

# **SOWBHAGYA MEDIA LIMITED**

**FIFTEENTH ANNUAL REPORT**

**2009-2010**

**PLOT NO. 512, ROAD NO. 31,  
JUBILEE HILLS, Hyderabad-500 033.**

# **SOWBHGYA MEDIA LIMITED**

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## SOWBHAGYA MEDIA LIMITED

### **DIRECTORS**

Sri D.Narayana Rao	Chairman
Sri K.Ramakrishna Prasad	Managing Director
Sri M.Madhusudhana Rao	Director
Sri V.Kishore	Director
Sri E.V.Raja Reddy	Director

### **BANKERS**

Bank of India, Hyderabad  
Vijaya Bank, Hyderabad  
Corporation Bank- Nellore.

### **Auditors**

M/s. GANESHVENKAT & Co,  
CHARTERED ACCOUNTANTS  
402, Ram Kishan Residency,  
6-3-6009/150, Anand Nagar Colony, Khairathabad.  
Hyderabad- 500004.

### **REGISTERED OFFICE**

Plot No. 512,  
Road No. 31,  
Jubilee Hills,  
Hyderabad-500 033

### **REGISTRARS**

XL Softech Systems Limited  
Plot No.3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad.

### **LISTING**

The Bombay Stock Exchange Ltd  
The Madras Stock Exchange Ltd

# **SOWBHAGYA MEDIA LIMITED**

**PLOT NO. 512, ROAD NO. 31, JUBILEE HILLS, Hyderabad-500 033**

## **NOTICE TO MEMBERS**

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of SOWBHAGYA MEDIA LIMITED will be held at Plot No.512, Road No.31, Jubilee Hills, Hyderabad-500033 on Thursday, the 30<sup>th</sup> day of September, 2010 at 10.30 AM to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri M. Madhusudana Rao who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri D. Narayana Rao who retires by rotation and being eligible offers himself for reappointment.
4. To appoint statutory Auditors and to fix their remuneration.

### **SPECIAL BUSINESS:**

5. To consider and if thought fit, with or without modifications, to pass the following resolution as a Ordinary Resolution:

“RESOLVED THAT pursuant to Section 269, Schedule XIII read with Section 192 other applicable provisions, if any, of the Companies Act, 1956 and the approval of the members hereby accorded to re appointment of Sri K. Ramakrishna Prasad as Managing Director for a further period of 3 years with effect from 1st May, 2010 on such salary and perquisites as set out in the Explanatory Statement attached to the Notice convening this meeting”.

By Order of the Board of Directors  
For **M/s.SOWBHAGYA MEDIA LIMITED,**

Place: Hyderabad  
Date: 02.09.2010

Sd/-  
**(K.RAMAKRISHNA PRASAD)**  
**MANAGING DIRECTOR**

## **NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. Proxy Forms to be valid shall be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act in respect of Special Business of the notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain Closed from 25.09.2010 to 30.09.2010 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
4. Members are requested to notify immediately changes if any, in their addresses to the company quoting their folio number.
5. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. Shareholders seeking any information with regard to accounts are requested to write to the company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the meeting.
8. Under Section 109 A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form no.2B in duplicate (which will be made available on request) to M/s. XL Softech Systems Ltd. Registrars & Share Transfer Agents, Plot No.3, Sagar Society , Road No.2, Banjara Hills, Hyderabad -500034. Te.No.23545913,14, Fax. 23553214.

### **Explanatory Statement pursuant to Section 192A(2) and Section 173(2) of the Companies Act, 1956 setting out all the material facts pertaining to the Special Resolution**

#### **Item No. 2 & 3**

Information on Directors seeking appointment/ re-appointment is furnished below in terms of Clause 49 of the Listing Agreement with the Stock Exchanges:

- a) Sri M. Madhusudana Rao, aged 47 years has excellent experience in Operational Management of the Company. He is well experienced in giving best solutions for better financial operations and Management.

He is the member of Audit Committee and Shareholders/Investors Grievance Committee constituted under clause 49 of the Listing Agreement.

