

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Kalanithi Maran	Executive Chairman
K. Vijaykumar	Managing Director & Chief Executive Officer
S. Selvam	Director
Kavery Kalanithi	Executive Director
J. Ravindran	Independent Director
M.K. Harinarayanan	Independent Director
Nicholas Martin Paul	Independent Director
R. Ravivenkatesh	Independent Director

**COMPANY SECRETARY & COMPLIANCE OFFICER** R. Ravi

### BANKERS

Andhra Bank	Axis Bank
City Union Bank	Corporation Bank
HDFC Bank	ICICI Bank
Indian Bank	Indian Overseas Bank
Karur Vysya Bank	Kotak Mahindra Bank
Royal Bank of Scotland	Standard Chartered Bank
State Bank of India	Yes Bank

### AUDITORS

M/s S.R. Batliboi & Associates LLP  
Chartered Accountants,  
6th & 7th Floor - 'A' Block  
(Module 601,701,702)  
Tidel Park, No. 4, Rajiv Gandhi Salai,  
Taramani, Chennai - 600 113

### REGISTERED OFFICE

Murasoli Maran Towers,  
73, MRC Nagar Main Road,  
MRC Nagar, Chennai - 600 028

### REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited,  
Plot Nos.17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081

**AUDIT COMMITTEE**

J. Ravindran Chairman  
 M.K. Harinarayanan  
 Nicholas Martin Paul  
 R. Ravivenkatesh

**REMUNERATION COMMITTEE**

J. Ravindran Chairman  
 M.K. Harinarayanan  
 Nicholas Martin Paul  
 R. Ravivenkatesh

**INVESTOR / SHAREHOLDER'S GRIEVANCE COMMITTEE**

M.K. Harinarayanan Chairman  
 J. Ravindran  
 Nicholas Martin Paul  
 R. Ravivenkatesh

**SHARE TRANSFER AND TRANSMISSION COMMITTEE**

Kalanithi Maran Chairman  
 Kavery Kalanithi

**CORPORATE MANAGEMENT TEAM**

Kalanithi Maran Executive Chairman  
 K. Vijaykumar Managing Director & Chief Executive Officer  
 Kavery Kalanithi Executive Director  
 V. C. Unnikrishnan Chief Financial Officer  
 C. Praveen Chief Operating Officer  
 S. Kannan Chief Technical Officer  
 R. Ravi Company Secretary & Compliance Officer

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## FINANCIAL PERFORMANCE FOR LAST 8 YEARS

(All amounts are in Millions of Indian Rupees, unless otherwise stated)

### Financial Highlights

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue	20,967.8	18,176.2	17,573.7	19,237.1	13,950.1	10,082.0	8,610.6	6,769.5
Total Income	21,759.9	18,726.4	18,315.7	19,705.0	14,375.2	10,915.2	9,259.9	7,264.0
EBITDA	14,717.3	13,964.2	14,195.4	15,671.6	11,121.0	7,997.4	6,304.8	4,836.3
Operating Expenditure	6,334.0	4,407.3	3,567.0	3,658.2	2,844.6	2,366.1	2,391.8	1,951.2
Depreciation & Amortisation	4,533.4	4,131.8	4,430.0	4,473.8	2,854.4	1,849.2	1,130.3	1,192.9
Profit before Tax	10,847.1	10,139.4	10,263.2	11,553.2	8,664.2	6,661.0	5,682.2	4,089.0
Equity Dividend %	190%	190%	190%	175%	150%	50%	50%	50%

### Key Indicators

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Earnings per share (Rs.)	18.19	17.34	17.63	19.60	14.40	11.09	9.31	6.85
Book Value per share (Rs.)	80.49	73.41	67.12	60.54	51.13	45.49	37.32	61.86
EBITDA %	70%	76%	80%	81%	80%	77%	72%	71%
Net Profit Margin %	33%	36%	38%	39%	39%	40%	40%	37%
ROCE %	36%	36%	40%	52%	45%	41%	43%	47%
RONW %	24%	25%	28%	35%	30%	27%	27%	35%

Notes: 1. Face Value per Share - Rs.5/- 2. Bonus Issue in the ratio of 1:1 in FY 2007-08

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Twenty Ninth Annual Report and Audited Financial Accounts of the Company for the financial year ended 31st March 2014.

### FINANCIAL HIGHLIGHTS

The financial highlights for the year ended 31st March 2014 are given below:

(Rs. in Crores)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Total Income	2,175.99	1,872.64
Total Expenditure (Excluding Interest & Financial Charges)	1,086.74	853.91
Profit before interest and tax	1,089.25	1,018.73
Interest & Financial Charges	4.54	4.79
<b>Profit Before Tax</b>	<b>1,084.71</b>	<b>1,013.94</b>
Provision for Taxation	367.75	330.60
<b>Profit after tax</b>	<b>716.96</b>	<b>683.34</b>
Accumulated Profit, beginning of the year	1,811.89	1,632.61
Interim Dividend	(285.71)	(295.57)
Tax on Interim dividend	(48.56)	(47.95)
Proposed dividend	(88.67)	(78.82)
Tax on Proposed dividend	(15.07)	(13.39)
Transfer to General Reserve	(71.70)	(68.33)
<b>Profit Carried forward</b>	<b>2,019.14</b>	<b>1,811.89</b>
Earnings Per Share (Face value Rs.5/-)	18.19	17.34

The total Income for the year ended 31st March 2014 was Rs.2,175.99 crores as against Rs.1,872.64 crores during the previous year ended 31st March 2013. Profit Before Tax was Rs.1,084.71 crores as against Rs.1,013.94 crores in the previous year. Profit After Tax was Rs.716.96 crores as against Rs.683.34 crores in the previous year.

### FINAL DIVIDEND:

For the financial year ended 31st March 2014, the Board of Directors has recommended a Final Dividend of 45%, i.e., Rs.2.25/- per equity share of face value of Rs.5.00/- each on May 23, 2014. This Final Dividend together with the Interim Dividends of Rs.2.25/- per equity share (45%), Rs.2.50/- per equity share (50%) and Rs.2.50/- per equity share (50%) declared at the Board Meetings held on August 2, 2013, November 8, 2013 and February 7, 2014 respectively during the Financial Year 2013-14 would result in a total dividend of 190%, i.e., Rs.9.50/- per equity share of face value of Rs.5.00/- each for the financial year ended 31st March 2014. (Prev Year of 190%, i.e., Rs 9.50/- per equity share of face value of Rs.5.00/- each).

The Final Dividend subject to the approval of shareholders at the ensuing Annual General Meeting on 26th September 2014 will be paid to the shareholders whose name appear in the Register of Members as on the closure date of 18th September 2014. The pay out ratio currently stands at 61.09%.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### BUSINESS OVERVIEW

Your Company, one of the largest Television Broadcasters in India operating Satellite Television Channels across four languages of Tamil, Telugu, Kannada and Malayalam and presently airing FM radio stations across India continues to have sustained and increased viewership of its channels

Your Company had launched an ambitious initiative to monetize its vast content libraries by partnering with several globally active digital distribution platforms including YouTube and iTunes that transact with customers over the internet.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that, to the best of their knowledge and belief:

In the preparation of the Statement of Profit & Loss for the financial year ended 31st March, 2014 and Balance Sheet as at that date ("financial statements"), the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

Appropriate accounting policies have been selected and applied them consistently and made such 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 as at the end of the financial year and of the profit of the Company for that period;

Proper and sufficient care 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. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function;

Proper systems are in place to ensure compliance of all laws applicable to the Company;

The financial statements have been prepared on a going concern basis.

### DIRECTORS

As per the provisions of the Companies Act, 2013, Mr. S. Selvam, Director of the Company will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors recommend his re-appointment.

The Companies Act, 2013 provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that independent directors shall hold office for a term of up to 5 (Five) consecutive years on the Board of a company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the company. Sub-section (13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such Independent Directors.

Accordingly, Mr. R. Ravivenkatesh, Mr. M.K. Harinarayanan, Mr. J. Ravindran and Mr. Nicholas Martin Paul, Directors of the Company seeks re-appointment as Independent Directors as per the provisions of Section 149 of the Companies Act, 2013 for a period of 5 (Five) years.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The information on the particulars of Director eligible for appointment / re-appointment in terms of Clause 49 of the Listing Agreement has been provided in annexure to the notice convening the Annual General Meeting.

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164(2) of the Companies Act, 2013.

### **CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, we continue to be a pioneer in benchmarking our corporate governance policies with the best in the media industry. The report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

### **BUSINESS RESPONSIBILITY REPORT:**

As mandated by SEBI and as per Clause 55 of the Listing Agreement with the Stock Exchanges, the Business Responsibility Report ("BR report") describing the initiatives taken by the Company from an Environmental, Social and Governance ("ESG") perspective as per SEBI's prescribed format, which is also in line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' as prescribed by the Ministry of Corporate Affairs, has been adopted by the Company for the financial year 2013-14; which forms a part of the Annual Report. The Business Responsibility Report is also available on our website.

### **PARTICULARS OF EMPLOYEES**

Sun TV Network Limited had 2032 employees as on 31st March 2014 (previously 1916). In accordance with the provisions of Section 217(2A) of the Companies Act 1956 and the rules framed there under, the required information is annexed and forms part of this Report. However, as per the provisions of Section 219(1) (b) (IV) of the Companies Act, 1956, the Directors Report is being sent to all the Shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

### **AUDITORS**

The Audit Committee has recommended to the Board about the re-appointment of Statutory Auditors M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI FRN: 101049W), who retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received a letter from the Auditors that they are qualified under Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014, to act as the Auditors of the Company.

The Board has duly reviewed the Statutory Auditors Report for the year ended 31st March 2014. The notes forming part of the accounts referred in the Auditors' Report of the Company are self-explanatory and do not call for any further explanation.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

In Compliance with Cost Accounting Records (Tele Communication Industry) Rules, 2011, M/s. S. Sundar & Associates (FRN:101188) was appointed as Cost Auditors of the Company for Financial Year 2014-15.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your company's social responsibility initiatives are implemented through Sun Foundation (the Foundation), the CSR arm of the Sun Group. During the year, your Company has donated a sum of Rs.1.07 Crores (previous year Rs.3.25 Crores) to Sun Foundation, a Charitable trust to support the various social welfare activities.

### **SUBSIDIARY COMPANIES**

The two subsidiaries namely M/s. Kal Radio Limited and M/s. South Asia FM Limited operate FM radio stations across the country. The revenue of the two subsidiaries was at Rs.135.33 Crores for the year under review as against Rs.112.74 Crores for the previous year ended 31st March 2013. After accounting for minority interest in M/s. South Asia FM Limited the share of Profit of the two subsidiaries (Kal Radio Limited and South Asia FM Limited) is Rs.28.12 Crores as against Rs.10.85 Crores in the previous year. Ministry of Corporate Affairs, Government of India has vide its general circular No. 2/2011 granted general exemption from the requirement to attach various documents in respect of subsidiary companies, as specified in sub-section (1) of Section 212 of the Companies Act, 1956. Accordingly, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. Financial information of the subsidiary companies, as required by the said circular, is disclosed elsewhere in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

### **MATERIAL NON-LISTED SUBSIDIARY COMPANY**

As per Clause 49 of the Listing Agreement, your Company has no material non-listed subsidiary company, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively of your Company and its subsidiaries in the immediately preceding accounting year.

### **CONSOLIDATED FINANCIAL STATEMENTS**

As required by Accounting Standard – AS21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the Company are attached. The Audited Consolidated Financial Statements also account for the minority interest of your Company's subsidiary South Asia FM Limited pursuant to the strategic alliance with Red FM.

### **CEO/CFO CERTIFICATION**

The Managing Director & Chief Executive Officer and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Clause 49(V) of the Listing Agreement.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### PARTICULARS AS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of the direction under Section 212(8) of the Companies Act, 1956 vide General Circular No.2/2011, bearing No.51/12/2007-CL-III dated 8-2-2011 issued by Government of India, Ministry of Corporate Affairs, the Board of Directors have passed a Resolution according consent to the Company for not attaching the financial statements in respect of all the Subsidiary Companies for the year ended 31st March, 2014.

However, a statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts. The annual accounts of the subsidiaries, along with the related information, will be made available to the Members of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiaries are also available for inspection during business hours except Saturdays and holidays at the Registered Office of the Company and its respective subsidiaries.

### TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of Rs. 0.73 Lakhs being unclaimed dividend, will be transferred during the current year to the Investor Education and Protection Fund established by the Central Government.

### PUBLIC DEPOSITS

Your Company has not accepted any Deposits from the public in terms of section 58A of the Companies Act, 1956 during the financial year ended 31st March 2014.

### INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988

#### (A) CONSERVATION OF ENERGY

The Company is engaged in Satellite Television Broadcasting operations and the information, as intended under Section 217(1) (e) does not arise.

#### (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company uses the latest high definition (HD) digital technology in broadcasting its programs. The outdated technologies are constantly identified and updated with latest innovations.

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Crores)

PARTICULARS	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Foreign Exchange Earnings	125.50	293.94
Foreign Exchange Outgo	46.47	25.99



## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### APPRECIATION AND ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation of the dedication, hard work, solidarity, co-operation, support and commitment of employees at all levels in maintaining the sustained growth of your Company 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 – mainly the Ministry of Information and Broadcasting and the Department of Telecommunication – and other stakeholders including viewers, producers, vendors, financial institutions, banks, investors, service providers as well as regulatory and governmental authorities and stock exchanges, for their continued support.

**On behalf of the Board**

**Place:** Chennai  
**Date:** May 23, 2014

**Kalanithi Maran**  
**Chairman**

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**  
(Pursuant to clause 49 of the Listing Agreement with Stock Exchanges)

The figures have been stated in Rs. Crores for better readability.

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, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes there to.

**INDUSTRY**

The Indian media and entertainment (M&E) industry is one of the fastest growing industries in the country. Its various segments—film, television, advertising, prints media and music among others have witnessed tremendous growth in the last few years. The industry grows with each passing day and plays a significant role in creating awareness on many issues that impact the masses. India's population which is over 1.2 billion give the M&E industry in India a tremendous opportunity for growth. The alignment of entertainment, information and telecommunication is increasingly affecting India's overall M&E industry. Launch of more advanced media devices over the last decade has facilitated access of the same content on a variety of media platforms. This is helping in emergence of new business models and revenue streams, not only for content providers, but also for a variety of new players becoming a part of the new media ecosystem. With all these factors well in place, the M&E sector certainly is marching towards new horizons of growth. Evolution of sophisticated digital production and post-production techniques, along with the factors such as entry of international corporate houses across the film value chain, growth of digital distribution and exhibition, primarily through increasing penetration of multiplexes are majorly influencing the sector in India. Moreover the Ministry of Information and Broadcasting (MIB) introduced several initiatives with a view to harness the power of technology and create a framework to drive growth in the existing broadcasting landscape in India. Regional media in India has demonstrated strong growth over last few years and continues to have a positive outlook. Given the size and diversity of the Indian market, media owners and advertisers are increasingly adding a regional element to their strategies. As a result, regional markets have grown in size and importance. Key media players are focusing and expanding their presence in regional markets based on higher rates of advertising revenue growth, and better insulation from the slowdown.

In television industry several regulations including the ad cap and notifications around aggregators were announced, that will likely change how the industry does business. Digitisation has yet to deliver its promise with set top boxes seeded in Phase I and II cities but with packaging and ARPU increases yet to kick in. The future looks promising, with efforts being made to introduce channel packaging, implement subscriber management systems and raise the ARPU initiatives that are likely to benefit all the stakeholders in the television ecosystem.

The Radio industry outperformed all other traditional media segments. Currently, clients are being forced to evaluate their media mix as their advertising budgets are constantly under pressure. There has been a tendency to shift focus from nationwide pure brand-building to more tactical, local, focused promotional targeting.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to clause 49 of the Listing Agreement with Stock Exchanges)

Sun TV Network Limited (Sun Network) maintains its dominant position in the southern states of India as one of the largest television and radio entertainment Company in India with a portfolio of Satellite Television Channels spread across four languages and in genres of GEC, news, music, action, life, movies, kids and comedy. Sun Network also has a large network pan India in the FM Radio broadcasting segment along with its subsidiaries. Sun Network continues to consolidate its leadership position, built over the years, by fortifying its hold over key aspects of pricing and access to quality content. Sun Network has a distinct advantage in the southern regional markets on account of its insightful understanding of the regional preferences and with key competitive strengths including that of a large movie library of regional languages. Sun Network is the preferred choice for content providers as it is the only player with maximum reach in the areas it operates.

### OPPORTUNITIES AND THREATS

#### Opportunities:

The on going digitalization of content, shift to online and mobile distribution of content and the rapid pace of invocation create opportunities to serve new customers in new markets. The presence of large and wealthy Indian diaspora abroad is another powerful enabler for market expansion abroad.

The M&E industry influenced by digitalization, the convergence of TV, mobile telephony and the Internet poised for a growth trend. The fact that significant households of India are still without television connectivity highlights the scope of growth in the segment. The majority of the revenue generated in the television industry is through advertisements, followed by subscription. Strong growth projected in DTH, Digital Cable segment would result in substantial increase in subscription revenue over the years to come. Increasing interest in regional content among Indian population across the borders, results in increased overseas viewership thereby attracting foreign investment. Radio broadcasting in India, which is still in its infancy, is evolving to be a revenue spinner in the coming years.

#### Threats:

It is difficult to predict our revenues and expenses as they fluctuate significantly given the nature of the markets in which we operate. This increases the likelihood that our results could fall below the expectation of market analysts. Certain threats are summarized below:

Advertising income continue to be the major source of Sun Network's revenues, which could decline due to a variety of factors.

The commercial success of Sun Network depends on our ability to cater to viewer performance and maintain high audience shares which could be affected.

The competition and increasing prices may adversely affect our ability to acquire desired programming and artistic talent.

Sun Network operates in an intensely competitive industry.

Sun Network is a regional broadcaster, which may limit our opportunities for growth as well as our attractiveness to advertising customers and others.

Technological failures could adversely affect our business.

Our inability to effectively deploy and manage funds could affect our profitability.

### SEGMENT

Sun Network operations predominantly relate to a single segment "Broadcasting".

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**  
(Pursuant to clause 49 of the Listing Agreement with Stock Exchanges)

**OUTLOOK**

Sun Network with its presence across genres like general entertainment, movies, music, news, kids, action, life and with a dominant market share in the four southern states of India (Tamil Nadu, Kerala, Karnataka and Andhra Pradesh) ensures continued and sustained viewership and prominent role in the Media and Entertainment Industry. A steady flow of highly popular programs and a dominant share of audience viewership have given the network tremendous pricing power vis-a-vis competitors.

The drive initiated by Government towards digitalisation and addressability for cable television would help Sun TV Network, being the largest regional television network to be one of the major beneficiaries of the recent growth in the DTH space, it is expected that this new stream of revenue for the Company arising from the increased DTH subscriber base in South India would maintain a positive momentum in the coming years.

**FINANCE AND HUMAN RESOURCE**

**Finance:**

The Total Income for the year ended 31st March 2014 was Rs.2,175.99 crores as against Rs. 1,872.64 crores during the previous year ended 31st March 2013. Profit Before Tax was Rs. 1,084.71 crores as against Rs. 1,013.94 crores in the previous year. Profit After Tax was Rs. 716.96 crores as against Rs. 683.34 crores in the previous year. For the financial year ended 31st March 2014, the Board of Directors has recommended a Final Dividend of 45%, i.e., Rs. 2.25/- per equity share of face value of Rs. 5.00/- each on May 23, 2014. This Final Dividend together with the Interim Dividends of Rs. 2.25/- per equity share (45%), Rs. 2.50/- per equity share (50%) and Rs. 2.50/- per equity share (50%) declared at the Board Meetings held on August 2, 2013, November 8, 2013 and February 7, 2014 respectively during the Financial Year 2013-14 would result in a total dividend of 190%, i.e., Rs. 9.50/- per equity share of face value of Rs. 5.00/- each for the financial year ended 31st March 2014. (Prev. Year of 190%, i.e., Rs. 9.50/- per equity share of face value of Rs. 5.00/- each). The Reserves and surplus of the Company as on 31st March 2014 stood at Rs. 2,974.76 crores as against Rs. 2,695.81 crores as on 31st March 2013.)

