable.

**w. Code of Conduct**

The Board of Directors of the Company has laid down Code of Conduct for Directors and for Senior Management & Employees. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Managing Director & Chief Executive Officer is annexed to this report.

**x. Location of Sound Recording Studio**

75-C, Park Street, Basement, Kolkata-700 016, Telephone : 2229 9198 / 5359

**y. Address for Correspondence**

105, Sagar Shopping Centre, J. P. Road, Andheri (W),

Mumbai - 400 058, Telfax : 2677 3832

Website: www.jmdtefilms.com,

Email: jmdtele@gmail.com

## CHAIRMAN & MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of Listing Agreement, the Managing Director and CEO's Declaration for Code of Conduct is given below:

To

The Members of

JMD Telefilms Industries Limited

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their 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 statements 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 their 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) They 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 they 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) They 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) instances of significant fraud of which they 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.
- (e) We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the current Financial Year.

For **JMD Telefilms Industries Ltd.**

**Kailash Prasad Purohit**  
Chairman & Managing Director

## SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED 31ST MARCH 2010

To

The Board of Directors,

JMD Telefilms Industries Limited

Mumbai.

We have examined the registers, records and papers of M/s. JMD Telefilms Industries Limited as required to be maintained under the Companies Act, 1956, (hereinafter referred to as "The Act"), the rules made thereunder and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the year ended 31st March 2010.

On the basis of our examination as well as information and explanations furnished by the Company and the records made available to us, we report that:

1. Equity Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE)
2. All the requisite registers and other records required under the Act and the Rules made thereunder have been maintained in accordance with the requirements of the Act.
3. All the requisite forms, returns and documents have been filed with the Registrar of Companies and other authorities as required under the Act and Rules made thereunder.
4. All the requirements of the Act relating to the meetings of the Directors, Shareholders and Committees of the Board as well as relating to maintenance of the minutes of the proceedings there at have been complied with.
5. The Board of Directors of the Company is duly constituted.
6. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of Section 299 of the Companies Act, 1956.
7. The Company has not raised any fund by way of issuing Equity Shares on Right or Bonus or Public or Preferential issue during the financial year 2009-10.
8. Share Certificates have been delivered to the transferee within Applications for transfer and transmissions of the Shares have been registered within the prescribed for this purpose.
9. The provisions of Companies Act, 1956, relating to declaration and payment of Dividend have been complied with.
10. The amounts borrowed by the Company from Banks/Bodies Corporate are within the borrowing limits of the Company. There are no borrowings which are outstanding as on March 31, 2010.
11. Necessary approval of Directors, Shareholders, Central Government and other authorities, wherever applicable and required under the Companies Act, 1956, have been obtained.
12. The Company has not altered its Memorandum of Association & Articles of Association of the Company during the period of Audit.

Place : Mumbai

Date : May 31, 2010

For **M/s. VKM & Associates**

Chartered Accountants

**Vijay Kumar Mishra**

Partner

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of JMD Telefilms Industries Ltd.

We have examined the compliance of the conditions of Corporate Governance by JMD Telefilms Industries Ltd. (The Company) for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with all stock exchanges where the Shares of Company are listed.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the 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 an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievances Committee.

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

Place : Mumbai  
Date : May 31, 2010

For **Mehta Kothari & Associates**  
Chartered Accountants

**Pradip C. Mehta**  
Proprietor



## AUDIT REPORT

We have audited the attached Balance Sheet of JMD Telefilms Industries Limited as at 31st March 2010 and also the Profit & Loss Account for the year ended on that day annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included 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.