- b) Sri. Dasari Narayana Rao aged 63 years, is well known Film Director and has more than 3 decades of rich experience in Media and Entertainment Industry. He produced and directed so many successful Movies in Telugu Language and the Industry famed him as "Darsakha Ratna".

**Item No. 5**

Mr. M. Ramakrishna Prasad is a Bachelor of Science. He has more than three decades experience in Media and Publishing Industry. He has successfully led a number of publications from their inception to commercial success. He brings in rich experience of handling the intricacies of the media and publishing businesses. Hence, the Board decided to re appoint him as Managing Director of the Company.

The Board of Directors of your company on the recommendation of the Remuneration Committee, fixed the following terms of remuneration paid or payable to the Managing Director of the company Sri K. Ramakrishna Prasad:

A) Salary :

Rs.50,000/- per month. Consolidated including all other allowances.

Sri K. Ramakrishna Prasad shall not be liable to retire by rotation as a Director of the company during the tenure of Managing Director.

The above may also be treated as an abstract as required under Section 302 of the Companies Act, 1956.

None of the Directors except Sri K. Ramakrishna Prasad is, in any way, concerned or interested in the proposed ordinary resolution.

By Order of the Board of Directors  
For **M/s.SOWBHAGYA MEDIA LIMITED,**

Place: Hyderabad  
Date: 02.09.2010

Sd/-

**(K.RAMAKRISHNA PRASAD)**  
**MANAGING DIRECTOR**

## **DIRECTOR'S REPORT**

To  
The members of Sowbhagya Media Limited  
Hyderabad

We have pleasure in presenting the 15<sup>th</sup> Annual Report and the Audited Statement of accounts for the Year ended 31.03.2010.

### **FINANCIAL RESULTS :**

<b>Particulars</b>	<b>Current Year 2009-2010 (Rs.In Lakhs)</b>	<b>Current Year 2008-2009 (Rs.In Lakhs)</b>
Total Income	577.30	549.10
Profit before Depreciation	35.06	39.20
Depreciation	26.28	18.44
Profit before Tax	8.77	20.76
Provision for Taxation	2.89	5.83
Profit after Tax	5.88	14.93

### **OPERATIONS:**

You are aware that the company's activities diversified to production of Mega Serials through television network and it was very successful.

During the year, the Company has launched the Daily Mega Serial in Telugu namely "Thoorpu Padamara" and "Sivaranjani" which was telecasting in Eenadu and Maa Television successfully.

### **DIVIDEND**

To augment the Long term working Capital needs your directors could not recommend Dividend.

**DIRECTORS:**

Sri M. Madhusudana Rao and Sir D. Narayana Rao, Directors of the Company who retires by rotation at the ensuing the Annual General Meeting and being eligible offers themselves for re appointment.

**AUDITORS:**

M/s.Ganeshvenkat & Co., Chartered Accountants, Hyderabad, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**DIRECTORS RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2009 your directors confirm-

- i) That in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That 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 and loss account for that period.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

**PARTICULARS OF EMPLOYEES:**

No employees was in receipt of Remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 and the rules framed there under, as amended to date.

**FIXED DEPOSITS:**

Your company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.



**Information under section 217(1) (e) of the companies (Disclosure of particulars in the report of Board of Directors) Rules,1988.**

**a) Conservation of Energy:**

The operations of the Company involve very low energy consumption. However adequate measures have been taken to conserve the more energy.

**b) Technology Absorption:**

The Company has not imported any Technology.

**c) Foreign Exchange Earnings & Outgo:**

Foreign Exchange Earnings:	Nil
Foreign Exchange Outgo :	Nil

**CORPORATE GOVERNANCE**

Your company has taken necessary measures to comply with the provisions of Clause 49 of the Listing agreement with the Stock Exchanges in respect of Corporate Governance.

A report on Corporate Governance along with a certificate of compliance from the Auditors and also the Management Discussion and Analysis report are annexed separately to this Annual report.

**GENERAL:**

The Company's shares are listed on Hyderabad, Mumbai and Chennai stock Exchanges and the listing fee for the year 2009-2010 has been paid.