**Human Resources:**

At Sun Network, with 2032 employees, human resource is a key asset capital and an important business driver for the Company's sustained growth and profitability. Hence, we at Sun Network believe that training, like all organizational development processes cannot be a function of time, but rather an ongoing process with the developmental needs and business planning processes being formalized constantly. A continuous review of the monitoring process is underway and procedures and systems are being institutionalized across the organization.

**FINANCIAL REVIEW & RISK MANAGEMENT (INCLUDING INTERNAL CONTROL)**

Separate report on this is annexed.

**On behalf of the Board**

**Place:** Chennai  
**Date:** May 23, 2014

**K. Vijaykumar**  
**Managing Director &**  
**Chief Executive Officer**

**FINANCIAL REVIEW 2013-14**  
*(Pursuant to clause 49(II) (E) (1) of the Listing Agreement)*

## 1. EARNINGS

### Total Income

The total Income for the year ended 31st March 2014 was Rs.2,175.99 crores as against Rs.1,872.64 crores during the previous year ended 31st March 2013. The sustained growth and consistent higher margins are reflective of the Company's continued dominance in broadcasting business in the Southern states.

### Profit before tax (PBT) and Profit after tax (PAT)

Profit Before Tax was Rs.1,084.71 crores as against Rs.1,013.94 crores in the previous year. Profit After Tax was Rs.716.96 crores as against Rs. 683.34 crores in the previous year.

### Dividend

The outgo on account of interim and final dividend including dividend tax is Rs.438.01 crores (previous year Rs.435.73 crores).

## 2. FINANCIAL POSITION

### Shareholder's Funds

Shareholders' Fund as on 31st March 2014 was Rs. 3,171.80 crores (previous year Rs. 2,892.85 crores).

### Loan funds

The Company is debt free and had no loan funds – secured or unsecured as on 31st March 2014 (previous year Rs. Nil).

### Assets

Net block of fixed assets were at Rs. 770.61 crores. The addition to fixed assets for the year was Rs. 34.09 crores. The capital expenditure was funded through internal accruals and deployment of IPO proceeds. Net block of intangible assets and capital work in progress (including capital advances and intangible assets under development) as on 31st March 2014 were at Rs. 471.23 crores and Rs. 0.40 crores respectively.

## 3. RATIOS

### Earnings per share

The Earnings per share of face value of Rs. 5.00 for the year ended 31st March 2014 is Rs. 18.19 (previous year Rs.17.34).

## 4. RISK ANALYSIS AND MANAGEMENT

Risk is an inherent feature of any business activity, more so when the dependence is on the consistency on the deliverables of the Company and linked to the sustained support from the viewers and advertisers community at large. Like every organization, Sun TV Network Limited (Sun Network) business is also impacted by a number of factors. Given below is an overview of some of the major risks affecting any business and Sun's position vis-à-vis these risks.

## FINANCIAL REVIEW 2013-14

(Pursuant to clause 49(II) (E) (1) of the Listing Agreement)

### PRINCIPAL RISKS AND THEIR MITIGATION

#### STRATEGIC RISK

The performance and growth of media industry are dependent on the health of the Indian economy and in particular the economies of the regional markets it serves. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors.

The media industry in India has been continuously fraught with regulatory issues including those of license, investment caps and ownership limits. Regulation such as ban on multi frequency ownership in the same city for Radio, FDI Cap of 26% in broadcasting, no dubbing of content (Kannada Market) are some of the regulations holding this industry back. Although Sun Network has performed well in spite of these adversities, further regulatory changes always remain a concern.

Sun Network has been able to capitalize on its leadership position built over the years, by fortifying its hold over quality content. It is able to practice its strategy of selling telecast slots under exclusive agreements and additionally ensuring a continued supply of quality content. A steady flow of highly popular programs and a dominant share of audience viewership have given the network tremendous pricing power vis-à-vis competitors. South India produces the largest number of films per year and with huge movie following target audience, Sun Network ensures access to popular content, by purchasing larger quantum of all South Indian movie on a perpetual rights basis.

#### Risk Mitigation

Sun Network believes that it would not be disadvantaged and would manage competition through content and a pan India spread.

#### OPERATIONAL RISK

Possible decline in the popularity of channels of Sun Network, such a decline shall adversely impact its revenue, both from advertisement as well as subscription revenue.

#### Risk Mitigation

Sun Network's competitive advantages stems from its high popularity, exclusive access to high quality content and a large movie library, giving it significant pricing power to capitalize on the fast growing advertisement and subscription market. Sun Network will endeavor to keep track and abreast with high quality content and library.

#### FINANCIAL RISK

##### Treasury Investments Risk

The Company carries significant amounts of surplus cash on its balance sheet, which are invested in various securities; the value of these investments may be eroded if they are deployed in risky asset classes.

##### Risk Mitigation

The Company follows a conservative policy of investing, which disallows any exposure to volatile assets like equity shares or illiquid assets like real estate. The policy is defined to preserve capital by permitting investments only into AAA rated instruments, with reasonable rates of return and allows quick liquidation by avoiding long dated securities.

## FINANCIAL REVIEW 2013-14

(Pursuant to clause 49(II) (E) (1) of the Listing Agreement)

### Leverage Risk

A high debt component could result in an excessive interest drain.

### Risk Mitigation

The company is a zero debt company.

### Receivable Risk

Delays in collection of accounts receivable could affect the Company's cash flow, with poor follow up potentially leading to delinquency and write offs.

### Risk Mitigation

The company constantly monitors its debt collection and ensures that the debtors are periodically reviewed and dues maintained at levels that do not affect its cash flow.

## LEGAL AND STATUTORY RISKS

### Risk on contractual liabilities

The risk arising out of contracts that impose onerous responsibilities.

### Risk Mitigation

The Company constantly reviews all Agreements, documents and contracts to ensure compliance with the accepted business procedures.

### Compliance failure risk

The risk arising out of non-compliance with statutory requirements.

### Risk mitigation

At Sun Network statutory compliance has been ensured through an internal process and legal compliance is given due importance in the Company's management process. The Company is proposing an independent audit and review across all the operational areas to reassess the existing processes.

## 5. INTERNAL CONTROL

Weak internal control can jeopardize the Company's financial position.

### Risk mitigation

The Company has in place systems and processes, commensurate with its size and nature of business so as to ensure adequate internal control while ensuring smooth conduct of operations and compliance with statutory requirements under all applicable legislations. The Company has implemented SAP ERP system, which ensures significant automation of processes, with sufficient IT system controls in place. Independent internal audit is carried out to ensure adequacy of internal control system and adherence to policies and practices. The Audit Committee reviews the functioning of the internal audit function.

### Cautionary Statement

Statements in this Management Discussion & Analysis describing in the companies objective, projections, estimates and expectations may constitute "Forward looking statement" within the meaning of applicable laws & regulations. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Place: Chennai  
Date: May 23, 2014

K. Vijaykumar  
Managing Director & Chief Executive Officer

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

**MANDATORY REQUIREMENTS**

**1. Company's Philosophy on Code of Governance**

Corporate Governance is about commitment to values and ethical business conduct that evolved over a period of time. We believe good governance is an essential ingredient of good business that aligns all our actions with clearly defined ethical principles. The corporate governance philosophy at Sun Network is about maximizing shareholder value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder, customers, employees, investors, vendor-partners, the government of the land and the community. We believe good governance is an essential ingredient of good business that aligns all our actions with clearly defined ethical principles. Thus, corporate governance is a reflection of a Company's culture, policies, its relationship with the stakeholders, and its commitment to values.

We believe that it is our responsibility to adhere and enforce the principles of sound Corporate Governance with the objectives of transparency, professionalism and accountability, while facilitating effective management of the businesses and efficiency in operations.

**2. Board of Directors**

• **Composition**

The Board of Directors of our Company composed of Five Non-Executive and Three Executive Directors. The Chairman of the Board is an Executive Director and Four Non-executive Directors are Independent Directors as per the criteria of independence stated in clause 49 of the Listing Agreement. The optimum combination of Executive, Non-executive and Independent Directors ensure independence of the Board and separation of Board function of governance and management.

• **Board Meetings**

Four Board Meetings were held during the financial year 2013-14. The maximum gap between any two meetings was less than 4 months as stipulated under Clause 49 of the Listing Agreement. The dates on which the said meetings held are as follows:

17th May 2013, 2nd August 2013, 8th November 2013 and 7th February 2014.

Attendance of each Director at Board Meetings & Annual General Meeting of the Company held during the year and the number of Directorship(s) and Committee Chairmanships / Memberships held by them in other companies are given below:

Name of the Director	Category	Attendance		No. of Directorships in public limited companies (including this company*)	Committee Chairmanship/ Memberships (including this Company*)	
		Board	AGM		Chairman	Member
Mr. Kalanithi Maran	Executive Chairman	4	Yes	3	Nil	Nil
Mrs. Kavery Kalanithi	Executive Director	4	Yes	3	Nil	1
Mr. K. Vijaykumar	Managing Director	4	Yes	2	Nil	1
Mr. S. Selvam	Director	4	Yes	1	Nil	Nil
Mr. J. Ravindran	Independent Director	4	Yes	4	4	6
Mr. M.K. Harinarayanan	Independent Director	4	Yes	2	1	2
Mr. Nicholas Martin Paul	Independent Director	3	Yes	2	Nil	4
Mr. R. Ravivenkatesh	Independent Director	4	Yes	2	Nil	2



## REPORT ON CORPORATE GOVERNANCE

*(Pursuant to clause 49 of the Listing Agreement)*

\* Represents directorship(s)/membership(s) of Audit and Investors Grievance Committee(s) in public limited companies governed by the Companies Act, 1956.

The Board has been provided with all material and substantial information that facilitates them for imparting significant decisions while discharging its duties as trustees of shareholders.

- **Code of Conduct**

A declaration signed by the Managing Director & CEO, stating that all Directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company is enclosed at the end of the report. The code of conduct is available on the website of the Company [www.suntv.in](http://www.suntv.in).

- **Prevention of Insider Trading**

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, our Company has adopted a Code of Conduct for prevention of Insider Trading. This Code is applicable to all Board members/officers/designated employees. The objective of this code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

- **Secretarial Standards relating to Board Meetings**

The Secretarial and the operating practices generally followed by our Company are in line with the Standards on Secretarial practice relating to meetings of the Board and Committees stipulated by The Institute of Company Secretaries of India even if such laid down standards are recommendatory in nature.

### 3. Audit Committee

- **Composition, Names of Members and Chairman**

The Audit Committee comprises of Mr. J. Ravindran, Mr. M.K. Harinarayanan, Mr. Nicholas Martin Paul and Mr. Ravivenkatesh, all are Non-Executive Independent Directors of the Company with Mr. J. Ravindran as its Chairman.

Mr. R. Ravi, Company Secretary acts as Secretary of the Committee.

- **Meetings and the attendance during the year**

Four meetings of the Audit Committee were held during the year 17th May 2013, 2nd August 2013, 8th November 2013, and 7th February 2014.

Name of the Director	No. of Meetings attended
Mr. J. Ravindran	4
Mr. M.K. Harinarayanan	4
Mr. Nicholas Martin Paul	3
Mr. R. Ravivenkatesh	4

- **Brief description of terms of reference**

The Terms of Reference of Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The role of Audit Committee is as prescribed under Clause 49(II)(D) of the Listing Agreement.

### 4. Remuneration Committee and Remuneration Policy

The Remuneration Committee of our Company has been constituted to recommend to the Board the appointment/reappointment of the Executive and Non-Executive Directors, the induction of Board members into various committees and suggest revision in total remuneration package of the Executive Director(s) keeping in view the prevailing statutory guidelines. The Committee has also been empowered to review/recommend the periodic increments, if any, in salary and annual incentive of the Executive Director(s).

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

This Committee comprises of entirely of Independent Directors. The Committee met on 17th May 2013.

Name of the Director	Category	No. of Meetings attended
Mr. J. Ravindran	Chairman	1
Mr. M.K. Harinarayanan	Member	1
Mr. Nicholas Martin Paul	Member	1
Mr. R. Ravivenkatesh	Member	1

• **Remuneration to Directors**

The Remuneration paid /payable to the Executive Chairman for the year ended 31st March 2014 is as follows:

Particulars	(Rs. in Million)
Salary	131.4
Perquisites and other allowances	467.5
Total	598.9

The Remuneration paid/payable to the Managing Director and Chief Executive Officer for the year ended 31st March 2014 is as follows:

Particulars	(Rs. in Million)
Salary	10.4

The Remuneration paid/payable to the Executive Director for the year ended 31st March 2014 is as follows:

Particulars	(Rs. in Million)
Salary	131.4
Perquisites and other allowances	467.5
Total	598.9

The Remuneration paid /payable to Non-Executive Directors for the year ended 31st March 2014 is as follows:

Name of the Director	(Rs. in Million) Sitting fee *
Mr. S. Selvam	0.008
Mr. J. Ravindran	0.026
Mr. M.K. Harinarayanan	0.026
Mr. Nicholas Martin Paul	0.020
Mr. R. Ravivenkatesh	0.026

\*Includes sitting fee paid for attending Committee Meetings.

The sitting fee payable to a Non Executive Directors for attending the Board and Committee Meetings has been fixed at Rs. 2000/- respectively.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

### 5. Investor / Shareholder's Grievance Committee

The Investor Grievance Committee is functioning to look into Redressal of Investor / Shareholders complaints expeditiously.

The Investor's Grievance Committee Comprises of Mr. M.K. Harinarayanan, Chairman, Mr. J. Ravindran, Mr. Nicholas Martin Paul and Mr. R. Ravivenkatesh as members. Mr. R. Ravi, Company Secretary is the Compliance Officer of the Company.

The Committee met 4 occasions during the year on 17th May 2013, 2nd August 2013, 8th November 2013 and 7th February 2014. The names and attendance of Committee members are given below:

Name of the Director	No. of Meetings attended
Mr. M.K. Harinarayanan	4
Mr. J. Ravindran	4
Mr. Nicholas Martin Paul	3
Mr. R. Ravivenkatesh	4

During the year, the Company received 28 Complaints mostly pertaining to non-receipt of dividend warrants and few complaints like non-receipt of annual reports etc., all of these complaints have been dealt with satisfactorily and there were no complaints pending as on 31st March 2014.

### 6. Share Transfer and Transmission Committee.

The Share Transfer and Transmission Committee oversees and reviews all matters connected with transfers, transmissions, transpositions, splitting, consolidation of shares, demat and remat requests.

The Share Transfer and Transmission Committee comprises of Mr. Kalanithi Maran, Executive Chairman as Chairman and Mrs. Kavery Kalanithi, Executive Director as Member.

The Committee met 9 occasions during the year on 17th May 2013, 2nd August 2013, 8th November 2013, 27th December 2013, 23rd January 2014, 7th February 2014, 20th February 2014, 26th February 2014 and 27th March 2014. The names and attendance of Committee members are given below:

Name of the Director	No. of Meetings attended
Mr. Kalanithi Maran	9
Mrs. Kavery Kalanithi	9

### 7. General Meetings

Details of the location, date and time of the last 3 Annual General Meetings (AGM) and the details are given below:

Year	Meeting	Location	Date	Time
2012 - 13	AGM	"Kalaighnar Arangam", Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018	27.09.2013	10.00 am
2011 - 12	AGM	"Kalaighnar Arangam", Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018	28.09.2012	10.00 am
2010 - 11	AGM	"Kalaighnar Arangam", Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai – 600 018	19.09.2011	10.00 am

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

### Special Resolution passed in the previous Three Annual General Meetings

NIL

#### 8. Disclosures

- There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- There has been no non-compliance by the Company or penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- The company has complied with all mandatory requirements. Adoptions of non-mandatory requirements are provided under item no.12 of this report.

#### 9. Means of Communication

- The quarterly unaudited financial results and the annual audited financial results are normally published in Financial Express and Malai Sudar newspapers. Press releases are given to all-important dailies. The official announcements are posted at BSE and NSE websites. The financial results, press releases and communications to investors are posted on the Company website [www.suntv.in](http://www.suntv.in).

#### 10. Management Discussions and Analysis Report

Management Discussion and Analysis report is annexed.

#### 11. General Shareholders Information

The details are enclosed elsewhere in the report.

#### 12. Non Mandatory Requirements

##### 1. The Board – Chairman’s Office

The Chairman of Sun TV Network is a Whole Time Director and hence this provision is not applicable.

##### 2. Remuneration Committee

The Board has constituted a Remuneration Committee, which is entirely composed of independent Directors. The Committee also discharges the duties and responsibilities as described under non-mandatory requirement of Clause 49. The details of the Committee and its powers have been discussed in this section of the Annual Report.

##### 3. Shareholders Rights

The quarterly/annual results, after the Board of Directors takes them on record, are forthwith sent to the Stock Exchanges with whom the company has listed. The results, in the prescribed format, are published in “Financial Express” (English) and “MalaiSudar” (Tamil) newspapers.

##### 4. Audit Qualification

The Auditors have not qualified the financial statements of the Company

## REPORT ON CORPORATE GOVERNANCE (Pursuant to clause 49 of the Listing Agreement)

### GENERAL SHAREHOLDERS INFORMATION

- **Registered Office of the Company**

Murasoli Maran Towers,  
73, MRC Nagar Main Road,  
MRC Nagar, Chennai – 600 028  
Tel: +91 44 44676767 Fax: +91 44 40676161  
E-mail : ravi@sunnetwork.in

- **Forthcoming Annual General Meeting**

26th September 2014  
“Kalaingar Arangam”, Anna Arivalayam,  
367/369, Anna Salai, Teynampet, Chennai – 600 018

- **Financial Year**

1st April 2013 to 31st March 2014.

- **Book Closure Dates**

From 19th September, 2014 to 26th September, 2014 (both days inclusive)

- **Dividend**

For the financial year ended 31st March 2014, the Board of Directors has recommended a Final Dividend of 45%, i.e., Rs.2.25/- per equity share of face value of Rs.5.00/- each on May 23, 2014. This Final Dividend together with the Interim Dividends of Rs.2.25/- per equity share (45%), Rs.2.50/- per equity share (50%) and Rs.2.50/- per equity share (50%) declared at the Board Meetings held on August 2, 2013, November 8, 2013 and February 7, 2014 respectively during the Financial Year 2013-14 would result in a total dividend of 190%, i.e., Rs.9.50/- per equity share of face value of Rs.5.00/- each for the financial year ended 31st March 2014. (Prev. Year of 190%, i.e., Rs.9.50/- per equity share of face value of Rs.5.00/- each.) The Final Dividend of Rs.2.25/- per equity share (45%) of face value of Rs.5.00/- each will be paid subject to the approval of shareholders at the ensuing Annual General Meeting on 26th September 2014.

- **Unclaimed Dividend**

Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education and Protection Fund (IEPF). Shareholders are, therefore, again requested to claim their unpaid dividend, if not already claimed.

#### Instruction to Shareholders

- **Shareholders holding shares in physical form**

Please notify the change in your address if any, to the Company's registrar Karvy Computershare Private Limited, immediately and not later than 12th September 2014 to enable them to forward the dividend warrants to your present address. Members are also advised to intimate M/s. Karvy Computershare Private Limited the details of their bank account to enable the same to be incorporated in the dividend warrants. This would help to prevent any fraudulent encashment of dividend warrants.

## REPORT ON CORPORATE GOVERNANCE

*(Pursuant to clause 49 of the Listing Agreement)*

- **Shareholders holding shares in demat form**

The Company with respect to payment of dividend to shareholders, provides the facility of ECS at the following cities:

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Guwahati, Patna and Trivandrum, the dividend would be remitted by ECS to your bank account. The Company would advise you after remittance of the dividend.

In respect of shareholders residing in other centers, the bank account details furnished by your Depository Participants (DPS) would be incorporated in the dividend warrants and these would be mailed to the registered addresses. If there is any change in the bank account details kindly advise your DPs immediately about change.

Further, if there is any change in your address kindly advise your DPs immediately about the change.

- **Listing on Stock Exchanges and Stock Code**

Stock Exchange	Stock Code
National Stock Exchange of India Limited, Exchange Plaza, Bandra - Kurla Complex, Bandra(E), Mumbai 400 051	Symbol - SUN TV Series - EQ
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	Scrip Code - 532733 Scrip ID - SUNTV

**Annual listing fees have been paid to the above stock exchanges.**

- **Depositories Connectivity**

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)  
ISIN:INE424H01027

- **Share Transfer Process**

1. Karvy Computershare Private Limited processes the physical transfers and other requests from the Shareholders.
2. The Board delegated the power to approve the transfers to the Share Transfer Committee and the transfers are approved as and when necessary.
3. A Practicing Company Secretary carries out the Secretarial Audit, pertaining to the share transfers every six months and necessary certificate to that effect are issued and the same are filed with the Stock Exchanges.
4. As per SEBI's instructions, the Company's Shares can be sold through stock exchanges only in dematerialized form.