- a. As required by the Companies (Auditors' Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956, we enclose in the Annexure, a statement on the matter specified in the said Order to the extent applicable;
- b. Further to our comments in the annexure referred to in paragraph 1 above -
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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 those books;
  - iii. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts'
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement together with notes of accounts dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
  - v. On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India :-
    1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    2. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
    3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Mumbai  
Date : May 31, 2010

For **Mehta Kothari & Associates**  
Chartered Accountants

**Pradip C. Mehta**  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 1 of our report of even date)

1.
  - (a) The Company has maintained proper books of records showing full particulars including quantitative details and situations of fixed assets.
  - (b) As per the information and explanations given to us, the Company has carried out physical verification of fixed assets during the year. In our opinion, the frequency of such verification is reasonable.
  - (c) In our opinion and according to the information and explanation given to us, the Company has not made any substantial disposal during the year.
  - (d) The procedure of physical verification of stock & securities followed by management are reasonable and adequate in relation to the size of the Company nature of its business.
  - (e) The Company has maintained proper record of Inventories. No discrepancies noticed on physical verification of Investments as compared to the books & records.
2.
  - a) As explained to us, inventory, except the inventory lying with third parties, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
  - b) The procedures, as explained to us, of physical verification of inventories followed by the management are, in our opinion; reasonable and adequate in relation to the size of the company and the nature of its business; and
  - c) The company, for inventory, has maintained proper records. No material discrepancies, as informed to us, have been noticed on physical verification of stock as compared to book records;
3.
  - (a) According to the information and explanation given to us and on the basis of records furnished before us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) In view of above, Clause 4(iii)(a),(b),(c) and (d) of Companies (Auditors' Report) Order, 2003 are not applicable.
  - (c) According to the information and explanation given to us and on the basis of records furnished before us for the verification, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - (d) In view of above, clause 4(iii)(e), (f) and (g) of Companies (Auditors' Report) Order, 2003 are not applicable.
4. In our opinion and according the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of business with regard to purchase and sales. During the course of our Audit, we have not observed any continuing failure to correct major weakness of internal audit.
5.
  - (a) In our opinion and according the information & explanations given to us, the particulars of contract or arrangements that were required to be entered in the register maintained under Section 301 of the Companies Act 1956 have been so entered in the said register.
  - (b) In respect of transactions entered exceeding the value of five lacs in the register maintained in pursuance of Section 301 of the Companies Act 1956, according to information and explanation given to us, the transactions made pursuance of such contracts or arrangements have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public hence Clause 4(vi) of Companies (Auditors' Report) Order 2003 is not applicable.
7. The Company has appointed a firm of Chartered Accountants, to carry out internal audit functions, on broadly reviewing the Audit Reports furnished before us and information and explanation

given to us by the management, we are of the opinion that the Internal Audit is commensurate with the size of the Company and the nature of business.

8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act 1956 in respect of products dealt with by the Company.
9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investors' Education & Protection Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, CESS and any other statutory dues have been regularly deposited in time during the year with appropriate authorities and there are no undisputed statutory dues payable for a period of six months from the date they became payable as at 31st March 2010.  
(b) According to the information and explanation given to us there are no disputes pending before the authorities in respect of Sales Tax, Income Tax, Custom Duty and CESS.
10. The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and in the immediate preceding financial year.
11. According to the records made available to us and information and explanation given to us by the management, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not chit fund, nidhi, mutual fund and societies and accordingly clause 4(xiii) of Companies (Auditors' Report) Order, 2003 is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has kept adequate records of its transactions and contracts in shares, securities, debentures and other investments and timely entries have been made therein. The Shares, Securities, Debentures and Other Investments are held in the name of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Banks & Financial Institutions. Accordingly Clause 4(xv) of Companies (Auditors' Report) Order, 2003 is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company has not obtained any Term Loan. Accordingly Clause 4(xvi) of Companies (Auditors' Report) Order, 2003 is not applicable.
17. According to the information and explanations given to us and on the basis of and overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been utilized for long term investment and vice versa.
18. During the period, the Company has not raised any money through a Public Issue.
19. During the period, the Company has not issued any debentures. Accordingly Clause 4(xix) of Companies (Auditors' Report) Order, 2003 is not applicable.
20. The Company has not raised any money through a Public Issue during the year under Audit. Accordingly Clause 4(xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
21. During the course of examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor we have been informed of such instances by the management.