**APPRECIATION:**

The Directors wish to place on record their appreciation to employees at all levels for their co-operation. Your directors would also acknowledge the continued support of the Company's Shareholders, Bankers, Exhibitors, Distributors, and all others that contributed to the success of the company.

By Order of the Board of Directors  
For **M/s.SOWBHAGYA MEDIA LIMITED,**

Place: Hyderabad  
Date: 02.09.2010

Sd/-

Sd/-

**(K.RAMAKRISHNA PRASAD)  
MANAGING DIRECTOR**

**(M. MADHUSUDANA RAO)  
DIRECTOR**

**ANNEXURE TO THE DIRECTOR'S REPORT**  
**COMPLIANCE REPORT ON CORPORATE GOVERNANCE**

**Company's philosophy on corporate governance**

A strong governance process is integral to business success. For an important reason: a broad based governance initiative harmonizes the interest of all shareholders.

At Sowbhagya, a commitment to a mature governance process is leading to stronger business prospects, a growth of business partners (customers and suppliers), enhanced employee and investor wealth as well an increased societal development at large.

**Board of Directors**

Composition of the Board

The Board of Directors of Sowbhagya consists of Five Directors out of which one is executive and Four are non- executive. The composition of the Board during the financial year under review is presented in detail in the table 1.

Number of Board Meetings

During the financial year under review, the Board of Directors met 5 times on 30.04.2009, 31.07.2009, 04.09.2009, 30.10.2009 and 30.01.2010, as stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

Director's Attendance Record and Directorships

**Details are given in Table1.**

Table 1 Details of the Board of Directors

Name of the Director	Executive/ Non- Executive Director	No.of meetings Held during his Tenure	No.of meetings Attended	Whether Attende d Last AGM	No.of Outside directorships
K.Ramakrishna Prasad	Executive – Promoter	5	5	Yes	2
E.V.Raja Reddy	Independent	5	5	Yes	1
M.Madhusudhana Rao	Independent	5	5	Yes	--
V.Kishore	Independent	5	5	Yes	--
Dasari Narayna Rao	Independent	4	4	Yes	--

**Information supplied to the Board**

Sowbhagya believes in providing the directors all relevant and required information to enable them to make well informed decision. The following information is regularly placed before the Board:

- Annual Budget
- Quarterly and Half Yearly results of the Company
- Minutes of Audit Committee and other committee meetings
- Any material defaults in financial obligations to and by the company in any aspect.
- Disclosures by management on material transactions if any including potential conflict of interest.
- Strategic and operational plans for running the business.

The Board of Directors is presented with detailed notes with required annexure on the above heads. These are presented as a part of the agenda papers of the meeting or directly tabled at the Board meetings

## **Remuneration of Directors**

Remuneration paid or payable to Directors for 2009-2010(Rs) -600,000/-

No sitting fee is paid to the Directors for attending Board or Committee meetings.

No commission or technical fee is paid to any director.

## **Code of Business Conduct and Ethics**

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of Listing Agreement with the Stock Exchanges and has adopted Code of Business Ethics and Conduct applicable to the Directors and all the senior management personnel of the Company. It is responsibility of the Directors and all the senior management personnel to familiarize themselves with this Code and comply with its standards.

## **Audit Committee.**

The audit Committee of Sowbhagya Media is comprised of three members under the chairmanship of an independent and non Executive Director. The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the listing agreement of the stock exchange and Section 292A of the Companies Act, 1956.

The Audit Committee reviews.

- The company's financial reporting process.
- Disclosure norms
- Internal Control Systems
- Accounting Policies
- Reports of the Companies internal auditors
- Quarterly, half yearly and yearly financial statements
- Financial and risk policies

The Audit Committee met four times during the period. The composition and attendance of the members of the Committee are given in table 2.

**Table: 2 Meetings and Attendance for Audit Committee Meetings**

Name of the Member	No.of meetings held During the tenure	No.of meetings attended
E.V.Raja Reddy	4	4
M.Madhusudana Rao	4	4
V.Kishore	4	4

Sri E.V.Raja Reddy, an independent Director, chairs the Committee and its members are Mr. M.Madhusudana Rao and Mr.Kishore, Independent directors.