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

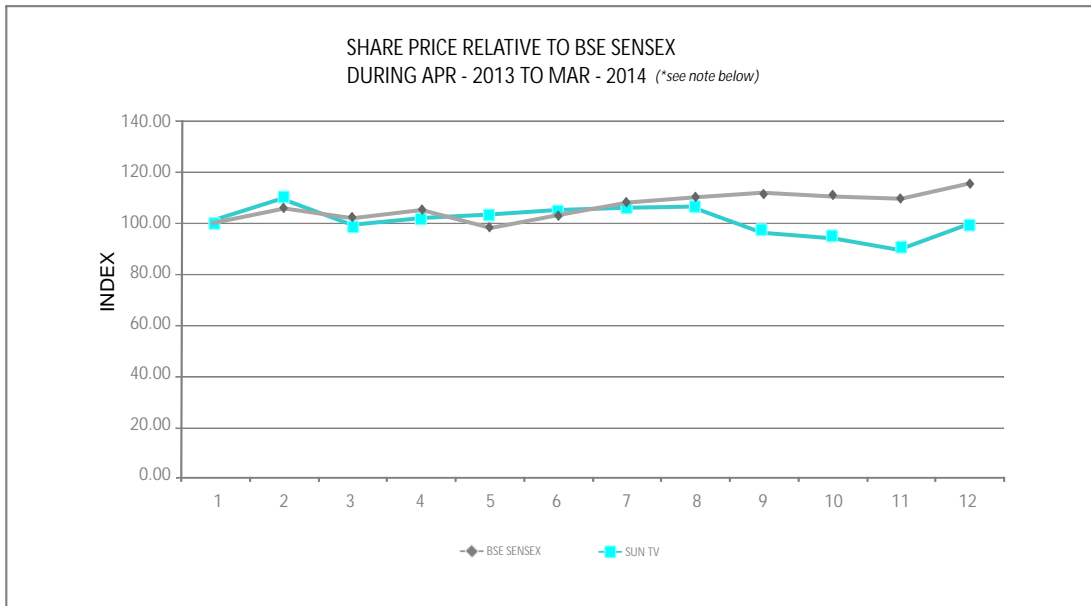
- ◆ **Market Price Data & Performance in Comparison with BSE and NSE Indices**
- ◆ **Market Price Data**

Month	B.S.E			N.S.E		
	High	Low	Traded Volume (No. of shares)	High	Low	Traded Volume (No. of shares)
Apr- 13	426.75	348.95	42,01,190	426.95	347.00	2,75,66,117
May-13	449.95	398.75	22,38,531	450.00	398.15	2,94,91,690
Jun- 13	438.10	327.00	35,57,923	438.40	324.50	1,68,45,653
Jul- 13	422.00	365.00	21,75,819	422.00	365.00	1,76,73,507
Aug-13	434.00	363.00	17,26,228	435.00	362.85	1,65,23,323
Sep-13	424.60	384.00	12,37,364	425.00	382.20	1,14,00,815
Oct-13	438.45	380.00	12,67,959	438.50	383.90	1,86,42,967
Nov-13	457.25	363.80	14,27,662	456.85	363.65	1,51,47,040
Dec-13	390.50	359.80	29,02,768	390.35	359.40	1,25,69,413
Jan -14	388.50	344.90	9,14,171	388.90	345.00	1,42,42,880
Feb-14	372.00	324.15	7,74,717	372.00	324.05	1,15,64,023
Mar-14	405.85	364.00	8,62,698	406.65	361.65	1,92,92,629

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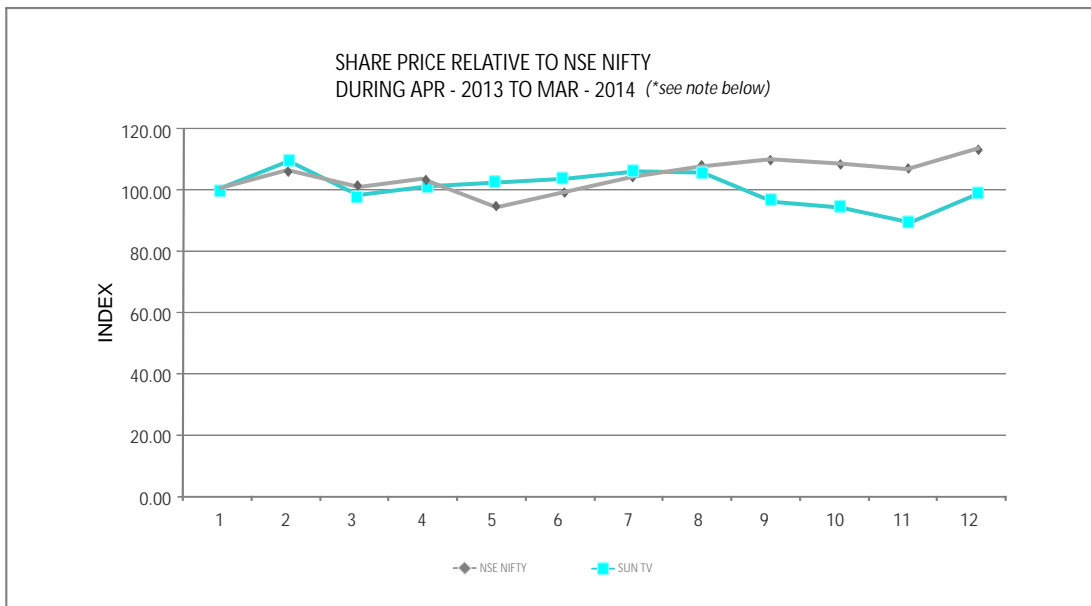
**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

• **Performance in comparison with BSE SENSEX**



\* The closing value for April is taken as 100. The values, for the months, from April' 13 to Mar' 14, are worked out as a percentage, keeping the Base Value for Apr' 13 as 100.

• **Performance in comparison with NSE NIFTY**



\* The closing value for April is taken as 100. The values for the months, from April' 13 to Mar' 14, are worked out as a percentage, keeping the Base Value for Apr' 13 as 100.



**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

**Shareholding pattern/ Distribution**

- Shareholding pattern as on 31.03.2014

Category	% to total Capital
Promoter Group	75.00
Financial Institutions / Bank	0.01
Non Residents (NRI / OCB / FIIS)	16.24
Mutual Funds	1.91
Others	6.84
<b>Total</b>	<b>100.00</b>

- Distribution of Shareholding as on 31.03.2014

Category	No. of Holders	% to total	No. of Shares	% to total
1-10000	35441	98.49	2548871	0.65
Above 10000	408	1.13	391535749	99.35
<b>Total</b>	<b>35984</b>	<b>100.00</b>	<b>394084620</b>	<b>100.00</b>

**Summary of Shareholding**

Category	No. of Holders	Total Shares	% to Equity
Physical	135	476	0.00
NSDL	27617	392341427	99.56
CDSL	8232	1742717	0.44
<b>Total</b>	<b>35984</b>	<b>394084620</b>	<b>100.00</b>

- Dematerialization of Shares**

- The Company has signed agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to provide the facility of holding equity shares in dematerialized form.
- A qualified practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- As on 31st March 2014, 39,40,84,144 equity shares constituting 99.99% of the total paid up capital of the company have been dematerialized. All the equity shares except the locked in shares if any are freely tradable.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

- **Outstanding GDRs/ADRs etc.**

The Company has not issued any GDR, ADR or any convertible instruments pending conversion or any other instrument likely to impact equity share capital of the company.

- **Address for correspondence**

- **Company Secretary & Compliance Officer**

Mr. R. Ravi,  
Company Secretary,  
Sun TV Network Limited  
Murasoli Maran Towers  
73, MRC Nagar Main Road  
MRC Nagar, Chennai – 600 028  
Tel: +91 44 4467 6767 Fax: +91 44 4067 6161  
Email: ravi@sunnetwork.in  
www.suntv.in

- **Registrars and Share Transfer Agent**

M/s Karvy Computershare Private Limited  
Plot Nos. 17 to 24,  
Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Tel: (040) 23420815 Fax: (040) 23420814  
Email: mailmanager@karvy.com  
www.karvycomputershare.com

**On behalf of the Board**

**Place:** Chennai  
**Date:** May 23, 2014

**K. Vijaykumar**  
**Managing Director &**  
**Chief Executive Officer**

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to clause 49 of the Listing Agreement)

**AUDITORS' CERTIFICATE**

**To**

**The Members of Sun TV Network Limited**

We have examined the compliance of conditions of Corporate Governance by Sun TV Network Limited, for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W

**Per S Balasubrahmanyam**

Partner

Membership No.: 053315

Chennai

May 23, 2014

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**Confirmation on Code of Conduct**

**To**

**The Members of Sun TV Network Limited,**

This is to inform 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 Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 31st March 2014, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

**On behalf of the Board**

**Place:** Chennai

**Date:** May 23, 2014

**K. Vijaykumar**  
**Managing Director &**  
**Chief Executive Officer**

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) : L22110TN1985PLC012491
2. Name of the Company : Sun TV Network Limited
3. Registered Address : Murasoli Maran Towers  
73, MRC Nagar Main Road  
MRC Nagar, Chennai – 600028.
4. Website : www.suntv.in
5. Email id : brr@sunnetwork.in
6. Financial Year reported : April 1, 2013 – March 31, 2014
7. Sector(s) that the Company is engaged in (Industrial activity code-wise):

Division	Group	Class	Sub-Class	Description
60	601 & 602	6010 & 6020	60100	Television programming and broadcasting activities and Radio broadcasting

### 8. Three key products / services that the Company manufactures/provides (as on balance sheet):

The Company mainly provides Broadcasting Services and is engaged in the business of Broadcasting of various Regional Television and airing FM Radio Channels.

As a part of the said broadcasting business, the Company earns revenues from Advertisements, Broadcasting Fees and Subscription of Channels both Domestic and International.

### 9. Total number of locations where business activity is undertaken by the Company:

- i. Number of International locations: Nil
- ii. Indian operations of the Company are carried out through over twelve offices located in major commercial hubs of the Country including Chennai, Madurai, Tiruchirapalli, Coimbatore, Tirunelveli, Hyderabad, Visakhapatnam, Bangalore, Mysore, Cochin, Thiruvananthapuram and New Delhi.

### 10. Markets served by the Company – Local/State/National/International:

Company's Television and FM Radio Channels reach out to millions of viewers / listeners over a dozen Countries.

### Section B: Financial Details of the Company

1. Paid up Capital (INR) : Rs. 1,970.40 million
2. Total turnover (INR) : Rs. 20,967.80 million
3. Total Profit after taxes (INR) : Rs. 7,169.60 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

During the year, the Company's total spending on CSR is 0.15% of its current profit after taxes by way of Donations.

### 5. List of activities in which expenditure in 4 above has been incurred:

The major area in which the above expenditure has been incurred is towards education and healthcare of the poor and needy.

## BUSINESS RESPONSIBILITY REPORT

### Section C: Other Details

**1. Does the Company have any Subsidiary Company / Companies?**

As at March 31, 2014, the Company has two direct subsidiaries namely Kal Radio Limited and South Asia FM Limited.

**2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)**

Business Responsibility initiatives of the parent company are not applicable to the subsidiary companies.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiative of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] No**

### Section D: BR Information

**1. Details of Director/Directors responsible for BR:**

**a) Details of the Director/Directors responsible for implementation of the BR policy/policies:**

As part of the day-to-day functions and operations, the Company ensures that the Business Responsibility and / or related policies including that of CSR are continuously implemented across the different management level and also periodically reviewed for changes.

**b) Details of the BR head:**

Sr No	Particulars	Details
1	DIN Number	03578076
2	Name	Mr. K. Vijaykumar
3	Designation	Managing Director & Chief Executive Officer
4	Telephone Number	(044) 44676767
5	E mail Id:	brr@sunnetwork.in

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):**

**The National Voluntarily Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:**

- P1** – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** – Business should promote the well being of all employees.
- P4** – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** – Businesses should respect and promote human rights.
- P6** – Businesses should respect, protect and make efforts to restore the environment.
- P7** – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** – Businesses should support inclusive growth and equitable development.
- P9** – Business should engage with and provide value to their customers and consumers in a responsible manner.

## BUSINESS RESPONSIBILITY REPORT

Sr. No	Particulars	Business Ethics	Product Responsibility	Employees wellbeing	Stakeholder Engagement	Human Rights	Environment Protection	Public & Regulatory Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy been formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Does the policy conform to any national / international standards?	NA	Yes	NA	Yes	Yes	NA	NA	NA	NA
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner /CEO / appropriate Board Director?	Yes	No	No	Yes	No	No	No	Yes	No
5	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Indicate the link for the policy to be viewed online?	www.suntv.in								
7	Has the policy been formally Communicated to all relevant Internal and external stakeholders?	Yes								
8	Does the Company have in-house structure to implement the policy/policies?	The overall responsibility for implementation of BR / CSR Policies of the Company is under Mr. K. Vijaykumar, Managing Director and Chief Executive Officer along with Senior Management of the Company.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the Company carried out Independent audit / evaluation of the working of this policy by an internal or external agency?	No								

## BUSINESS RESPONSIBILITY REPORT

**2a. If answer to Sr No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No	Questions	Business Ethics	Product Responsibility	Employees Wellbeing	Stakeholder Engagement	Human Rights	Environment Protection	Public & Regulatory Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	<p>As the Company is in existence for long, policies relating to employee and employee wellbeing, human rights, customer relation etc. has been formulated and reviewed and revised from time to time as and when required. These are done and implemented by the Senior Management including the Managing Director and Chief Executive Officer under the supervision and guidance of the Board of Directors.</p>								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next six months Board Director?									
5	It is planned to be done within next one year									
6	Any other reason									

This space has been intentionally left blank

## BUSINESS RESPONSIBILITY REPORT

### 3. Governance related to BR:

- i. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year –**

The Managing Director along with the Senior Management of the Company regularly review and assess the BR performance.

- ii. **Does the Company publish a BR or sustainability Report? What is hyperlink for viewing this report? How frequently it is published?**

The Company has not published any BR or sustainability report till financial year 2013-14. However the BR report is /shall be available at [www.suntv.in](http://www.suntv.in).

### Section E: Principle-wise Performance

#### **Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Code of Conduct for Corporate Governance adopted by the Board of Directors is applicable to the Board of Directors and Senior Management. The HR policy applicable to the Company prohibits accepting or giving bribery in any form. Though, at present there is no formal written policy on corruption and bribery covering external stakeholders, controls are in place installed at every level to prevent bribery and corruption.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

28 investor complaints were received during the FY 2013-14 all were resolved and no complaint is pending as on date.

#### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and /or opportunities.**

The Company meticulously follows the applicable regulation / guidelines / Advisories issued from time to time by Ministry of Information and Broadcasting (MIB), Telecom Regulatory Authority of India (TRAI) and Indian Broadcasting Federation (IBF) in rendering its services.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw materials etc.) per product (optional):**

As part of Media and Entertainment Industry, the Company consumes negligible energy.

As part of Media and Entertainment Industry, the Company consumes negligible energy.



## BUSINESS RESPONSIBILITY REPORT

**3. Does the Company procedure in place for sustainable sourcing (including transportation). If yes, what percentage of your inputs was sourced sustainably?**

The unique business model adopted by the Company adequately motivates the content providers to stay with the Company. As the Company is a market leader some of the production houses are associated with the Company since inception. The Company also conducts various event-based programs to identify and encourage budding talents.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has regional channels in the four Southern States which sources identifies and nurtures talent from the small producers and local vendors.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste. (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Not applicable.

**Principle 3: Business should promote the well being of all employees**

**1. Please indicate the total number of employees:** 2032

**2. Please indicate the total number of employees hired on temporary / contractual / casual basis:** 464

**3. Please indicate the number of permanent women employees:** 220

**4. Please indicate the number of permanent employees with disabilities:** NIL

**5. Do you have employee association that is recognized by management?**

No Employee association exists

**6. What percentage of your permanent employees are members of this recognized employee associations?**

Not Applicable

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, and sexual harassment in the last financial year and pending as on the end of the financial year:**

NIL

**8. What percentage of your under mentioned employees were given safety and skill up gradation training in the last year?**

The Company periodically organizes various training sessions on safety and it also sponsors its employees to skill up gradation programs conducted by various external professional bodies.

## BUSINESS RESPONSIBILITY REPORT

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the Company mapped its internal and external shareholders?**

Yes. The Company has mapped its internal and external stakeholders and the main categories of the same are as follows: (i) Investors, (ii) Banks, (iii) Content Producers, (iv) Vendors, (v) Service Providers (vi) The Ministry of Information & Broadcasting, (vii) The Department of Telecommunication, (viii) Telecom Regulatory Authority of India, (ix) Ministry of Corporate Affairs, (x) Reserve Bank of India, (xi) Foreign Investment Promotion Board, (xii) Stock Exchanges and (xiii) Depositories.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof**

The Company as part of regular functioning encourages talents among various sections of the Society it also gives opportunity to new and innovative programs.

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOs/ Others?**

The policy of the Company on human rights largely applies to the Company and extends to the major stakeholders to the extent applicable.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

The Company has not received any complaint on human rights violation.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

As a responsible business entity we feel the importance of protecting and safeguarding the environment. The Company implemented new, modern and scientific green initiatives at its registered office.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for web page etc.**

No

## BUSINESS RESPONSIBILITY REPORT

**3. Does the company identify and assess potential environmental risks? Y/N**

No. The Company is engaged in broadcasting activity.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No. The Company is engaged in broadcasting activity.

**5. Has Company has undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink to web page etc.**

Not applicable. The Company is engaged in broadcasting activity.

**6. Are the Emissions/Waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?**

Not applicable. The Company is engaged in broadcasting activity.

**7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

Nil

**Principle 7: Businesses, when engaged in influencing public, clients and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

The Company is a Member of  
i) Indian Broadcasting Foundation and  
ii) News Broadcasters Association.

**2. Have you advocated/lobbied through above associations for advancement or improvement of public good? Yes/No; if yes, specify the broad areas**

Yes, The Company through these associations has supported/advocated the implementation of digitalization, as laid down by the Ministry of Information and Broadcasting.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8?**

The Company has taken initiatives in formulating and implementation of policies relating to Corporate Social Responsibility. The Company regularly contributes to Sun Foundation, a charitable trust to support the various social welfare activities as carried out by the trust.

## BUSINESS RESPONSIBILITY REPORT

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures/any other organization?**

The programs are undertaken through own foundation.

**3. Have you done any impact assessment of your initiative?**

No

**4. What is Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Company has donated Rs. 10.70 million to Sun Foundation to carry out various welfare activities such as healthcare and education of the poor and needy.

**5. Have you taken steps to ensure that the community successfully adopts this community development initiative?**

Yes

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/ consumer cases as on the end of financial year?**

No material consumer / customer complaints outstanding as at the end of the financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws?**

Not applicable

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and or anti-competitive behavior during the last five years and pending as of end of financial year?**

None

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

The Company has subscribed to TAM (Television Audience Measurement). TAM provides periodical television popularity and viewership reports which the Senior Management reviews and acts upon.

**Contacts:**

For queries related to

Business Responsibility Report:

**K. Vijaykumar**  
**Managing Director &**  
**Chief Executive Officer**

Tel: 91 44 44676767

E-mail: brr@sunnetwork.in

For queries relating to compliance:

**R. Ravi**  
**Company Secretary &**  
**Compliance Officer**

Tel.: 91 44 44676767,

Fax: 91 44 40616161

E-mail: ravi@sunnetwork.in

## INDEPENDENT AUDITORS' REPORT

### To the Members of Sun TV Network Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Sun TV Network Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## INDEPENDENT AUDITORS' REPORT

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

**per S Balasubrahmanyam**

Partner

Membership Number: 053315

Place of Signature: Chennai

Date: May 23, 2014

## Annexure to Auditors' Report

**Annexure referred to in paragraph 1 of the section on “Report on other legal and regulatory requirements” of our report of even date**

**Re: Sun TV Network Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification 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.
- (c) There was no disposal of substantial part of fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for rendering of services. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

### Annexure to Auditors' Report (Continued)

- b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, related to services of the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to sales tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax and customs duty, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in millions)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income Tax	89.9	FY 2004 – 05	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	197.0	FY 2007 – 08	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	441.1	FY 2010 – 11	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Differential Customs Duty	5.0	FY 2007– 08	Customs, Excise and Service Tax Appellate Tribunal

According to information and explanations given to us, there are no dues of wealth-tax, service tax, excise duty and cess which are outstanding on account of any dispute.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.



