

Annex 1 . . .

# SANGUINE MEDIA LIMITED

CERTIFIED TRUE COPY

SANGUINE MEDIA LTD.

*P. Otaakom*  
Directors / Authorised Signatory

## ANNUAL REPORT

**2010-2011**

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Kumar Raichand Madan	Managing Director
Devendra Otavkar	Executive Director
Dhiresb Munver	Independent Director
Vanraj Kahor	Independent Director
Ami Motta	Independent Director

**BANKERS**

South Indian Bank  
Mount Road, Chennai- 600 002

**REGISTERED OFFICE ADDRESS**

No. 7, Rukmani Street,  
West Mambalam,  
Chennai- 600 033

**AUDITORS**

M/S A. K. Rajgopalan & Co.  
New No. 18, Old No. 84, Luz Avenue,  
Mylapore, Chennai – 600 004

**REGISTRAR AND SHARE TRANSFER AGENTS**

**Purva Share Registry India Pvt. Ltd.**  
No. 9, Shiv Shakti Industrial Estate,  
Ground Floor, JR Boricha Marg,  
Opp. Kasturba Hospital,  
Lower Parel,  
Mumbai - 400011

**FORWARD LOOKING STATEMENTS**

In this Annual Report, we have disclosed forward looking information prospects enable the investors to comprehend our prospects and take informed investment decisions.

This Annual report and other statements- written or oral, that we periodically make may contain forward looking statements that set out anticipated results based on the Management's plans and assumptions.

We have tried, wherever possible, to identify such statements by using the words such as '**anticipate**', '**estimate**', '**expects**', '**projects**', '**intends**', '**plans**', '**believes**' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our operations. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind

We undertake no obligation to publicly update any forward looking statement, whether as a result of the new information, future events or otherwise.

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MD'S LETTER TO THE SHAREHOLDERS
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We have grown stronger, better equipped and more confident to help shape the future of the Media and Entertainment industry nationwide. This has happened, because we moved forward with a conviction in inspired leadership.

Leadership is often misunderstood as being ahead of others. To me, it is first about being ahead of ourselves, fighting the odds, challenging conventions and doing things that we did not think were possible. Leadership is not a static process, but involves dynamic thinking and decisive action. The transformation, however, needs to surpass the speed of change in the external environment. Only then can leadership be sustained. This is what we consider our biggest challenge.

In a constantly evolving Media and Entertainment industry we continually need to align our business with technology breakthroughs, leverage the emerging market niches that are opening up as a result and respond to the aspirations of a new family of viewers with speed and efficacy. The outlook on the world economy is looking up as most economies are on the way to recovery while India continues to be the focal point for innovation and investments in the Media & Entertainment sector.

PricewaterhouseCoopers (PwC) in a media outlook report released in July, 2011 stated that, "The next five years will see digital technologies increase their influence across the industry and rapid change in technologies and consumer behavior will continue across all media and entertainment segments. However, the pace of change will continue to be slower in India as compared to other territories."

The television industry is expected to grow by 12.9 per cent cumulatively over 2009-14, according to PricewaterhouseCoopers (PwC). The industry grew by 15.5 per cent in 2010 and is slated to register a growth rate of

13 per cent in 2012. TV will remain the highest grosser of revenues and is expected to corner 45.7 per cent of the total ad pie this year, a further rise from 44.5 per cent in 2010.

The thrust on transparency in corporate governance and empowerment of people at all levels will remain a constant endeavor at Sanguine. I would like to take this opportunity to thank all members of our corporate family for their continuous encouragement and support. We will do everything possible to live up to your expectations.

sd/-  
**Kumar Raichand Madan**

Managing Director

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Sanguine Media Limited will be held at the Registered Office of the Company situated at No. 7, Rukmani Street, West Mambalam, Chennai-600 033 on Friday, the 30th day of September, 2011, at 9:00 a.m., to transact the following:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account of the Company for the financial year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Vanraj Kahor, who retires by rotation, and being eligible offers himself for re-appointment.
3. **To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956 and as per the applicable provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to re- appoint Messrs. A. K. Rajagopalan and Co., Chartered Accountants, Chennai, bearing Membership no. 26133 as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

**Special Business:**

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

“**RESOLVED THAT** pursuant to section 149 (2A) of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and is hereby accorded to commence the business as mentioned under point No. 10 of the Other Objects of the Object Clause of the Company that are not included in the Main Object Clause of the Memorandum of Association of the Company.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be required to bring into effect the resolution so passed.”

**By Order of the Board**  
sd/-  
**Kumar Raichand Madan**  
Managing Director

Date: 1st September, 2011

**NOTES:**

1. **A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf.**

**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 Explanatory Statement setting out the material facts concerning the special business mentioned under item No. 4 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Additional information, pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended by the Board for re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
6. Relevant Documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 a.m. to 1:00 p.m. upto the date of the Meeting.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from **26<sup>th</sup> September 2011 to 28<sup>th</sup> September 2011 (Both Days Inclusive)**.
8. Members are requested to notify immediately any change in their addresses to the Registrar Registrar and Share Transfer Agent, **Purva Share Registry India Pvt. Ltd. No. 9, Shiv Shakti Industrial Estate, Ground Floor, JR Boricha Marg, Opp. Kasturba Hospital, Lower Parel, Mumbai- 400011** for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
9. Members/beneficial Owners are requested to quote their full name as per the Company's record, Folio No. /DP and Client ID Nos. as the case may be, in all their correspondences with the Company.
10. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.

11. Queries on accounts and operations of the Company, if any, may be sent to the Company seven days in advance of the meeting so as to enable the management to keep the information ready at the Meeting.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF ITEM No. 4 OF THE NOTICE**

**ITEM NO. 4:-**

The Board of directors proposes to diversify the activities of the Company with a view to broad base its activities and making it more resilient. In view of the bright prospects and with the rich experience of the senior executives of the Company, the Management is of the view that the Company can conveniently venture into business of investment company, its allied activities and other areas as mentioned in the Other Object Clause of the Memorandum of Association of the Company which are to be read independently.

The approval of the members by special resolution in General Meeting for commencement of the said new business is considered necessary in view of the requirements of section 149(2)(A) of the Companies Act, 1956 read with the explanation thereof.

None of the Directors is concerned or interested in these resolutions.

**By Order of the Board**  
sd/-  
**Kumar Raichand Madan**  
*Managing Director*

*Date: 1st September, 2011*

**DIRECTORS REPORT**

**To,**  
**The Members,**  
**SANGUINE MEDIA LIMITED**  
**Chennai.**

Your Directors are pleased to present their Fifteenth Annual Report on the Business and operations of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

The financial performance of your Company for the year ended March 31, 2011 is summarized below:

(Rupees in Lacs)

<b>Particulars</b>	<b>Year Ended 31.3.2011</b>	<b>Year Ended 31.3.2010</b>
Sales	869.94	628.44
Expenses	827.02	356.56
Operating Profit	42.92	271.88
Less: Financial Charges	8.94	4.36
Profit/(Loss) Before Depreciation & Tax	33.98	267.52
Less: Depreciation	261.66	265.15
Profit/ (Loss) before Tax	(227.68)	2.36
Less: Deferred Tax	154.39	(48.01)
Profit/ (Loss) after Tax	(382.08)	50.37

**YEAR IN RETROSPECT**

During the year, your Company continued to focus on high quality and innovative content in a highly competitive market providing compelling value for trade partners thereby yielding rich returns.

A range of initiatives were undertaken by the Company including developing new offerings, reaching out to new viewers, portfolio expansion, premium content offerings which have helped generate subscription revenues for the portfolio, in addition to expanding the viewer base.

During the year under review, the topline of the Company was about 38% higher than the previous year, however the bottomline was lower on account of the mounting pressure of direct expenses and financial charges incurred by it.

Your Directors are hopeful that the expenses incurred in order to achieve better business prospects would prove to be successful for the Company in the long run and it would be in a better position to overpower its competitors.

#### **DIVIDEND**

The Company follows the policy of paying stable Dividend linked to consistent performance, while at the same time keeping in view the need to finance the growth plans through internal accruals. This will eventually lead to increased shareholders value and higher returns.

However, in order to conserve the financial resources of the Company the directors do not recommend a dividend for the year under review.

#### **DISCLOSURE OF CHANGES IN THE CAPITAL STRUCTURE**

During the year under review, 10,00,00,000 Equity Shares were issued in lieu of the Convertible Equity shares on 1st February, 2011 by the Company consequent to the payment of entire consideration and upon exercise of the option of conversion by the allottees

Consequent to the aforesaid issue of shares, the paid-up share capital of the Company stands at Rs. 1,14,10,00,000 divided into 11,41,00,000 Equity Shares of Rs. 10/- each.