**Shareholders / Investors Grievance Committee**

Terms of reference

The functions of shareholders grievance committee include redressal of shareholders and investor compliance regarding matter such as transfer of share.

The Committee consists of

K.Ramakrishna Prasad	-	Chairman
V.Kishore	-	Member
M.Madhusudhana Rao	-	Member

The committee met on 30.04.2009, 31.07.2009, 30.10.2009 and 30.01.2010 and all the members attended the meetings.

The company had no transfers pending at the end of the financial year.

Name, designation and address of the Compliance Officer

Mr.K.Ramakrishna Prasad  
Sowbhagya Media Ltd  
Plot No. 512,  
Road No. 31,  
Jubilee Hills,  
Hyderabad-500 033  
Phone : 91 40 23422222  
Fax : 91 40 23745566

## **Disclosures**

### Related Party Transactions

The transactions with the related parties have been adequately disclosed in the in the notes to accounts forming part of the balance sheet as on March 31<sup>st</sup>, 2010. There are no transactions that may have potential conflict with the interests of the Company during the year. All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company.

Non- compliance on matters relating to capital markets for the capital markets for the last there years.

### **Whistle Blower Mechanism**

The Company promotes ethical behavior in all its business activities and has put in place mechanism of reporting illegal or unethical behavior. Employees are free to report violations of laws, rules regulations or unethical conduct to their immediate supervisor/notified person. No employee of the Company has been denied access to the Audit Committee. The directors and senior Management are obligated to maintain confidentiality of such reporting's and ensure that the whistle blowers are not subjected to any discriminatory practices.

### **Details of compliance with mandatory requirements and adoption of the non- mandatory requirements**

Your Company has complied with all the mandatory requirements of the Clause 49 of the listing agreement. The details of these compliances have been given in relevant sections of this report. The status of compliance with the non – mandatory requirements is given at the end of this report.

## **Disclosure on Accounting Treatment**

In the preparation of financial statements for the financial year 2009-10 there is no treatment of any transaction different from that prescribed in Accounting Standards.

## **Management discussion and analysis**

This annual report has a detailed chapter on management discussion and analysis.

## **Information to shareholders**

### **Information dissemination**

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Half yearly report sent to each of the Shareholders  
Quarterly Results- Newspapers  
Normally published in  
Website where quarterly results are displayed

No. But published in English and Regional Newspaper  
English- Business Standard  
Telugu- Andhra Bhoomi  
[www.sowbhagy.in](http://www.sowbhagy.in)

## **Financial results On Company's website**

The quarterly, half yearly and annual results of the Company are displayed on its website [www.sowbhagya.in](http://www.sowbhagya.in). Full annual report is also available on the website in a user friendly and downloadable form. All official news releases are posted on the Company's website. Apart from the above, the Company also regularly provides relevant information to the stock exchanges as per the requirements of the listing agreements.

All communications referred above are available on Company's website [www.sowbhagya.in](http://www.sowbhagya.in) for reference of the shareholders.

## **Information on Directors seeking appointment/re-appointment as required under Clause 49 VI(A) of the Listing Agreement with Stock Exchanges.**

This information is provided in the notes appended to the explanatory statement under the heading "Additional information on Directors recommended for appointment/seeking re-election at the ensuing Annual General Meeting."

## **ADDITIONAL SHAREHOLDERS INFORMATION**

Address for correspondence

Registered Office

Sowbhagya Media Limited  
Plot No.512, Road No.31,  
Jubileehills, Hyderabad-500 033.  
Phone: 91 40 23422222  
Fax: 91 40 23745566

Registrars and Transfer Agents

XL Softech Systems Limited  
3, Sagar Society Road No.2  
BanjaraHills,Hyderabad- 500 034.  
Phone: 91 40 23545913/14  
Fax : 91 40 23553214

### **General Body Meetings**

The details of the date, time and venue of the last three Annual General Meetings are as follows.