## Annexure to Auditors' Report (Continued)

- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted i repayment of dues to a financial institution or bank. The Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

Place : Chennai

Date: May 23, 2014

**Balance Sheet as at March 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	Notes	March 31, 2014	March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,970.4	1,970.4
Reserves and surplus	4	29,747.6	26,958.1
		<b>31,718.0</b>	<b>28,928.5</b>
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	259.7	284.4
Other long-term liabilities	6	35.2	41.7
Long-term provisions	7	8.8	17.2
		<b>303.7</b>	<b>343.3</b>
<b>Current liabilities</b>			
Trade payables	8	317.8	291.9
Other current liabilities	9	1,353.2	1,441.3
Short-term provisions	10	1,093.2	936.3
		<b>2,764.2</b>	<b>2,669.5</b>
<b>TOTAL</b>		<b>34,785.9</b>	<b>31,941.3</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	7,706.1	8,232.3
Intangible assets	12	4,712.3	3,992.5
Capital work-in-progress		4.0	4.2
Non-current investments	13	4,623.8	4,623.8
Long-term loans and advances	14	2,417.2	3,843.7
		<b>19,463.4</b>	<b>20,696.5</b>
<b>Current assets</b>			
Current investments	15	2,142.7	54.6
Inventories	16	5.7	5.0
Trade receivables	17	5,744.6	5,353.0
Cash and bank balances	18	5,621.0	3,886.3
Short-term loans and advances	19	1,017.8	1,177.5
Other current assets	20	790.7	768.4
		<b>15,322.5</b>	<b>11,244.8</b>
<b>TOTAL</b>		<b>34,785.9</b>	<b>31,941.3</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

Chennai

May 23, 2014

**For and on behalf of the board of directors**

**Kalanithi Maran**

Chairman

**K. Vijaykumar**

Managing Director &  
Chief Executive Officer

**R. Ravi**

Company Secretary

Chennai

May 23, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**  
(All amounts are in millions of Indian Rupees, except in respect of number and per share information)

	Notes	March 31, 2014	March 31, 2013
<b>Income</b>			
Revenues from operations	21	20,967.8	18,176.2
Other income	22	83.5	195.3
<b>Total revenue (I)</b>		<b>21,051.3</b>	<b>18,371.5</b>
<b>Expenses</b>			
Cost of revenues	23	2,701.9	1,551.6
Employees' benefits expense	24	1,925.3	1,771.1
Other expenses	25	1,615.3	1,037.9
Advertisement and marketing expenses	26	91.5	46.7
<b>Total (II)</b>		<b>6,334.0</b>	<b>4,407.3</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>14,717.3</b>	<b>13,964.2</b>
Depreciation and amortization expense	27	4,533.4	4,131.8
Interest and Dividend Income	28	(708.6)	(354.9)
Finance costs	29	45.4	47.9
<b>Total (III)</b>		<b>3,870.2</b>	<b>3,824.8</b>
<b>Profit before tax (I)-(II)-(III)</b>		<b>10,847.1</b>	<b>10,139.4</b>
<b>Tax expenses</b>			
Current tax		3,702.2	3,359.3
Deferred tax		(24.7)	(53.3)
<b>Total tax expense</b>		<b>3,677.5</b>	<b>3,306.0</b>
<b>Profit after tax</b>		<b>7,169.6</b>	<b>6,833.4</b>
Earnings per share information:			
Net profit attributable to equity shareholders		7,169.6	6,833.4
Weighted average number of equity shares outstanding		394,084,620	394,084,620
Basic and diluted earnings per share (Rs.)		18.19	17.34
Nominal value of equity share (Rs.)		5.00	5.00

Summary of significant accounting policies 2  
The accompanying notes are an integral part of the financial statements.  
As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP** **For and on behalf of the Board of Directors**  
Chartered Accountants  
ICAI Firm registration number: 101049W

**per S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**Kalanithi Maran**  
Chairman

**K. Vijaykumar**  
Managing Director &  
Chief Executive Officer

**R. Ravi**  
Company Secretary

Chennai  
May 23, 2014

Chennai  
May 23, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	<b>10,847.1</b>	<b>10,139.4</b>
Adjustments to reconcile:		
Depreciation of tangible assets	860.5	901.3
Amortization of intangible assets	3,647.9	3,230.5
Impairment of intangible assets	25.0	-
(Profit) / loss on sale of fixed assets, net	(1.3)	(54.0)
Translation loss / (gain) on monetary assets and liabilities, net	(5.2)	5.5
Provision for doubtful debts	147.1	242.5
Provision for doubtful movie advances and assets	18.3	28.2
Provision for doubtful advances and assets	55.5	-
Provision for unbilled revenue	13.3	-
Bad debts written off	41.3	-
Liabilities / provisions no longer required written back	-	(24.2)
Interest income	(633.5)	(310.8)
Dividend income	(75.1)	(44.1)
Interest expense	42.7	43.4
<b>Operating profit before working capital changes</b>	<b>14,983.6</b>	<b>14,157.7</b>
Movements in working capital:		
(Increase)/Decrease in trade receivables	(531.5)	(946.4)
(Increase)/Decrease in inventories	(0.7)	(1.5)
(Increase)/Decrease in other current assets	(169.7)	(157.8)
(Increase)/Decrease in loans and advances	138.0	(803.5)
Increase / (Decrease) in trade payables and other liabilities	1,046.1	160.3
Increase / (Decrease) in provisions	(1,070.6)	11.0
<b>Cash generated from / (used in) operations</b>	<b>14,395.2</b>	<b>12,419.8</b>
Direct taxes paid (net of refunds)	(2,810.3)	(4,062.1)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>11,584.9</b>	<b>8,357.7</b>
<b>Cash flows (used in) / from investing activities</b>		
Purchase of fixed assets, capital work in progress (including capital advances)	(196.7)	(3,979.6)
Purchase of intangible assets (including advances towards purchase of intangible assets)	(4,106.0)	(1,949.5)
Purchase of current investments	(4,088.9)	(1,824.1)
Redemption of current investments	2,000.8	1,861.3
Proceeds from sale of assets	7.9	1,900.5
Proceeds from sale of subsidiary	-	25.8
Term deposits placed with banks during the year	(4,083.5)	(3,305.5)
Term deposits refunded from banks during the year	2,112.4	2,451.8
Interest received	767.6	380.6
Dividends received	75.1	44.1
<b>Net cash from / (used in) investing activities (B)</b>	<b>(7,511.3)</b>	<b>(4,394.6)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>Cash flows (used in) / from financing activities</b>		
Loans availed	10,312.0	8,751.8
Loans repaid	(10,312.0)	(8,751.8)
Proposed dividends paid	(788.2)	(295.6)
Tax on proposed dividends paid	(133.9)	(48.0)
Interim dividends paid	(2,857.1)	(2,955.7)
Tax on interim dividends paid	(485.6)	(479.5)
Interest paid	(42.7)	(43.4)
<b>Net cash (used in) / from financing activities (C)</b>	<b>(4,307.5)</b>	<b>(3,822.2)</b>
Exchange differences on translation of foreign currency cash and cash equivalents (D)	(2.5)	(7.4)
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>(236.4)</b>	<b>133.5</b>
Cash and cash equivalents at the beginning of the year	575.6	442.1
<b>Cash and cash equivalents at the end of the year</b>	<b>339.2</b>	<b>575.6</b>

### Notes

a) The reconciliation to the cash and bank balances as given in Note 18 is as follows:

Cash and bank balances, per Note 18	5,621.0	3,886.3
Less : Term deposits placed with banks	(5,281.8)	(3,310.7)
<b>Cash and cash equivalents, end of year</b>	<b>339.2</b>	<b>575.6</b>

b) Components of cash and cash equivalents

Cash and cheques on hand	0.2	0.2
With banks		
- on current account	336.8	523.5
- on deposit account (unrestricted)	-	50.0
- on unpaid dividend accounts (restricted)*	2.2	1.9

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP For and on behalf of the Board of Directors**

Chartered Accountants

ICAI Firm registration number: 101049W

**per S Balasubrahmanyam**

Partner  
Membership No.: 053315

Chennai

May 23, 2014

**Kalanithi Maran**

Chairman

Chennai

May 23, 2014

**K. Vijaykumar**

Managing Director &  
Chief Executive Officer

**R. Ravi**

Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### 1. Corporate Information

Sun TV Network Limited ('Sun TV' or 'the Company') was incorporated on December 18, 1985 as Sumangali Publications Private Limited. The Company is engaged in producing and broadcasting satellite television and radio software programming in the regional languages of South India.

The Company is listed on the Bombay Stock Exchange ('BSE') and the National Stock Exchange ('NSE') in India. The Company currently operates television channels in four South Indian languages predominantly to viewers in India, and also to viewers in Sri Lanka, Singapore, Malaysia, United Kingdom, Europe, Middle East, United States, Australia, South Africa and Canada. The Company's flagship channel is Sun TV. The other major satellite channels of the Company are Surya TV, Gemini TV and Udaya TV. The Company is also into the business of FM Radio broadcasting at Chennai, Coimbatore and Tirunelveli. The Company's film production / distribution division 'Sun Pictures' undertakes production / distribution of movies in the Tamil language. The Company also has the license to operate an Indian Premier League ('IPL') franchise "Sun Risers Hyderabad".

### 2. Summary of significant accounting policies

#### a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### c) Tangible fixed assets and depreciation

##### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs, if any, relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Fixed assets under construction and fixed assets acquired but not put to use at the balance sheet date are classified as capital work in progress.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### Depreciation

Depreciation on tangible fixed assets other than aircraft and leasehold improvements is provided on written down value method, using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

	<b>Percent</b>
Buildings	5.00 - 13.91
Plant and machinery	13.91 - 20.00
Computer and related equipment	40.00
Furniture and fittings	18.10
Office equipment	13.91
Motor Vehicles	25.89

Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease. The average useful life of Leasehold improvements is 3 - 5 years.

Costs incurred towards purchase of aircraft are depreciated using the straight-line method based on management's estimate of useful life of such aircrafts, i.e. 15 years.

Fixed assets individually costing Rs 5,000/- or less are entirely depreciated on purchase.

The gross block of plant and machinery as at March 31, 2014 includes cost of program production equipment of Rs. 1,582.03 million (Rs. 1,562.6 million), post production equipment of Rs. 681.51 million (Rs. 674.4 million), reception and distribution facilities of Rs. 1,299.1 million (Rs. 1,079.4 million), computer and related equipment of Rs. 1,082.87 million (Rs. 1,048.3 million) and aircraft of Rs. 2,951.5 million (Rs. 2,951.5 million). The net block of plant and machinery as at March 31, 2014 includes the net block of program production equipment of Rs. 234.2 million (Rs. 275.1 million), post production equipment of Rs. 151.6 million (Rs. 182.1 million), reception and distribution facilities of Rs. 436.2 million (Rs. 296.2 million), computer and related equipment of Rs. 198.3 million (Rs. 276.3 million) and aircraft of Rs. 2,748.4 million (Rs. 2,945.0 million).

### **d) Intangible assets and amortization**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### □ Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software being 3 years, or over the license period of the software, whichever is shorter.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

- Film and program broadcasting rights ('Satellite Rights')

Acquired Satellite Rights for the broadcast of feature films and other long-form programming such as multi-episode television serials are stated at cost.

Future revenues cannot be estimated with any reasonable accuracy as these are susceptible to a variety of factors, such as the level of market acceptance of television products, programming viewership, advertising rates etc, and accordingly cost related to film and program broadcasting rights are fully expensed on the date of first telecast of the film / program episode, as the case may be. The maximum useful life of Satellite Rights in the opinion of the management is not likely to exceed 10 years.

- Film production costs, distribution and related rights

Upon the theatrical release of a movie, the cost of production / acquisition of all the rights related to each such movie is amortised in the ratio that current period revenue for the movie bears to the management's estimate of the remaining unrecognised revenue for all rights arising from the movie, as per the individual-film-forecast method. The estimates for remaining unrecognised revenue for each movie is reviewed periodically and revised if necessary. The maximum useful life of film production costs, distribution and related rights in the opinion of the management is not likely to exceed 10 years.

Expenditure incurred towards production of movies not complete as at balance sheet date if any, are classified as intangible assets under development.

- Licenses

Licenses represent one time entry fees paid to Ministry of Information and Broadcasting ('MIB') under the applicable licensing policy for Frequency Modulation ('FM') Radio broadcasting. Cost of licenses are amortised over the license period, being 10 years.

- Goodwill

Goodwill is amortised on a straight-line basis over a period of five years, based on management's estimates.

**e) Impairment of tangible and intangible assets**

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### f) Franchisee Fees

The annual franchise fee payable to the Board of Control for Cricket in India ('BCCI') is recognized as an expense on an accrual basis in accordance with terms of the Company's agreement with the BCCI.

### g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The revenue is recognised net of service tax if any.

- Advertising income and broadcast fees are recognised when the related commercial or programme is telecast.
- Program licensing income represents income from the export of program software content, and is recognised in accordance with the terms of agreements with customers.
- Subscription income represents subscription fees billed to cable operators and Direct to Home ('DTH') service providers towards pay-channels operated by the Company, and are recognised in the period during which the service is provided. Subscription fees billed to cable operators are determined based on management's best estimates of the number of subscription points to which the service is provided, at contractually agreed rates with the Company's authorised distributor. Subscription income from DTH customers is recognised in accordance with the terms of agreements entered into with the service providers.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

- Revenues from sale of movie distribution / sub-distribution rights are recognised on the theatrical release of the related movie, in accordance with the terms of agreements with customers. Revenues from the theatrical distribution of movies are recognised as they are exhibited, based on box office collections reported by the exhibitors after deduction of taxes and exhibitor's share of net collections.
- Income from content trading represent revenue earned from mobile service providers and DTH service providers through exploitation of content owned by the Company. Income is recognised as per the terms of contract with the respective service providers.
- Income from franchisee rights is recognised when the rights to receive the payments is established as per the terms of the agreement entered with BCCI. Revenue is recognised as per the information provided by BCCI or as per Management's estimate in case the information is not received. The revenue is allocated on a pro-rata basis to number of matches played during the year as against the total number of matches for the season.
- Income from sponsorship fees is recognised on completion of terms of the sponsorship agreement.
- Income from sale of tickets is recognised on the dates of the respective matches. The Company reports revenues net of discounts offered on sale of tickets.
- Prize money is recognised when right to receive payment is established.
- Revenues from aircraft charter services are recognised based on services provided and billed as per the terms of the contracts with the customers.
- Revenues from barter transactions, and the related costs, are recorded at fair values of the services rendered and services received, as estimated by management.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- Dividend income is recognised when the right to receive payment is established by the reporting date.
- Export incentives are recognized on avilment of the benefits under the respective schemes.

Revenues recognised in excess of billings are disclosed as "Unbilled Revenue" under other current assets. Billings in excess of revenue recognised are disclosed as "Deferred Revenues" under current liabilities.

**i) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes the contribution payable to the provident fund scheme as an expenditure when the employee renders the related service.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Gratuity liability is a defined benefit obligation. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### **j) Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and Deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and Deferred tax assets and deferred tax liabilities.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**l) Leases**Operating leases (where the Company is the lessee)

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Operating leases (where the Company is the lessor)

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**m) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**n) Foreign currency transactions**Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

All exchange differences arising on settlement / conversion of foreign currency monetary items are included in the statement of profit and loss.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### **o) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### **p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### **q) Segment reporting**

The Company considers business segments as its primary segment. The Company's operations predominantly relate to Media and Entertainment and, accordingly, this is the only primary reportable segment.

The Company considers geographical segments as its secondary segment. The Company's operations are predominantly within India and, accordingly, this is the only secondary reportable segment.

### **r) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, dividend income, finance costs and tax expense.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, except in respect of number and per share information)*

	March 31, 2014	March 31, 2013
<b>3. Share capital</b>		
<b>Authorised Shares</b>		
450,000,000 equity shares of Rs 5/- each (March 31, 2013 - 450,000,000 of Rs. 5/- each)	2,250.0	2,250.0
<b>Issued, subscribed and fully paid-up Shares</b>		
394,084,620 equity shares of Rs 5/- each (March 31, 2013 - 394,084,620 of Rs. 5/- each)	1,970.4	1,970.4
	<b>1,970.4</b>	<b>1,970.4</b>

**a. Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	39,40,84,620	1,970.4	39,40,84,620	1,970.4
Issued during the year	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the year</b>	<b>39,40,84,620</b>	<b>1,970.4</b>	<b>39,40,84,620</b>	<b>1,970.4</b>

**b. Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 9.50/- (March 31, 2013: Rs. 9.50/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	March 31, 2014	March 31, 2013
Equity shares allotted as fully paid-up pursuant towards purchase consideration on amalgamation *	5,92,64,000	5,92,64,000

\* 29,632,000 equity shares were originally issued at Rs. 10 per share as fully paid towards purchase consideration to the shareholders of Udaya TV Private Limited and the erstwhile Gemini TV Private Limited, pursuant to their amalgamation with Sun TV Network Limited, these shares were subsequently sub-divided into 59,264,000 shares of Rs. 5/- each.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### d. Details of shareholders holding more than 5% shares in the company

Equity shares of Rs. 5.00 each fully paid	March 31, 2014		March 31, 2013	
	Number	% holding	Number	% holding
Mr. Kalanithi Maran	29,55,63,457	75.0%	30,34,45,157	77.0%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

	March 31, 2014	March 31, 2013
<b>4 Reserves and surplus</b>		
<b>Securities premium account</b>	<b>4,718.2</b>	<b>4,718.2</b>
<b>General reserve</b>		
Balance as per the last financial statements	4,121.0	3,437.7
Add: amount transferred from surplus balance in the statement of profit and loss	717.0	683.3
<b>Closing Balance</b>	<b>4,838.0</b>	<b>4,121.0</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	18,118.9	16,326.1
Profit for the year	7,169.6	6,833.4
Less: Appropriations		
Interim dividend [Rs. 7.25/- per share (March 31, 2013: Rs. 7.50/- per share)]	(2,857.1)	(2,955.7)
Tax on interim dividend	(485.6)	(479.5)
Proposed final dividend [Rs. 2.25/- per share (March 31, 2013: Rs. 2.00/- per share)]	(886.7)	(788.2)
Tax on proposed dividend	(150.7)	(133.9)
Transfer to general reserve	(717.0)	(683.3)
Total appropriations	(5,097.1)	(5,040.6)
<b>Net surplus in the statement of profit and loss</b>	<b>20,191.4</b>	<b>18,118.9</b>
<b>Total reserves and surplus</b>	<b>29,747.6</b>	<b>26,958.1</b>
<b>5 Deferred tax Liability (net)</b>		
<b>Deferred Tax Liability</b>		
Tangible Assets and Intangible Assets		
- Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	638.9	563.5
<b>Gross deferred tax liability</b>	<b>638.9</b>	<b>563.5</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Deferred tax Asset</b>		
- Provision for doubtful debts	(221.1)	(171.1)
- Provision for doubtful advances and assets	(112.4)	(73.0)
- Sec. 40(a)(ia) disallowances	(17.1)	(17.1)
- Others	(28.6)	(17.9)
<b>Gross deferred tax asset</b>	<b>(379.2)</b>	<b>(279.1)</b>
<b>Net deferred tax liability</b>	<b>259.7</b>	<b>284.4</b>
<b>6 Other long-term liabilities</b>		
Interest free deposits from customers	35.2	41.7
	<b>35.2</b>	<b>41.7</b>
<b>7 Long-term Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer note 39)	8.8	17.2
	<b>8.8</b>	<b>17.2</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**March 31, 2014      March 31, 2013**

**8 Trade Payables**

Trade payables	317.8	291.9
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There is no overdue amount payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro and Small Enterprises during the current and previous year.