#### **DISCLOSURE OF COMPOSITION OF THE AUDIT COMMITTEE**

Adequate disclosures in respect of the composition of the Audit Committee, its composition and the Chairmanship have been made in the Corporate Governance Report which forms an essential part of this report.

Further all the recommendations of the Audit Committee in respect of the any matter relating to accounts and finance are accepted by the Board.

#### **PUBLIC DEPOSITS**

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

#### **CAPITAL EXPENDITURE**

As on 31st March, 2011, the gross tangible and intangible assets stood at Rs. 20,19,34,144.80 whereas the net tangible and intangible assets stood at Rs. 12,48,70,240.81. During the year under review, there were no additions in the amount of fixed assets.

#### **DEPOSITORY SYSTEM**

As the members are aware that there are numerous advantages offered by the depository system, those holding shares in physical form are advised to avail the facility of dematerialization from the depositories.

#### **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary Company within the meaning of section 4 of the Companies Act, 1956. Thus the Company is not required to furnish a statement pursuant to the provisions of Section 212 of the Companies Act, 1956.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Company does not have any subsidiary Company within the meaning of section 4 of the Companies Act, 1956. Thus the provisions in respect of submission of consolidated financial results are not applicable to the Company.

**AUDITORS AND COMMENTS ON AUDITORS REPORT**

The Statutory Auditors M/s A.K. Rajagopalan & Co, Chartered Accountants, Mumbai, having Membership No 26133 hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from all of them to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

Your Directors request you to appoint Auditors for the current financial year and fix their remuneration.

Further the observations furnished by the Auditors in their report are self-explanatory and do not call for any further comments.

**DISCLOSURES IN RESPECT OF THE CORPORATE GOVERNANCE NORMS**

Your Company has been reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company and its subsidiaries. Given the emerging pivotal role of Independent Directors in bringing about good governance, your Company continues its efforts in seeking optimum utilization of their expertise and involving them in all critical decision making processes.

A separate detailed report on Corporate Governance together with the Statutory Auditors' Certificate on compliance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of the Annual Report.

**DIRECTORS**

Mr. Vanraj Kahor, Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Further the Board is in receipt of Resignation tendered by Mrs. Parvathy Vellore Nott, whole-time director of the Company and the same has been accepted by the Board.

Your Directors place on record their appreciations of the valuable services rendered by them and recommend the re-appointment of Vanraj Kahor.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial year 2010-2011, your Directors confirm the following:

- ⇒ In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010 applicable accounting standards have been followed along with proper explanation relating to material departures.
- ⇒ That the Directors, in consultation with the auditors, have 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 of the Company for that period.
- ⇒ That the Directors have taken sufficient and proper 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 material fraud and other irregularities.

- ⇒ That the Directors have prepared the Annual Accounts on a going concern basis.

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

The information required under Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to Conservation of Energy and Technology Absorption is not furnished as the Company does not fall under the category mentioned in the abovementioned rules.

**TECHNOLOGY ABSORPTION**

In its endeavor to deliver the best to its viewers and business partners, your Company is constantly active in harnessing and tapping the latest and best technology in the industry.

**PARTICULARS OF EMPLOYEES**

During the year under review, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under section 217(2A) of the Companies Act 1956, read with the Companies (particulars of employees) Rules 1975.

Thus furnishing of particulars under the Companies (particulars of employees) Rules 1975 does not arise.

**LISTING**

The Shares of your Company are presently listed on

- ⇒ Madras Stock Exchange Limited and  
⇒ Bombay Stock Exchange Limited.

**ACKNOWLEDGEMENTS**

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company at all levels that has contributed to your Company's success and remain in the forefront of media and entertainment business. Your Directors thank and express their gratitude for the support and co-operation received from the Central and State Governments / Regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, SEBI, Foreign Investment Promotion Board, the Stock Exchanges and Depositories and other stakeholders including viewers, producers, vendors, Financial Institutions, Banks, investors and service providers.

**By Order of the Board**  
**sd/-**  
**Kumar Raichand Madan**  
*Managing Director*

*Date: 1st September, 2011*

## REPORT ON CORPORATE GOVERNANCE

### **CORPORATE GOVERNANCE**

Corporate Governance refers to a set of Rules, Laws, Regulations and Good Practices that enable an organization to perform efficiently and ethically, generate long term wealth and create value for all its stakeholders. "Further Corporate governance is about maintaining an appropriate balance of accountability between three key players:

- ⇒ The corporation's owners,
- ⇒ The directors whom the owners elect, and
- ⇒ The managers whom the directors select.

Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad decisions."

### **COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance, which assumes great deal of importance at Sanguine Media Limited is intended to ensure value creation for all its stakeholders. Transparency, integrity, professionalism and accountability-based values form the basis of the Company's philosophy for corporate governance.

At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

Further the Company strives to improve the corporate governance practices to meet stake holder's expectations and strictly complies with regulatory guidelines on Corporate Governance.

### ⇒ **Corporate Social Responsibility**

Social Welfare and Community development is at the core of the Company's CSR philosophy and it continues to be top priority for the Company.

### ⇒ **Shareholders Communication**

The Board recognizes the importance of two- way communication with the Shareholders and of giving a balanced report of results and progress and responds to the queries and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year.

They also have the opportunity to ask questions in the Annual General Meeting of the Company. The Company ensures that the queries, complaints and suggestions from various Stakeholders of the Company are responded in a timely and consistent manner.

### **BOARD OF DIRECTORS**

#### ⇒ **Board of Directors (the Board)**

The Board of directors of the Company are in fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholders' value.

The Board reviews and approves the management's strategic plan and business objectives and monitors the Company's strategic direction.

#### ⇒ **Executive Directors (ED)**

The Executive Directors along with the senior management personnel contribute to the strategic management of the Company's businesses. They assume the overall responsibility for the strategic management of the business and the corporate functions including its governance processes and top management effectiveness.

⇒ **Non- Executive Directors (NED)**

The non- Executive Directors play a crucial role in enhancing balance to the Board processes with their independent judgement on issues of strategy, performance, resources, standards of conduct, etc, besides providing the Board with valuable inputs.

⇒ **Composition and Category of Directors**

Sanguine has a balanced Board with a Combination of Executive and Non-Executive Directors, to ensure independent functioning. The composition of the Board of the Company is in conformity with Clause 49 (I)(A) of the Listing Agreement. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

The composition of the Board, attendance at the Board Meetings held during the Financial year under review and at the last Annual General Meeting, number of Directorship and memberships/ chairmanships in the company are given below :-

Sr. No	Name of Directors	Category	Number of other Director ships *	Number of memberships on other Board Committees **	
				As a Chairman	As Member
1	Kumar Raichand Madan	Executive Director and Managing Director	2	NIL	1
2	Vanraj Dadbhai Kahor	Non Executive Independent Director	8	NIL	2
3	# Parvathy Vellore Nott	Whole time Executive Director	NIL	NIL	NIL
4	Dhiresh Uttamchand Munver	Non Executive Independent Director	1	NIL	1
5	Ami Jigar Motta	Non-Executive Independent Director	NIL	NIL	NIL

6	Devendra Prabhakar Otavkar	Executive Director	NIL	NIL	NIL
7	## Mr. Chakravarthi Varadachari Ravi	Managing Director (Executive)	NIL	NIL	NIL

# Resigned as Director w.e.f. from 1st September, 2011

## Resigned as Director w.e.f. August 18, 2010.

⇒ **Board Meeting Details**

10 Board Meeting were held during the financial year 2010-11, and the details of the same have been provided as under:

Date of the Board Meeting	Business Transacted
28th April, 2010	Appointment and Resignation of Directors.
29th May, 2010	Consideration of Unaudited Financial Results.
3rd July, 2010	Approval of Accounts and Notice for the Annual General Meeting and reconstitution of the audit, Remuneration and Investor Grievance Committee.
15th July, 2010	Change of the date of the Annual General Meeting and Fixation of the Record Date.
17th July, 2010	Increase in the Authorized Share Capital of the Company and approval of the revised notice.
6th August, 2010	Consideration of Unaudited Financial Results.
3rd September, 2010	Allotment of the Convertible Equity warrants to the allottees on Preferential Basis.
11th November, 2010	Consideration of Unaudited Financial Results.
1st February, 2011	Conversion of the Warrants into Equity Shares.
15th February, 2011	Consideration of Unaudited Financial Results.

The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement.

Meetings of the Company are governed by a structured agenda. The Board meetings are generally held at the Registered and Corporate office of the Company. All major agenda items, backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board meetings to enable the Board to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board.