<b>Year</b>	<b>Location</b>	<b>Date and Time</b>
2006-2007	8-3677/14, SKD Nagar Srinagar Colony, Hyderabad-500073.	29.09.2007 10.30.A.M
2007-2008	Plot No.236, Near Water Tank, Prashashan Nagar, Jubilee Hills, Hyderabad-500034.	30.09.2008 10.30.A.M.
2008-2009	Plot No. 512, Road No. 31, Jubilee Hills, Hyderabad-500 033	30.09.2009 10.30 A.M

No Postal Ballots were used for voting at above meetings.

### **Disclosures**

- During the Financial year 2009-2010, the Company had no materially significant related party transactions, which may have potential conflict with the interest of company at large.
- There has neighter been any noncompliance nor penalties, strictures imposed on the Company by the Stock Exchanges, SEBI, or any other statutory authority, on any other matter relating to the capital markets, during the last three years.



## **General Shareholders Information:**

Disclosures regarding re-appointment of Directors

Sri M. Madhusudana Rao and Sri Dasari Narayana Rao are retiring by rotation, and being eligible, offers themselves for re-appointment.

- c) Sri M. Madhusudana Rao, aged 47 years has excellent experience in Operational Management of the Company. He is well experienced in giving best solutions for better financial operations and Management.

He is the member of Audit Committee and Shareholders/Investors Grievance Committee constituted under clause 49 of the Listing Agreement.

- d) Sri. Dasari Narayana Rao aged 63 years, is well known Film Director and has more than 3 decades of rich experience in Media and Entertainment Industry. He produced and directed so many successful Movies in Telugu Language and the Industry famed him as "Darsakha Ratna".

## ***ADDITIONAL SHAREHOLDER INFORMATION***

- |    |                                |   |  |
|----|--------------------------------|---|--|
| 1. | Date, time and venue of Annual | : | 30.09.2010 at 10.30 A.M. at<br>General Meeting<br>Plot No. 512, Road No. 31,<br>JubileeHills,Hyderabad-33. |
| 2. | Date of Book Closure           | : | 25 <sup>th</sup> September, 2010 to<br>30 <sup>th</sup> September, 2010<br><br>(Both days inclusive)       |
| 3. | Listing on Stock Exchanges     | : | Hyderabad, Mumbai.   |
| 4. | Stock Codes                    | : | SOWBHAGYA/532025   |
| 5. | Listing Fees                   | : | paid upto date i.e. 31.3.2010  |
| 6. | Stock Data                     | : | BSE High : 58.40<br>Low : 14.55<br><br>Average : 36.48   |

**Monthly Highs, Lows and trading volume for equity shares:**

	High	Low	Volume (No)
April	33.00	22.10	782
May	21.00	14.55	806
June	22.35	16.00	1,626
July	24.00	20.85	20,882
August	35.15	25.20	90
September	38.50	23.80	1,649
October	27.75	18.00	1,60,694
November	48.70	28.95	1,88,856
December	58.40	45.25	75,512
January	46.00	19.15	43,897
February	25.10	16.35	19,450
March	24.10	18.30	7,175

**SHARE HOLDING PATTERN**

Tables 3 & 4 present the distribution of shareholdings of Sowbhagya by ownership/size class.

Table – 3 Shareholding Pattern by Ownership as on 31<sup>st</sup> March, 2010

S.No.	Category of Shareholding	No. of Shares	Percentage
1.	Promoters, Directors, Relatives And Associates (Indian)	32,59,700	59.65
2.	Foreign Promoters	--	--
3.	Banks/SFCs/SIDCs(APIDC)	--	--
4.	Foreign Institutional Investors	--	--
5.	Private Corporate Bodies	--	--
6.	Indian Public	22,05,300	40.35
7.	NRIs / OCBs	--	--
	Total	54,65,000	100.00

Table – 4 Shareholding Pattern by Size class as on 31<sup>st</sup> March, 2010

Shares Held	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Up to 5000	529	82.14	170773	3.12
5001 - 10000	33	5.12	29136	0.53
10001 - 20000	27	4.19	43165	0.79
20001 - 30000	6	0.93	15068	0.28
30001 - 40000	7	1.09	25907	0.47
40001 - 50000	6	0.93	28953	0.53
50001 - 100000	13	2.02	100996	1.85
100000 and above	23	3.57	5051002	92.42
<b>Total</b>	<b>644</b>	<b>100.00</b>	<b>5465000</b>	<b>100.00</b>

### ***Dematerialization of Shares***

As on 31<sup>st</sup> March, 2010 47,13,600 shares were held in dematerialized form. ISIN for Sowbhagya Exports is INE 826d01014.

