



Sanguine

Annual Report 2004 - 2005



SANGUINE MEDIA LIMITED

Chairman & Managing Director

Mrs. Anita

Non-Executive Director

Mr. B. Aravind, Director

Mr. M. Srinivasa Rao, Director

Mr. M. Rambabu, Director

Mr. C.V. Ravi, Director

Mr. P.S. Sundaram, Director

Company Secretary

Mrs. Hema Vijayakumar

Bankers to the Company

Oriental Bank of Commerce Ltd
T.Nagar, Chennai – 600 017.

Development Credit Bank Ltd

Auditors

V.S.Reddy & Co.
Chartered Accountants

Registrar and Share Transfer Agents

Cameo Corporate Services Ltd.
Subramanian Building,
No. 1, Club House Road, Chennai – 600 002.

Registered Office

151, Mambalam High Road,
T.Nagar, Chennai – 600 017.

SANGUINE MEDIA LIMITED**NOTICE TO SHAREHOLDERS**

To
The Members

NOTICE is hereby given that the Ninth Annual General Meeting of the members of SANGUINE MEDIA LIMITED will be held on, Thursday, 29th September 2005 at 11.00 A.M. at Nahar Hall, Deshbandhu Plaza, 47, Whites road, Royapettah, Chennai – 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To re-appoint Mr.P.S.Sundaram, Director, who retires by rotation, being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. V.S.Reddy & Co., Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as Auditors of the company to hold office until the conclusion of the next Annual General Meeting."

SPECIAL BUSINESS

4. TO BORROW MONEY IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES

To consider and if thought fit to pass with or without modification, as may be permissible the following resolution as an Ordinary Resolution.

"**RESOLVED THAT** in pursuance of the provisions of section 293(1)(d) and other applicable provisions of the Companies Act, 1956 consent be and is hereby accorded to the Board of Directors of the Company for Borrowing any sum or sums of money from time to time from any one or more of the company's Bankers or from any one or more other firms, parties, bodies corporate or financial institutions, persons individuals whether by way of cash credit, advances or deposit, loans or bill discounting or by way of guarantee or otherwise or in any manner and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the company's assets and properties whether movable or immovable and all or any of the undertakings of the company which (apart from temporary loans obtained from the company's Bankers in the ordinary course of Business) will or may exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserves not forming part of the reserves set apart for any specific purposes but so however, that the total amount up to which the monies may be borrowed by the Board of Directors and outstanding at any time shall not

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exceed a sum of Rs.15,00,00,000/- (Rupees Fifteen Crores only) exclusive of interest and the Directors are hereby further authorised to execute such deeds, debentures, debenture trust deeds or Mortgage, charge, Hypothecate, Lien, promissory notes, Deposit Receipts and other deeds and instruments in writing as they may think fit containing such conditions and covenants as the Directors may think fit."

"RESOLVED FURTHER THAT in pursuance of the provisions of section 293(1)(d) and other provisions of the Companies Act 1956 consent be and is hereby accorded to mortgage/charge by the Board of Directors of the Company of all the movable and immovable properties present and future and the whole of the undertaking of the company together with acceptance of such terms and restrictions as may be stipulated, to or in favour of the Company's bankers or in favour of any one or more other firms, bankers, Bodies Corporate or financial institutions, persons, individual to secure advances, deposits loans or financial assistance in any other form together with interest, commitment charges, costs and expenses pertaining thereto."

5. DELISTING OF COMPANY'S EQUITY SHARES FROM MADRAS STOCK EXCHANGE

To consider and if thought fit to pass with or without modification, as may be permissible the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, guidelines rules framed by SEBI in that behalf and subject to such consents, permissions or sanctions as may be required from any of the statutory authorities, stock exchanges etc., the Board of Directors of the Company be and are hereby authorised to seek voluntary de-listing of Company's Equity Shares from Madras Stock Exchange Limited."

"RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorised to settle all questions, difficulties or doubts as may arise with regard to the aforesaid voluntary de-listing of shares and as it may in its absolute discretion deem fit, without being required to seek any further approval of the members or otherwise for this purpose and intent and that the members shall be deemed to have given their approval expressly by the authority of this resolution. The Board of Directors be and are hereby authorised to take all necessary steps in this regard in order to comply with all legal and procedural formalities, and to further authorise any of its Committee or any of the Directors or Officers to do all such acts, deeds or things as may be necessary to give effect to the resolution."