Place : Mumbai  
Date : May 31, 2010

For **Mehta Kothari & Associates**  
Chartered Accountants

**Pradip C. Mehta**  
Partner

## BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	31.3.2010 Rupees	31.3.2009 Rupees
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	1	70,146,000	70,146,000
Share Premium A/c		62,500,000	62,500,000
Profit & Loss A/c	2	12,608,747	5,592,383
		<b>145,254,747</b>	<b>138,238,383</b>
<b>Loan Funds</b>			
secured Loan	3	144,437	660,142
	<b>TOTAL</b>	<b>145,399,184</b>	<b>138,898,525</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	4	40,837,820	37,472,683
Less : Depreciation		4,725,174	2,664,757
Net Block		<b>36,112,646</b>	<b>34,807,926</b>
<b>Investments</b>			
	5	57,986,899	11,604,220
<b>Current Assets, Loans &amp; Advances</b>			
Stock in Trade	6	29,745,630	25,931,500
Cash & Bank Balances		7,497,891	15,495,403
Sundry Debtors		119,898,866	1,479,275
Loans & Advances		24,871,837	60,629,181
		<b>182,014,224</b>	<b>103,535,359</b>
Less : Current Liabilities & Provisions	7		
Sundry Creditors & Advances Recd		119,841,635	5,650,146
Liabilities & Provisions		11,335,950	5,861,834
		<b>131,177,585</b>	<b>11,511,980</b>
Net Current Assets		<b>50,836,639</b>	<b>92,023,379</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
Deferred Revenue Expenditure		463,000	463,000
	<b>TOTAL</b>	<b>145,399,184</b>	<b>138,898,525</b>
Notes forming part of the accounts & Significant Accounting Policies	14		

As per our report of even date

For **Mehta Kothari & Associates**

Chartered Accountants

**Kailash Prasad Purohit**

Director

**Pradip C. Mehta**

Partner

Place : Mumbai

Date : May 31, 2010

**Jagdish Prasad Purohit**

Director

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	31.3.2010 Rupees	31.3.2009 Rupees
<b><u>INCOME</u></b>			
Sales & Operational Income	8	<b>846,466,146</b>	683,573,212
Other Income	9	<b>16,157,489</b>	872,847
		<b>862,623,635</b>	684,446,059
<b><u>EXPENDITURE</u></b>			
Cost of Sales	10	<b>835,991,200</b>	674,422,212
Sales & Distribution Expenses	11	<b>57,230</b>	50,749
Personnel Expenses	12	<b>1,436,000</b>	1,320,032
Administrative & Other Expenses	13	<b>4,464,067</b>	953,530
Depreciation	4	<b>2,060,417</b>	1,404,900
		<b>844,008,914</b>	678,151,423
Profit before Tax		<b>18,614,720</b>	6,294,636
Less : Prior Period Adjustments		<b>262,406</b>	55,329
Provision for Taxation		<b>3,128,868</b>	1,662,075
Provision for F.B.T		-	42,343
Profit after Tax		<b>15,223,446</b>	4,534,889
Less : Proposed Dividend		<b>7,014,600</b>	3,507,300
Less : Tax on Dividend		<b>1,192,482</b>	596,066
		<b>7,016,364</b>	431,523
Transfer to General Reserve		<b>300,000</b>	100,000
		<b>6,716,364</b>	331,523
Profit brought forward from previous year		<b>4,302,633</b>	3,971,110
Profit carried to Balance Sheet		<b>11,018,997</b>	4,302,633
Notes forming part of the accounts & Significant Accounting Policies	14		

As per our report of even date  
For **Mehta Kothari & Associates**  
Chartered Accountants