### **Share Transfer System**

The Company's shares are traded in the Stock Exchanges in Dematerialized form. Shares in physical mode that are lodged with the Company and XL Softech (Registrar and Transfer Agent) are registered within a period of 12 days if the documents are clear in all respects. The shares duly transferred are dispatched to the concerned shareholders within a week from the date of approval of transfers by the Share Transfer Committee, which meets as often as required.

### **Secretarial Audit**

Each of the quarter in the financial year 2009-10, a qualified practicing Company Secretary carried out secretarial audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm 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.

Financial Calendar (Tentative and subject to Change)

Financial reporting for the 2<sup>nd</sup> quarter ending 30.09.2010 by 31.10.2010

Financial reporting for the 3<sup>rd</sup> quarter ending 31.12.2010 by 31.01.2011

Financial reporting for the year ending 31.03.2011 by 30.04.2011

Annual General meeting for the year ending 31.03.2011 by 30.09.2011

***Registrar and Share Transfer Agents:***

Shareholders can contact the company's registrar and share transfer agent M/s XL Softech Systems Ltd. Registrars & Share Transfer Agents, Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad - 500034. Tel. No. 23545913, Fax. No. 23553214.

***Address for Investors Correspondence***

Shareholders correspondence should be addressed to the Company's Registrar and Share Transfer Agents at the address mentioned above.

Queries relating to the financial statements and complaints may be sent to Mr.K. Ramakrishna Prasad, Compliance Officer, M/s Sowbhagya Media Limited, Plot No. 512, Road No. 31, Jubilee Hills, Hyderabad - 500033

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Management Discussion and Analysis Report**

Sowbhagya Media Limited has diversified into Media and Entertainment Sector. The management discussion and analysis given below discuss the key issues for each of these activities.

#### **INDUSTRY OVERVIEW:**

The Indian Entertainment Industry is one of the fastest growing sectors of the Indian economy riding on high economic growth and rising income levels that India has been experiencing in the past few years. The industry is expected to double in size in near future.

The largest contributor to this growth will be the television segment followed closely by the film segment. The Indian film industry is projected to grow to 143 billion rupees by 2011 from 59 billion rupees.

One of the major growth drivers in the film industry is the growing popularity of multiplex phenomenon. Over 45 multiplexes having a seating capacity of 150-160 seats are expected to come up in a few years. The advent of digital technology has also helped to enforce property rights and improve operations through economies of scale. Corporate tie-ups have helped to improve revenues. The factors hindering growth are mainly piracy, entertainment taxes, which continue to be one of the highest in the world, and the lack of adequate institutional funding.

#### **PERFORMANCE**

In the year under review, the Company achieved a turnover of Rs. 577.30 Lacs and a Net Profit of Rs. 5.88 Lacs. The Company diversified into Production of Mega Serials through Television Network and proved much more successful. The Directors are hopeful of a much better performance in the coming financial year.

#### **STRENGTH, WEAKNESS, OPPORTUNITIES AND THREATS:**

##### **STRENGTHS**

Professional management and native knowledge of the Industry have been the strengths of your company. Over the years the company could establish better prospects.

**WEAKNESS:**

The success of the industry is largely dependent on nature, vagaries of nature can drive the industry southward, and the industry is pre-dominantly run by individual farmers who are not adequately knowledgeable in modern methods of culture. In spite of the moves by MPEDA, the need for modernization and education exists. Lack of proper knowledge on pond management and disease prevention and unremunerative export prices etc., continues to be factors of worry. Adverse climatic conditions and outbreak of any disease may impact the business of your company.