**9 Other Current liabilities**

Investor Education and Protection Fund will be credited by following amounts (as and when due)

- Unpaid dividend	2.2	1.9
Deferred revenues	81.4	236.5
Interest free deposits from customers	52.6	55.1
Advances from customers	89.4	85.8
Dues payable in respect of fixed assets	36.9	47.9
Directors' Remuneration Payable	935.0	856.9
Employee benefits payable	93.3	42.9
Retention Money Payable	4.9	6.4
Statutory Dues	57.5	107.9
	<b>1,353.2</b>	<b>1,441.3</b>

**10 Short Term Provisions**

**Provision for employee benefits**

Provision for gratuity (Refer note 39)	-	1.7
Provision for leave benefits	27.1	12.5
	<b>27.1</b>	<b>14.2</b>

**Other provisions**

Proposed dividend	886.7	788.2
Provision for tax on proposed dividend	150.7	133.9
Provision for Litigations and Claims	28.7	-
	<b>1,066.1</b>	<b>922.1</b>
	<b>1,093.2</b>	<b>936.3</b>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

11 Tangible assets	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fittings	Leasehold Improvements	Motor vehicles*	Total
<b>Gross Block</b>								
At April 1, 2012	877.4	2,629.8	6,790.2	641.1	807.6	219.2	193.3	12,158.6
Additions	-	44.3	3,167.4	9.9	20.4	6.4	26.0	3,274.4
Disposals	-	-	(2,641.4)	-	-	-	(19.5)	(2,660.9)
<b>At March 31, 2013</b>	<b>877.4</b>	<b>2,674.1</b>	<b>7,316.2</b>	<b>651.0</b>	<b>828.0</b>	<b>225.6</b>	<b>199.8</b>	<b>12,772.1</b>
Additions	-	2.4	281.3	14.5	12.3	-	30.4	340.9
Disposals	-	-	(0.3)	-	-	-	(27.0)	(27.3)
<b>At March 31, 2014</b>	<b>877.4</b>	<b>2,676.5</b>	<b>7,597.2</b>	<b>665.5</b>	<b>840.3</b>	<b>225.6</b>	<b>203.2</b>	<b>13,085.7</b>
<b>Depreciation</b>								
At April 1, 2012	-	273.8	3,655.0	143.2	171.5	84.0	125.4	4,452.9
Charge for the year	-	184.9	483.5	69.6	115.7	28.4	19.2	901.3
Disposals	-	-	(797.0)	-	-	-	(17.4)	(814.4)
<b>At March 31, 2013</b>	<b>-</b>	<b>458.7</b>	<b>3,341.5</b>	<b>212.8</b>	<b>287.2</b>	<b>112.4</b>	<b>127.2</b>	<b>4,539.8</b>
Charge for the year	-	165.7	487.3	62.1	99.0	25.0	21.4	860.5
Disposals	-	-	(0.3)	-	-	-	(20.4)	(20.7)
<b>At March 31, 2014</b>	<b>-</b>	<b>624.4</b>	<b>3,828.5</b>	<b>274.9</b>	<b>386.2</b>	<b>137.4</b>	<b>128.2</b>	<b>5,379.6</b>
<b>Net Block</b>								
At March 31, 2013	877.4	2,215.4	3,974.7	438.2	540.8	113.2	72.6	8,232.3
At March 31, 2014	877.4	2,052.1	3,768.7	390.6	454.1	88.2	75.0	7,706.1

\* Under certain arrangements between the Company and its Directors, the Company had, from time to time, made payments to vendors for the purpose of acquiring vehicles, which are registered in the names of those Directors. The terms of these arrangements provide for such vehicles to be maintained, operated and used exclusively by the Company for the purpose of its business. The original cost and net book value of such vehicles as at March 31, 2014 are Rs 52.68 million and Rs 2.23 million respectively (March 31, 2013 - Rs 52.7 million and Rs 3.1 million respectively).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

12 Intangible assets	Film and Program Broadcasting Rights	Film Production Costs, Distribution and Related Rights	Computer Software	Licenses	Goodwill	Total
<b>Gross Block</b>						
At April 1, 2012	11,996.6	3,684.3	99.8	155.4	196.3	16,132.4
Additions	4,287.9	-	10.2	-	-	4,298.1
Disposals	(508.8)	-	-	-	-	(508.8)
<b>At March 31, 2013</b>	<b>15,775.7</b>	<b>3,684.3</b>	<b>110.0</b>	<b>155.4</b>	<b>196.3</b>	<b>19,921.7</b>
Additions	4,264.6	118.5	9.6	-	-	4,392.7
Disposals	(188.8)	-	-	-	-	(188.8)
<b>At March 31, 2014</b>	<b>19,851.5</b>	<b>3,802.8</b>	<b>119.6</b>	<b>155.4</b>	<b>196.3</b>	<b>24,125.6</b>
<b>Depreciation</b>						
At April 1, 2012	9,185.3	3,614.3	87.6	105.0	196.3	13,188.5
Charge for the year	3,131.7	70.0	12.0	16.8	-	3,230.5
Disposals	(508.8)	-	-	-	-	(508.8)
<b>At March 31, 2013</b>	<b>11,808.2</b>	<b>3,684.3</b>	<b>99.6</b>	<b>121.8</b>	<b>196.3</b>	<b>15,910.2</b>
Charge for the year	3,501.1	118.5	11.5	16.8	-	3,647.9
Disposals	(188.8)	-	-	-	-	(188.8)
<b>At March 31, 2014</b>	<b>15,120.5</b>	<b>3,802.8</b>	<b>111.1</b>	<b>138.6</b>	<b>196.3</b>	<b>19,369.3</b>
<b>Impairment</b>						
At April 1, 2012	19.0	-	-	-	-	19.0
Charge for the year	-	-	-	-	-	-
<b>At March 31, 2013</b>	<b>19.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.0</b>
Charge for the year	25.0	-	-	-	-	25.0
Disposals	-	-	-	-	-	-
<b>At March 31, 2014</b>	<b>44.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.0</b>
<b>Net Block</b>						
At March 31, 2013	3,948.5	-	10.4	33.6	-	3,992.5
At March 31, 2014	4,687.0	-	8.5	16.8	-	4,712.3

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>13 Non-current investments</b>		
<b>Long Term Investments (At cost) - Trade Equity instruments (Unquoted)</b>		
-In Subsidiary Companies :		
121,305,000 (March 31, 2013 - 121,305,000) fully paid equity shares of Rs 10/- each in Kal Radio Limited	1,213.1	1,213.1
148,092,000 (March 31, 2013 - 148,092,000) fully paid equity shares of Rs 10/- each in South Asia FM Limited	1,480.9	1,480.9
<b>Preference shares (Unquoted)</b>		
-In Subsidiary Companies :		
140,100,410 (March 31, 2013 - 140,100,410) fully paid 0.1% Compulsorily Convertible Preference Shares of Rs 10/- each in South Asia FM Limited	1,401.0	1,401.0
52,880,000 (March 31, 2013 - 52,880,000) fully paid 0.1% Compulsorily Convertible Preference Shares of Rs 10/- each in Kal Radio Limited	528.8	528.8
<b>Total Unquoted Non current Investments</b>	<b>4,623.8</b>	<b>4,623.8</b>
<b>14 Long term Loans and advances (Unsecured)</b>		
<b>Capital advances</b>		
Considered good	1,620.1	2,080.1
Considered doubtful	137.4	119.1
	1,757.5	2,199.2
Provision for doubtful capital advances	(137.4)	(119.1)
<b>(A)</b>	<b>1,620.1</b>	<b>2,080.1</b>
<b>Security deposit (Considered good)</b>		
Rental and other deposits	53.0	45.5
Deposits with Government agencies	23.4	18.2
<b>(B)</b>	<b>76.4</b>	<b>63.7</b>
<b>Other loans and advances (Considered good)</b>		
Advance income-tax (net of provision for taxation)	706.7	1,639.9
Prepaid expenses	14.0	60.0
<b>(C)</b>	<b>720.7</b>	<b>1,699.9</b>
<b>Total (A+ B + C )</b>	<b>2,417.2</b>	<b>3,843.7</b>
<b>15 Current investments</b>		
<b>Current investments (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Quoted equity instruments</b>		
-1,074,266 fully paid equity shares of Re. 1/- each (March 31, 2013)		
- 939,276 fully paid equity shares of Re. 1/- each) in City Union Bank Limited	4.1	2.8

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>Unquoted Mutual Funds</b>		
-DWS Short Maturity Fund-Regular Plan-Monthly Dividend Reinvestment - Nil units (March 31,2013 - 2,142,613.414 units )	-	25.7
-Kotak Bond (Short Term)-Monthly Dividend-Nil units(March 31,2013 - 2,587,439.305 units)	-	26.1
UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) Reinvest - 57,410 units	57.4	-
IDFC-SSIF-Short Term-Plan A-Fortnightly Dividend - 3,194,639 units	32.7	-
HDFC High Interest Fund-Short Term Plan-Dividend - 2,940,844 units	31.2	-
Axis Short Term Fund-Institutional Regular Dividend Reinvestment - 4,098,287 units	41.6	-
Templeton India Low Duration Fund-Monthly Dividend Reinvestment - 8,727,363 units	89.4	-
ICICI Prudential FMP Series 68-369 Days Plan 1 Regular Plan Cumulative - 3,000,000 units	30.0	-
HDFC FMP 372D Dec 2013 (1) Series 29-Regular-Growth - 5,000,000 units	50.0	-
HDFC FMP 453D February 2014 (1) Series 29-Regular-Growth - 5,276,064 units	52.8	-
Birla Sun Life Fixed Term Plan-Series KI (368 days)-Gr.Regular - 3,000,000 units	30.0	-
DSP BlackRock FMP-Series 150-13M-Reg-Growth - 5,000,000 units	50.0	-
IDFC Fixed Term Plan Series 77 Regular Plan -Growth (399 Days) - 4,000,000 units	40.0	-
DWS Fixed Maturity Plan Series 51-Regular Plan-Growth - 5,000,000 units	50.0	-
SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan-Daily - 40,105 units	40.5	-
Birla Sun Life Fixed Term Plan -Series KR (385 days)-Gr. Regular - 5,000,000 units	50.0	-
Birla Sun Life Floating Rate Long Term-Daily Dividend-Regular Plan - 1,106,472 units	111.1	-
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan - 5,240,000 units	52.4	-
IDBI FMP-Series IV-387 Days (March 2014)-G Regular Plan-Growth - 2,000,000 units	20.0	-
UTI Fixed Term Income Fund Series XVIII-IV (366 Days)-Growth Plan - 5,000,000 units	50.0	-
ICICI Prudential Banking & PSU Debt Fund-Weekly Dividend Reinvestment -19,634,793 units	200.3	-
IDFC Ultra Short Term Fund-Daily Dividend-(Regular Plan) - 19,983,233 units	200.1	-
SBI-SHF-Ultra Short Term Fund-Institutional Plan-Daily Div - 49,854 units	50.0	-
Axis Treasury Advantage Fund-Daily Dividend Reinvestment - 49,809 units	50.0	-
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option -Dividend Reinvestment - 4,962,531 units	50.0	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan - 49,921 units	50.0	-
Templeton India Low Duration Fund-Monthly Dividend Reinvestment - 10,062,881 units	104.7	-
TATA Floater Fund Plan A -Daily Dividend - 54,535 units	54.7	-
L&T Short Term Opportunities Fund-Dividend - 5,134,544 units	53.7	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
DWS Short Maturity Fund-Regular Plan-Monthly Dividend-Reinvestment - 2,560,928 units	31.0	-
Kotak Banking & PSU Debt Fund-Daily Dividend Reinvestment - 2,652,753 units	26.6	-
SBI Premier Liquid Fund-Regular Plan-Daily Dividend - 40,327 units	40.5	-
HDFC Liquid Fund-Dividend Daily Reinvest - 3,961,914 units	40.4	-
ICICI Prudential FMP Series 72-440 Days Plan L Direct Plan Cumulative - 5,090,326 units	50.9	-
Reliance Fixed Horizon Fund-XXV-Series 19-Growth Plan - 8,048,833 units	80.5	-
TATA Fixed Maturity Plan Series 46 Scheme M-Plan A-Growth - 5,000,000 units	50.0	-
Kotak FMP Series 145-Growth - 7,608,565 units	76.1	-
SBI Debt Fund Series-366 Days 54-Regular Plan -Growth - 5,000,000 units	50.0	-
<b>Total Current Investments</b>	<b>2,142.7</b>	<b>54.6</b>
<b>Total Value of Quoted Current investments</b>	<b>4.1</b>	<b>2.8</b>
<b>Market Value of Quoted Investments</b>	<b>56.7</b>	<b>52.7</b>
<b>Total Value of Unquoted Current investments</b>	<b>2,138.6</b>	<b>51.8</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>16 Inventories (valued at lower of cost and net realizable value)</b>		
Consumables and media	5.7	5.0
<b>Total</b>	<b>5.7</b>	<b>5.0</b>

**17 Trade receivables**

**Trade receivables (Unsecured)**

**Unsecured, considered good unless stated otherwise**

Outstanding for a period exceeding six months from the date they are due for payment

- Considered good	308.0	189.1
- Considered doubtful	650.5	503.4
	<b>958.5</b>	<b>692.5</b>

Provision for doubtful receivables	(650.5)	(503.4)
	<b>(A) 308.0</b>	<b>189.1</b>

**Other trade receivables**

Unsecured, considered good	5,436.6	5,163.9
	<b>(B) 5,436.6</b>	<b>5,163.9</b>

<b>Total (A + B)</b>	<b>5,744.6</b>	<b>5,353.0</b>
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**Trade receivables include:**

Dues from Private Companies in which the Company's directors are members/directors:

Sun Direct TV Private Limited	1,142.6	998.6
Sun Distribution Services Private Limited	643.9	336.3
Kal Publications Private Limited	47.3	51.8
Kungumam Publications Private Limited	-	8.6
Sun Business Solutions Private Limited	0.3	0.1
Udaya FM Private Limited	-	6.6

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>18 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	336.8	523.5
Deposits with original maturity of less than three months	-	50.0
On unpaid dividend account	2.2	1.9
Cheques on hand	0.1	-
Cash on hand	0.1	0.2
	<b>339.2</b>	<b>575.6</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months*	5,281.8	3,310.7
	<b>5,281.8</b>	<b>3,310.7</b>
	<b>5,621.0</b>	<b>3,886.3</b>
* Balances in deposit accounts with banks includes unutilized monies from the public issue of Rs. Nil (March 31, 2013 : Rs. 206.4 million). Also refer note 41.		
<b>19 Short term Loans and advances (Unsecured)</b>		
Loan and advances to related parties - Considered good	16.4	50.8
<b>(A)</b>	<b>16.4</b>	<b>50.8</b>
<b>Advances recoverable in cash or kind</b>		
Considered good	265.8	358.4
Considered doubtful	128.5	73.5
	394.3	431.9
Provision for doubtful advances	(128.5)	(73.5)
<b>(B)</b>	<b>265.8</b>	<b>358.4</b>
<b>Other loans and advances</b>		
Prepaid expenses - Considered good	133.6	166.4
Balances with statutory/ government authorities		
- Considered good	602.0	601.9
- Considered doubtful	22.1	22.1
	757.7	790.4
Provision for doubtful balances with statutory and government authorities	(22.1)	(22.1)
<b>(C)</b>	<b>735.6</b>	<b>768.3</b>
<b>Total (A+ B + C)</b>	<b>1,017.8</b>	<b>1,177.5</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**March 31, 2014    March 31, 2013**

**Loans and advances to related parties include**

Dues from Private Companies in which the Company's directors are members/directors:

- Kal Publications Private Limited	10.1	5.5
- Sun Direct TV Private Limited	4.7	4.7

**20 Other Current assets**

**Unsecured, considered good unless stated otherwise**

Interest accrued

- on fixed deposits	14.1	1.0
- on inter-corporate deposits / loans to subsidiaries	70.0	217.2

Unbilled Revenues

Considered good	706.6	523.3
Considered doubtful	13.3	-
Less: Provision for unbilled revenue	(13.3)	-

Other receivable	-	26.9
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<b>Total</b>	<b>790.7</b>	<b>768.4</b>
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>21 Revenue from operations</b>		
<b>Revenues from services</b>		
Advertising income	10,670.4	10,496.7
Broadcast fees	1,273.4	1,436.1
Program licensing income	1,249.7	1,031.0
Subscription income	6,444.8	5,120.0
Income from movie distribution	145.7	3.1
Income from content trading	125.5	62.4
Income from Indian Premier League	1055.3	-
Aircraft charter services	3.0	26.9
	<b>20,967.8</b>	<b>18,176.2</b>
<b>22 Other income</b>		
Profit on sale of assets (net)	1.3	54.0
Gain on foreign exchange fluctuation (net)	28.1	35.5
Export incentives	0.7	29.4
Liabilities / provisions not required written back	-	24.2
Other non-operating income	53.4	52.2
	<b>83.5</b>	<b>195.3</b>
<b>23 Cost of Revenues</b>		
Telecast costs	312.7	257.9
Program production expenses	694.8	562.6
Cost of program rights	352.6	280.5
Consumables and media expensed	14.6	28.1
Pay channel service charges	367.7	317.0
Licenses	59.9	51.5
Franchisee fees	850.5	-
Others	49.1	54.0
	<b>2,701.9</b>	<b>1,551.6</b>
<b>24 Employees' benefits expense</b>		
Salaries, wages and bonus	603.9	539.7
Gratuity expense (Refer note 39)	7.2	8.0
Contributions to provident fund and other funds	67.7	61.5
Staff welfare expense	38.3	30.5
Directors' remuneration		
- Salary	273.2	274.5
- Ex-gratia / Bonus	935.0	856.9
	<b>1,925.3</b>	<b>1,771.1</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>25 Other expenses</b>		
Legal and professional fees (Refer details below for payments made to auditors)	542.9	92.8
Travel and conveyance	81.3	47.4
Rent	147.4	98.8
Electricity expense	106.3	91.6
Power and fuel	80.1	71.6
Repairs and maintenance		
- Building	6.9	8.8
- Plant and machinery	70.1	73.8
- Repairs Others	95.8	86.7
Communication	24.6	19.9
Utilities	86.4	79.8
Insurance	8.1	11.9
Bad debts written off	41.3	-
Provision for doubtful debts / Movie and other advances / Unbilled Revenues / Assets	234.2	270.7
Donations	10.7	32.5
Rates and taxes	34.7	20.1
Miscellaneous expenses	44.5	31.5
	<b>1,615.3</b>	<b>1,037.9</b>
<b>Payment to Auditor</b>		
<b>As Auditor:</b>		
Audit fee	3.1	3.1
Limited review	1.8	1.8
Service Tax	0.8	0.8
<b>In other capacity:</b>		
Other services (certification fees)	0.1	0.1
Reimbursement of expenses	0.1	0.1
	<b>5.9</b>	<b>5.9</b>
<b>26 Advertisement and marketing expenses</b>		
Advertisement and marketing expenses	91.5	46.7
	<b>91.5</b>	<b>46.7</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>27 Depreciation and amortization expense</b>		
Depreciation of tangible assets	860.5	901.3
Amortization of intangible assets	3,647.9	3,230.5
Impairment of intangible assets	25.0	-
	<b>4,533.4</b>	<b>4,131.8</b>
<b>28 Interest and Dividend Income</b>		
Interest income		
- on bank deposits	427.9	310.4
- on others	205.6	0.4
Dividend income on current investments	75.1	44.1
	<b>708.6</b>	<b>354.9</b>
<b>29 Finance costs</b>		
Interest		
- on loans against deposits	25.9	42.7
- others	16.8	0.7
Bank charges	2.7	4.5
	<b>45.4</b>	<b>47.9</b>

**30. Capital and other commitments**

## a) Capital Commitments (net of advances)

Particulars	March 31, 2014	March 31, 2013
Outstanding commitments on capital contracts	60.9	52.0
Commitments for acquisition of film and program broadcasting rights	1,627.0	1,957.0
<b>Total</b>	<b>1,687.9</b>	<b>2,009.0</b>

## b) Export Obligations

The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rate of customs duty. Under the terms of the scheme, the Company has an export obligation equivalent to six times the duty saved to be fulfilled within a period of six to eight years from date of import of the capital goods.

Accordingly, the Company currently has an export obligation aggregating to Rs. 641.9 million (March 31, 2013 Rs. 1,135.3 million)

## c) Royalty Payable to Ministry of Information and Broadcasting ('MIB')

The Company has obtained licenses to permit them to carry FM operations in Chennai, Coimbatore and Tirunelveli. The Company is required to pay royalty of 4% on the Gross revenues earned during the financial year from these FM operations, as required by terms of requirements of the Grant of Permission Agreement between Sun TV Network Limited ("the Permission Holder") and Ministry of Information and Broadcasting ('MIB') dated September 4, 2006 ("GOPA").

