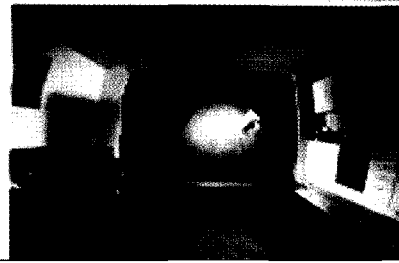
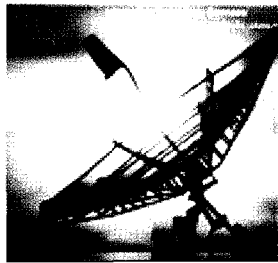


# Annual Report 2005 - 2006



# Sanguine





# **SANGUINE MEDIA LIMITED**

## **BOARD OF DIRECTORS**

**C.V.RAVI**, Chairman

**P.S.SUNDARAM**

**P.V.R MURTHY**

**V.S.SUNDARARAJAN**

**B.ARAVIND**

## **Company Secretary**

Hema Vijayakumar

## **Registered Office**

2nd Floor, Sri Ranga Apartments,  
151, Mambalam High Road  
T.Nagar, Chennai 600 017

## **Share Registrars**

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

## **Auditors**

**V.S.Reddy & Co.**

Chartered Accountants

## **Web Site**

[sanguinemedialimited.com](http://sanguinemedialimited.com)

## **Bankers**

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



## NOTICE

NOTICE is hereby given that the TENTH Annual General Meeting of M/s. SANGUINE MEDIA LIMITED will be held on Saturday, the 19<sup>TH</sup> AUGUST, 2006 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 Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006 and the Balance Sheet as at that date and the Report of the Auditors' thereon.
2. To appoint a Director in the place of Mr.B.Aravind, who retires by rotation, and being eligible offer himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration. M/s. V.S.Reddy & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

### SPECIAL BUSINESS

1. To appoint Mr.P.V.R.Murthy as a director on the Board and pass the following resolution, with or without modification as an ordinary resolution:  
 "RESOLVED THAT Mr.P.V.R.Murthy who was appointed as an additional director during the year be and is here by appointed as a director liable to retire by rotation."
2. To appoint Mr.V.S.Sundararajan as a director on the Board and pass the following resolution, with or without modification as an ordinary resolution:

"RESOLVED THAT Mr.V.S.Sundararajan, who was appointed as an additional director during the year be and is here by appointed as a director liable to retire by rotation."

3. To appoint Mr.C.V.Ravi as a Whole-time Director

"RESOLVED THAT pursuant to the provisions of section 198,269,309,310,Schedule XIII and other applicable provisions of the Companies Act, 1956, the consent of the members be and is hereby accorded for the appointment of Mr.C.V.Ravi as Whole-time Director of the Company for a period of Five years at a consolidated salary of Rs. 1,00,000/-per month with effect from 19.08.2006."

"RESOLVED FURTHER that the board of Directors of the Company be and is hereby authorized to vary and / or alter the terms of the appointment subject to the limits of Schedule XIII of the Companies Act, 1956 and according to the rules of the Company from time to time."



#### 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 either by way of cash credit, advances or deposit, loans or bill discounting or by way of guarantee or otherwise or in any manner, 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 exceed a sum of Rs. 20,00,00,000 (Rupees Twenty crores only) exclusive of interest and the Directors are hereby further authorized 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. To issue Non Convertible Debentures

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

**RESOLVED THAT** pursuant to section 81 and other applicable provisions, if any, of the Companies Act, 1956 and relevant provisions of the Memorandum and articles of association of the Company and the listing Agreement entered into by the Company with the Chennai and Bombay Stock Exchange Limited and subject to any necessary



approvals, consents, permissions and / sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them, institutions or bodies and subject to such conditions as may be prescribed by any such approval, consent, permission or sanction, the consent and authority of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to issue / offer and allot non convertible debentures with or without warrants (herein after referred to as "Securities") for an aggregate amount not exceeding **Rupees Five Crores** for cash or in Kind, to the Promoters / Directors, their Friends, Associates and relations and associates/ Group companies, members, employees, Non resident Indians, Indian public / Overseas Corporate Bodies, International Institutions, Foreign investors, Foreign Institutional Investors, Companies, Banks, Mutual funds, Financial Institutions, other entities, persons as may be allowed under applicable regulations and to such persons and on such terms and conditions as the Board may deem fit

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI /GOI / RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.