**OPPORTUNITIES**

Technology will drive the entertainment industry into the next decade. In the new converged paradigm, its boundaries will be merged with those of the Telecommunications & Information Technology segments. This will give rise to a host of value added features for the consumers and new revenue streams for the players in each segment. Mobile entertainment with its ability to dissect the boundaries of time and space will be the biggest growth driver.

**THREATS:**

The company does not foresee any major threat in its business activities.

**OUTLOOK:**

Digitalisation is the future of the Television Industry. It is only a matter of time before market forces propel the industry towards that. Resolution of current challenges of distribution and digitalisation, will also define the content formats and the viewership patterns of the consumers in future.

Digitalisation will also revolutionalise the Film Industry by bringing out faster and cheaper modes of delivering films to the consumers. These will be in terms of digital distribution of films, emergence of the home video market entailing shorter release windows and new distribution formats like internet and mobile devices.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has a proper and adequate of controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised and they are record and reported correctly. Further, the internal control system is designed to ensure that the financial and other record is reliable for preparing financial statements and for maintaining accountability of the assets.

The audit committee reviewed their periodical reports and their suggestions are implemented to ensure the functioning of proper internal control systems.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The financial statements have been prepared in compliance with the requirement of the companies act, 1956 and generally accepted accounting principals (GAAP) in India.

In the year under consideration, the company earned a Net profit of Rs. 8.78 Lacs after making provision for Depreciation to the extent of Rs. 26.28 Lacs.

## **SCHEDULE-H**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Accounting Concepts:**

The financial statements have been prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP), as per the provisions of the Companies Act, 1956 as adopted consistently by the company and on the accounting principles of a going concern.

Accounting Policies are not specifically referred to otherwise are consistent and in consonance.

#### **2. Revenues Recognition:**

All revenue income and expenditure are recognized on accrual basis.

#### **3. Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation. The actual cost capitalized comprise of cost of acquisition of the asset, clearing charges in case of imported assets, duties, taxes and other incidental expenditure incurred for acquiring the assets.

#### **4. Depreciation:**

Depreciation on Fixed Assets is computed on Straight line Method at the rates provided under Schedule XIV of the Companies Act, 1956.

#### **5. Inventories:**

The Company Business was Media Business, hence no stock of any item.



## NOTES ON ACCOUNTS

- a. Previous year figures have been regrouped / re- arranged wherever necessary.
- b. Paise have been rounded off to nearest rupee.
- c. There were no employee who are in receipt of Remuneration of Rs.24,00,000/- or more per annum, if employed throughout the year, Rs.2,00,000/- or more per month , if employed for part of the year.
- d. Balance of Debtors, loans & advances and creditors or subject to reconciliation/ confirmation with the respective parties.
- e. There are no SSI Units whose dues are exceeding Rs.1 Lakh or more for more than 30days.
- f. Earning per share:

Net profit for the Period attributable	<b>2009-10</b>	<b>2008-09</b>
To equity share holders	588136	1493066
Weighted average number of Equity Shares outstanding (Face value of Rs.10/- each)	5465000	5220000
Basic and diluted EPS	0.10	0.28

- g. Segment Reporting:

During the period under review the company is engaged in one segment only i.e. Media & Entertainment sector. Hence segment reporting as per Accounting Standard is not applicable for the period.

- h. Related party disclosure under Accounting Standard (AS:18)  
 Name of the Concern : M/s. Siri Media Pvt Ltd  
 Nature of Transaction : Distribution of Films  
 Amount :  
 Max Amount Outstanding :  
 Outstanding as on 31.03.2010 : Rs.5,86,19,373.07/-  
 Movies Sales (Bangara Babu)  
 During the year : Rs.2,10,00,000/-
- i. Managerial Remuneration paid during the period – Rs.6,00,000/-
- j. Auditors Remuneration includes:

As Auditor	<b>2009-10</b>	<b>2008-09</b>
Audit & Tax Audit fee	112360	112360
Service tax	11573	11573
k. Foreign Exchange earnings and outgo	:	NIL
l. CIF Value of Imports	:	NIL
m. Pending capital commitments as on 31 <sup>st</sup> March 2010	:	NIL
n. Contingent Liabilities	:	NIL
o. Information Pursuant to Provisions of Clause 4 (c) & (d) of Part II of Schedule VI of the Companies Act, 1956 ( as certified by the Management)		

Signatories to the schedule A to J

As per report of even date for and on behalf of the Board  
**For M/s.Ganeshvenkat &Co,**  
 Chartered Accountants  
 Regd.No.005293S

Sd/-  
**G.Raja Venkat**  
 Partner  
 M.No.25014

Sd/-  
**K.Ramakrishna Prasad**  
 Managing Director

Sd/-  
**M.Madhusudhana Rao**  
 Director.