Particulars of Directors, their attendance at the Annual General Meeting and the Board Meetings, mentioned hereinabove, held during the financial year 2010-11 are as under:-

Sr. No	Name of Director	Designation	Date of Appointment	Number of Board Meeting Attended	Attendance at the last AGM
1	Kumar Raichand Madan	Managing Director (Executive)	03/07/2010	7	Yes
2	Vanraj Dadbhai Kahor	Non- Executive Independent Director	31/03/2010	10	Yes
3	Parvathy Vellore Nott	Whole time executive Director	31/07/2009	8	Yes
4	Dhires Munver	Non- Executive Independent Director	03/07/2010	7	Yes
5	Ami Motta	Non-Executive Independent Director	03/07/2010	7	Yes
6	Devendra Prabhakar Otavkar	Executive Director	31/03/2010	10	Yes
7	# Mr. Chakravarthi Varadachari Ravi	Managing Director (Executive)	21/09/2004	6	Yes

**Notes:-**

1. **None of the Directors on the Board is a member on more than ten committees and Chairman of more than five committees (as specified in Clause 49(I) (C) of the Listing Agreement), across all companies in which he is a Director.**
2. **The Independent Directors have confirmed that they satisfy the “criteria of independence” as stipulated in the amended Clause 49(I) (A) of the Listing Agreement.**
3. **None of the Directors are related inter- se.**

⇒ **Post- meeting internal communication**

The important decisions taken at the Board/ Committee Meetings are communicated to the concerned departments promptly.

⇒ **Directors retiring by Rotation**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vanraj Dadbhai Kahor retires by rotation (by lot) and being eligible offers himself for reappointment.

Appropriate resolutions for reappointment of aforesaid directors are being moved at the ensuing Annual General Meeting.

**DETAILS OF DIRECTORS APPOINTED DURING THE YEAR UNDER REVIEW/ SEEKING REAPPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING:**

Name of Director	Mr. Vanraj Dadbhai Kahor
Date of Appointment	31/03/2010
Names of public Limited Companies in which	1. Tanaya Securities Limited 2. Trans Housing Finance Corporation Limited

Director is holding Directorships	3. Aquarin Exim Limited 4. Taraus Techno Foods Limited 5. Trans Breweries Limited 6. Trans Financial Resources Limited 7. Trans Techno Foods Limited 8. Saffron Finance Limited
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⇒ **Change in the Management of Company**

Board of Directors of the Company at the Board Meeting held on 15 July, 2010 had approved the Change in the Management of the Company by transferring the absolute control to Mr. Kumar Raichand Madan by Appointing him as Managing Director of the Company in place of Mr. C. V. Ravi who retires from the Board.

The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

⇒ **Code of Conduct**

The Company has instituted a Code of Conduct for Members of the Board and Senior Management of the Company and the compliance of the same is affirmed by the Board and Senior Management Personnel annually.

A declaration affirming compliance with the Code of Conduct by the Members of the Board and Senior Management Personnel is given below:

**To  
The Members  
Sanguine Media Limited**

This is to confirm that the Board has laid down a code of conduct for all Board Members and senior management of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at 31st March 2011, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place: Chennai  
Date: 1st September, 2011

Sd/-  
**Kumar Raichand Madan**  
Managing Director

**COMMITTEES OF THE BOARD**

**The Board has constituted 3 Committees namely:**

- Audit Committee
- Remuneration Committee
- Shareholders/Investors Committee

**Details of all the Committees of the Board and other related information are provided hereunder:**

**I. Audit Committee:**

Overall Purpose/ Objective

The Board of Directors constituted an Audit Committee in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with section 292A of the Companies Act, 1956. The Audit Committee constituted comprises of a combination of executive and non- executive independent

directors. During the year ended 31st March, 2011, the Board reconstituted its Audit committee under the chairmanship of Ami Motta, Independent Director of the Company.

**The Audit Committee assists the Board**

- ⇒ To have an oversight of the integrity of the Company's financial statements,
- ⇒ Compliance with legal and regulatory requirements,
- ⇒ Performance of the internal audit function.

The Audit Committee is entrusted with the responsibility to supervise the Company's internal Control and Financial Reporting process. The composition of the Audit Committee and the attendance of each member in the meetings of the Committee is mentioned below:

**Composition & Meetings:**

As on March 31, 2011, the Audit Committee of the Company comprises of four directors, of which three directors are non- executive independent directors.

The Committee functions under the Chairmanship of Mrs. Ami Motta.

The Composition of the Audit Committee as on 31st March 2011, which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) is as under:

Name of the Member	Category	Chairman / Member	Attendance
Mrs. Ami Motta	Independent	Chairman	5
Vanraj Dadbhai Kahor	Independent	Member	5
Dhires Munver	Independent	Member	4
Devendra Prabhakar Otavkar	Executive Director	Member	4

**Terms of Reference**

**The Company had constituted an Audit committee. The terms of audit committee broadly are as under:**

- ⇒ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ⇒ 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.
- ⇒ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ⇒ Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- ⇒ Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems.
- ⇒ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

The Committee met 5 times during the year ended 31<sup>st</sup> March 2011, 19th May, 10, 8th July, 10, 26th July, 10, 1st Nov, 10, 5th Feb, 11 and the time gap between the two meetings did not exceed four months.

**II. Remuneration Committee**

The Company's Remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of the individuals is measured through the annual appraisal process.

Terms of Reference

The terms of reference of the Remuneration Committee, inter alia, consists of reviewing the overall compensation policy, service agreements, performance incentive and other employment conditions of Executive Director. The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders.

Composition of the Committee

Name of the Member	Category	Chairman / Member
Mrs. Ami Motta	Independent	Chairman
Vanraj Dadbhai Kahor	Independent	Member
Dhires Munver	Independent	Member
Devendra Prabhakar Otavkar	Executive Director	Member

The Company does not have any employee stock option scheme.

Remuneration Policy

The Remuneration Structure comprises of sitting fees to Non- Executive Directors and salary and perquisites to Executive Directors within the Limit approved by the Members.

However during the year under review, no sitting fees were paid to the directors.

The Details of the remuneration paid to executive directors during the year is as under

Executive Director	Remuneration
Mr. Kumar Raichand Madan	Rs. 100000/- p. a.

**III. Shareholders/ Investor Grievance Committee**

The Board has constituted the Shareholders and Investors Grievance Committee. Terms of reference of the Shareholders and Investor Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance of investors' grievances.

The Committee oversees and monitors the performance of the Registrar & Transfer Agents and devices measures for overall improvement in the quality of investor services. The Committee also looks into the complaints received from the stock exchanges.

Composition of the Committee

The members of the Shareholders and Investors' Grievance Committee are:

Sr. No.	Name of Member	Designation
1	Mrs. Ami Motta	Chairman
2	Vanraj Dadbhai Kahor	Member
3	Dhires Munver	Member

The committee members met once in each quarter in the year 2010-11.

Investor Grievances

During the year under review, No complaints were received by the Company, hence no complaint is pending to be resolved at the end of the financial year.

**RELATED PARTY TRANSACTION**

During the year under review, there were no related party transactions of the Company with its promoters, directors or the Management or their relatives and subsidiaries and associates.

Thus furnishing a disclosure of the same is not required.

**DISCLOSURE OF ACCOUNTING TREATMENT**

The Company follows the Accounting Standards as notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and in the preparation of the financial statements, the Company has not adopted treatment different from that prescribed in any of the Accounting Standards.

**RISK MANAGEMENT**

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up by them.

The proceeds from the issue of the Shares issued on Preferential basis is being utilized for the purpose of meeting the present and future capital expenditure, expansion and modernization, working capital requirements arising out of new business ventures and for other corporate purposes.

**DISCLOSURES BY THE MANAGEMENT**

The Management of the Company has made disclosures to the Board relating to all the material, financial and commercial transactions stating that they did not have personal interest that could result in a conflict of interest of the Company at large.

**Proceeds from the Preferential Allotment**

During the Financial Year ended 31<sup>st</sup> March, 2011, the Company raised an amount of Rs. 1,00,00,00,000 by way of preferential allotment of Shares.

**SECRETARIAL AUDIT**

Pursuant to Clause 47 ( c ) of the Listing agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been issued by a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report appearing elsewhere is prepared in accordance with the requirements laid out in clause 49 of the Listing Agreement forms part of the Annual Report.

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has framed a Code of Conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 1992. This Code is applicable to all Directors/officers/ designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

**COMPLIANCE WITH CORPORATE GOVERNANCE NORMS**

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. The Company has submitted the compliance reports in the prescribed format to the stock exchanges for the quarters ended 30<sup>th</sup> June 2010, 30<sup>th</sup> September 2010, 31<sup>st</sup> December 2010 and 31<sup>st</sup> March 2011 as stipulated in Clause 49 of the listing agreements entered into with the Stock Exchange.



**DISCLOSURES**

There are no materially significant related party transactions between the Company and its promoters, directors or management or their relatives, having any potential conflict with interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report.

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Exchanges or any statutory authority on any matter relating to capital markets, during the last three years.

**MEANS OF COMMUNICATION**

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges where the securities of the Company are listed. The financial results quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English newspaper viz. "Financial Express" and in a vernacular language newspaper viz. "Makkal Kural" as per the requirements of the Stock Exchanges.