**6. To issue shares under employee stock option scheme.**

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India (Employees Stock Option Scheme and employees stock purchase scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re- enactment to the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and the Listing Agreements entered into by the Company with the stock exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any conditions and modifications as may be prescribed or imposed by such authorities while granting such approvals permissions and sanctions and which may be agreed to and accepted by the board of directors of the Company (herein after referred to as "the Board" which term shall include any "Employees Stock Option Compensation Committee of the Board) consent of the Company be and is hereby accorded to the Board to grant , offer, and issue, in one or more tranches, to such employees of the Company whether working in India or out of India and Directors of the Company whether Wholtime Directors or otherwise (herein after collectively referred to as "Employees") as may be decided by the Board, options exercisable by the Employees under a scheme titled ESOP scheme-2006 (herein after referred to as " the Scheme") to subscribe to such number of equity shares and/ or equity linked instruments which could give rise to the issue of equity shares (herein





after collectively referred to as "Securities") of the Company not exceeding in aggregate 5% of the issued, subscribed and paid-up equity shares of the Company as on March 31<sup>st</sup>, 2006 i.e., upto 2,69,000 equity shares, at such price and on such terms as may be determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time.

RESOLVED FURTHER THAT the board be and is hereby authorized to formulate, evolve, decide upon and to bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s), or revision(s) in the terms and conditions of the scheme from time to time including but not limited to amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria, or to suspend, withdraw, terminate or revise the ESOP scheme 2006

RESOLVED FURTHER THAT the Securities may be allotted in accordance with the Scheme either directly or through trust or a trust which may be set up in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe securities of the Company.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank paripassu with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted under the Scheme on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or expedient and to settle any questions, difficulties, or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company in this regard.

Chennai

By Order of the Board of Directors

29th June 2006

**Ms.Hema Vijayakumar**  
Company Secretary



### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. (Proxy form is annexed herewith). The proxy form duly completed must be sent so as to reach the Company, not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, the 16<sup>th</sup> August 2006 to Wednesday, the 19<sup>th</sup> August 2006 (both days inclusive).
3. Members attending the meeting are requested to complete and bring the attendance slip enclosed with the Annual Report and hand over the same at the entrance of the meeting hall, duly signed.

### EXPLANATORY STATEMENT :

#### ITEM NO.1

The Board of Directors appointed Mr.P.V.R.Murthy as an additional director at their meeting held on 28.10.2005 pursuant to Article 85 of the Articles of Association and holds office until the date of this annual general meeting. Mr.P.V.R.Murthy being eligible offers himself for appointment at the meeting. Notice, along with a deposit of Rs.500/- as required by section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. P.V.R.Murthy as a director of the Company, Mr. P.V.R.Murthy has filed with the Company his consent, pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director if appointed. Therefore the Board proposes his appointment as a Director retiring by rotation.

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

#### ITEM NO.2

The Board of Directors appointed Mr.V.S.Sundararajan as an additional director at their meeting held on 28.10.2005 pursuant to Article 85 of the Articles of Association and holds office until the date of this annual general meeting. Mr. V.S.Sundararajan being eligible offers himself for appointment at the meeting. Notice, along with a deposit of Rs.500/- as required by section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. V.S.Sundararajan as a director of the Company, Mr. V.S.Sundararajan has filed with the Company his consent, pursuant to the provisions of Section 264(1) of the Companies Act, 1956 to act as Director if appointed. Therefore the Board proposes his appointment as a Director retiring by rotation.

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

**ITEM NO.3**

In recognition of invaluable contribution to the Company's growth and business strategies the Board proposes to appoint Mr.C.V.Ravi as Whole-time Director of the Company for a period of Five years at a consolidated salary of Rs. 1,00,000/-per month with effect from 19.08.2006. The proposals placed for the approval of shareholders.