Place: Hyderabad.  
 Date : 02.09.2010

**BALANCE SHEET ABSTRACT**  
**AND**  
**COMPANY GENERAL BUSINESS PROFILE**  
**AS PER SCHUDULE VI TO THE COMPANIES ACT 1956**

**REGISTRATIONI DETAILS**

Registration No.	:	01-18800
State Code	:	01
Balance Sheet Dated	:	31.03.2010

**CAPITAL RAISED DURING THE YEAR**

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	2450000

**POSITION OF MOBILSATION AND DEPLOYMENT**

Total Liabilities	:	111231232
Total Assets	:	111231232

**SOURCES OF FUNDS**

Paid up Capital	:	54650000
Reserves & Surpluses	:	53799387
Secured Loans	:	2781845
Unsecured Loans	:	NIL
Deferred Tax Liability	:	NIL

**APPLICATIONI OF FUNDS**

Net Fixed Assets	:	28748977
Investments	:	NIL
Net Current Assets	:	82482254
Misc.Expenditures	:	---
Accumulated Loss	:	----

## **PERFORMANCE OF THE COMPANY**

Turnover	:	57730707
Total Expenditure	:	56852892
Profit Before Tax	:	877815
Profit after Tax	:	588136
Earning per Share (Rs)	:	0.10

## **GENERIC NAME OF PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY**

(as per Monetary items)

Item Code No.	:	0904
Production Description producers	:	Motion Picture
Item Code No.	:	0902
Production Description Production.	:	Film & Serial

As per report of even date for and on behalf of the Board  
**For M/s.Ganeshvenkat &Co,**  
Chartered Accountants  
Regd.No.005293S

Sd/-  
**G.Raja Venkat**  
Partner  
M.No.25014

Sd/-  
**K.Ramakrishna Prasad**  
Managing Director

Sd/-  
**M.Madhusudhana Rao**  
Director.

Place: Hyderabad.  
Date : 02.09.2010

# **SOWBHAGYA MEDIA LIMITED**

**PLOT NO. 512, ROAD NO. 31, JUBILEE HILLS, Hyderabad-500 033**

## **ATTENDANCE SLIP**

1. Please fill the Attendance Slip and hand it over at the entrance of the Meeting Hall.
2. Only Shareholders of the Company or their proxies will be allowed to attend the meeting.

I hereby record my presence at the 15<sup>th</sup> Annual General Meeting of the company to be held Thursday, the 30<sup>th</sup> September, 2010 at 10.30 A.M at the Registered Office of the company, at Plot No. 512, Road No. 31, Jubilee Hills, Hyderabad – 500 033.

Shareholders/Proxy's Signature .....

Shareholders/Proxy's full name .....  
(In block letters)

Folio No./DP ID & Client ID .....

No. of shares held .....

Note: Share holders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

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# **SOWBHAGYA MEDIA LIMITED**

**PLOT NO. 512, ROAD NO. 31, JUBILEE HILLS, Hyderabad-500 033**

## **PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member(s) of above named company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us, on my/our behalf at the 15th Annual General Meeting of the Company to be held on Thursday, the 30th September, 2010 at 10.30 A.M at the Registered Office of the company, at Plot No. 512, Road No. 31, Jubilee Hills, Hyderabad – 500 033., and at any adjourned meeting thereof.

As Witnessed Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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

Folio No./DP ID & Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

Affix Re.1/- Revenue Stamp.
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Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than Forty eight hours before the time for holding the aforesaid meeting. The proxy need not be a member of the company.