**Kailash Prasad Purohit**  
Director

**Pradip C. Mehta**  
Partner

Place : Mumbai  
Date : May 31, 2010

**Jagdish Prasad Purohit**  
Director

SCHEDULES TO ACCOUNTS	31.03.2010 Rupees	31.03.2009 Rupees
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
71,000,000 Equity Shares of Rs.1/- each (Previous year)		
71,000,000 Equity Shares of Rs. 1/- each	<b>71,000,000</b>	71,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
70,146,000 Equity Shares of Rs. 1/- each (Previous year)		
70,146,000 Equity Shares of Rs. 1/- each	<b>70,146,000</b>	70,146,000
	<b>70,146,000</b>	70,146,000
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
General Reserve	<b>1,589,750</b>	1,289,750
Profit & Loss Account - Balance	<b>4,302,633</b>	3,971,110
Add : Transfer from Profit & Loss Account	<b>6,716,364</b>	331,523
	<b>12,608,747</b>	5,592,383
<b>SCHEDULE 3</b>		
<b>LOAN FUNDS</b>		
<b>Secured Loan</b>		
From Bank against Vehicle	<b>144,437</b>	660,142
	<b>144,437</b>	660,142

**SCHEDULE 4**  
**FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2009	Additions	Adjustments For the Year	As at 31.03.2010	As at 01.04.2009	For the Year	As at 31.03.2010	As at 31.03.2009
Air Conditioner	11,469	-	-	11,469	7,494	553	8,047	3,975
Brand Rights	29,479,103	-	-	29,479,103	-	-	-	29,479,103
Computers & Accessories	5,369,520	2,062,497	-	7,432,017	1,589,307	1,580,534	3,169,841	3,780,213
Furniture & Fixtures	171,652	-	-	171,652	119,259	7,288	126,547	52,393
Generator	68,479	-	-	68,479	14,462	7,512	21,974	54,017
Motor Car	1,451,303	1,302,640	-	2,753,943	333,560	419,958	753,518	1,117,743
Office Equipments	23,340	-	-	23,340	13,741	1,332	15,073	9,599
Studio Equipments	897,817	-	-	897,817	586,934	43,240	630,174	310,883
<b>TOTAL</b>	<b>37,472,683</b>	<b>3,365,137</b>	<b>-</b>	<b>40,837,820</b>	<b>2,664,757</b>	<b>2,060,417</b>	<b>4,725,174</b>	<b>34,807,926</b>
Previous Year	32,825,389	4,647,294	-	37,472,683	1,259,857	2,059,864	2,664,757	31,565,532

## SCHEDULE 5

## INVESTMENTS

(Quoted, Valued at Cost)

Particulars	As on 31.03.2010		As on 31.03.2009	
		Value		Value
Sanguine Media Limited	-	-	55,000	1,265,000
Reliance Petrochem Limited	-	-	4,100	732,423
DB (International) Stock Brokers Ltd	-	-	7,187	891,161
NTPC Limited	11,000	2,391,179	2,500	553,672
Jayaswal Neco Industries Limited	-	-	1,500	82,625
TATA Teleservices (Maharashtra) Ltd	2,000	77,767	2,000	77,767
Shipping Corporation of India Ltd	750	70,752	750	100,394
IFCI Limited	1,500	78,902	100	1,848
Shipping Corporation of India Ltd	-	-	500	39,834
Ashok Leyland Limited	-	-	15,000	271,176
IFCI Limited	-	-	900	17,685
Lic Housing Finance Limited	1,000	805,007	-	-
IDBI Bank Limited	2,000	214,435	-	-
IDEA Cellular Limited	16,000	1,057,403	-	-
Bhushan Steel Limited	1,500	2,446,503	-	-
UCO Bank	9,500	416,288	-	-
Ranbaxy Laboratories Limited	3,200	1,391,622	-	-
Hindustan Tin Works Limited	35,000	4,858,776	-	-
Lok Housing & Constructions Ltd	7,000	379,331	-	-
GHCL Limited	284,255	13,593,626	-	-
ACC Limited	1,500	1,371,527	-	-
Gujrat Sidhee Cement Ltd	8,000	764,297	-	-
Mahindra & Mahindra Fin Ser Ltd	1,002	369,484		-
Lupin Limited	-	-	600	386,953
Reliance Petrochem Limited	-	-	900	83,682
<b>Total (a) ....</b>		<b>30,286,899</b>		<b>4,504,220</b>



