

# SANGUINE MEDIA LIMITED

ANNUAL REPORT

2011-2012

# **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**

3 C, Sagas Manor, 1A, 3<sup>rd</sup> Street, B.N.Road, T. Nagar, Chennai-600 017

Tel No.: 044-28150595, 044-42048324  
Fax : 044-42048326

## **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

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## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of Sanguine Media Limited, will be held at the Registered Office of the Company situated at 3 C, Sagas Manor, 1A, 3<sup>rd</sup> Street, B.N.Road, T. Nagar, Chennai-600 017 on 29<sup>th</sup> September, 2012, 2012, at 10.00 a.m., to transact the following:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, 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. Devendra Prabhakar Otavkar, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Ami Motta, who retires by rotation, and being eligible offers herself for re-appointment.
4. **To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modifications, 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."

Place: Chennai

Date: 01<sup>st</sup> September, 2012

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

## 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 and such proxy need not be a member of the Company.

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. Members/Proxies attending the meeting should bring their copy of Annual Report to the meeting along with the duly filled in Attendance sheet.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing 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 Saturday /Sunday & Public Holidays, between 10.00 a.m. to 1.00 p.m. up to 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, 2012 to 28<sup>th</sup> September, 2012 (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.

Place: Chennai

Date: 01<sup>st</sup> September, 2012.

**By Order of the Board**

sd/-

**Kumar Raichand Madan**

*Managing Director*

## DIRECTORS REPORT

To,  
The Members,  
SANGUINE MEDIA LIMITED  
Chennai.

Your Directors are pleased to present their Sixteen 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, 2012.

### FINANCIAL RESULTS

The financial performance of your Company for the year ended March 31, 2012 is summarized below:

(Rupees in Lacs)

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Sales	7443.00	869.94
Expenses	7171.28	827.02
Operating Profit	271.72	42.92
Less Finance Charges	0.73	8.94
Profit/(Loss)Before Depreciation & Tax	270.99	33.98
Less: Depreciation	259.22	261.66
Profit/(Loss) before Tax	11.77	(227.68)
Less: Deferred Tax	0	154.39
Profit/(Loss) after Tax	11.77	(382.08)

### YEAR IN RETROSPECT

During the year, your Company has focused on Shares & Securities activities, whereby there has been substantial increase in revenue, though it still deals in media products.

A range of initiatives were undertaken by the Company to maximize revenue generation in the sluggish economy.

During the year under review, the Company achieved a turnover of Rs. 7441.47 lacs from Share trading & Interest Income and Rs.1.53 lacs from sale of media products. However, by having a tight control on expenses and cost, the Company has made a modest profit of Rs. 11.77 lacs (previous there was loss of Rs. 382.07).



Your Directors are hopeful that in the current year there will be substantial growth in its business operations.

#### **DIVIDEND**

The Board of Directors does not recommend any Dividend for the year under review.

#### **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.

#### **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 holds office until the conclusion of the ensuing Annual General Meeting and is 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. Devendra Prabhakar Otavkar and Ms. Ami Motta, Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself/herself for re- appointment.

## **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 2011-2012, your Directors confirm the following:

- a In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012 applicable accounting standards have been followed along with proper explanation relating to material departures.
- b 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.
- c 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.
- d 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.

## 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.

## LISTING

The Shares of your Company are presently listed on

- A Madras Stock Exchange Limited and
- B Bombay Stock Exchange Limited.

The Company has paid the listing fees for the current financial year to Bombay Stock Exchange.

## 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 authorities and other stakeholders including viewers, producers, vendors, Financial Institutions, Banks, investors and service providers.

Place: Chennai

Date: 01<sup>st</sup> September, 2012.

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

## 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.

The Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, the Company has been upholding fair and ethical business and corporate practices and transparency in its dealing and continuously endeavors to review strengthen and upgrade its system and procedures so as to bring in transparency and efficiency in its various business segments.

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.

#### 1) 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. CSR means accountability & transparency to its stakeholders & employees, and as a prerequisite to conducting business in a responsible manner.

