

Annex 1 . . .

SANGUINE MEDIA LIMITED

CERTIFIED TRUE COPY

SANGUINE MEDIA LTD.

P. Otaekom
Directors / Authorised Signatory

ANNUAL REPORT

2010-2011

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Kumar Raichand Madan	Managing Director
Devendra Otavkar	Executive Director
Dhires 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

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 **26th September 2011 to 28th 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 31st March, 2011.

FINANCIAL RESULTS

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

(Rupees in Lacs)

Particulars	Year Ended 31.3.2011	Year Ended 31.3.2010
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 31st 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.