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### d) Franchise rights commitments

As per the terms of the franchise agreement entered into by the Company with the BCCI, the Company has a commitment to pay BCCI, Rs. 850.5 million per annum for the 2014 season to 2017 season. From the 2018 IPL season, the Company is required to pay license fees at 20% on the Franchise Income earned during the relevant year from the operation of the IPL franchise to BCCI. In the current year the Company has paid an amount aggregating to Rs. 255.2 million as franchise license fee for the 2014 IPL season.

### 31. Contingent liabilities

Particulars	March 31, 2014	March 31, 2013
Income Tax*	2,768.6	2,039.8
Customs Duty**@	636.3	615.8
<b>Total</b>	<b>3,404.9</b>	<b>2,655.6</b>

\*The Company received demands of income tax disallowing the manner of allowance claimed by the Company for certain expenses. The Company's appeal in respect of various years has been allowed by both the first and the second appellate authorities in the current year. Accordingly, management believes that based on the favourable judgment as well as relying on judicial pronouncements and other arguments, its position is likely to be accepted by the revenue authorities.

The Company has received demand of income tax disallowing certain expenditure claimed in Assessment Year 2008-09. The Company has made an appeal against the said demand and based on the legal advice obtained by it, the management believes that the Company's claim is likely to be accepted by the appellate authorities.

\*\* The Company has received demand for differential customs duty aggregating to Rs. 5.0 million on account of incorrect classification of certain assets imported during FY 2007-08. The Company has gone on appeal against the said demand, and based on its arguments at such appellate proceedings, management believes that the Company's claim is likely to be accepted by the authorities.

@ Further to enquiries by the customs authorities on customs duty exemptions availed by the Company in the previous year, the Company has received a formal show cause notice containing a provisional demand of Rs. 631.3 million. Then the Company has filed its responses to this notice and has also deposited a sum of Rs. 610.8 million under protest pending final resolution of the matter. The Management has been advised by senior counsels that appropriate legal remedies are available to the Company in this matter and is accordingly confident of recovering the duty paid.

The Company is involved in certain legal proceedings and claims in relation to civil and criminal matters. These legal proceedings are currently pending adjudication before various courts and tribunals. Based on a review of the relevant facts and judicial precedents and as advised of its legal counsels, management is confident of succeeding in these litigations and consequently no provision has been made in the financial statements.

### 32. Value of imports calculated on CIF basis

Particulars	March 31, 2014	March 31, 2013
Capital goods	256.0	3,700.3
Others	6.1	0.8
<b>Total</b>	<b>262.1</b>	<b>3,701.1</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***33. Expenditure in foreign currency (on accrual basis)**

Particulars	March 31, 2014	March 31, 2013
Travelling and related expenses	18.8	18.2
Acquisition of film and program broadcasting rights	6.7	85.3
Satellite Hire Charges	130.0	107.7
Legal and professional charges	253.4	1.5
Others	55.8	47.2
<b>Total</b>	<b>464.7</b>	<b>259.9</b>

**34. Earnings in foreign exchange (on accrual basis)**

Particulars	March 31, 2014	March 31, 2013
Program licensing income	1,249.7	1,031.0
Advertising income	5.3	10.9
Income from sale of Aircraft	-	1,897.5
	<b>1,255.0</b>	<b>2,939.4</b>

**35. Leases****Operating leases (As a Lessee)**

The Company has taken a KU band satellite transponder and office premises on non - cancellable operating lease. There are no escalation clauses in the lease agreements. Further, there are no restrictions imposed by the lease arrangements and there are no subleases.

Particulars	March 31, 2014	March 31, 2013
Lease payments recognised in the statement of profit and loss for the year	311.9	269.4
<b>Minimum Lease Payments</b>		
Not later than one year	303.7	246.3
Later than 1 year but not later than 5 years	497.9	397.2
Later than 5 years	-	-

**Operating leases (As a lessor)**

The Company has leased out its office buildings. These non cancellable leases have remaining terms of between 1 and 3 years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	March 31, 2014	March 31, 2013
Lease income recognised in the statement of profit and loss for the year	27.3	29.1
<b>Minimum Lease Payments</b>		
Not later than one year	33.7	31.7
Later than 1 year but not later than 5 years	63.3	34.5
Later than 5 years	-	-

### 36. Un-hedged foreign currency balances

The Company does not use any derivative instruments to hedge its foreign currency exposure. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Foreign Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency	Amount in Indian Rupees	Amount in Foreign Currency	Amount in Indian Rupees
Trade Receivables	USD	2.3	136.0	2.9	158.7
Trade Receivables	CAD	-	-	0.1	2.0
Trade Receivables	AUD	0.1	8.0	0.1	5.6
Trade Receivables	GBP	0.1	12.5	-	-
Advance from customer	USD	0.4	24.0	0.1	2.0
Advance from customer	CAD	0.1	2.4	-	-
Security Deposits from customers	AUD	0.1	2.8	0.1	2.8
Security Deposits from customers	USD	0.3	18.5	0.3	16.6
Security deposits paid	USD	0.3	15.3	0.2	9.8

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***37. Disclosures required under Clause 32 of the listing agreement**

Particulars	Balance outstanding as at		Maximum amount outstanding at any time during the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Trade Receivables</b>				
Kal Radio Limited	0.1	2.6	2.7	4.4
South Asia FM Limited	0.1	2.6	2.7	2.6
<b>Loans and Advances</b>				
Kal Radio Limited	-	9.7	10.1	10.3
South Asia FM Limited	0.1	29.7	31.4	44.5
<b>Interest Accrued</b>				
Kal Radio Limited	-	71.8	71.8	116.8
South Asia FM Limited	70.0	145.4	145.4	170.4

**38. As required by Accounting Standard (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" the details of Provisions are set out as under-**

Nature of Provision	Opening Balance	Provision for the year	Provision written back /adjusted	Closing Balance
Claims related to Service Tax	-	28.7	-	28.7
	-	<b>28.7</b>	-	<b>28.7</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### 39. Employee benefit plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

#### Statement of Profit and Loss

Particulars	March 31, 2014	March 31, 2013
Current service cost	11.1	9.2
Interest cost on benefit obligation	5.5	4.9
Expected return on plan assets	(5.4)	(4.3)
Net actuarial (gain) / loss recognised in the year	(4.0)	(1.8)
<b>Net benefit expense</b>	<b>7.2</b>	<b>8.0</b>
Actual return on plan assets	4.5	4.0

#### Balance Sheet

##### Details of provision for gratuity

Particulars	March 31, 2014	March 31, 2013
Defined benefit obligation	77.6	71.3
Fair value of plan assets	(68.8)	(52.4)
<b>Plan Liability / (Asset)</b>	<b>8.8</b>	<b>18.9</b>
Experience adjustments on plan liabilities	5.0	2.1
Experience adjustments on plan Asset	(1.0)	(0.3)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2014	March 31, 2013
Opening defined benefit obligation	71.3	62.4
Current service cost	11.1	9.2
Interest cost	5.5	4.9
Actuarial (gains) / losses on obligation	(5.0)	(2.1)
Benefits paid	(5.3)	(3.1)
<b>Closing defined benefit obligation</b>	<b>77.6</b>	<b>71.3</b>

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2014	March 31, 2013
Fair value of planned assets at the beginning of the year	52.4	44.6
Expected return on plan assets	5.4	4.3
Contributions	17.3	6.9
Benefits paid	(5.3)	(3.1)
Actuarial gain / (loss) on plan assets	(1.0)	(0.3)
<b>Fair value of plan assets at the end of the year</b>	<b>68.8</b>	<b>52.4</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

The experience adjustments on plan liabilities and assets, and net (surplus) / deficit for the years ended March 31, 2012, March 31, 2011 and March 31, 2010 are as follows:

<b>Particulars</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Defined benefit obligation at the end of the period	62.4	52.5	39.1
Fair value of plan assets	(44.6)	(35.3)	(29.2)
Net deficit	17.8	17.2	9.9
Experience adjustments on plan liabilities	1.8	0.7	1.8
Experience adjustments on plan assets	(0.4)	0.4	(0.5)

The principal actuarial assumptions used in determining gratuity obligation for the Company's plans are shown below:

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Discount rate	9.10%	8.00%
Expected rate of return on assets	8.75%	9.25%
Employee turnover	2.00%	2.00%

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The Company does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**40. Related party transactions**

<b><i>Names of related parties</i></b>	
<b>1. Controlling Party</b>	<i>Mr. Kalanithi Maran</i>
<b>2. Enterprises in which Key Management personnel or their relatives have significant influence</b>	
Kal Publications Private Limited SpiceJet Limited Udaya FM Private Limited Sun Direct TV Private Limited Sun Distribution Services Private Limited Kal Investments (Madras) Private Limited Kal Airways Private Limited Kal Holdings Private Limited	Sun Foundation Murasoli Maran Family Trust D.K. Enterprises Private Limited Kungumam Nithiyagam Private Limited Kal Comm Private Limited Kal Media Services Private Limited Kal Cables Private Limited Sun Business Solutions Private Limited
<b>3. Subsidiary Companies</b>	
South Asia FM Limited Kal Radio Limited	
<b>4. Associates</b>	
AV Digital Networks (Hyderabad) Private Limited Asia Radio Broadcast Private Limited Digital Radio (Kolkata) Broadcasting Limited Metro Digital Networks (Hyderabad) Private Limited Optimum Media Services Private Limited Digital Radio (Mumbai) Broadcasting Limited Deccan Digital Networks (Hyderabad) Private Limited Pioneer Radio Training Services Private Limited Digital Radio (Delhi) Broadcasting Limited South Asia Multimedia Private Limited	
<b>5 Key Management personnel</b>	
Mr. Kalanithi Maran – Executive Chairman Mrs. Kavary Kalanithi – Executive Director Mr. K Vijaykumar – Managing Director and Chief Executive Officer	
<b>6. Relatives of Key Management personnel</b>	
Mrs. Mallika Maran	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***Transactions and balances with related parties**

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary / Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Income :</b>						
<b>Subscription Income</b>						
Sun Distribution Services Private Limited	1,961.7	1,391.7	-	-	-	-
Sun Direct TV Private Limited	1,912.3	1,777.9	-	-	-	-
<b>Advertising Income</b>						
Sun Direct TV Private Limited	5.8	1.6	-	-	-	-
SpiceJet Limited	1.2	1.1	-	-	-	-
Kal Publications Private Limited	14.7	20.0	-	-	-	-
Kungumam Publications Private Limited	-	3.5	-	-	-	-
<b>Income from IPL</b>						
SpiceJet Limited	50.2	-	-	-	-	-
Sun Direct TV Private Limited	1.5	-	-	-	-	-
Digital Radio (Delhi) Broadcasting Limited	-	-	15.0	-	-	-
Kal Radio Limited	-	-	2.5	-	-	-
South Asia FM Limited	-	-	2.5	-	-	-
<b>Aircraft charter services</b>						
Kal Radio Limited	-	-	-	4.1	-	-
Kal Publications Private Limited	3.0	0.3	-	-	-	-
Sun Distribution Services Private Limited	-	22.5	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Transactions and balances with related parties

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary / Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Rental and Business Support Income</b>						
<i>Kal Radio Limited</i>	-	-	3.2	2.9	-	-
<i>South Asia FM Limited</i>	-	-	2.1	2.1	-	-
<i>Sun Direct TV Private Limited</i>	15.9	15.5	-	-	-	-
<i>Kal Publications Private Limited</i>	16.7	14.7	-	-	-	-
<i>Others</i>	10.6	11.3	-	-	-	-
<b>Movie Content Income</b>						
<i>Sun Direct TV Private Limited</i>	75.1	49.4	-	-	-	-
<b>Program production expenses</b>						
<i>Kal Publications Private Limited</i>	43.8	43.8	-	-	-	-
<i>Others</i>	3.6	25.1	-	-	-	-
<b>Pay channel service charges</b>						
<i>Sun Distribution Services Private Limited</i>	241.6	208.8	-	-	-	-
<b>Legal and Professional Fees</b>						
<i>Mrs. Mallika Maran</i>	-	-	-	-	0.2	0.2
<b>Rent Expense</b>						
<i>Kal Publications Private Limited</i>	23.4	23.6	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)**Transactions and balances with related parties*

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary / Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Donations</b> <i>Sun Foundation</i>	10.7	32.5	-	-	-	-
<b>Advertisement expenses</b> <i>Kal Publications Private Limited</i>	15.5	5.9	-	-	-	-
<b>Security Charges</b> <i>Kal Comm Private Limited</i>	-	12.1	-	-	-	-
<b>Remuneration paid (including ex-gratia)</b>						
Salary - Mr. Kalanithi Maran	-	-	-	-	131.4	134.0
Salary - Mrs. Kavery Kalanithi	-	-	-	-	131.4	134.0
Salary - Mr. K Vijaykumar	-	-	-	-	10.4	6.5
Ex-gratia / Bonus- Mr. Kalanithi Maran	-	-	-	-	467.5	428.5
Ex-gratia / Bonus- Mrs. Kavery Kalanithi	-	-	-	-	467.5	428.4
<b>Dividends Paid</b> <i>Mr. Kalanithi Maran</i>	-	-	-	-	2,734.0	2,503.5
<b>Reimbursement/(Recovery) of Cost of shared services (Net)</b>						
<i>Kal Publications Private Limited</i>	2.0	0.9	-	-	-	-
<i>Kal Radio Limited</i>	-	-	0.2	-	-	-
<b>Travelling Expenses</b> <i>SpiceJet Limited</i>	15.1	11.4	-	-	-	-
<b>Channel Placement Fees</b> <i>Sun Direct TV Private Limited</i>	99.8	94.1	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Transactions and balances with related parties

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary / Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Balances Outstanding:</b>						
<b>Accounts Receivable</b>						
Sun Direct TV Private Limited	1,142.6	998.6	-	-	-	-
Sun Distribution Services Private limited	643.9	336.3	-	-	-	-
Kal Radio Limited	-	-	0.1	2.6	-	-
South Asia FM Limited	-	-	0.1	2.6	-	-
Digital Radio (Delhi) Broadcasting Limited	-	-	-	15.0	-	-
Others	47.8	80.1	-	-	-	-
<b>Loans and Advances</b>						
South Asia FM Limited	-	-	0.1	29.7	-	-
Kal Publications Private Limited	10.1	5.5	-	-	-	-
Kal Radio Limited	-	-	-	9.7	-	-
Sun Direct TV Private Limited	4.7	4.7	-	-	-	-
Digital Radio (Delhi) Broadcasting Limited	-	-	1.3	-	-	-
<b>Interest accrued on Inter corporate deposits</b>						
Kal Radio Limited	-	-	-	71.8	-	-
South Asia FM Limited	-	-	70.0	145.4	-	-
<b>Prepaid Expenses</b>						
Sun Direct TV Private Limited	45.7	145.5	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary / Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Rental and other deposits</b>						
Kal Publications Private Limited	0.6	0.6	-	-	-	-
<b>Security Deposit and Other Current Liabilities</b>						
Kal Radio Limited	-	-	0.5	0.2	-	-
Kal Publications Private Limited	0.1	0.1	-	-	-	-
Sun Direct TV Private Limited	0.2	-	-	-	-	-
<b>Accounts Payable</b>						
Sun Distribution Services Private Limited	73.6	39.7	-	-	-	-
SpiceJet Limited	8.5	7.4	-	-	-	-
Kal Publications Private Limited	2.0	22.6	-	-	-	-
Kal Comm Private Limited	-	12.1	-	-	-	-
Others	6.2	6.0	-	-	-	-
<b>Remuneration / Ex-gratia / Bonus Payable</b>						
Mr. Kalanithi Maran	-	-	-	-	467.5	428.5
Mrs. Kavery Kalanithi	-	-	-	-	467.5	428.4
Mr. Vijaykumar	-	-	-	-	2.0	1.5



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**41. Utilisation of IPO proceeds**

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2014 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2014	Actual use of funds as at March 31, 2013
1	Capitalisation of the subsidiaries	3,557.7	3,557.7	3,557.7
2	Launch of New TV channels and Purchase of new equipment and up-gradation of existing equipment	1,449.5	1,449.5	1,362.3
3	Construction of an owned corporate office, studio facilities and additional uplinking infrastructure	623.4	623.4	623.4
4	General corporate purposes	88.8	88.8	-
5	Share issue expenses	308.5	308.5	278.1
	<b>Total</b>	<b>6,027.9</b>	<b>6,027.9</b>	<b>5,821.5</b>

**42. Prior year comparatives**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W

**For and on behalf of the Board of Directors**

per **S Balasubrahmanyam**  
Partner  
Membership No.: 053315

**Kalanithi Maran**  
Chairman

**K. Vijaykumar**  
Managing Director &  
Chief Executive Officer

Chennai  
May 23, 2014

**R. Ravi**  
Company Secretary

Chennai  
May 23, 2014

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956**  
(In Respect of the Subsidiary Companies for the year ended March 31, 2014)

1	Name of the Company	<b>KAL RADIO LIMITED</b>	<b>SOUTH ASIA FM LIMITED</b>
2	No. of Equity Shares held by the company	121,305,000	148,092,000
3	Extent of holding	97.78%	59.15%
4	Financial Year of the Subsidiary ended on	March 31, 2014	March 31, 2014
5	The net aggregate amount of Profits/(Losses) of the subsidiary as far as it concerns the Holding Company.	<u>Rs. In Millions</u>	<u>Rs. In Millions</u>
	<b>1. Dealt with in the Account of Sun TV Network Ltd by way of dividends on the shares held in the subsidiary:</b>		
	<b>(a) For the subsidiaries' financial year ended on 31-3-2014.</b>	Nil	Nil
	<b>(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.</b>	Nil	Nil
	<b>2. Not dealt with in the account of Sun TV Network Ltd.</b>		
	<b>(a) For the subsidiaries' financial year ended on 31-3-2014.</b>	187.98	52.67
	<b>(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.</b>	(466.11)	(1,172.02)

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## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIALS STATEMENTS

### The Board of Directors Sun TV Network Limited

Report on Consolidated financial statements

We have audited the accompanying consolidated financial statements of Sun TV Network Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED  
FINANCIALS STATEMENTS (Continued)**

- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

We did not audit total assets of Rs. 4,792.0 million as at March 31, 2014, total revenues of Rs. 1273.4 million and net cash flows amounting to Rs. 207.9 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of the associates, which have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. The attached consolidated financial statements include share of Rs. 116.0 million representing the group's share of profits of these associates for the year ended March 31, 2014.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W

**per S Balasubrahmanyam**

Partner

Membership Number: 053315

Place: Chennai

Date : May 23, 2014

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**Consolidated Balance Sheet as at March 31, 2014**  
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,970.4	1,970.4
Reserves and surplus	4	28,983.9	25,883.9
		<b>30,954.3</b>	<b>27,854.3</b>
Minority Interest		405.9	317.8
Preference shares in subsidiary held by minority shareholders		934.0	934.0
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	259.7	284.4
Other long-term liabilities	6	35.5	42.0
Long-term provisions	7	7.8	18.9
		<b>303.0</b>	<b>345.3</b>
<b>Current liabilities</b>			
Trade payables	8	470.3	477.1
Other current liabilities	9	1,471.6	1,454.2
Short-term provisions	10	1,096.7	936.3
		<b>3,038.6</b>	<b>2,867.6</b>
<b>TOTAL</b>		<b>35,635.8</b>	<b>32,319.0</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	7,957.9	8,536.0
Intangible assets	12	5,775.1	5,232.8
Capital work-in-progress		17.6	28.2
Non-current investments	13	2,120.7	2,004.7
Long-term loans and advances	14	2,566.4	4,021.0
Other non-current assets	15	10.4	10.4
		<b>18,448.1</b>	<b>19,833.1</b>
<b>Current assets</b>			
Current investments	16	2,595.2	432.2
Inventories	17	5.7	5.0
Trade receivables	18	6,342.0	5,834.9
Cash and bank balances	19	6,094.1	4,151.4
Short-term loans and advances	20	1,409.4	1,489.4
Other current assets	21	741.3	573.0
		<b>17,187.7</b>	<b>12,485.9</b>
<b>TOTAL</b>		<b>35,635.8</b>	<b>32,319.0</b>

**Consolidated Balance Sheet as at March 31, 2014**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**For and on behalf of the board of directors**