6. TO ACQUIRE BUSINESS OF SIMILAR NATURE

To consider and if thought fit to pass with or without modification as may be permissible the following resolution as an **Ordinary Resolution**

"RESOLVED THAT subject to the provisions of the Companies Act 1956, and also to the provisions as contained in the Memorandum of Association of the Company, the Directors of the Company, be and are hereby authorised to acquire business,

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and to undertake the whole or any part of the business, property and liabilities of any person/persons or company carrying on similar business which the Company is authorised to carry on, provided it is not prejudicial to the current business of the Company."

By Order of the Board

Place: Chennai
Date : 13.08.2005

ANITA
Chairman & Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll, to vote instead of himself / herself and a proxy need not be a member of the Company. Proxies in order to be effective should reach the registered office of the Company at least 48 hours in advance for the commencement of the meeting.
2. The Register of members and the share Transfer Book of the Company will remain closed from 26TH September 2005 to 29th September 2005, both days inclusive.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956.**

Item No.4

The Directors of the Company are of the opinion that there is a requirement to

Borrow funds in order to support their upcoming projects and also to venture into new projects in the future. The amount so required by them could exceed the statutory limit as laid down in the Companies Act, 1956 i.e money to be borrowed together with the money already borrowed should not exceed aggregate of paid-up-capital and its free reserves, that is reserves not set apart for the specific purpose. As a result the Board decided to put forth the proposal before the shareholders in order to get their consent in the above proposal.

None of the directors are interested in the above resolution.

Item No.5

As the members are aware, presently the Company's Equities are listed in the following Stock Exchanges of India:

1. The Stock Exchange, Mumbai (BSE)
2. The Madras Stock Exchange

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With wide and extensive networking of the centers of BSE, the investors have access to on-line dealings in the Company's securities across the country.

The trading volumes of the company's equity shares on the Madras Stock Exchange was nil. The continued listing on the said stock exchange is not considered necessary. Therefore, the Board of Directors at its meeting held on .24.06.2005 has decided to apply for voluntary delisting of the Company's share from the said Madras Stock Exchange.

The proposed voluntary delisting of the Company's Equity shares from the said Stock exchange will not adversely affect any investors including the members located in the region where the said Stock Exchange is situated. Pursuant to the SEBI (Delisting of Securities) Guidelines 2003, it is now proposed to seek the members' approval by way of special resolution for the voluntary delisting of the Company's Equity shares from the said stock exchange set out in the resolution at Item No.5, in terms of the said Guidelines, as the company's Equity share shall continue to remain listed in BSE, no exit option is required to the offer to the shareholders.

The proposed delisting is in the interest of the Company and the Board commends the resolution for acceptance by the members.

None of the Directors of the Company is concerned or interested in the above resolution

Item No.6

The directors of the Company are looking forward to expand their business in the similar field of media and entertainment. The directors are looking forward to acquire businesses of similar nature in this direction. The directors are also conscious that such acquisition is not detrimental to the new business and the shareholders of the company.

None of the Directors other than the incumbent are interested in the resolution.

SANGUINE MEDIA LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005**

Dear Shareholders,

Your Directors have great pleasure in presenting this Annual Report with the Audited accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

Particulars	Year ending 31.03.2005 (Rs.)	Year ending 31.03.2004 (Rs.)
Profit (Loss) before, Depreciation & Tax	3,017,732	910,760
Depreciation	383,650	357,852
Profit (loss) before Tax	2,634,082	552,908
Provision for Taxation	39,946	55,895
Profit (Loss) after tax	2,594,136	497,013
Balance Brought forward	(6,597,777)	(7,094,790)
Balance Carried to Balance Sheet	(4,003,641)	(6,597,777)

PERFORMANCE REVIEW

The Total Revenue increased from Rs.167.95 Lacs in 2003-04 to Rs.342.46 Lacs in 2004-05. The prospects of your Company shows a brighter future as a result of which the directors are confident that it would do even better in the coming years.

DIVIDEND

No dividend is being recommended for the year ended 31st March, 2005.

DIRECTORS

Mr. P.S.Sundaram is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr.C.P.Jyoti Kumar and Mrs.B.Ramadevi , the two Directors of the company resigned as Directors with effect from 1st December 2004 and 27th January, 2005 respectively.