Particulars	As on 31.03.2010		As on 31.03.2009	
		Value	Quantity	Value
<b>Mutual Funds</b>				
DSP Merlinch Opportunity Fund		100,000		100,000
Tata Mutual Fund		200,000		200,000
Relince Regular Growth Fund		8,000,000		-
Relince Monthly income fund		2,000,000		-
Axis Equity Fund		1,000,000		-
Uti Opportunity Growth Fund		2,600,000		-
Uti Opportunity Fund		1,000,000		-
Kotak Opportunity Fund		2,800,000		-
IDFC Imperial Equity Fund		1,500,000		-
Realince Mutual Fund		300,000		300,000
Birla Sunlife Frontline Eq. Fund		1,000,000		-
Birla sunlife Midcap Fund		2,800,000		-
Relince Growth Fund		2,600,000		-
Kotak Opportunity Growth Fund		1,300,000		-
DSP Blank Rock Mutual Fund		-		1,000,000
Birla Sunlife Mutual Fund		-		1,500,000
ICICI Prudential Mutual Fund		500,000		4,000,000
<b>Total (b) ....</b>		<b>27,700,000</b>		<b>7,100,000</b>
<b>Total Investments (a+b)</b>		<b>57,986,899</b>		<b>11,604,220</b>

SCHEDULES TO ACCOUNTS	31.03.2010 Rupees	31.03.2009 Rupees
<b>SCHEDULE 6</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Inventories</b>		
(Valued to be taken & Certified by Management)		
Stock-in-trade	29,745,630	25,931,500
	<u>29,745,630</u>	<u>25,931,500</u>
<b>Sundry Debtors</b>		
<b>(Unsecured, Considered Good)</b>		
Outstanding for more than six months	-	-
Other Debtors	119,898,866	1,479,275
	<u>119,898,866</u>	<u>1,479,275</u>
<b>Cash &amp; Bank Balances</b>		
Cash Balance	1,727,201	562,155
Fixed Deposit (With Scheduled Banks)	1,002,067	11,110,711
Balance with Scheduled Bank in Current A/c	4,768,623	3,822,537
	<u>7,497,891</u>	<u>15,495,403</u>
<b>Loans And Advances</b>		
(Unsecured, Considered Good)		
Security Deposit & Advances	21,000	21,000
Advance Tax Payment	2,500,000	1,150,000
Advance Against Properties	6,600,000	-
Tax deducted at Source	750,837	958,181
Advance Against Music Album	-	31,000,000
Advance Against Studio	15,000,000	27,500,000
	<u>24,871,837</u>	<u>60,629,181</u>
Total .....	<u>182,014,224</u>	<u>103,535,359</u>
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors for Business	118,753,955	-
Royalty Recd. In Advance	1,059,850	5,509,850
Vat Payable	5,430	-
Sundry Creditors for Expenses & Others	22,400	140,296
	<u>119,841,635</u>	<u>5,650,146</u>
<b>Liabilities &amp; Provisions</b>		
For Dividend Payment to Shareholders	7,014,600	3,507,300
Un-Claimed Dividend	-	54,050
For Dividend Tax	1,192,482	596,066
For Income Tax	3,128,868	1,662,075
For Fringe Benefit Tax	-	42,343
	<u>11,335,950</u>	<u>5,861,834</u>
Total .....	<u>131,177,585</u>	<u>11,511,980</u>
<b>SCHEDULE 8</b>		
<b>SALES &amp; OPERATIONAL INCOME</b>		
Sales Proceeds	840,878,436	677,952,662
Income from Royalties	4,919,000	4,975,000
Studio Rent Recd.	668,710	645,550
	<u>846,466,146</u>	<u>683,573,212</u>