#### 2) 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

### 1) Board of Directors

The Board of directors of the Company is composed of committed persons with considerable experience in various fields. The Board is constituted as per Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the Companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on 31<sup>st</sup> March, 2012 have been made by the Directors. The Chairman of the Board is Executive Promoter Director and 50% of the Directors are Independent Directors.

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 Directorships	Number of memberships on other Board Committees	
				As Chairman	As Member
1	Kumar Raichand Madan	Executive Director and Managing	2	NIL	1
2	Vanraj Dadbhai Kahor	Non Executive	8	NIL	2
3	Dhiresb Uttamchand Munver	Non Executive Indepe	1	NIL	1
4	Ami Jigar Motta	Non-Executive Indepe	NIL	NIL	NIL
5	Devendra Prabhakar Otavkar	Executive Director	NIL	NIL	NIL



## 2) Board Meeting Details

4 Board Meeting were held during the financial year 2011-12, after giving appropriate notice. Agenda papers of the Board Meetings are duly circulated among the Board Members well in advance of each meeting.

Date of Board Meeting	Business Transacted
13.05.2011	March 2011 Audited Results
15.08.2011	June 2011 Quarterly Results
14.08.2011	September 2011, Quarterly Result
01.08.2011	Approval of Accounts and Notice for Annual General Meeting
11.02.2012	December 2011 Quarterly Result

Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board. The Board periodically reviews compliance reports of all the laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any. In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board members and senior management of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and the Board Meetings, mentioned hereinabove, held during the financial year 2011-12 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)	3/7/2010	4	Yes
2	Vanraj Dadbhai Kahor	Non- Executive Independent Director	31/3/2010	4	Yes
3	Dhiresb Munver	Non- Executive Independent Director	3/7/2010	4	Yes
4	Ami Motta	Non-Executive Independent	3/7/2010	3	Yes
5	Devendra Prabhakar Otavkar	Executive Director	31/3/2010	4	Yes

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.

**1. Post- meeting internal communication**

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

**2. Directors retiring by Rotation**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Devendra P Otavkar 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 RE-APPOINTED DIRECTORS:**

Name of Director	Mr. Devendra P Otavkar
Designation	Non-Executive Director
Names of public Limited Companies in which Director is holding Directorships	NIL
Experience	Business Development (8 years)
Qualification	B.Com

**3 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 2012, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place: Chennai  
Date: 01 September, 2012

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

### **COMMITTEES OF THE BOARD**

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

1. Audit Committee
2. Remuneration Committee
3. 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, 2012, the Board reconstituted its Audit committee under the chairmanship of Ami Motta, Independent Director of the Company.

##### **The Audit Committee assists the Board**

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

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 are mentioned below:

### Composition & Meetings:

As on March 31, 2012, the Audit Committee of the Company comprises of three directors, of which two 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 2012, 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
Ami Motta	Non-Executive Independent Director	Chairman	4
Kumar R Madan	Executive Director	Member	4
Devendra P Otavkar	Non-Executive Independent 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 4 times during the year ended 31<sup>st</sup> March 2012, 13/05/2011, 15/08/2011, 14/11/2011 & 11/02/2012, 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

1. Frame the Company's policies on Directors/ Employees with the approval of Board.
2. Make recommendations to the Board in respect of appointment/ re-appointment of Directors.
3. Recommend the compensation payable to the Directors.
4. Approve promotions/ salary revision of Members of Operating Council.
5. Review of HR Policies/ initiatives and senior level appointments.

### Composition of the Committee

Name of the Member	Category	Chairman / Member
Mr. Dhires U Munver	Non-Executive Independent Director	Chairman
Mr. Kumar R Madan	Executive Director	Member
Mr. Vanraj D Kahor	Non-Executive Independent 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 or remuneration were paid to either of the Executive/Non-Executive Directors.