Hard copies of the said disclosures and correspondences are also filed with the exchanges.

**GENERAL SHAREHOLDERS INFORMATION**

As an Organization, we are conscious for investors and potential investors. The feedback from our investors has been very valuable to us for evolving and enhancing our communication. Based on such feedback, we have simplified the way we present our business plans and strategies. We have removed as far as possible, the technical jargons.

We are confident that these initiatives will go a long way in enhancing the Company's credibility in the shareholders eyes and strengthening

our image as a progressive corporate, with high corporate ethics and value system.

⇒ **Date, Time and Venue of the Annual General Meeting**

The 15<sup>th</sup> Annual General Meeting of the Company for the financial year 2010-11 will be held on Friday, September 30, 2011 at 9.00 a.m. at the Registered Office of the Company situated at No. 7, Rukmani Street, West Mambalam, Chennai- 600 033.

⇒ **Details of previous Annual General Meetings for last 3 years**

Year Ended	Day, Date and Time of the Annual General Meetings	Venue
2009- 10	Wednesday, 18 <sup>th</sup> August, 2010 at 2.00 p. m.	'Nahar Hall', Deshbandhu Plaza, Whites Road, Royapettah, Chennai- 600 014
2008- 09	Tuesday, 29 <sup>th</sup> September, 2009 at 1.00 p. m.	'Nahar Hall', Deshbandhu Plaza, Whites Road, Royapettah, Chennai- 600 014
2007- 08	Thursday, 18 <sup>th</sup> September, 2008 at 11.00 a. m.	'Nahar Hall', Deshbandhu Plaza, Whites Road, Royapettah, Chennai- 600 014

⇒ **Details of Special Resolutions passed during the previous Annual General Meetings for last 3 years**

Day, Date and Time of the Annual General Meetings	Special Resolution Passed
At the 14 <sup>th</sup> Annual General Meeting	Preferential Allotment of 10,00,00,000 (Ten Crores) Convertible Equity Warrants pursuant to the provisions of section, 81(1A) and other applicable provisions if any, of the Companies Act, 1956

At the 13 <sup>th</sup> Annual General Meeting	The appointment of Mrs. V.N. Parvathy as a Whole-time Director of the Company at a remuneration of Rs. 3,00,000 pursuant to the provisions of section 198, 269, 309 and all the applicable provisions
At the 12 <sup>th</sup> Annual General Meeting	Nil

All the above resolutions were passed with requisite majority.

None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

⇒ Details of Extra- Ordinary General Meetings

Date of the Extra- Ordinary General Meeting	Designation
9 <sup>th</sup> January, 2008	To raise capital to the tune of Rs 30 Crores through further issue of Equity Shares by way of Rights Issue

Pursuant to the provisions of section 154 of Companies Act, 1956 and Clause 16 of the Listing Agreement, Register of Members and Share Transfer Book of the Company would remain closed from 26<sup>th</sup> September 2011 to 28<sup>th</sup> September 2011(both days inclusive)for the purpose of the Annual General Meeting of the Company.

⇒ Details of the Postal ballot

During the year ended 31<sup>st</sup> March, 2011, the Company passed the resolution for change of the Management of the Company under regulation 12 of the SEBI (SAST) Regulations on 16<sup>th</sup> August, 2010.

⇒ Registered & Corporate office

No. 7, Rukmani Street, West Mambalam, Chennai.  
Tel : 044-42048324  
Fax : 044-42048326  
e-mail:- [www.sanguine.in](http://www.sanguine.in)

⇒ Listing on the Stock Exchanges

The Company is presently listed on the Bombay Stock Exchange and the Madras Stock Exchange.

⇒ ISIN No.

The shares of the Company bears the ISIN No. INE617F01012 for both the Depositories.

⇒ Registrar and Share Transfer Agents

No. 9, Shiv Shakti Industrial Estate,  
Ground Floor, JR Boricha Marg,  
Opp. Kasturba Hospital, er Parel,

⇒ Market Price Data (High/Low during each month) on BSE:

Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange for financial year 2010-2011 are:

Month	Open Price	High Price	Low Price	Close Price
April 2010	3.05	3.94	2.82	3.22
May 2010	3.48	3.90	2.80	3.25
June 2010	3.30	3.90	3.02	3.59
July 2010	3.51	5.71	3.50	4.54
August 2010	4.34	4.68	3.90	4.36
September 2010	4.40	5.74	4.05	4.66
October 2010	4.66	5.05	3.95	3.95
November 2010	3.77	4.31	3.19	3.47
December 2010	3.60	3.91	2.85	3.17

January 2011	3.13	3.26	2.32	2.65
February 2011	2.80	3.87	2.77	2.83
March 2011	2.82	3.93	2.69	2.69

⇒ Distribution of Shareholding as on March 31, 2011

Sr. No	Range	No. of Shares held	Percentage to paid up capital	Amount of the Shares	% of holding
1	Upto 5000	1413	44.76	3144060	0.28
2	5001- 10000	553	17.52	5022640	0.44
3	10001- 20000	372	11.78	6311060	0.55
4	20001- 30000	152	4.81	4038020	0.35
5	30001- 40000	94	2.98	3463570	0.30
6	40001- 500000	136	4.31	6627810	0.58
7	50001- 100000	192	6.08	15330320	1.34
8	100001- Above	245	7.76	1097062520	96.15

⇒ Categories of Shareholders as on March 31, 2011

Category	No of shares	% of shareholding
Indian Promoters	1000	0.0009
Banks/ Financial Institutions/ Insurance Cos/Government	4100	0.0036
FIIIs/ NRIs	456790	0.4003
Private Bodies Corporate	102737884	90.0420
Indian Public/ Clearing Members	10895176	9.5488
<b>TOTAL</b>	<b>114094950</b>	<b>100</b>

**NOMINATION FACILITY:**

The Shareholders may avail themselves of the nomination facility under section 109A of the Companies Act, 1956. The nomination form (Form 2B) along with instruction will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the Company's registrars M/s Purva Share Registry Private Limited.

The facility of nomination is not available to non- individuals shareholders such as societies, trust, bodies corporate, Karta of Hindu Undivided Families and holders of Power of Attorney.

Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the process of transmission by law. Investors holding shares held in electronic form, the nomination has to be conveyed to your Depository Participants directly, as per the format prescribed by them.

**OUTSTANDING GDRs/ ADRs/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

There are no GDRs/ ADRs/ Warrants or any convertible instruments whose conversion is pending as on date. Thus there is no anticipated impact upon the Equity of the Company.

**COMPLIANCE WITH THE NON- MANDATORY CLAUSES OF THE LISTING AGREEMENT**

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and every effort has been made to comply with the non- mandatory requirements of the Clause, the details of which are mentioned hereunder:

⇒ Training of the Board Members

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's vision, strategic

direction and core values including ethics, corporate governance practices, financial matters and business operations.

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

⇒ Meetings of Independent Directors

The Independent Directors of the Company meet from time to time as they deem appropriate without the presence of the Executive Directors or Management Personnel.

These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss the matters pertaining to the affairs of the Company and put forth their views to the Lead Independent Director.

The Lead Independent Director takes appropriate steps to present such views to the Managing Director.

⇒ Whistle Blower Policy

The Board of Directors of the Company approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Company and/or its stakeholders.

Sd/-

**Kumar Raichand Madan**  
Managing Director

Date: 1st September, 2011

**AUDITORS' CERTIFICATE ON  
CORPORATE GOVERNANCE**

To  
The Members,  
Sanguine Media Limited

We have examined the compliance of conditions of Corporate Governance by **Sanguine Media Limited ('the Company')**, for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending, for a period exceeding one month against the Company as per the records maintained by the investor grievance 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 which the management has conducted the affairs of the Company.

**For A. K. Rajgopalan & Co.**  
Chartered Accountants

sd/-

**T.R.Ashok**  
Partner

**Mem No. 26133**

**Place:** Chennai

**Date :** 27th August, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The figures stated in this report have been converted into billions for the purpose of better readability of the stakeholders.

Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties including but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence upon the availability of qualified and trained manpower and other factors.

### **INDUSTRY OVERVIEW**

Over the last decade, India's Media and Entertainment industry has witnessed unprecedented transformation in its speed, breadth, depth and impact. Overcoming the gloom that had set in during the economic slowdown of 2008 and 2009, the Indian Media and Entertainment Industry bounced back handsomely in 2010. The industry grew from Rs. 587 billions in 2009 to Rs. 652 billions in 2010, registering a growth rate of 11% compared to a mere 1.4% in 2009. This can be attributed to the rising rate of investments by the private sector and foreign media and entertainment (M&E) majors to a great extent.

### **BUSINESS PROFILE**

Founded in 2005, Sanguine Media Limited is a full service event and marketing services organization with innovative focus concentrated on fulfillment of the requirements of the clients and achievement of results.