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

**Kalanithi Maran**

Chairman

**K. Vijaykumar**

Managing Director &

Chief Executive Officer

**R. Ravi**

Company Secretary

Chennai

May 23, 2014

Chennai

May 23, 2014

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**Consolidated Statement of Profit and Loss for the year ended March 31, 2014**  
(All amounts are in millions of Indian Rupees, except in respect of number and per share information)

	Notes	March 31, 2014	March 31, 2013
<b>Income</b>			
Revenues from operations	22	22,236.2	19,230.0
Other income	23	81.2	300.5
<b>Total revenue (I)</b>		<b>22,317.4</b>	<b>19,530.5</b>
<b>Expenses</b>			
Cost of revenues	24	3,008.6	1,844.3
Employees' benefits expense	25	2,189.9	1,993.7
Other expenses	26	1,827.4	1,239.9
Advertisement and marketing expenses	27	113.2	60.7
<b>Total (II)</b>		<b>7,139.1</b>	<b>5,138.6</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>15,178.3</b>	<b>14,391.9</b>
Depreciation and amortization expense	28	4,782.8	4,417.3
Interest and Dividend Income	29	(784.9)	(421.6)
Finance costs	30	46.1	48.8
<b>Total (III)</b>		<b>4,044.0</b>	<b>4,044.5</b>
<b>Profit before tax (I-II-III)</b>		<b>11,134.3</b>	<b>10,347.4</b>
<b>Tax expenses</b>			
Current tax		3,730.2	3,359.3
Minimum Alternative Tax credit		(23.4)	-
Deferred tax		(24.7)	(53.4)
<b>Total tax expense</b>		<b>3,682.1</b>	<b>3,305.9</b>
<b>Share in profits from Associates</b>		<b>116.0</b>	<b>78.7</b>
<b>Profit after taxes and before minority interest</b>		<b>7,568.2</b>	<b>7,120.2</b>
Minority Interest		(88.1)	(24.6)
<b>Profit / (Loss) after tax</b>		<b>7,480.1</b>	<b>7,095.6</b>
Earnings per share information:			
Net profit attributable to equity shareholders		7,480.1	7,095.6
Weighted average number of equity shares outstanding		39,40,84,620	39,40,84,620
Basic and diluted earnings per share (Rs.)		18.98	18.01
Nominal value of equity share (Rs.)		5.00	5.00

**Consolidated Statement of Profit and Loss for the year ended March 31, 2014**  
(All amounts are in millions of Indian Rupees, except in respect of number and per share information)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**For and on behalf of the board of directors**

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

**Kalanithi Maran**

Chairman

**K. Vijaykumar**

Managing Director &

Chief Executive Officer

**R. Ravi**

Company Secretary

Chennai

May 23, 2014

Chennai

May 23, 2014

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## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>Cash flow from operating activities</b>		
<b>Net profit before taxation</b>	<b>11,134.3</b>	<b>10,347.4</b>
Adjustments to reconcile:		
Depreciation on tangible assets	931.2	1,005.6
Amortisation of intangible assets	3,826.6	3,411.7
Impairment of intangible assets	25.0	-
Profit on sale of fixed assets, net	(1.4)	(54.0)
Profit on disposal of subsidiary, net	-	103.5
Translation loss / (gain) on monetary assets and liabilities	(5.2)	(5.8)
Provision for doubtful debts	150.3	244.4
Provision for doubtful advances and assets	55.5	28.2
Provision for doubtful movie advances and assets	18.3	-
Provision for unbilled revenue	13.3	-
Provision for litigations and claims	28.7	-
Bad debts written off	41.3	-
Liabilities / provisions no longer required written back	(1.3)	(24.9)
Interest income	(690.7)	(357.3)
Dividend income	(94.2)	(64.3)
Interest expense	42.7	44.0
<b>Operating profit before working capital changes</b>	<b>15,474.4</b>	<b>14,678.5</b>
Movements in working capital :		
(Increase) / Decrease in trade receivables	(654.2)	(959.0)
(Increase) / Decrease in inventories	(0.7)	1.7
(Increase) / Decrease in other current assets	(169.7)	(157.8)
(Increase) / Decrease in loans and advances	96.3	(837.8)
Increase / (Decrease) in trade payables and other liabilities	1,057.4	13.7
Increase / (Decrease) in provisions	(1,039.2)	13.1
<b>Cash generated from / (used in) operations</b>	<b>14,764.3</b>	<b>12,752.4</b>
Direct taxes paid (net of refunds)	(2,817.3)	(4,062.1)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>11,947.0</b>	<b>8,690.3</b>
<b>Cash flows (used in) / from investing activities</b>		
Purchase of fixed assets, capital work in progress (including capital advances)	(206.7)	(3,981.7)
Purchase of intangible assets and expenditure on intangible assets under development (including advances towards purchase of intangible assets)	(4,107.2)	(1,955.5)
Purchase of current investments	(4,400.1)	(2,035.2)
Sale of investments	2,237.6	1,861.3
Proceeds from sale of assets	9.1	1,900.7
Proceeds from disposal of subsidiary	-	25.8

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
Term deposits placed with banks during the year	(4,516.7)	(3,543.6)
Term deposits refunded from banks during the year	2,351.2	2,557.4
Interest received	678.8	338.6
Dividends received	94.2	64.3
<b>Net cash from / (used in) investing activities (B)</b>	<b>(7,859.8)</b>	<b>(4,767.9)</b>
<b>Cash flows (used in) / from financing activities</b>		
Loans availed	10,312.0	8,751.8
Loans repaid	(10,312.0)	(8,751.8)
Proposed dividends paid	(788.2)	(295.6)
Tax on proposed dividends paid	(133.9)	(48.0)
Interim dividends paid	(2,857.1)	(2,955.7)
Tax on interim dividends paid	(485.6)	(479.5)
Interest paid	(42.7)	(44.0)
<b>Net cash (used in) / from financing activities (C)</b>	<b>(4,307.5)</b>	<b>(3,822.8)</b>
Exchange differences on translation of foreign currency cash and cash equivalents (D)	(2.5)	6.5
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>(222.8)</b>	<b>106.1</b>
Cash and cash equivalents at the beginning of the year	618.2	517.7
Less: Cash & cash equivalents of Divested Company	-	(5.6)
<b>Cash and cash equivalents at the end of the year</b>	<b>395.4</b>	<b>618.2</b>

a) The reconciliation to the cash and bank balances as given in Note 19 is as follows :

Cash and bank balances, per Note 19	6,094.1	4,151.4
Less : Term deposits placed with banks	(5,698.7)	(3,533.2)
Cash and cash equivalents, end of year	395.4	618.2

b) Components of cash and cash equivalents

Cash and cheques on hand	0.3	0.4
With banks - on current account	392.9	565.9
- on deposit account (unrestricted)	-	50.0
- on unpaid dividend accounts (restricted)*	2.2	1.9

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**  
*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

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As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**For and on behalf of the board of directors**

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

**Kalanithi Maran**

Chairman

**K. Vijaykumar**

Managing Director &

Chief Executive Officer

**R. Ravi**

Company Secretary

Chennai

May 23, 2014

Chennai

May 23, 2014

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***1. Background and corporate information**

Sun TV Network Limited ('Sun TV' or 'the Company') was incorporated on December 18, 1985 as Sumangali Publications Private Limited. The Company is engaged in producing and broadcasting satellite television and radio software programming in the regional languages of South India. The Company is listed on the Bombay Stock Exchange ('BSE') and the National Stock Exchange ('NSE') in India.

The Company has two subsidiaries – Kal Radio Limited ('KRL') and South Asia FM Limited ('SAFML') both of which are incorporated in India. KRL was incorporated on October 7, 2005 as Kal Radio Private Limited and 97.8% (March 31, 2013 – 97.8%) of its paid up equity share capital is held by Sun TV. SAFML was incorporated on November 9, 2005 as South Asia FM Private Limited and as at the balance sheet date, the Company holds 59.15 % (March 31, 2013 – 59.15%) of its paid up equity share capital. KRL and SAFML are engaged in producing and broadcasting radio software programming in Indian regional languages. KRL and SAFML are hereinafter collectively referred to as 'Subsidiaries'.

Sun TV along with its Subsidiaries is hereinafter collectively referred to as 'the Group'.

The Group currently operates television channels in four South Indian languages predominantly to viewers in India, and also to viewers in Sri Lanka, Singapore, Malaysia, United Kingdom, Europe, Middle East, United States, Australia, South Africa and Canada. The Group's flagship channel is Sun TV. The other major satellite channels of the Group are Surya TV, Gemini TV and Udaya TV. The Group is also into the business of FM Radio broadcasting at Chennai, Coimbatore and Tirunelveli. The Group's film production/ distribution division 'Sun Pictures' undertakes production/ distribution of movies in Tamil language. The Group also has the license to operate an Indian Premier League ('IPL') franchise "SunRisers Hyderabad". KRL operates 18 Frequency Modulation ('FM') stations in South India. SAFML operates 22 FM stations and has licenses to operate in 1 other location in the rest of India.

**SAFML's strategic alliance with Red FM**

The Group, through its subsidiary SAFML had entered into a strategic tie-up with Red FM Group to further its FM Radio broadcasting business in the North, West and East Indian markets. As part of the transaction, SAFML has taken up a 48.9% beneficial interest in the Red FM Radio Companies by acquiring the equity of their holding Companies at par.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

SAFML has executed certain agreements with the promoters of Red FM by which it has obtained significant influence in the following Red FM companies, all of which are incorporated in India:

Name	Effective holding of the Group	
	March 31, 2014	March 31, 2013
Deccan Digital Networks (Hyderabad) Private Limited*	17.14%	17.14%
Metro Digital Networks (Hyderabad) Private Limited*	17.14%	17.14%
AV Digital Networks (Hyderabad) Private Limited*	17.14%	17.14%
Pioneer Radio Training Services Private Limited**	28.92%	28.92%
South Asia Multimedia Private Limited**	28.92%	28.92%
Optimum Media Services Private Limited**	28.92%	28.92%
Asia Radio Broadcast Private Limited**	28.92%	28.92%
Digital Radio (Delhi) Broadcasting Limited**	28.92%	28.92%
Digital Radio (Mumbai) Broadcasting Limited **	28.92%	28.92%
Digital Radio (Kolkata) Broadcasting Limited **	28.92%	28.92%

\*- SAFML's effective holding is 28.99%.

\*\* - SAFML's effective holding is 48.89%.

The Companies listed above are hereinafter collectively referred to as 'Associates'.

## 2. Summary of significant accounting policies

### a) Basis of preparation

The Consolidated Financial Statements ('CFS') of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs to reflect the financial position and the results of operations of the Group. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### b) Principles of consolidation

#### Subsidiaries:

- The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the Balance Sheet, at March 31, 2014 and Statement of Profit and Loss and Cash Flows of Sun TV, KRL and SAFML for the year ended March 31, 2014.
- The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Company i.e. year ended March 31, 2014.
- All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

- Consolidation is applied from the date of obtaining control by the Group, till the date when the Group loses control.
- On cessation of control, the difference between the proceeds from the disposal of investment in the subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Statement of Profit and Loss as the profit or loss on the disposal of the investment in the subsidiary.
- Any excess / shortage of cost to the Group of its investment in the subsidiaries over its proportionate share in the equity of such subsidiaries as at the date of the investment are recognized as goodwill / capital reserve in the CFS.
- Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the group.

Associates:

- The investment in the associate companies has been accounted under the equity method as per Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006 (as amended). The Group's share in profits / losses of an associate company is accounted for to the extent of the Group's direct and indirect percentage holding in its share capital of the respective associates.
- Any excess / shortage of cost to the Group of its investment in the associates over its proportionate share in the equity of such associates as at the date of the investment are identified as goodwill / capital reserve in the CFS.
- All material unrealised profits and losses resulting from transactions between the group and the associates are eliminated to the extent of the group's interest in the associate.
- Equity accounting for associates is applied from the date of obtaining significant influence by the Group, till the date when the Group loses significant influence.

The CFS have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**c) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**d) Tangible fixed assets and depreciation**Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs, if any, relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Fixed assets under construction and fixed assets acquired but not put to use at the balance sheet date are classified as capital work in progress.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

### Depreciation

Depreciation on fixed assets other than aircraft and leasehold improvements is provided on written down value method, pro-rata to the period of use of the assets, at the annual depreciation rates stipulated in Schedule XIV to the Companies Act, 1956 or based on estimated useful lives of the assets, whichever is higher as follows:

	<b>Percent</b>
Buildings	5.00 - 13.91
Plant and machinery	13.91 - 20.00
Computer and related equipment	40.00
Furniture and fittings	18.10
Office equipment	13.91
Motor Vehicles	25.89

Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease. The average useful life of leasehold improvements is 3 to 8 years.

Costs incurred towards purchase of aircraft are depreciated using the straight-line method based on management's estimate of useful life of such aircrafts, i.e. 15 years.

Fixed assets individually costing Rs 5,000/- or less are entirely depreciated on purchase.

The gross block of plant and machinery as at March 31, 2014 includes cost of program production equipment of Rs. 1,582.03 million (Rs. 1,564.8 million), post production equipment of Rs. 681.51 million (Rs. 674.4 million), reception and distribution facilities of Rs. 1,299.1 million (Rs. 1,751.6 million), computer and related equipment of Rs. 1,082.87 million (Rs. 1,142.6 million) and aircraft of Rs. 2,951.5 million (Rs. 2,951.5 million). The net block of plant and machinery as at March 31, 2014 includes the net block of program production equipment of Rs. 234.2 million (Rs. 270.9 million), post production equipment of Rs. 151.6 million (Rs. 182.1 million), reception and distribution facilities of Rs. 436.2 million (Rs. 521.5 million), computer and related equipment of Rs. 198.3 million (Rs. 302.6 million) and aircraft of Rs. 2,748.4 million (Rs. 2,945.0 million).

The assets of the Associates are depreciated using straight line method over their estimated useful life at the annual depreciation rates stipulated in Schedule XIV to the Companies Act, 1956 or based on estimated useful lives of the assets, whichever is higher.

### **e) Intangible assets and amortization**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

- Computer software

Costs incurred towards purchase of computer software are depreciated using the straight-line method over a period based on management's estimate of useful lives of such software being 3 years, or over the license period of the software, whichever is shorter.

- Film and program broadcasting rights ('Satellite Rights')

Acquired Satellite Rights for the broadcast of feature films and other long-form programming such as multi-episode television serials are stated at cost.

Future revenues cannot be estimated with any reasonable accuracy as these are susceptible to a variety of factors, such as the level of market acceptance of television products, programming viewership, advertising rates etc, and accordingly cost related to film and program broadcasting rights are fully expensed on the date of first telecast of the film / program episode, as the case may be. The maximum useful life of Satellite Rights in the opinion of the management is not likely to exceed 10 years.

- Film production costs, distribution and related rights

Upon the theatrical release of a movie, the cost of production / acquisition of all the rights related to each such movie is amortised in the ratio that current period revenue for the movie bears to the management's estimate of the remaining unrecognised revenue for all rights arising from the movie, as per the individual-film-forecast method. The estimates for remaining unrecognised revenue for each movie is reviewed periodically and revised if necessary. The maximum useful life of film production costs, distribution and related rights in the opinion of the management is not likely to exceed 10 years.

Expenditure incurred towards production of movies not complete as at balance sheet date are classified as intangible assets under development.

- Licenses

Licenses represent one time entry fees paid to Ministry of Information and Broadcasting ('MIB') under the applicable licensing policy for Frequency Modulation ('FM') Radio broadcasting. Cost of licenses is amortised over the license period, being 10 years.

- Goodwill arising on Amalgamation

Goodwill arising on amalgamation is amortised on a straight line basis over a period of five years, based on management's estimates.

- Goodwill arising on Consolidation

The carrying amount of goodwill arising on consolidation including those arising on investments made by the group in its associates is not amortized and is reviewed for impairment in accordance with the requirements of Accounting Standard 28 "Impairment of Assets" and impairment losses are recognised wherever the carrying amount of an asset exceeds its recoverable amount.

**f) Impairment of tangible and intangible assets**

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### **g) Franchisee Fees**

The annual franchise fee payable to the Board of Control for Cricket in India ('BCCI') is recognized as an expense on an accrual basis in accordance with terms of the Company's agreement with BCCI.

### **h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### Investment in associates

Investments in associates are initially stated at cost. The carrying values of such investments are adjusted by the Group's (direct and indirect) share in profits / losses of the respective associate Group.

Goodwill arising on acquisition of an associate by the Group has been included in the carrying amount of investments in the associates and has been disclosed separately.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***i) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The revenue is recognised net of service tax if any.

- Advertising income and broadcast fees are recognised when the related commercial or programme is telecast.
- Program licensing income represents income from the export of program software content, and is recognised in accordance with the terms of agreements with customers.
- Subscription income represents subscription fees billed to cable operators and Direct to Home ('DTH') service providers towards pay-channels operated by the Group, and are recognised in the period during which the service is provided. Subscription fees billed to cable operators are determined based on management's best estimates of the number of subscription points to which the service is provided, at contractually agreed rates. Subscription income from DTH customers is recognised in accordance with the terms of agreements entered into with the service providers.
- Revenues from sale of movie distribution / sub-distribution rights are recognised on the theatrical release of the related movie, in accordance with the terms of agreements with customers. Revenues from the theatrical distribution of movies are recognised as they are exhibited, based on box office collections reported by the exhibitors after deduction of taxes and exhibitor's share of net collections.
- Income from content trading represent revenue earned from mobile service providers and is recognised as per the terms of contract with mobile service providers.
- Income from franchisee rights is recognised when the rights to receive the payments is established as per the terms of the agreement entered with BCCI. Revenue is recognised as per the information provided by BCCI or as per Management's estimate in case the information is not received. The revenue is allocated on a pro-rata basis to number of matches played during the year as against the total number of matches for the season.
- Income from sponsorship fees is recognised on completion of terms of the sponsorship agreement.
- Income from sale of tickets is recognised on the dates of the respective matches. The Company reports revenues net of discounts offered on sale of tickets.
- Prize money is recognised when right to receive payment is established.
- Revenues from aircraft charter services are recognised based on services provided and billed as per the terms of the contracts with the customers.
- Revenues from barter transactions, and the related costs, are recorded at fair values of the services rendered and services received, as estimated by management.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- Dividend income is recognised when the right to receive payment is established by the reporting date.
- Export incentives are recognized on availment of the benefits under the respective schemes.

Revenues recognised in excess of billings are disclosed as "Unbilled Revenue" under other current assets. Billings in excess of revenue recognised are disclosed as "Deferred Revenues" under current liabilities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**j) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

Gratuity liability is a defined benefit obligation. The cost of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**k) Income Taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Minimum alternate tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**l) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m) Operating leases**Operating leases (where the Group is the lessee)

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Operating leases (where the Group is the lessor)

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**n) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**o) Foreign currency transactions**Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### Exchange differences

All exchange differences arising on settlement / conversion of foreign currency monetary items are included in the statement of profit and loss.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

### Translations

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

### **p) Provisions**

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### **q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**r) Segment reporting**

The Group considers business segments as its primary segment. The Group's operations predominantly relate to Media and Entertainment and, accordingly, this is the only primary reportable segment.

The Group considers geographical segments as its secondary segment. The Group's operations are predominantly within India and, accordingly, this is the only secondary reportable segment.