SCHEDULES TO ACCOUNTS	31.03.2010 Rupees	31.03.2009 Rupees
<b>SCHEDULE 9</b>		
<b>OTHER INCOME</b>		
Income from Mutual Fund Investments	748,273	-
Short Term Capital Gain	14,238,317	696,924
Dividend Received	737,275	38,952
Interest on FDR	433,623	110,711
Other Interest Recd.	-	26,260
	<u>16,157,489</u>	<u>872,847</u>
<b>SCHEDULE 10</b>		
<b>COST OF SALES</b>		
Opening Stock	25,931,500	17,743,500
Add : Purchases	836,383,330	674422212
Add : Audio/ Video Recording Cost	3,422,000	8,188,000
Less : Closing Stock	29,745,630	25,931,500
	<u>835,991,200</u>	<u>674,422,212</u>
<b>SCHEDULE 11</b>		
<b>SALES &amp; DISTRIBUTION EXPENSES</b>		
Coolie & Cortage Expenses	18,650	14,844
Freight Outward Expenses	24,360	22,955
Sales Promotion & Commission Paid	14,220	12,950
	<u>57,230</u>	<u>50,749</u>
<b>SCHEDULE 12</b>		
<b>PERSONNEL EXPENSES</b>		
Salary & Other Allowances to Employees	1,391,000	1,285,200
Staff Welfare Expenses	45,000	34,832
	<u>1,436,000</u>	<u>1,320,032</u>
<b>SCHEDULE 13</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	28,420	35,390
Postage & Mobile Expenses	65,260	60,030
Travelling & Conveyance Expenses	270,544	95,075
Studio Maintanance Charges	49,121	109,289
Elctricity Expenses	23,260	54,915
Subscription & Donation	1,925,050	15,100
Advertisement	246,135	36,403
Office & Misc. Expenses	73,763	49,490
Motor Car Expenses	111,256	140,562
Service Tax & VAT	588,191	-
Auditors' Remuneration	22,400	22,400
Bank Charges & Comm.	14,113	18,678
Rent Paid	126,080	100,000
Legal & Professional Fees	14,750	45,000
BSE Listing & Depository Annual Fees	69,552	113,519
Music Portal Expenses	698,000	-
De-mat charges	600	-
Telephone Charges	40,896	-
Professional tax	21,400	-
Trade Licence	3,800	-
RTA Fees & Insurance	71,477	57,679
	<u>4,464,067</u>	<u>953,530</u>

**SCHEDULE 14****ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS**  
**Significant Accounting Policies****General****Basis of Preparation of Financial Statements**

1. The Financial Statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under section 211(3C) of the Companies Act 1956, read with the Companies (Accounting Standard) Rules, 2006 and the other relevant provisions of the Companies Act, 1956.

**Revenue Recognition**

2. All revenue and expenses are accounted on accrual basis.

**Fixed Assets**

3. Fixed Assets are stated at cost less Depreciation, cost comprises the purchases price and other attributable costs. Depreciation on assets is provided on written down value method as per rates prescribed in Schedule XIV to the Companies Act 1956.

**Depreciation**

4. Depreciation on Fixed Assets has been provided for on Diminishing Balance Method at rates specified in schedule XIV of the Companies Act 1956. Depreciation on Assets purchased/sold during the year has been provided for on pro-rata basis.
5. Depreciation on additions/ deletions is calculated on pro-rata with respect to date of addition/ deletions.

**Inventories**

6. Inventories of Work-in-Progress, Raw Materials, Stores and Spares, Finished Goods as well as Stock in Trade of Shares & Securities are valued at cost and the same is done on FIFO basis. Stock of Shares is valued at cost.

**Investments**

7. Stock / Securities acquired and intended to be held for a longer period are classified as Investments.
8. Investments are valued at cost of acquisition with the provision where necessary for diminution, other than temporary, in the value of investments.

**Retirement Benefit**

9. None of the Employee has completed the service period to become eligible for payment of gratuity.

**Income Tax**

10. Tax expenses comprise of current, deferred and fringe benefit tax.
11. Provision for current income tax and fringe benefit tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.

12. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

#### **Provisions, Contingent Liabilities & Contingent Assets**

13. The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
14. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.
15. Contingent Assets are neither recognized nor disclosed.

#### **Others**

16. None of the Raw Materials, Stores, Spares and Components consumed or purchased during the year have been imported.
17. None of the Earnings / Expenditures is in Foreign Currency.
18. Balance of Debtors, Creditors, Deposits, Loans and Advances are subject to confirmation.
19. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated if realized in the ordinary course of business. The provision for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.
20. Investments of the Company have been considered by the management to be of a long term nature and hence they are long term investments and are valued at cost of acquisitions.