Sanguine basically deals with the business of advertising, publicity and media services for corporate and other entities and market services organization. The Company focuses on creating innovative and result oriented events that fulfill the wants of the Customers.

The first and foremost priority for the Company lies in gaining an in-depth understanding of the client's business and his overall objectives so that the results achieved exceeds his expectations.

Sanguine is an accredited producer of software content for C & S as well as regional channels. It has successfully completed production and marketing of more than 2000 episodes of daily/ weekly serials in various south Indian languages and continues to remain the marketing strategist for leading corporate in South India.

Further Sanguine has also exclusive business tie-ups with the state-of-art technologies studies.

Thus Sanguine Media has been among a few players who have been at the vanguard of transformation across media genres, creating benchmarks of excellence.

### **MISSION**

The Company aspires to become a leading global media company from the emerging markets. As a corporation, we will be driven by innovation and creativity and would focus on growth while delivering exceptional value to our customers, our viewers and all our stakeholders.

### **VALUES**

#### ⇒ Customer focus

Customer is one of the important asset for any organization and thus our Company's strategies are driven by the needs of the Customer. Our success can be measured by the satisfaction achieved by our customer.

#### ⇒ Excellence

The Company aspires to achieve excellence in all the fields of its operations. Thus it accords a high premium to maintaining superlative standards throughout the Company. All the employees

are encouraged to come up with smarter ideas within the fastest possible time.

⇒ Creativity

The Success of any Company is dependent upon its creativity, innovation and originality. Your company recognize and have a high regard for individual expression and creative freedom in our quest to provide customer satisfaction.

**STRATEGY OF THE COMPANY:**

Sanguine's strategy is focused on using its full services and its capabilities to satisfy the requirements of the Clients. The Company has a policy to take first full in-depth understanding of the Client's Business and overall objectives and accordingly provide services to the Clients.

⇒ **Opportunities and Threats:**

The Company is in the business of Media Industry so the Company faces a number of risks and uncertainties which, in many cases, also represent opportunities for its businesses. The Company should also be aware of the long-term threat that pose to their share of audience and advertising budget, finds the independent technology analyst.

⇒ Future Outlook:

The company is looking forward to commence the business of investments so that the Company can have a better stand in the Market which would also help the current business in Media. The Company can make investments in any form like investments in shares or stocks, securities. The Company is also in process to expand its presence all over India through Expansion and lateral acquisitions.

**RISKS AND RISK MANAGEMENT:**

A disciplined approach to risk is important in a diversified organization such as ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated. We evaluate risk at the individual transaction level, and evaluate aggregate risk at the customer, industry, geographic and collateral-type levels, where appropriate

The Sanguine's Board of Directors (Board) has overall responsibility for risk oversight with a focus on the most significant risks facing the company. At the end of each year, management and the Board jointly develop a list of major risks that Sanguine plans to prioritize in the next year. Throughout the year, the Board and the committees to which it has delegated responsibility dedicate a portion of their meetings to review and discuss specific risk topics in greater detail.

⇒ **Financial Risk:**

Financial risk relates to our ability to meet financial obligations and mitigate credit risk, liquidity risk and exposure to broad market risks.

⇒ **Legal and Compliance Risk:**

Legal and compliance risk relates to changes in the government and regulatory environment, compliance requirements with policies and procedures, including those relating to financial reporting, environmental health and safety, and intellectual property risks. Government and regulatory risk is the risk that the government or regulatory actions will cause us to have to change our business models or practices.

⇒ **Strategic Risk:**

Strategic risk relates to the company's future business plans and strategies, including the risks associated with the markets and industries in which we operate, demand for our products and

services, competitive threats, technology and product innovation, mergers and acquisitions and public policy.

⇒ **Operational Risks:**

Operational risk relates to the effectiveness of our people, integrity of our internal systems and processes, as well as external events that affect the operation of our businesses. It includes product life cycle and execution, product performance, information management and data security, business disruption, human resources and reputation.

Risks identified by our Risk Assessment processes are prioritized and depending upon the probability and severity of risk, it is assigned to the person who is capable to take the responsibility of the risks. Assigned owners are required to continually monitor, evaluate and report on risks for which they bear responsibility.

**INTERNAL CONTROLS**

Sanguine's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported.

The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, controls and governance process. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the Independent Audit Committee of the Board of Directors.

Sanguine has well established policy towards maintaining the highest standards of health, safety and environmental norms while maintaining operational integrity.

**HUMAN RESOURCES:**

The Company considers Human Resource to be an important valuable asset for the organization and therefore, constantly strives to attract and recruit best talent for the current and future needs. The management has taken various steps to upgrade the skills of present employees by conducting various in-house training programs and courses. Review is taken for HR policy based on Company's plans and people feedback. The company also offers career growth at all levels and also monitors the effectiveness of training module/programme.

**CERTIFICATION ON FINANCIAL  
STATEMENTS OF THE COMPANY**

I, Kumar Raichand Madan, Managing Director & CEO of Sanguine Media Limited ('the Company'), certify that:

- (a) I have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2011 and that to the best of our knowledge and belief:
- ⇒ These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - ⇒ 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) To the best of my knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2011 are fraudulent, illegal or violative to the Company's Code of Conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which I am aware and steps taken or proposed to be taken to rectify these deficiencies.

- (d) During the year:
- ⇒ There has not been any significant change in internal control over financial reporting;
  - ⇒ There have not been any significant changes in accounting policies; and
  - ⇒ There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

**By Order of the Board**  
sd/-  
**Kumar Raichand Madan**  
Managing Director

*Date: 27th August, 2011*



AUDITORS' REPORT
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To,  
**The Members**  
**SANGUINE MEDIA LIMITED**

We have audited the attached Balance Sheet of **SANGUINE MEDIA LIMITED as at 31<sup>st</sup> March, 2011** and also the profit and loss account for the year ended on that date annexed thereto. 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 conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the other Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

**Further to our comments in the Annexure referred to above, we report that:**

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b. In our opinion, proper books of account as required by law have been kept by the company so as far as appears from our examination of those books.
- c. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
- d. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director under section 274(1) (g) of the Companies Act 1956.
- f. 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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. In the case of the balance sheet of the state of affairs of the Company as at **31<sup>st</sup> March, 2011** And
- ii. In the case of the profit and loss account, of the Loss for the year ended that date; and
- iii. In the case of Cash flow statement, of the cash flows for the year ended on that date.

**For A. K. Rajgopalan & Co.**  
Chartered Accountants

sd/-

**CA. T.R.Ashok**  
Partner

**FRN " 0034055**  
**Mem No. 26133**

**Place:** Chennai

**Date :** 27th August, 2011

## Annexure to Auditor's Report

- (i) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
- a. All the assets have not been physically verified by the management during the year but there is of verification on regular basis which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) As the company is a service company, engaged in the field of Media services clause (ii) to paragraph 4 of the order is not applicable.
- (iii) The Company has not granted any loan unsecured/secured to firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of commercial advertisement time and fixed assets and also sale of commercial advertisement time.
- During the course of audit, we have not observed any continuing failure to correct major weakness in internal control.
- (v) In our opinion there are no transactions that need to be entered in the register maintained in pursuance section 301 of the

Companies Act, 1956 and hence items (a) and (b) of clause (v) to paragraph 4 of the order not applicable.

- (vi) The company has not accepted any deposits from the public with in the preview of Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209(1)(d) of the Companies Act, 1956
- (ix) (a) According to the information and explanation given to us, and on the basis of our examination of books of account, the provision of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales Tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to the company with appropriate authorities, during the financial year ended 31<sup>st</sup> march 2011.
- (b) There are no dues of Income-tax, Sales Tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty and Cess, which are outstanding as on 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable.
- (x) The company has no accumulated losses as at the end of 31<sup>st</sup> march 2011. The company has not incurred cash loss during the

financial year ended 31<sup>st</sup> march, 2011 and in the financial year immediately preceding year ended 31<sup>st</sup> march 2010.

- (xi) The company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) During the year under review, the company has not granted any Loans and Advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a Nidhi mutual benefit fund/society. Therefore, the provisions of clause (xiii) to paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us the company is not dealing or trading in shares, securities, debentures, and other securities. Accordingly, the provisions of clause (xiv) to paragraph 4 of the order not applicable.
- (xv) According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not obtained any term loans. Therefore, the provisions of clause to paragraph 4 of the order are not applicable. Based on our verification of the books of accounts, the information and explanations given to us, in this regard and on the overall examination of the balance sheet of the company we are of the view that the funds raised on short term basis by the company have not been utilized for long term purpose and vice versa.

- (xvii) During the year under review, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act 1956.
- (xviii) The company has not issued any debentures during the year under review.
- (xix) The company has not raised any money by way of public issue.
- (xx) Based on our verification of Books of account and other relevant records and based on the information and explanations given to us, we have not noticed or reported any fraud on or by the Company during the year under review.