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

**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, to buy assets 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 i.e., 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 resolution.

**ITEM NO.5**

The Directors propose to issue unsecured redeemable non-convertible debentures on private placement basis for an aggregate amount of Rupees Five Crores for acquiring business/ restructure existing debt. Accordingly the ordinary resolution set out under above is submitted for approval of members.

None of the Directors are interested in the resolution.

**ITEM NO.6**

Stock option have long been recognized as an effective instrument to attract talent and align the interest of employees with those of the Company and its shareholders providing an opportunity to employees to share the growth of Company and to create long-term wealth in the hands of employees. Stock options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value. The main objective of the scheme is to give employees who are performing well, an opportunity to gain from the Company's performance, there by acting as a retention tool and to attract best talent available in the market.





The employee reward through this mechanism has been well tested over a period of time.

The Board of Directors of the Company (herein after referred to as "the Board" which term shall include any "Employees Stock Option Compensation Committee of the Board") is now considering to reward such employees of the Company whether working in India or out of India and Directors of the Company whether Wholetime Directors or otherwise (herein after collectively referred to as "Employees") as it may decide from time to time through this mechanism.

The following is the explanatory statement, which sets out the various disclosures as required by clause 6 of the Securities & Exchange Board Of India (Employee stock option scheme and Employee Stock purchase scheme) Guidelines, 1999 (here in after referred to as "the Guidelines").

The salient features of the ESOP Scheme as under:

**(A) Total number of options to be granted**

The options to be granted under this scheme shall not result in issue of equity shares exceeding 5% of the issued, subscribed and paid up share capital of the Company as on 31<sup>st</sup> March, 2006 i.e upto 2,69,000 shares.

**(B) Identification of classes of employees entitled to participate in the ESOP**

Such employees, including directors, of the Company as may be decided by the Board, from time to time, will be entitled to participate in the Scheme.

Under the prevailing guidelines an employee who is a promoter or belongs to the promoter group will not be eligible for grant of options under this scheme. A Director, who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity share capital of the Company will also not be eligible for grant of options under this scheme.

The options granted under this Scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**(C) Requirements of vesting, period of vesting and maximum period of vesting**

There shall be a minimum period of one year between the grant of options and vesting of options. The maximum vesting period may extend up to 4 yrs from the date of Options, unless otherwise decided by the Board. The vesting shall happen in one or more tranches as may be decided by the Board.



**(D) Exercise price or pricing formula**

The exercise price for the purposes of the grant of option shall be the 'market price' within the meaning set out in the Guidelines i.e., the latest available closing price, prior to date when options are granted on that stock exchange where there is highest trading volume on the said date.

**(E) Exercise period and the process of exercise**

Exercise period will commence from the vesting date and will expire not later than seven years from the date of grant of option or such other period as may be decided by the Board

The option will be exercisable by employees by a written application to the designated officer of the Company, in such manner, and on execution of such documents, as may be prescribed by the Board.

The options will lapse if not exercised within the exercise period or such extended period as may be prescribed by the Board.

**(F) Appraisal process for determining the eligibility of employees to participate in the ESOP scheme**

The Company has a formal performance appraisal system established wherein the performance of the employees is assessed each year on the basis of various functional & managerial parameters. The appraisal process is revised at regular intervals in line with emerging global standards.

Employees would be granted options based on performance linked parameters such as work performance, technical knowledge, period of service, designation and such other parameters as may be decided by the Board from time to time.

The Board may at its discretion extend the benefits of the Scheme to a new entrant.

**(G) Maximum number of options to be issued per employee and in aggregate**

The number of option that would be granted to an employee under that scheme shall be decided by the Board. However, options to be granted to a single employee shall not result into equity shares exceeding 0.5% of the issued, subscribed and paid up equity shares of the Company as on March 31<sup>st</sup>, 2006.

The aggregate of all options to be granted under this scheme shall not exceed 5% of the total issued, subscribed and paid up equity share capital of the Company as on March 31<sup>st</sup>, 2006 i.e. 2,69,000 options