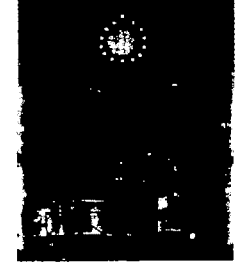
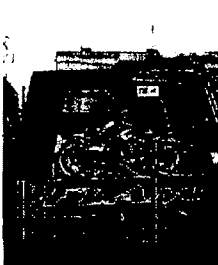
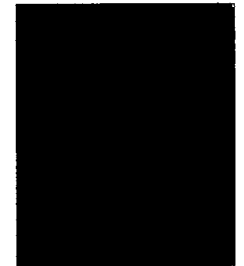
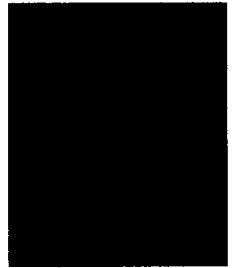




Annual Report 2007-2008



Report Junction.com



SANGUINE MEDIA LIMITED

— I BOARD OF DIRECTORS I —

D.V. Vinod
Managing Director

C.V. Ravi
Wholetime Director

Directors

P.S. Sundaram

P.V.R. Murthy

V.S. Sundararajan

Hema Vijayakumar
Company Secretary

Registered Office

151, Sri Ranga Apartments, 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

Adisekhar Reddy & Co.,
Chartered Accountants

Bankers

The Honkong and Shanghai Banking Corporation Limited (HSBC)
76 Radhakrishnan Road,
Chennai-600086

www.sanguinemediaimited.com



NOTICE

NOTICE is hereby given that the **Twelfth** Annual General Meeting of M/s. SANGUINE MEDIA LIMITED will be held on Thursday the 18th SEPTEMBER 2008 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 as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. P.V. R. Murthy who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. V.S. Sundararajan who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration, M/s. Adisekhar Reddy & Co. Chartered Accountants, the retiring Auditors are eligible for re-appointment.

By Order of the Board of Directors

Chennai
25th July, 2008

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 Monday, the 15th September, 2008 to Thursday, the 18th September, 2008 (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.

Information about Appointment/Re-appointment of Directors:

1. Mr.P.V.R.Murthy, aged 55 holding Fellowship in the Institute of Chartered Accountants of India, has to his credit a degree of Law and Masters Degree in Business Administration. His experience as a member in the senior level management of Manufacturing Companies ranges to 22 years and as an investment Banker in financial service sector is about 12 years. He also holds directorship in Birla Power Solutions Limited and Khamgaon Syntax India Limited.
2. Mr. V.S. Sundararajan, aged 63 years, is a person having an experience of 28 years in the field of animation and multimedia. He is a science graduate with B.Tech as his credentials. He has the experience of handling of large project for major studios in Hollywood.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the year-ended 31st March 2008.

FINANCIAL HIGHLIGHTS

PARTICULARS	2007-08 Rs in Lacs	2006-07 Rs. in Lacs
Profit/(Loss) before depreciation & Tax	484.20	353.56
Add /(Less): Depreciation	146.76	47.68
Preliminary expenses written off	—	—
Profit/(Loss) before Tax	337.44	305.88
Provision for Taxation (Current)	55.00	46.00
Deferred Tax	51.01	79.78
Profit / (Loss) after Tax	231.43	180.10
Earlier years' Profit brought forward	249.37	69.27
Balance carried forward to Balance Sheet	480.80	249.37
Earnings Per Share	3.28	2.56

Business Performance

The overall sales turnover of your Company for the period under review stood at Rs.1812.67 Lacs. The Company's profit before tax for the year grew to Rs.337.44 lacs as compared to Rs.305.88 in the previous year. Your Company has appropriate plans to sustain and improve the turnover and profitability.

SHARE CAPITAL

Pursuant to Section 81 (1) of the Companies Act, 1956, the Board of Directors proposed for rights issue of 70,50,000 Equity Shares (in the ratio 1:1) at the Board Meeting held on 7.12.2007. Your company has filed Draft Letter of Offer for "Rights Issue" with SEBI, BSE & MSE and is awaiting approval for the same.

DIVIDEND

With a view to conserve the resources and to be profitably deployed in projects, the Directors are unable to recommend the dividend for the year. The Directors are confident that this step will enhance value in future.

DIRECTORS

In accordance with Section 255 of the Companies Act, 1956 and Article 85 of the Articles of Association of the Company Mr. P.V.R. Murthy and Mr. V.S. Sundararajan, Director, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.



Mr. B. Aravind resigned from his Directorship during the year. He played a significant role for the growth of the Company. The Board wishes to place on record its grateful appreciation for the valuable services rendered by him during his tenure as Director of the Company and wish him well in future.

AUDITORS

The Company's Statutory Auditors, M/s. Adisekhar Reddy & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDIT COMMITTEE

The Company has an audit committee duly constituted as per the provision of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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 Madras Stock Exchange and Bombay Stock Exchange.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with stock exchanges, a report on corporate governance is annexed hereto and forms part of this report. A certificate from M/s. Adisekhar Reddy & Co. Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance stipulated by the Stock Exchanges is annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the listing agreement the Management Discussion and Analysis Report is annexed hereto and forms part of this report.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be furnished in this report under section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable for the year under review.