#### **Segment Report**

21. Segment reporting as defined in Accounting Standard 17 is not applicable as the Company is primarily engaged in Trading of Audio / Video Products and in the business of Sound Recording. As informed to us, there are not separate segment within the Company as defined as 17 (Segment Report).

#### **Notes to Accounts**

22. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value state, if realized in the ordinary course of business. Provisions for all known liabilities are adequate and not in excess of the amount considered necessary for the same.

#### **Contingent Liabilities**

23. Contingent Liabilities not provided for - Rs. Nil

#### **Particulars of Director's Remuneration (In Rupees)**

24. Rs. Nil has been paid to Directors as Remuneration for the Year (P.Y. Rs. Nil)

#### **Related Party Transactions**

25. Key Management Personnel -
  - a. Mr. Kailash Prasad Purohit
  - b. Mr. Jagdish Prasad Purohit
26. Subsidiary & Group Companies or Companies under same management - Not Any.

## 27. Details of transactions with related parties -

Transaction with related parties	Subsidiary Companies	Key Management Personnel & Relatives
Remuneration	-	Nil
	( - )	(Nil)
Investments:		
Investment in Subsidiary	( - )	( - )
	( - )	( - )
Investment in Group Cos.	Nil	-
	Nil	( - )

**Differed Tax on Income**

28. Differed Tax Asset (Net) for the year ended 31st March 2010 amounts to Rs Nil

## 29. Remuneration to Auditors

Particulars	31.03.2010	31.03.2009
Remuneration to Auditors for Audit Purpose	22,400	22,400

**Earning per Equity Share**

Particulars	Unit	31.03.2010	31.03.2009
Net Profit after Tax available for Share holders	Rs.	1,55,87,761	45,34,889
No. of Equity Shares	No.	7,01,46,000	70,14,600
Basis & Diluted Earning Per Share (Rs.)	Rs.	0.22	0.64

31. Sundry Debtors and creditors are subject to confirmation and reconciliation.

32. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

33. Information pursuant to provisions of paragraph 3,4(C) and 4(D) of Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is as under:

Details of sales and purchases in respect of stock in trade

**Mumbai:**

Opening Stock		Purchases		Sales		Closing Stock	
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
-	-	1,25,416	83,12,97,137	1,25,416	83,40,28,335	-	-
-	-	3,059	67,26,22,212	3,059	67,52,02,661	-	-

**Kolkata:**

Opening Stock		Purchases		Sales		Closing Stock	
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
-	-	1,01,029	5,56,193	57,448	8,00,101.	43,581	2,32,130
-	-	-	-	-	-	-	-

**Jaipur:**

Opening Stock		Purchases		Sales		Closing Stock	
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
-	-	5,70,000	45,30,000	5,50,000	60,50,000	20,000	1,60,000
-	-	2,00,000	18,00,000	2,00,000	27,50,000	-	-