Mr.M.Srinivsa Rao and Mr.M.Rambabu the two directors of the Company, liable to retire by rotation, pursuant to Article 85 of the Articles of Association of the Company do not offer themselves for re-appointment.

AUDITORS

M/S. V. S. Reddy & Co, Chartered Accountants retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for reappointment.

SANGUINE MEDIA LIMITED**AUDIT COMMITTEE**

As required under the provisions of Section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee.

PUBLIC DEPOSIT

The company has not accepted any deposit from the public during the year under review.

LISTING

The Shares of your company are presently listed in Chennai & Mumbai Stock Exchanges. The Company is already in the process of de-listing its shares from the Hyderabad Stock Exchange. The Company also proposes to de-list the shares from the Madras Stock Exchange.

DEMATERIALISATION OF SHARES OF THE COMPANY

Your Company has joined the Depositories with National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL). The Shareholders may dematerialise their shares under ISIN – INE 617F01012.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance is annexed as annexure to this report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Disclosure of particulars with respect of the provisions of Section 217(1)(e) of the Companies Act, 1956 and also required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 for the Year ended 31st March 2005.

Foreign Exchange Earnings / Outgo during the Year (Rs.) : Nil

Electrical Energy Consumed during this year (units) : Nil

Coal / Furnace Oil / Other energy (units) : Nil

Particulars with respect to Technology Absorption

Research and Development : Nil

Technology Absorption, Adaptation, and Innovation : Nil

PARTICULARS OF EMPLOYEES

None of the employees received remuneration during the year in excess of the limits specified under section 217(2A) of the Companies Act, 1956.

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DIRECTORS RESPONSIBILITY STATEMENT

We, the Directors of Sanguine Media Limited confirm the following:

- (i) Annual Accounts have been prepared in consonance of the applicable accounting standards.
- (ii) Accounting policies–Selection and Application by Directors are consistent and prudent so as to give a true and fair view of the Accounts of the Company.
- (iii) Proper and sufficient care has been taken by them for maintenance of proper accounting Records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for detecting frauds and other irregularities.
- (iv) Accounts are prepared on a going concern basis.

ACKNOWLEDGEMENT

The Directors are grateful for the co-operation and assistance extended by all the Authorities and wishes to place on record their thanks.

By Order of the Board

Place : Chennai
Date : 24.06.2005

ANITA
Chairman & Managing Director

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SANGUINE MEDIA LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

In India where 72% of the population is rural, television represents the principle link with the outside world. 48% of the population in the country is illiterate and the television serves the role of friend, people can spend time with. This explains why television is so popular commanding the highest mind share among consumers /cutting across rural – urban class divides.

India's television is universally acknowledged as the most dynamic media accounting for not less than 55% of India's entertainment industry in 2005. It is expected to play a driving role in the entertainment industry growth from Rs.222 Billion in 2005 to Rs.588 Billion in 2010 and emerging as Rs.371 Billion segment much of this is not expected to come from India's saturated urban market but its vastly under-penetrated rural market.

The year witnessed that the mass entertainment has consistently emerged as leader in the entertainment segment. At Sanguine we see there is growth, driving the entertainment business in two ways; there has been a rise in the purchase of Televisions in the households of the low and middle class consumers thereby accelerating cable connectivity and market for entertainment.

2. OPPORTUNITIES AND THREATS

With the average Indian getting younger and more likely to spend on non- essentials, the entertainment industry has the potential to grow rapidly over the future. Over the next few years Sanguine's scale, revenue and influence could well come from the area of the industry where it presently or prospectively has least influence technology.

Technology has already being absorbed in other countries but is yet to become reality in India. With the introduction of BTH & IP-TV the new distribution channels the demand for premium / alternate content will increase and this is expected to spurt growth of new genres such as education, teen-age entertainment and matured content.

We foresee an increase in the consumerism as being closely centered to an increase in advertisement spending, much of that allocation being accounted for by the television. Large proportion of that advertisement is being diverted towards mass entertainment. As a result we see ourselves as an indirect proxy for consumer boom in India.

With new players entering the market every day, opportunities are widespread, particularly, in the field of producing tele serials that captures a major segment of the public. However, as all vie for the prime slots, production and marketing rights, the one with the best resources and offers will emerge as the winner.

3. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The Company has highly motivated dynamic team with several man-years of media, marketing and management experience. Sanguine is emerging as leading integrated media player driving in to various channels and making our programs, better and better.