## **III. Shareholders/ Investor Grievance Committee**

The Board has constituted the Shareholders and Investors Grievance Committee. Terms of reference

1. To scrutinize and approve registration of transfer of shares/ debentures/ warrants issued/ to be issued by the company
2. To exercise all power conferred on the Board of Directors under Articles of Association
3. To decide all question and matters that may arise in regard to transmission of shares/ debentures/ warrants issued/ to be issued by the Company.
4. To approve and issue duplicate shares/ debentures/ warrants certificates in lieu of those reported lost.
5. To refer to the Board and any proposal of refusal of registration of transfer of shares/ debentures/ warrants for their consideration.
6. To look into shareholders and investors complaints like transfer of shares, non – receipt of declared dividends, etc, and
7. To delegate all or any of its power of Officers/ Authorized signatories of the Company.

#### Composition

The Shareholders Grievance Committee consists of Mr. Devendra Otavkar, Independent Director as Chairman, Mr. Vanraj D Kahor, Independent Director and Mr. Kumar R Madan, Managing Director of the Company as Members of Shareholders Grievance Committee.

The constitution and terms of reference of the Share Transfer & Shareholders/ Investors Grievance Committee is in agreement with the guidelines prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchange.

The committee members met once in each quarter in the year 2011-12.

#### 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 carried out detailed exercise on Business Risk Management covering the entire spectrum of business operations and the Board has been informed about the risk assessment and minimization procedures as required under Clause 49 of the Listing Agreement. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up by them.

## **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.

## **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 are 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 June, 2011, September, 2011, December, 2011 and March, 2012 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 an English newspaper viz. "Financial Express" and in a vernacular language newspaper viz. "Makkal Kural" as per the requirements of the Stock Exchanges.

Annual/ Half yearly/ Quarterly results are submitted to the Stock Exchange.

No Presentations have been made to institutional investors or to the analysts.

## **GENERAL SHAREHOLDERS INFORMATION**

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.

### **1) Date, Time and Venue of the Annual General Meeting**

The 16<sup>th</sup> Annual General Meeting of the Company for the financial year 2011-12 will be held on 29<sup>th</sup> September, 2012 at 10.00 a.m. at the Registered Office of the Company situated at 3C, Sagas Manor, 1A, 3<sup>rd</sup> Street, B.N.Road, T.Nagar, Chennai -600 017.

### **2) Details of previous Annual General Meetings for last 3 years**

Year Ended	Day, Date and Time of the Annual General Meetings	Venue
2010-2011	Friday, 30 <sup>th</sup> September, 2011 at 9.00 a.m.	No. 7, Rukmani Street, West Mambalam, Chennai- 600 033
2009-2010	Wednesday, 18 <sup>th</sup> August, 2010 at 2 p.m.	'Nahar Hall', Deshbandhu Plaza, Whites Road, Royapettah, Chennai- 600 014
2008-2009	Tuesday, 29 <sup>th</sup> September, 2009 at 1.00 p. m.	'Nahar Hall', Deshbandhu Plaza, Whites Road, Royapettah, Chennai- 600 014



3) Details of Special Resolution passed during the Previous Annual General Meetings for last 3 years

<b>Day, Date and Time of the Annual General Meetings</b>	<b>Special Resolution Passed</b>
Friday 30/09/2011 – 9.00 am	To adopt investment as main object of the Company
Wednesday – 18/08/2010 – 2.00 pm	Preferential Allotment of 10 crores convertible equity warrants.  Increase in authorized capital from 15 crores to 120 crores.
Thursday – 18/09/2008 – 11 am	Appointment of Mrs. V.N.Parvathy as Whole-time Director at a remuneration of Rs. 3.00 lacs.

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. No special resolution has been passed through postal ballot during the year.

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, 2012 to 28<sup>th</sup> September, 2012(both days inclusive) for the purpose of the Annual General Meeting of the Company.

4) Registered & Corporate office

3 C, Sagas Manor, 1A, 3<sup>rd</sup> Street, B.N. Road, T.Nagar, Chennai.

Tel: 044-42048324

Fax: 044-42048326

E-mail:- [www.sanguine.in](http://www.sanguine.in)

5) Listing on the Stock Exchanges

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

6) ISIN No.