34. Previous years' figures have been regrouped, rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

For **Mehta Kothari & Associates**  
Chartered Accountants

**Kailash Prasad Purohit**  
Director

**Pradip C. Mehta**  
Partner

**Jagdish Prasad Purohit**  
Director

Mumbai, May 31, 2010

## Statement of Cash Flow Annexed to the Balance Sheet as at 31st March, 2010

	Rs. in Lacs	
	31.03.2010	31.03.2009
<b>A. Cash Flow from Operating Activities</b>		
<i>Net Profit before tax and extraordinary Items</i>	<b>18,614,720</b>	6,294,636
<i>Adjustments for</i>		
Depreciation	<b>2,060,417</b>	1,404,900
Adjustments for Increase in Share Premium	-	35,000,000
<b>Operating profit before working capital changes</b>	<b>20,675,137</b>	<b>42,699,536</b>
<i>Adjustments for Capital Changes</i>		
Inventories	<b>(3,814,130)</b>	(8,188,000)
Decrease (Increase) in Trade and other Receivables	<b>(118,419,591)</b>	(1,479,275)
Loans & Advances	<b>35,757,344</b>	(56,525,855)
Trade Payable and Provisions	<b>119,665,605</b>	6,316,834
<i>Cash Generated from operations</i>	<b>33,189,228</b>	<b>(59,876,296)</b>
<b>Net Cash From Operating Activities</b>	<b>53,864,365</b>	(17,176,760)
<b>B. Cash Flow From Investing Activities</b>		
PFixed Assets	<b>(3,365,137)</b>	(4,647,294)
Investments	<b>(46,382,679)</b>	(7,402,278)
<b>Net Cash from Investing Activities</b>	<b>(49,747,816)</b>	<b>(12,049,572)</b>
<b>C. Cash Flow From Financing Activities</b>		
Unsecured Loan	<b>(515,705)</b>	347,363
Deffered Revenue Expenditure	-	(463,000)
Increase of share capital	-	50,000,000
Dividend including Dividend Tax	<b>(8,207,082)</b>	(4,103,366)
Provision for Taxation	<b>(3,128,868)</b>	(1,704,418)
Extraordinary Items	<b>(262,406)</b>	(55,329)
<b>Net Cash used in Financing Activities</b>	<b>(12,114,061)</b>	<b>44,021,250</b>
<i>Net Increase in Cash &amp; Cash Equivalents</i>	<b>(7,997,511)</b>	14,794,918
<i>Opening Balance of Cash &amp; Cash Equivalents</i>	<b>15,495,403</b>	700,485
<i>Closing Balance of Cash &amp; Cash Equivalents</i>	<b>7,497,891</b>	<b>15,495,403</b>

For and on behalf of the Board

Kailash Prasad Purohit

Chairman &amp; Managing Director

Mumbai, May 31, 2010

We have verified the attached Cash Flow Statement of JMD Telefilms Industries Limited, derived from Audited Financial Statements and the books and records maintained by the Company for the year ended on 31st March 2010 and found the same in agreement therewith.

For **Mehta Kothari & Associates**  
Chartered Accountants

Pradip C. Mehta

Partner

Mumbai, May 31, 2010



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI  
TO THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No.	:	33180
State Code No.	:	11
Balance Sheet Date	:	31.03.2010

**II Capital raised during the year**

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. in Thousands)**

Total Liabilities	:	145399
Total Assets	:	145399

**Sources of funds**

Paid-up Capital	:	70146
Reserves & Surplus	:	75109
Secured Loans	:	Nil
Unsecured Loans	:	144

**Application of funds**

Net Fixed Assets	:	36113
Investments	:	57987
Net Current Assets	:	51300
Accumulated losses	:	Nil

**IV Performance of Company (Amount in Rs. in Thousands)**

Turnover	:	862624
Total Expenditure	:	844009
Profit before taxes	:	18615
Profit after taxes	:	15223
Earning Per Share	:	2.17
Dividend rate	:	1%

**V Generic Names of Three Principal Products/Services of the Company**

Product Description	Item Code No.
Music Recording	N.A.
Trading of Audio / Video Items	N.A.
Trading of Softwares	N.A.

# JMD Telefilms Industries Limited

105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058.

## PROXY FORM

I/We \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ being member/members of the above named Company, hereby appoint \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 30th day of July 2010 at 11.00 A.M., at Registered Office of the Company at 105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058 and any adjournment thereof.

Registered Folio No./DP-Client ID \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signed by the said \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

Attested by Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp



# JMD Telefilms Industries Limited

105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058.

## ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 30th day of July 2010 at 11.00 A.M., at Registered Office of the Company at 105, Sagar Shopping Centre, J. P. Road, Andheri (W), Mumbai-400 058

Name of Shareholder/s \_\_\_\_\_

Father/Husband's Name \_\_\_\_\_

Name of Proxy or Company Representative \_\_\_\_\_

Registered Folio No. / DP-Client ID \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Signature of the Shareholder(s) or Proxy or Company Representative \_\_\_\_\_

**No gift of any nature will be distributed at the Annual General Meeting**