**For A. K. Rajgopalan & Co.**  
Chartered Accountants

sd/-

**CA. T.R.Ashok**  
Partner  
**FRN : 0034058**  
**MRN : 026133**

**Place:** Chennai  
**Date :** 27th August, 2011

**BALANCE SHEET AS ON 31ST MARCH 2011**

	SCH	31.03.2011	31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
a. Share Capital	A	1,141,000,000.00	141,000,000.00
b. Reserves & Surplus	B	105,333,573.57	143,541,396.09
<b>2. LOAN FUNDS</b>			
a. Secured Loans	C	9,657,822.00	-
b. Unsecured Loans		-	-
c. Deferred Tax Liability	D	25,522,646.00	10,083,240.00
		<u>1,281,514,041.57</u>	<u>294,624,636.09</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
a. Gross Block	E	201,934,144.80	205,451,973.73
b. Less: Depreciation		77,063,903.99	52,587,115.00
c. Net Block		<u>124,870,240.81</u>	<u>152,864,858.73</u>
<b>INVESTMENTS</b>			
	F	328,386,145.00	-
<b>2. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a. Inventories		40,000,000.00	40,000,000.00
b. Sundry Debtors	G	35,513,075.20	70,755,285.49
c. Advances and Deposits	H	727,548,080.00	1,406,921.04
d. Cash and Bank Balance	I	(18,751.44)	865,119.37
e. Deferred Revenue Expenditure		23,922,135.00	23,922,135.00
		<u>826,964,538.76</u>	<u>136,949,460.90</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a. Sundry creditors for goods	J	8,167,501.00	5,441,767.00
b. Sundry creditors for Expenses	K	-	1,136,082.35
e. Other Liabilities - ICD received		2,000,000.00	-
d. Provisions	L	117,247.00	189,700.00
		<u>10,284,748.00</u>	<u>6,767,549.35</u>
<b>NET CURRENT ASSETS</b>		<b>816,679,790.76</b>	<b>130,181,911.55</b>
<b>3. MISCELLANEOUS EXPENDITURE</b>			
		<u>11,577,865.00</u>	<u>11,577,865.00</u>
		<u><u>1,281,514,041.57</u></u>	<u><u>294,624,636.09</u></u>

The schedules referred to above together with the significant accounting policies and notes to accounts form an integral part of the Balance Sheet As per our report of even date

For, A.K.RAJAGOPALAN & CO  
Chartered Accountants  
FRN: 003405S

Sd/-  
CA. T.R.ASHOK  
Partner  
MRN: 026133

Place: Chennai  
Date: 27.08.2011

SANGUINE MEDIA LIMITED  
For and on behalf of the board

Sd/-  
Kumar Madan Raichand  
Managing Director

Sd/-  
Devendra.P.Otavkar  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH 2011**

	SCH	31.03.2011	31.03.2010
<b>INCOME</b>			
Income	1	86,994,206.20	62,843,760.66
		<u>86,994,206.20</u>	<u>62,843,760.66</u>
<b>EXPENDITURE</b>			
Raw Material Consumption	2	670,525.00	1,072,193.00
Direct Expenses	3	77,512,657.00	29,342,599.00
Administration Expenses	4	4,519,089.40	5,241,147.45
		<u>82,702,271.40</u>	<u>35,655,939.45</u>
<b>OPERATING PROFIT</b>		<b>4,291,934.80</b>	<b>27,187,821.21</b>
Financial Charges	5	894,008.43	436,585.35
<b>PROFIT BEFORE DEPRECIATION</b>		<b>3,397,926.37</b>	<b>26,751,235.86</b>
Less: Depreciation	E	26,166,342.89	26,515,485.00
<b>PROFIT BEFORE TAX</b>		<b>(22,768,416.52)</b>	<b>235,750.86</b>
Current tax		-	-
Deferred Tax		15,439,406.00	(4,801,851.00)
Fringe Benefits Tax		-	-
<b>PROFIT AFTER TAX</b>		<b>(38,207,822.52)</b>	<b>5,037,601.86</b>
ADD: Balance b/f from previous year		24,085,895.86	19,048,294.00
<b>Surplus available for appropriation</b>		<b>(14,121,926.66)</b>	<b>24,085,895.86</b>
Transfer to Reserve		-	-
Proposed Dividend		-	-
Corporate Dividend tax		-	-
<b>Balance Carried to balance sheet</b>		<b>(14,121,926.66)</b>	<b>24,085,895.86</b>

The schedules referred to above together with the significant accounting policies and notes to accounts form an integral part of the Balance Sheet As per our report of even date

For, A.K.RAJAGOPALAN & CO  
Chartered Accountants  
FRN: 003405S

Sd/-  
CA. T.R.ASHOK  
Partner  
MRN: 026133

Place: Chennai  
Date: 27.08.2011

SANGUINE MEDIA LIMITED  
For and on behalf of the board

Sd/-  
Kumar Madan Raichand  
Managing Director

Sd/-  
Devendra.P.Otavkar  
Director

**SCHEDULE TO THE BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Schedule A: SHARE CAPITAL</b>		
<b>Authorised:</b>		
120000000 Equity shares of Rs.10 each	1,200,000,000.00	150,000,000.00
<b>Issued, Subscribed &amp; Paidup</b>		
114100000 Equity shares of Rs.10 each	1,141,000,000.00	141,000,000.00
	<u>1,141,000,000.00</u>	<u>1,141,000,000.00</u>
<b>Schedule B: RESERVES &amp; SURPLUS</b>		
<b>a) Share Premium:</b>		
Opening Balance	119,455,500.00	119,455,500.00
Add: During the Year	-	-
Less: Transferred	-	-
Closing Balance	<u>119,455,500.00</u>	<u>119,455,500.00</u>
<b>b) Profit &amp; Loss Account</b>		
As per last Balance Sheet	24,085,896.09	19,048,294.00
Profits for the current year	(38,207,822.52)	5,037,602.09
	<u>(14,121,926.43)</u>	<u>24,085,896.09</u>
<b>TOTAL</b>	<u><u>105,333,573.57</u></u>	<u><u>143,541,396.09</u></u>
<b>Schedule C: SECURED LOANS</b>		
Padma K	9,657,822.00	-
	<u>9,657,822.00</u>	<u>-</u>
<b>Schedule D: DEFERRED TAX LIABILITY</b>		
<b>Accumulated Depreciation-Timing difference</b>		
As per last Balance sheet (Liability)	10,083,240.00	14,885,091.00
Current year Deferred Tax Liability	15,439,406.00	(4,801,851.00)
	<u>25,522,646.00</u>	<u>10,083,240.00</u>

**Schedule 'E' FIXED ASSETS :**

Particulars	Rate	Gross Block			Depreciation			Net block		
		AS AT 1.04.2010	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.2011	AS AT 01.04.2010	DELETIONS DURING THE YEAR	FOR THE YEAR	AS AT 31.03.2011	AS AT 31.03.2010
Media services's Assets										
Intangible Assets :										
Good-Will	20%	17,000,000	-	-	17,000,000	12,583,333	3,400,000	15,983,333	4,416,667	1,016,667
TV Software Contents	25%	74,143,209	-	-	74,143,209	33,832,988	18,535,802	52,368,790	40,310,221	21,774,419
Tangible Assets:										
COMPUTERS	16.21%	2,989,564	7,048	2,391,651	604,961	1,730,770	98,064	444,218	1,258,794	1,60,743
ELECTRICAL EQUIPMENTS	7.07%	271,960	-	271,960	-	41,919	-	41,919	230,041	-
FURNITURE & FITTINGS	6.33%	194,740	-	175,266	19,474	38,421	1,233	5,075	156,319	14,399
VEHICLES	9.50%	686,000	-	686,000	-	228,440	-	228,440	457,560	-
CONTENTS	3.75%	110,166,501	-	-	110,166,501	4,131,244	4,131,244	8,262,488	106,035,257	101,904,013
<b>TOTAL</b>		<b>205,451,974</b>	<b>7,048</b>	<b>3,524,877</b>	<b>201,934,145</b>	<b>52,587,115</b>	<b>26,166,343</b>	<b>77,063,904</b>	<b>152,864,859</b>	<b>124,870,241</b>
Previous years Figures		114,701,877	115,273,453	24,523,356	205,451,974	47,191,380	26,515,485	52,587,115	67,510,497	152,864,860