RELATION WITH EMPLOYEES

Relationship with employees continued to remain cordial throughout the year under review. The Company firmly believes in the commitment and loyalty of the employees to participate in the growth of the Company. Your directors place on record and acknowledge the commitment and dedication displayed by all the employee during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

(Pursuant to Section 217 (2AA) of the Companies Act, 1956)

The Board of Directors of M/s. Sanguine Media Limited confirms that:

- ❖ In the preparation of the Profit & Loss Account for the financial year ended 31st March, 2008 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed.
- ❖ Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company.
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ❖ The financial statements have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to the Company's Bankers for their assistance and co-operation extended to the Company. Your Directors' also appreciate the contributions made by the business associates and employees towards the good performance during the year.

Place : Chennai

Date : 25.07.2008

FOR AND ON BEHALF OF THE BOARD

D.V. Vinod
Managing Director



MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

OVERVIEW

Sanguine is operating into two major segments – TV Media and Direct Marketing operations, especially Rural Marketing operations. The company also carries out marketing operations in urban areas also which include even management and a host of marketing support services.

In T.V media the company acquires quality content through contract production for telecast in leading channels catering all the major segments of the consumers and generates revenues through Ads. Further the company has started buying T.V. content software of regional languages to be dubbed and exploited in other regional and national channels.

Sanguine has marketed more than 2000 episodes and continues to market more Daily serials on Prime Television networks of southern India. A core team is positioned across the Country to facilitate the best possible marketing support.

In Direct Marketing Activities, the company has a van christened as Samrat put into use to advertise multiple brands in location where mass communication reach is not effective. It is companies pride to speak of Samrat as “India’s first customized designed vehicle for mobile product marketing and brand promotion” especially aimed at facilitating penetration of rural markets.

Sanguine have dealt in advertisements of various products from branded Companies such as Nestle, Samsung, TVS Scooty and TVS Apache, Parachute Oil and Marico, Next Home Appliances, Chik Shampoo, Intel. The Branded products were advertised through Mobile Kitchen, Major Malls, Road Shows in shandy markets, Apartments / Stall Promotions, Wall paintings, etc.

Besides, the above your Company has dealt with service industry like Tata Sky, ICICI Bank, Airtel, LIC through Road Promotions and Activities.

These advertising and promotion programmes have been conducted at various places across South India, not only focusing on Urban and semi urban areas but also the Rural areas as rural market is also much bigger in the contribution of consumption of various products with the changing aspirations and life style of the people. Consumers being the King of the market, it has become very important for the industry to create awareness of the products amongst them to sell its products. A large amount is being spent in Ads which is rapidly increasing year by year. Specialized marketing and sales promotion techniques are being adopted. The company has got immense potential to progress rapidly and is confident of achieving growth in the coming years.

Sanguine has thus successfully attempted and succeeded tremendously in South India ensuring the integration of a Brand or Corporate identity into the event, so that, “the event is much more than a logo on asset or the Invite”.

Event Management is also a part of marketing and brand building activities of the company in urban centre.

In print media the company operates in semi – urban areas/towns syndicating localized advertisements for newspapers from super stores, restaurants and big corporate focusing on segment wise promotion.

INDUSTRY SCENARIO AND FUTURE

The Indian entertainment and media industry is one of the growing sectors in India. Amongst the segment of entertainment and media industry T.V. industry segment will continue to contribute the largest share in the coming years. The T.V. industry is expected to grow from the present size Rs.19,100 crores to Rs.51,900 crores by 2011 implying 22% cumulative annual growth over the next five years. The T.V. distribution ensures projected increase in next five years by 20%. The Television advertising industry is expected to benefit from the



above growth. It is estimated to grow by 12 to 14% in the next year and by 14% compounded over the next five years. The relaxation of uplinking guidelines for the news and current affairs channels have added to the have contributed to growth of the industry

The potential of rural marketing is immense. The rising purchasing power and changing consumption pattern holds a lot of promise for FMCG producers, durable good producers and a host of services providers. The Indian rural market is very vast and is nearly three times of the urban areas. The increasing spending power in villages provides immense opportunity for corporate to expand their markets. Moving products and services to the rural areas create satisfaction and better standards of living which are the goals of the advertising organization.

Event management today is more professionalized and organized than what it was a few years back. The entry of MNC's has added to the fast development of the industry. Event management is considered as better communication medium to reach target audience directly and quickly.

RISKS THREATS AND RISK MANAGEMENT

Sanguine's major revenue is from TV Ads. With the increasing number of channels there is high competition among the channels for audience viewer ship and ad revenues. This has direct implication to the company's revenue.

Sanguine has eminent panel of highly experienced media people to advise, to meet the changing viewers requirements. By also adopting to Brand marketing than individual program marketing, the dependence on the performance of a single program is reduced.

Changing methodologies in Rural Marketing would require the company to be very adaptive to remain competitive.

Sanguines with its experience in rural marketing has designed a range of unique concepts for reaching and communicating brand message in the heterogeneous markets. The message will be communicated in a personalized local format to match the local perceptions.

INTERNAL CONTROLS & SYSTEMS

The company has adequate internal control system and procedures to ensure that assets and interests are safeguarded. Audits are conducted by the internal auditors to review the adequacy and effectiveness of internal controls and suggests improvement. The Audit committee interacts with the Statutory Auditors to seek their observation in financial reports and controls.

HUMAN RESOURCE MANAGEMENT

People are the central to the Company's performance and growth and are the Organization consistently values the contribution and involvement of employees. The Company has a comprehensive H.R. strategy aligned to the business strategy and all people process are designed to achieve the strategy. The Company values human resources as one of its most important assets. The Human resource systems promote co-operation and innovation within the employees and flexibility to keep current with human needs.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental / related factors.