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

7) Register and Share Transfer Agents:

Purva Share Registry India Private Limited

No. 9, Shiv Shakti Industrial Estate, Ground Floor, JR Boricha

Marg, Opp. Kasturba Hospital, Lower Parel, Mumbai – 400 011.

The trading in the Company is permitted in the dematerialized form, as per notification issued by SEBI.

The Financial Year of the Company is from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.

8) 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 2011-2012 are:

Month	Open Price	High Price	Low Price	Close Price
April 2011	3.50	4.23	3.12	3.25
May 2011	3.21	3.59	2.90	3.34
June 2011	3.20	3.40	2.71	3.22
July 2011	3.25	3.44	2.83	3.06
August 2011	2.99	3.10	2.47	2.79
September 2011	2.88	2.99	1.70	1.70
October 2011	1.75	1.94	1.35	1.35
November 2011	1.29	1.61	1.12	1.52
December 2011	1.57	1.62	1.13	1.13
January 2012	1.10	1.44	1.07	1.44
February 2012	1.37	1.79	1.19	1.30
March 2012	1.36	1.36	1.04	1.04

9) Distribution of Shareholding as on March 31, 2012

Sr. No	Range	No. of Shares held	Percentage to paid up capital	Amount of the Shares	% of holding
1	Upto 5000	1359	43.59	2998910	0.26
2	5001- 10000	532	17.06	4827160	0.42
3	10001- 20000	386	12.38	6533600	0.57
4	20001- 30000	156	5.00	4117470	0.36
5	30001- 40000	96	3.08	3528380	0.31

6	40001- 500000	146	4.68	7103090	0.62
7	50001- 100000	189	6.06	15356060	1.35
8	100001- Above	254	8.15	1096535330	96.10

10) Categories of Shareholders as on March 31, 2012

Category	No of shares	% of shareholding
Indian Promoters	1000	0.00
Banks/ Financial Institutions/ Insurance Cos/Government	54100	0.05
FII's/ NRIs	414965	0.36
Private Bodies Corporate	102409989	89.75
Indian Public/ Clearing Members	11219946	9.84
<b>TOTAL</b>	<b>114100000</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.

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 have been made to comply with the non- mandatory requirements of the Clause, the details of which are mentioned hereunder:

### i) 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 strategy, business model, clientele business prospects, and nature of transactions and performance updates of the Company, global business environment, business strategy and risks involved.

### ii) 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.

### iii) Whistle Blower Policy

The Board of Directors of the Company has formulated Ethical Practices policy in line with the Whistle Blower Policy and any employees has free access to communicate with committee members for any matter of concern.

Place: Chennai

Date: 01<sup>st</sup> September, 2012

**By Order of the Board**

Sd/-

**Kumar Raichand Madan**

*Managing Director*

## **MANAGEMENT DISCUSSION AND ANALYSIS** **REPORT**

The Management of Sanguine Media Limited presents its Analysis Report covering performance and outlook of the Company.

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 STRUCTURE AND DEVELOPMENT**

The Company is engaged in share trading, financial activities & sale of media products (marginally). The fortunes of the finance industry are to large extent linked to the growth of industry & investment sentiments of the people. The global environment is likely to continue to be area of concern. The growth in global economy during 2011-2012 was effected due to impact of high oil prices & certain other commodities prices. Indian economy has witnessed a disturbing turn of events. Both foreign & domestic investors became jittery in last few months owing to persistent inflation, fiscal deficits & lack of meaningful reforms in the Indian economy & continued global uncertainty that leads to lower capital inflows.

#### **1) Opportunities and Threats:**

The Company is in the financial sector. The impact of boom in capital market & real estate due to Government support has provided a boost to the economy & is set to grow in manufacturing & services sectors. Huge market opportunity for wealth management services providers is transforming from mere wealth safeguarding to growing wealth.

The threats are raising inflationary expectations on account of increase in fuel prices & supply concerns.