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PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Schedule F: INVESTMENTS</b>		
Investments		
Non-Quoted Shares	288,886,145.00	
Quoted Shares	32,666,660.00	
Share Application money	6,833,340.00	-
	<u>328,386,145.00</u>	<u>-</u>
<b>Schedule G: SUNDRY DEBTORS</b>		
<b>Unsecured Considered Good:</b>		
Less than six months	-	68,941,487.49
AAAssociates - Bangalore	142,977.00	
FCB ULKA Advertising - Bangalore	213,736.00	
Godrej Consumer Products	898,213.00	
ICICI	9,180.00	
ICICI Bank Ltd	280,557.00	
Innovative Advanced Media	654,516.00	
Karthik Film Productions - MUM	15,639,056.00	
Lintas Agency	15,466.00	
Madisson Communications Pvt Ltd -Mumbai	202,650.00	
Madisson Communications -Bangalore	378,341.00	
Madisson Communications Ltd - Delhi	115,790.00	
Media Corp Advt & Mktg - Hyderabad	348,768.00	
Media House Mktg & Advtg Pvt Ltd - Hyderabad		
Mudra Communications - Bangalore	508,538.00	
Prachar Communications - Mumbai		
Rediffusion - Mumbai		
Result India Communication - Mum (Mindshare)	801,294.00	
Result India Communication - Bangalore	700,138.00	
Result India Communication - Delhi	352,447.00	
Result India Communication - Mumbai	533,678.00	
Starcom - Bangalore	105,707.00	
Technomark Television Network - Bangalore	222,671.00	
Vizeum MediaServices Pvt Ltd	189,381.00	
Wipro Ltd - Delhi	1,190,168.00	
Others	12,009,803.20	1,813,798.00
	<u>35,513,075.20</u>	<u>70,755,285.49</u>

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PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Schedule H: LOANS AND ADVANCES</b>		
Unsecured, Considered Good unless otherwise stated		
Advances recoverable in cash or kind or for Value to be received:		1,406,921.04
Advance Purchase of Building	7,500,000.00	
Other Advances	674,270,725.00	
ICD	500,000.00	
TDS recievable	277,355.00	
Traverse Infotech Soluions ltd	45,000,000.00	
	<u>727,548,080.00</u>	<u>1,406,921.04</u>
<b>Schedule I: CASH &amp; BANK</b>		
Cash in hand	530,316.74	36,963.74
Cash at Bank		
With Schedule Banks :		828,155.63
HSBC - 138-104856-001	2,962.38	
HSBC - 138-104856-003	704.00	
Kotak Mahindra	4,095.69	
Oriental Bank of Commerce	(406,123.38)	
South Indian Bank	(1,472,523.87)	
Yes Bank	1,321,817.00	
	<u>(18,751.44)</u>	<u>865,119.37</u>
<b>Schedule J: SUNDRY CREDITORS FOR GOODS</b>		
Sundry creditors for Goods	-	879,556.00
Cini Vistas	7,045,052.00	
Ensign Arts	4,800.00	
Language Campus	2,500.00	
Production Cost Payable	870,000.00	
Shreem Travel Links Pvt Ltd	5,640.00	
Sriram Studios	185,304.00	
S & S Enterprises	4,205.00	
Sundry creditors for Others	50,000.00	4,562,211.00
	<u>8,167,501.00</u>	<u>5,441,767.00</u>
<b>Schedule K: SUNDRY CREDITORS FOR EXPENSES</b>		
Abirami Financial Services	-	1,136,082.35
	<u>-</u>	<u>1,136,082.35</u>
<b>Schedule L: PROVISIONS</b>		
Provision for Tax	-	100,000.00
Provision for Audit Fee	89,343.00	89,700.00
TDS Payable	27,904.00	-
	<u>117,247.00</u>	<u>189,700.00</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Schedule 1 : INCOME</b>		
Sales	85,030,335.50	62,843,760.66
Interest Income	2,773,544.00	0.00
Profit on sale of Investments	600,650.00	0.00
Loss on sales on fixed assets	(1,410,323.30)	0.00
	<u>86,994,206.20</u>	<u>62,843,760.66</u>
<b>Schedule 2: RAW MATERIAL CONSUMED</b>		
Opening value of Inventory	40,000,000.00	30,978,020.00
Add: Purchase	670,525.00	10,094,173.00
<b>Total</b>	<b>40,670,525.00</b>	<b>41,072,193.00</b>
Less: Closing Value of Inventory	(40,000,000.00)	(40,000,000.00)
	<u>670,525.00</u>	<u>1,072,193.00</u>
<b>Schedule 3: DIRECT EXPENSES</b>		
Fct cost	55,808,216.00	12,279,078.00
Slot Fee	19,193,098.00	16,510,000.00
AGM Expenses	28,517.00	950.00
Capsuling Charges	497,676.00	
Dubbing Charges	53,950.00	
Capusling - Cini Vistaas	51,100.00	
Events Godrej	1,880,100.00	
Events - Expenses	0.00	457,071.00
Other Expenses	0.00	95,500.00
	<u>77,512,657.00</u>	<u>29,342,599.00</u>

PARTICULARS	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>Schedule 4: ADMINISTRATIVE EXPENSES</b>		
Administrative Expenses		15,863.00
Salaries & Wages	1,190,283.00	
Staff Welfare	102,370.00	
Postage & Courier	67,118.00	
Rent	216,000.00	
Repairs & Maintenance	36,870.00	
Telephone Charges	98,434.00	
Annual Maintenance	21,750.00	
Audit Fees	94,166.00	
Cable Charges	1,320.00	
Electricity	57,238.00	
Printing & Stationery	126,849.00	
Commission Paid	60,000.00	
Consultation Charges	260,000.00	
Demat Charges	1,300.00	
Legal & Professional	4,500.00	
Listing Fees	162,692.00	
Retainer Fee	145,596.00	
Roc Expnses	10,500.00	
Service Charges	1,100.00	
Advertisement Charges	39,560.00	
Boarding & Lodging Expenses	16,082.00	
Discount	1,200,308.40	
Entertainment Expenses	8,025.00	
Petrol Expenses	10,000.00	
Travelling & Conveyance	408,628.00	
Office Maintenance	32,356.00	
Pooja Expenses	19,069.00	
Miscellaneous Expenses	68,590.00	
R& T Charges	33,090.00	
CDCL Charges	25,295.00	
Other Administrative Charges		5,225,284.45
	<u>4,519,089.40</u>	<u>5,241,147.45</u>
<b>Schedule 5: FINANCE CHAREGES</b>		
Bank Charges	14,601.43	5,375.35
Financial Charges	686,974.00	
Processing Charges	15,505.00	70,000.00
Bank Interest	176,928.00	361,210.00
	<u>894,008.43</u>	<u>436,585.35</u>

**ACCOUNTING POLICIES**

- Accounting Convention**  
The company Maintain it accounts on accrual basis. The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and materially comply with the mandatory accounting standards and statements issued by The Institute of Chartered Accountants of India.
- Inventory Valuation**  
Unutilised Commercial time is shown, as Closing Stock of banking in the Balance sheet and the same is valued at contract price.
- Fixed Assets**  
All Fixed Assets are stated at cost of acquisition. Cost includes all other related expenses incurred.
- Depreciation**  
# Tangible Assets: The Company provided depreciation on all fixed assets on Straight Line Method at the rates and in the manner prescribed in Schedule IV to the Companies Act, 1956.  
  
# InTangible Assets: The Company provides depreciation on all fixed assets on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- Foreign Currency**  
Transactions in foreign currencies are recorded at the rate ruling on date of the transaction. Exchange differences are recognized in the Profit and Loss for the Period in which the difference arise.
- Provision for Tax**  
Deferred Tax resulting is recognised,subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capital of reversal in one or more subsequent periods. The deferred tax assets are not recognized in unabsorbed depreciation and carried forward of losses, unless there is virtual certainly that sufficient future taxable income will be available against which such deferred tax Assests can be realized.

