

SOWBHAGYA MEDIA LIMITED

THIRTEENTH ANNUAL REPORT 2007-2008

**8-3-677/14, 1st Floor, SKD Nagar, Srinagar Colony,
Hyderabad- 500073.**

SOWBHAGYA MEDIA LIMITED

DIRECTORS

Sri K. Ramakrishna Prasad
Sri M. Madhusudana Rao
Sri V. Kishore
Sri. E.V. Raja Reddy
Sri. D.Surendranath Reddy

Managing Director
Director
Director
Director
Director

BANKERS

Bank of India, Hyderabad.
Corporation Bank –Nellore.

AUDITORS

M/s. GANESHVENKAT & CO,
CHARTERED ACCOUNTANTS
402, Ram Kishan Residency,
6-3-609/150, Anand Nagar Colony, Khairatabad.
Hyderabad - 500004.

REGISTERED OFFICE

8-3-677/14, SKD Nagar,
Srinagar Colony,
Hyderabad – 500073.

REGISTRARS

XL Softtech Systems Limited
Plot No. 3, Sagar Society,
Road No. 2, Banjara Hills,
Hyderabad – 34.

LISTING

The Hyderabad Stock Exchange Ltd
The Mumbai Stock Exchange Ltd
The Madras Stock Exchange Ltd

SOWBHAGYA MEDIA LIMITED

8-3-677/14, SKD Nagar, Srinagar Colony, Hyderabad – 500073.

NOTICE TO MEMBERS

NOTICE is hereby given that the 13th Annual General Meeting of SOWBHAGYA MEDIA LIMITED will be held at the Registered Office at 8-3-677/14, SKD Nagar, Srinagar Colony, Hyderabad – 500073, on Tuesday, the 30th September, 2008 at 10.30 AM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the 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. Surendranath Reddy Who retires by rotation and being eligible offers himself for reappointment.
4. To appoint statutory Auditors and to fix their remuneration.

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

Sd/-

Place: Hyderabad
Date : 02.09.2008

(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 27.09.2008 to 30.09.2008 (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 109A 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 – 34. Tel. No. 23545913, 14, Fax . 23553214

Annexure to the Notice: (Item No. 2 & 3)

Reappointment of Directors:

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, is a Master's Degree Holder in Business Administration and has more than 12 Years of experience in dealing financial matters relating to the Industry. He was not holding directorship in any other company and / or committee of directors.

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

- b) Sri D. Surendranath Reddy aged 48 years, is a Commerce graduate and an Independent Director. He has more than 10 years rich experience in Business Administration He was holding directorship in other company.

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

 Sd/-

Place: Hyderabad
Date : 02.09.2008

(K. RAMAKRISHNA PRASAD)
MANAGING DIRECTOR

DIRECTOR'S REPORT

To
The members of Sowbhagya Media Limited,
Hyderabad.

We have pleasure in presenting the 13th Annual Report and the Audited Statement of accounts for the Financial Year ended 31.03.2008.

FINANCIAL RESULTS :

Particulars	Current Year 2007 – 2008 (Rs. In Lakhs)	Previous Year 2006 – 2007 (Rs. In Lakhs)
Total Income	2299.83	296.94
Profit before Depreciation	447.02	79.37
Depreciation	11.78	11.61
Profit before Tax	435.24	67.76
Provision for Taxation	162.11	14.08
Deferred Tax Liability	(34.05)	10.38
Profit after Tax	307.18	43.29

OPERATIONS:

The members may be aware that the Company's activities have been diversified into more profitable area of Entertainment, Media and Publishing activities during the year.

During the year, the Company has successfully completed two feature films namely, "Mysamma IPS" starring Mumaith Khan, Prabhakar directed by Bharath Parepally, and "Aadivishnu" starring Arun Kumar, Sneha and the Audio of this movie was released in the Name of Sowbhagya Music.

DIVIDEND

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

DIRECTORS:

Sri M. Madhusudana Rao and Sri D.Surendranath Reddy, Directors who retires by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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, 2000, 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 employee 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 2007-2008 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**

Sd/-

Place: Hyderabad
Date : 02.09.2008

(K. RAMAKRISHNA PRASAD)
MANAGING 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 as 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 30.04.2007, 23.07.2007, 27.08.2007, 29.10.2007 and 31.01.2008. As stipulated in Clause 49, the maximum time gap between any two meetings was not more than four months.

Directors' Attendance Record and Directorships

Details are given in Table 1.

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 Attended Last AGM	No. of Outside directorships
M. Ramakrishna Prasad	Executive - Promoter	5	5	Yes	2
E.V. Raja Reddy	Independent	5	5	Yes	1
M. Madhusudana Rao	Independent	5	5	Yes	--
V. Kishore	Independent	5	5	Yes	--
D. Surendranath Reddy	Independent	5	4	Yes	1

Information Supplied to the Board

Sowbhagya believes in providing the directors all relevant and required information to enable them make well informed decisions. 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 2007-2008 (Rs.) – 3,00,000/-

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 the 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.