#### **2) Future Outlook:**

The continual growth in the finance sector is expected to give the necessary support to the Indian Economy. The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on more profitable products/market segment and working aggressively in the areas of productivity, efficiency & cost reductions.

### **RISKS AND CONCERNS:**

The Company continues to rely heavily on capital market operations, which accounts for bulk of the revenue. As such, performance and results of the Company will have a direct correlation to the conditions prevailing in the Indian capital market.

#### **1) Operational Risks:**



The Company has faced stiff competition from big media house (domestic & international); hence it was forced to diversify into financing activities. 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.

### **INTERNAL CONTROLS**

The Company has set up an internal control system that functions at various levels of the Company. The systems ensure compliance with the respective laws & regulations, efficiency of operations, and adequate reporting of financial transactions, proper administration at all levels of the Company.

The Company internal control system has well defined corporate policies on accounting, well defined processes for formulating and reviewing annual and long term business plans, preparation and monitoring of annual budgets for all operating and support functions, well established internal audit team, which reviews & reports to management & Audit Committee about the compliance with internal controls and efficiency. It is also responsible for assessing and improving the effectiveness of risk management, controls and governance process.

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

### **HUMAN RESOURCES:**

The Company appreciates that performance level cannot be reached and sustained without the right quality of people. With this belief, the Company has laid significant emphasis on its HR practices. The management has taken various steps to upgrade the skills of present employees by conducting various in-house training programs and courses. There are concerted efforts to ensure that the most appropriate people are recruited into the organization.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis Report and in the Director's Report describing the company's objectives, projections and estimates, contain words or phrases such as "will", "plan" and similar expressions or variations of such expressions that are forward looking and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on this forward-looking statement.



## CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

I, Kumar Raichand Madan, Managing Director & CEO of Sanguine Media Limited ('the Company'), to the best of our knowledge and belief certify that:

- (a) I have reviewed the financial statements and the cash flow statement with all the notes to accounts of the Company for the year ended March 31, 2012 and that to the best of our knowledge, information and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - ii) The financial statements and other financial information included in this report presents a true and fair view of the Company's affairs for the period presented in this report and are in compliance with existing accounting standards, applicable laws and regulations and full explanation has been given for any material departure in compliance of Accounting Standards.
- (b) To the best of my knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2012 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/ Board of Directors all significant 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.
- (d) During the year:
  - i) There has not been any significant change in internal control over financial reporting;
  - ii) There have not been any significant changes in accounting policies; and
  - iii) There have been no instances of fraud, whether or not material that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Place: **Chennai**  
Date: 01<sup>st</sup> September, 2012

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



**A.K. RAJAGOPALAN & CO.,**  
CHARTERED ACCOUNTANTS  
CHENNAI, COOONOOR & TIRUPPUR.

**Partners**

**R. VEERARAGHAVAN, B.Sc., F.C.A.,**  
**A.R. RANGANATHAN, B.Sc., F.C.A.**  
**T.R. ASHOK, B.Sc., F.C.A.**  
**M. RAMASAMY, B.Sc., F.C.A. (DISA (ICAI))**

## AUDITOR'S REPORT

The Members  
**SANGUINE MEDIA LIMITED**

We have audited the attached Balance Sheet of **SANGUINE MEDIA LIMITED** as at 31<sup>st</sup> March, 2012 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.



A.K.RAJAGOPALAN & CO  
CHARTERED ACCOUNTANTS  
CHENNAI, COONNOR & TIRUPPL

- e. On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2012 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 2012 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, 2012 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.RAJAGOPALAN & CO

Chartered Accountants

  
CA. T.R. ASHOK

Partner

FRN: 003405S

MRN: 026133

Place: Chennai

Date: 01.09.2012





SANGUINE MEDIA LIMITED  
(Annexure to Auditor's Report)

A.K. RAJAGOPALAN & C  
CHARTERED ACCOUNTANTS  
CHENNAI, COONOR & TIRUPUR

- (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 from 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 within 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 2012.
  - (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 2012 for a period of more than six months from the date they become payable.