**SCHEDULE : E  
FIXED ASSETS****DEPRECIATION (AS PER INCOME TAX ACT 1956) SCHEDULE TO BALANCE SHEET AS AT 31 ST MARCH 2011**

	Rate	GROSS BLOCK				Depreciation FOR THE YEAR	Net Block AS AT 31.03.2011
		AS AT 1.04.2010	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.2011		
Media services's Assets							
Intangible Assets:							
Good-Will	0%	17,000,000	-	-	17,000,000	-	17,000,000
TV Software Contents	60%	16,648,786	-	-	16,648,786	9,989,272	6,659,514
Tangible Assets:							
COMPUTERS	60.00%	304,214	7,048	243,371.20	67,891	40,734	27,156
ELECTRICAL EQUIPMENTS	15.00%	226,936	-	226,936	-	-	-
FURNITURE & FITTINGS	15.00%	143,458	-	129,112	14,346	2,152	12,194
VEHICLES	20.00%	406,266	-	406,266	-	-	-
CONTENTS	60.00%	110,166,501	-	-	110,166,501	66,099,901	44,066,600
TOTAL		144,896,161	7,048	1,005,685	143,897,524	76,132,059	67,765,465
Previous years Figures		54,146,065	115,273,453	24,523,356	144,896,162	10,975,513	133,920,649



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

Particulars	31.03.2011	31.03.2010
<b>A) CASH FLOW OPENING ACTIVITIES (Indirect Method)</b>		
<b>PROFIT BEFORE TAX</b>	<b>(2,27,68,417)</b>	<b>2,35,751</b>
Add: # Non-cash Items:		
# Depreciation	2,61,66,343	2,65,15,485
# Deferred Tax	-	(48,01,851)
# Loss on Sale of Assets	14,10,323	(1,62,20,004)
<b>CASH FLOW BEFORE, WORKING CAPITAL CHANGES</b>	<b>48,08,250</b>	<b>57,29,381</b>
<b>WORKING CAPITAL ADJUSTMENTS</b>		
# Add: Change in Inventory	-	(90,21,980)
# Add: Change in Debtor	3,52,42,210	(87,34,880)
# Add: Change in Loans & Advances	(72,61,41,159)	12,10,50,879
# Add: Change in Current Liabilities (excluding Provision for Tax)	35,17,200	1,63,531
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAX</b>	<b>(68,25,73,499)</b>	<b>10,91,86,931</b>
Less: #Tax Paid	-	2,00,000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(68,25,73,499)</b>	<b>10,89,86,931</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of fixed assets	4,25,000	(9,07,50,097)
Purchase of Assets	(7,048)	-
Change in Deferred Revenue Expenditure	-	(1,79,84,541)
Purchase of Investments	(32,83,86,145)	-
<b>Net cash flow from investing activity</b>	<b>(32,79,68,193)</b>	<b>(10,87,34,638)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in Share Capital	1,00,00,00,000	-
Change in Share Premium	-	-
Change in Secured Loans	96,57,822	(1,24,894)
<b>Net cash flow from financing activity</b>	<b>1,00,96,57,822</b>	<b>(1,24,894)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(8,83,870)</b>	<b>1,27,399</b>
i. CASH AND CASH EQUIVALENTS AS AT THE CLOSING I	(18,751)	8,65,119
ii. CASH AND CASH EQUIVALENTS AS AT THE OPENING	8,65,119	7,37,720
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (i-ii)</b>	<b>(8,83,870)</b>	<b>1,27,399</b>

As per our report attached of even date

For A. K. Rajgopalan & Co.  
Chartered Accountants

sd/-

CA. T.R.Ashok  
Partner

For and On behalf of the board

sd/-

Kumar Madan Raichand  
Managing Director

sd/-

Devendra.P.Otavkar  
Director**NOTES ON ACCOUNTS**1. Disclosure for Inventory under Accounting Standard 2:

Unutilized Commercial time is shown, as closing stock of banking in the Balance sheet and the same is valued at cost price. The value of Unutilized Commercial time as certified by the management is

	<u>2010-11</u>	<u>2009-2010</u>
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Unutilized Commercial time	Rs. 40,000,000	Rs. 40,000,000
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2. Foreign Currency : Nil.3. Disclosure for Retirement Benefits under Accounting Standard 15:

No provision has been made on account of Bonus and Gratuity and present liabilities for future payment of gratuity employees.

4. Disclosure for Segment Reporting under Accounting Standard 17:

Accounting Standard in respect of Segment reporting is not applicable to the company as the operation of the company is in nature of an integrated system of function.

5. Disclosures for Related Party under Accounting Standard 18:

Key Managerial Persons:

# Mr. Kumar Madan Raichand Managing Director

6. Disclosures for EPS under Accounting Standard 20:

<u>Particulars</u>	<u>2010-11</u>	<u>2009-10</u>
Net Profit after Tax	Rs. -3,82,07,823	Rs. 50,37,602
Weighted Average No. of Shares	11,41,00,000	1,41,00,000
<b>B.E.P.S</b>	<b>-</b>	<b>0.3573</b>

7. Disclosures for Deferred Tax under Accounting Standard 22:

The deferred tax liability as at 31<sup>st</sup> March 2011 Comprise of the following:

Deferred Tax Liability As at 31<sup>st</sup> Mar.2011 As at 31<sup>st</sup> Mar.2010

Related to

# Fixed assets	Rs. 2,55,22,646	Rs. 10,083,240
# Deferred Revenue Expenditure	Rs.2,39,22,135	Rs. 2,39,22,135

8. Disclosures for Contingent Liabilities under Accounting Standard 29:

Contingent Liabilities: Nil

9. In the opinion of the Board, all sundry debtors and other receivables are approximately of the Value stated if realized in the ordinary course of business.

10. Auditor's Remuneration:

<u>Particulars</u>	<u>2009-10</u>	<u>2008-09</u>
Fees for Statutory audit	Rs. 45000	Rs. 45,000
Fees for Taxation matters	Rs. 26,000	Rs. 20,000
Certification	Rs. 10,000	Rs. 10,000
Service tax	Rs. 8,343	Rs. 6,695

11. Revenue Recognition

Revenue will be recognized on completion of the projects/telecast of ads / Print of ads in television/news papers.

12. None of the Directors are interested in the loans and advances as per section.295 of Companies Act, 1956.

13. The Company has not declared any dividend.

14. Previous year's figures have been regrouped/ reclassified wherever necessary .All the figures have been rounded off to the nearest rupee.

Vide our report of even date.

For, A.K. RAJAGOPALAN & Co.,  
Chartered Accountants

sd/-  
CA. T.R ASHOK  
Partner

sd/-  
Kumar Madan Raichand  
Managing Director

Sd/-  
Devendra P Otavkar  
Director

For and On behalf of the Board

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE AS PER PART IV TO  
SCHEDULE VI TO THE COMPANIES ACT, 1956**

1. Registration Details

Registration No: 32921 State codes: 18

2. Capital raised during the year (Amount In Rs.'000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	1,000,000

3. Position of Mobilization and deployment of Funds (Amount In Rs.'000)

Total Liabilities - 12,81,514.04 Total Assets - 12,81,514.04

Source of Funds

Paid Up Capital	11,41,000	Reserves & Surpluses	105,333.57
Secured Loans	9,657.82	Unsecured Loans	NIL
Deferred Tax Liabilities	25,522.65		

Application of Funds

Net Fixed Assets -	124,870.24	Investments	NIL
Net Current Assets -	816,679.79	Misc. Expenses	11,577.87

4. Performance of Company (Amount In Rs.'000)

Total Income:	85,030	Total Expenditure:	82,702.77
Profit / (Loss) before Tax:	(22,768.42)	Profit / (Loss) after Tax:	(38,207.82)

5. Generic names of three products/services of company (as per Monetary terms)

Item Code No. (ITC Code)-	N.A	Product Description-	Media
Item Code No. (ITC Code)-	N.A	Product Description-	N.A
Item Code No. (ITC Code)-	N.A	Product Description-	N.A

As per our report attached of even date

For A. K. Rajgopalan & Co.  
Chartered Accountants

sd/-  
CA. T.R.Ashok  
Partner

For and On behalf of the board

sd/-  
Kumar Madan Raichand  
Managing Director

sd/-  
Devendra.P.Otavkar  
Director

**SANGUINE MEDIA LIMITED**

Regd. Office: No. 7, Rukmani Street, West Mambalam, Chennai- 600 033

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the 15<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held at the Registered Office of the Company situated at No. 7, Rukmani Street, West Mambalam, Chennai- 600 033 at 9 a. m. on 30<sup>th</sup> September, 2011.

NAME(S) OF THE SHAREHOLDER(S) (in block letters) : \_\_\_\_\_

NAME OF THE PROXY (in block letters) : \_\_\_\_\_

FOLIO NO. / CLIENT ID NO. : \_\_\_\_\_

DP. ID NO. : \_\_\_\_\_

SIGNATURE(S) IF SHAREHOLDER : \_\_\_\_\_

IF PROXY : \_\_\_\_\_

**NOTE:** No duplicate Attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Notice of AGM to the Meeting. Photo copies of the Attendance slips will not be accepted.

**SANGUINE MEDIA LIMITED**

Regd. Office: No. 7, Rukmani Street, West Mambalam, Chennai- 600 033

**PROXY FORM**

I/We \_\_\_\_\_ of  
(Place) \_\_\_\_\_ being a member/ members of  
Sanguine Media Limited under Folio No. / Client ID No. \_\_\_\_\_  
hereby appoint Mr. / Mrs. \_\_\_\_\_  
\_\_\_\_\_ of (Place) \_\_\_\_\_ failing  
him/ her Mr./ Ms. \_\_\_\_\_  
of (Place) \_\_\_\_\_ as my/our Proxy to vote for me/  
us and on my/our behalf at the Annual General Meeting of the Company  
to be held on Thursday, 30<sup>th</sup> September, 2011 or at any adjournment(s)  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Affix  
Revenue Stamp  
and sign across

**Note:** The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.