**s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, dividend income, finance costs and tax expense.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, except in respect of number and per share information)*

	March 31, 2014	March 31, 2013
<b>3. Share capital</b>		
<b>Authorised Shares</b>		
450,000,000 equity shares of Rs 5/- each (March 31, 2013 - 450,000,000 of Rs. 5/- each)	2,250.0	2,250.0
<b>Issued, subscribed and fully paid-up Shares</b>		
394,084,620 equity shares of Rs 5/- each (March 31, 2013 - 394,084,620 of Rs. 5/- each)	1,970.4	1,970.4
	<b>1,970.4</b>	<b>1,970.4</b>

**a. Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period**

	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	394,084,620	1,970.4	394,084,620	1,970.4
Issued during the year	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the year</b>	<b>394,084,620</b>	<b>1,970.4</b>	<b>394,084,620</b>	<b>1,970.4</b>

**b. Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 9.50/- (March 31, 2013: Rs. 9.50/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	March 31, 2014	March 31, 2013
Equity shares allotted as fully paid-up pursuant towards purchase consideration on amalgamation *	59,264,000	59,264,000

\* 29,632,000 equity shares were originally issued at Rs 10 per share as fully paid towards purchase consideration to the shareholders of Udaya TV Private Limited and the erstwhile Gemini TV Private Limited, pursuant to their amalgamation with Sun TV Network Limited, these shares were subsequently sub-divided into 59,264,000 shares of Rs. 5/- each.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, except in respect of number and per share information)***d. Details of shareholders holding more than 5% shares in the company**

	March 31, 2014		March 31, 2013	
	Number	% holding	Number	% holding
Mr. Kalanithi Maran	295,563,457	75.0%	303,445,157	77.0%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

	March 31, 2014	March 31, 2013
<b>4 Reserves and surplus</b>		
<b>Securities premium account</b>	<b>4,718.2</b>	<b>4,718.2</b>
<b>General reserve</b>		
Balance as per the last financial statements	4,121.0	3,437.7
Add: Amount transferred from surplus balance in the statement of profit and loss	717.0	683.3
<b>Closing Balance</b>	<b>4,838.0</b>	<b>4,121.0</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	17,044.7	14,989.7
Profit for the year	7,480.1	7,095.6
Less: Appropriations		
Interim dividend [Rs 7.25/- per share (March 31, 2013: Rs 7.50/- per share)]	(2,857.1)	(2,955.7)
Tax on interim dividend	(485.6)	(479.5)
Proposed final dividend [Rs 2.25 /- per share (March 31, 2013: Rs 2.00/- per share)]	(886.7)	(788.2)
Tax on proposed dividend	(150.7)	(133.9)
Transfer to general reserve	(717.0)	(683.3)
Total appropriations	(5,097.1)	(5,040.6)
<b>Net surplus in the statement of profit and loss</b>	<b>19,427.7</b>	<b>17,044.7</b>
<b>Foreign currency translation reserve</b>		
Balance, beginning of year	-	3.6
Reversal on disposal of subsidiary during the year	-	(3.6)
<b>Balance, end of year</b>	<b>-</b>	<b>-</b>
<b>Total reserves and surplus</b>	<b>28,983.9</b>	<b>25,883.9</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>5 Deferred tax Liability (net)</b>		
<b>Deferred tax Liability</b>		
Tangible Assets and Intangible Assets		
- Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	638.9	563.5
<b>Gross deferred tax liability</b>	<b>638.9</b>	<b>563.5</b>
<b>Deferred tax Asset</b>		
- Provision for doubtful debts	(221.1)	(171.1)
- Provision for doubtful advances and assets	(112.4)	(73.0)
- Sec. 40(a)(ia) disallowances	(17.1)	(17.1)
- Others	(28.6)	(17.9)
<b>Gross deferred tax asset</b>	<b>(379.2)</b>	<b>(279.1)</b>
<b>Net deferred tax liability</b>	<b>259.7</b>	<b>284.4</b>
<b>6 Other long-term liabilities</b>		
Interest free deposits from customers	35.2	42.0
Security deposits	0.3	-
	<b>35.5</b>	<b>42.0</b>
<b>7 Long-term Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer note 38)	7.8	18.9
	<b>7.8</b>	<b>18.9</b>
<b>8 Trade Payables</b>		
Trade payables	470.3	477.1
There is no overdue amount payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not paid any interest to any Micro and Small Enterprises during the current and previous year.		
<b>9 Other current liabilities</b>		
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	2.2	1.9
Deferred revenues	81.4	231.5
Interest free deposits from customers	52.6	55.1
Advances from customers	89.4	85.8
Dues payable in respect of fixed assets	36.9	47.9
Director's Remuneration Payable	935.0	856.9
Salaries, Wages and other Employee benefits Payable	96.1	49.5
Retention Money Payable	4.9	6.4
Statutory Dues	173.1	119.2
	<b>1,471.6</b>	<b>1,454.2</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>10 Short Term Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for gratuity (Refer Note 38)	-	1.7
Provision for leave benefits	27.1	12.5
	<b>27.1</b>	<b>14.2</b>
<b>Other provisions</b>		
Proposed dividend	886.7	788.2
Provision for tax on proposed dividend	150.7	133.9
Provision for litigations and claims	28.7	-
Provision for taxation	3.5	-
	<b>1,069.6</b>	<b>922.1</b>
	<b>1,096.7</b>	<b>936.3</b>

Note 11 on Tangible Assets and Note 12 on Intangible Assets are set out in the next pages.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

### 11 Tangible assets

	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fittings	Leasehold Improvements	Motor vehicles*	Total
<b>Gross Block</b>								
At April 1, 2012	877.4	2,629.8	7,558.9	699.1	813.2	399.6	214.6	13,192.6
Additions	-	44.3	3,167.7	11.3	20.4	6.7	26.1	3,276.5
Disposals	-	-	(2,641.7)	-	-	-	(19.6)	(2,661.3)
<b>At March 31, 2013</b>	<b>877.4</b>	<b>2,674.1</b>	<b>8,084.9</b>	<b>710.4</b>	<b>833.6</b>	<b>406.3</b>	<b>221.1</b>	<b>13,807.8</b>
Additions	-	2.4	295.2	20.3	12.6	-	30.4	360.9
Disposals	-	-	(0.3)	(3.0)	(0.1)	-	(27.0)	(30.4)
<b>At March 31, 2014</b>	<b>877.4</b>	<b>2,676.5</b>	<b>8,379.8</b>	<b>727.7</b>	<b>846.1</b>	<b>406.3</b>	<b>224.5</b>	<b>14,138.3</b>
<b>Depreciation</b>								
At April 1, 2012	-	273.8	4,112.4	163.9	174.6	216.1	140.0	5,080.8
Charge for the year	-	184.9	547.6	74.0	116.2	62.1	20.8	1,005.6
Disposals	-	-	(797.2)	-	-	-	(17.4)	(814.6)
<b>At March 31, 2013</b>	<b>-</b>	<b>458.7</b>	<b>3,862.8</b>	<b>237.9</b>	<b>290.8</b>	<b>278.2</b>	<b>143.4</b>	<b>5,271.8</b>
Charge for the year	-	165.7	539.4	66.5	99.4	37.5	22.7	931.2
Disposals	-	-	(0.2)	(2.0)	-	-	(20.4)	(22.6)
<b>At March 31, 2014</b>	<b>-</b>	<b>624.4</b>	<b>4,402.0</b>	<b>302.4</b>	<b>390.2</b>	<b>315.7</b>	<b>145.7</b>	<b>6,180.4</b>
<b>Net Block</b>								
At March 31, 2013	877.4	2,215.4	4,222.1	472.5	542.8	128.1	77.7	8,536.0
At March 31, 2014	877.4	2,052.1	3,977.8	425.3	455.9	90.6	78.8	7,957.9

\* Under certain arrangements between the Company and its Directors, the Company had, from time to time, made payments to vendors for the purpose of acquiring vehicles, which are registered in the names of those Directors. The terms of these arrangements provide for such vehicles to be maintained, operated and used exclusively by the Company for the purpose of its business. The original cost and net book value of such vehicles as at March 31, 2014 are Rs 52.68 million and Rs 2.23 million respectively (March 31, 2013 - Rs 52.7 million and Rs 3.1 million respectively).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

### 12 Intangible assets

	Film and Program Broadcasting Rights	Film Production Costs, Distribution and Related Rights	Computer Software	Licenses	Goodwill on Amalgamation	Goodwill on Consolidation	Total
<b>Gross Block</b>							
At April 1, 2012	11,996.6	3,684.3	156.4	1,934.8	196.3	438.1	18,406.5
Additions	4,287.9	-	10.2	-	-	-	4,298.1
Disposals	(508.8)	-	-	-	-	-	(508.8)
<b>At March 31, 2013</b>	<b>15,775.7</b>	<b>3,684.3</b>	<b>166.6</b>	<b>1,934.8</b>	<b>196.3</b>	<b>438.1</b>	<b>22,195.8</b>
Additions	4,264.6	118.5	9.6	1.2	-	-	4,393.9
Disposals	(188.8)	-	-	-	-	-	(188.8)
<b>At March 31, 2014</b>	<b>19,851.5</b>	<b>3,802.8</b>	<b>176.2</b>	<b>1,936.0</b>	<b>196.3</b>	<b>438.1</b>	<b>26,400.9</b>
<b>Depreciation</b>							
At April 1, 2012	9,185.3	3,614.3	138.4	906.8	196.3	-	14,041.1
Charge for the year	3,131.7	70.0	13.4	196.6	-	-	3,411.7
Disposals	(508.8)	-	-	-	-	-	(508.8)
<b>At March 31, 2013</b>	<b>11,808.2</b>	<b>3,684.3</b>	<b>151.8</b>	<b>1,103.4</b>	<b>196.3</b>	<b>-</b>	<b>16,944.0</b>
Charge for the year	3,501.1	118.5	11.6	195.4	-	-	3,826.6
Disposals	(188.8)	-	-	-	-	-	(188.8)
<b>At March 31, 2014</b>	<b>15,120.5</b>	<b>3,802.8</b>	<b>163.4</b>	<b>1,298.8</b>	<b>196.3</b>	<b>-</b>	<b>20,581.8</b>
<b>Impairment</b>							
At April 1, 2012	19.0	-	-	-	-	-	19.0
Charge for the year	-	-	-	-	-	-	-
<b>At March 31, 2013</b>	<b>19.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.0</b>
Charge for the year	25.0	-	-	-	-	-	25.0
<b>At March 31, 2014</b>	<b>44.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.0</b>
<b>Net Block</b>							
At March 31, 2013	3,948.5	-	14.8	831.4	-	438.1	5,232.8
At March 31, 2014	4,687.0	-	12.8	637.2	-	438.1	5,775.1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

<b>13 Non-current investment</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Long Term Investments (At cost) - Trade</b>		
<b>Equity instruments (Unquoted)</b>		
-In Associate Companies :		
<b>AV Digital Networks (Hyderabad) Private Limited</b>		
413,605 (March 31, 2013 - 413,605) fully paid equity shares of Rs 10/- each	6.6	6.6
Share of Profit / (Loss) from the Associate Company	(6.6)	(6.6)
	-	-
21,000,000 (March 31, 2013 - 21,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each	219.2	224.2
Share of Profit / (Loss) from the Associate Company	(2.0)	(5.0)
<b>Total</b>	<b>(A) 217.2</b>	<b>219.2</b>
<b>Metro Digital Networks (Hyderabad) Private Limited</b>		
413,605 (March 31, 2013 - 413,605) fully paid equity shares of Rs 10/- each	60.3	39.0
Share of Profit / (Loss) from the Associate Company	25.6	21.3
	85.9	60.3
64,000,000 (March 31, 2013 - 64,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each	763.0	763.0
<b>Total</b>	<b>(B) 848.9</b>	<b>823.3</b>
<b>Deccan Digital Networks (Hyderabad) Private Limited</b>		
413,605 (March 31, 2013 - 413,605) fully paid equity shares of Rs 10/- each	49.9	37.9
Share in Profit/ ( Loss) from Associate Company	20.3	12.0
	70.2	49.9
57,000,000 (March 31, 2013 - 57,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each	679.6	679.6
<b>Total</b>	<b>(C) 749.8</b>	<b>729.5</b>
<b>Asia Radio Broadcast Private Limited</b>		
2,857,000 (March 31, 2013 - 2,857,000) fully paid equity shares of Rs 10/- each	33.7	30.2
Share of Profit / (Loss) from the Associate Company	7.6	3.5
<b>Total</b>	<b>(D) 41.3</b>	<b>33.7</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

		March 31, 2014	March 31, 2013
<b>Pioneer Radio Training Services Private Limited</b>			
2,857,000 (March 31, 2013 - 2,857,000) fully paid equity shares of Rs 10/- each		90.1	73.2
Share of Profit / (Loss) from the Associate Company		28.5	16.9
<b>Total</b>	<b>(E)</b>	<b>118.6</b>	<b>90.1</b>
<b>Optimum Media Services Private Limited</b>			
2,857,000 (March 31, 2013 - 2,857,000) fully paid equity shares of Rs 10/- each		108.9	78.9
Share of Profit / (Loss) from the Associate Company		36.0	30.0
<b>Total</b>	<b>(F)</b>	<b>144.9</b>	<b>108.9</b>
<b>Total Unquoted Non current Investments</b>	<b>[A+B+C+D+E+F]</b>	<b>2,120.7</b>	<b>2,004.7</b>
<b>14 Long term Loans and advances (Unsecured)</b>			
<b>Capital advances</b>			
Considered good		1,620.5	2,080.1
Considered doubtful		137.4	119.8
		1,757.9	2,199.9
Provision for doubtful capital advances		(137.4)	(119.1)
	<b>(A)</b>	<b>1,620.5</b>	<b>2,080.8</b>
<b>Security deposit (Considered good)</b>			
Rental and other deposits		86.6	77.9
Deposits with Government agencies		66.0	61.5
	<b>(B)</b>	<b>152.6</b>	<b>139.4</b>
<b>Advances recoverable in cash or kind</b>			
Considered good		9.7	7.2
	<b>(C)</b>	<b>9.7</b>	<b>7.2</b>
<b>Other loans and advances (Considered good)</b>			
Advance income-tax (net of provision for taxation)		746.2	1,697.3
Minimum Alternative Tax Credit		23.4	-
Prepaid expenses		14.0	96.3
	<b>(D)</b>	<b>783.6</b>	<b>1,793.6</b>
<b>Total</b>	<b>[A+ B + C + D]</b>	<b>2,566.4</b>	<b>4,021.0</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>15 Other Non current assets</b>		
Unsecured, considered good unless stated otherwise		
Non-current bank balances (Refer note 19)	10.4	10.4
	<b>10.4</b>	<b>10.4</b>
<b>16 Current investments</b>		
<b>Current investments (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Quoted equity instruments</b>		
-1,074,266 fully paid equity shares of Rs 1/- each (March 31, 2013 - 939,276 fully paid equity shares of Rs 1/- each) in City Union Bank Limited	4.1	2.8
<b>Unquoted Mutual Funds</b>		
- DWS Short Maturity Fund-Regular Plan-Monthly Dividend-Reinvestment		
- Nil units (March 31, 2013 - 2,142,613 units)	-	25.7
- Kotak Bond (Short Term)-Monthly Dividend - Nil units (March 31, 2013 - 2,587,439 units)	-	26.1
TATA Liquid Fund Plan A - Nil units (March 31, 2013 - 18,910 units)	-	21.1
IDFC Dynamic Bond Fund - Nil units (March 31, 2013 -3,040,072 units)	-	31.6
ICICI Prudential Short Term Fund - 895,144 units (March 31, 2013 - 841,324 units)	10.7	10.1
HDFC High Interest Fund - ST Plan - Nil units (March 31, 2013 - 4,377,756 units)	-	46.4
IDFC Super Saver Income fund - Nil units (March 31, 2013 - 977,273 units)	-	10.1
Kotak Bond (Short term) Plan - Monthly Dividend - Nil units (March 31, 2013 - 3,106,762 units)	-	33.3
HDFC short term fund - 5,15,567 units (March 31, 2013 - 487,780 units)	5.4	5.1
IDFC Dynamic Bond Fund - Quarterly dividend - 1,000,714 units (March 31, 2013 - 980,222 units)	10.5	10.3
Templeton India Low Duration Fund - 3,712,836 units (March 31, 2013 - 3,478,962 units)	38.3	35.9
Tata Floater Fund - Daily Dividend - Nil units (March 31, 2013 - 16,702 units)	-	16.8
Tata Short term Bond Fund - Plan A - 1,604,185 units (March 31, 2013 - 782,067 units)	20.7	10.1
Axis Short Term Fund - Nil units (March 31, 2013 - 9,490,004 units)	-	96.3
ICICI Prudential Short Term Fund - 894,928 units (March 31, 2013 - 841,121 units)	10.7	10.1
Templeton India Income Builder account Plan A - 1,648,144 units (March 31, 2013 - 1,556,712 units)	21.4	20.2
IDFC Super Saver Income Fund - Monthly Dividend - 1,072,586 units (March 31, 2013 - 1,012,377 units)	10.8	10.2

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
IDFC Super Saver Income Fund - Fortnightly Dividend - 1,035,108 units (March 31, 2013 - 9,78,141 units)	10.6	10.0
TATA FMP SERIES 46 Sch C Plan A - Growth - 499,990 units	22.1	-
HDFC FLOATING RATE IF ST PLAN WS DD - 4,853,428 units	48.9	-
IDFC MMF IP WEEKLY DIVIDEND REG.PLAN - 491,278 units	5.0	-
IDFC MMF IP Daily Dividend (RP) - 4,207,922 units	42.3	-
ICICI PRUDENTIAL FMP SERIES 72 -368 Days Plan P DPC - 750,000 units	7.5	-
Kotak Banking & PSU Debt fund - Daily Dividend - 3,514,339 units	35.3	-
HDFC FMP 372D Series 29 - Regular - Growth - 1,000,714 units	10.0	-
IDFC Fixed Term Plan Series 32 Regular Plan - Growth - 500,000 units	5.0	-
Franklin India Savings Plus Fund - 1,000,921 units	10.0	-
Tata Fixed Maturity Plan Series 45 - Growth - 1,750,210 units	17.5	-
Axis Banking Debt Fund - Weekly Dividend - 100,562 units	101.1	-
Birla Sunlife Fixed Term Plan - 750,000 units	7.5	-
Pramerica Liquid Fund - Daily Dividend - 1,011 units	1.0	-
UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Reinvest - 57,410 units	57.4	-
IDFC-SSIF-Short Term-Plan A-Fortnightly Dividend - 3,194,639 units	32.7	-
HDFC High Interest Fund-Short Term Plan-Dividend - 2,940,844 units	31.2	-
Axis Short Term Fund-Institutional Regular Dividend Reinvestment - 4,098,287 units	41.6	-
Templeton India Low Duration Fund-Monthly Dividend Reinvestment - 8,727,363 units	89.4	-
ICICI Prudential FMP Series 68-369 Days Plan 1 Regular Plan Cumulative - 3,000,000 units	30.0	-
HDFC FMP 372D Dec 2013 (1) Series 29-Regular-Growth - 5,000,000 units	50.0	-
HDFC FMP 453D February 2014 (1) Series 29-Regular-Growth - 5,276,064 units	52.8	-
Birla Sun Life Fixed Term Plan-Series KI (368 days)-Gr.Regular - 3,000,000 units	30.0	-
DSP BlackRock FMP-Series 150-13M-Reg-Growth - 5,000,000 units	50.0	-
IDFC Fixed Term Plan Series 77 Regular Plan -Growth (399 Days) - 4,000,000 units	40.0	-
DWS Fixed Maturity Plan Series 51-Regular Plan-Growth - 5,000,000 units	50.0	-
SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan-Daily - 40,105 units	40.5	-
Birla Sun Life Fixed Term Plan -Series KR (385 days)-Gr. Regular - 5,000,000 units	50.0	-
Birla Sun Life Floating Rate Long Term-Daily Dividend-Regular Plan - 1,106,472 units	111.1	-
Reliance Fixed Horizon Fund-XXVI-Series 2-Growth Plan - 5,240,000 units	52.4	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
IDBI FMP-Series IV-387 Days (March 2014)-G Regular Plan-Growth - 2,000,000 units	20.0	-
UTI Fixed Term Income Fund Series XVIII-IV (366 Days)-Growth Plan - 5,000,000 units	50.0	-
ICICI Prudential Banking & PSU Debt Fund-Weekly Dividend Reinvestment - 19,634,793 units	200.3	-
IDFC Ultra Short Term Fund-Daily Dividend-(Regular Plan) - 19,983,233 units	200.1	-
SBI-SHF-Ultra Short Term Fund-Institutional Plan-Daily Div - 49,854 units	50.0	-
Axis Treasury Advantage Fund-Daily Dividend Reinvestment - 49,809 units	50.0	-
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Dividend Reinvestment - 4,962,531 units	50.0	-
Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan - 49,921 units	50.0	-
Templeton India Low Duration Fund-Monthly Dividend Reinvestment - 10,062,881 units	104.7	-
TATA Floater Fund Plan A -Daily Dividend - 54,535 units	54.7	-
L&T Short Term Opportunities Fund-Dividend - 5,134,544 units	53.7	-
DWS Short Maturity Fund-Regular Plan-Monthly Dividend- Reinvestment - 2,560,928 units	31.0	-
Kotak Banking & PSU Debt Fund-Daily Dividend Reinvestment - 2,652,753 units	26.6	-
SBI Premier Liquid Fund-Regular Plan-Daily Dividend - 40,327 units	40.5	-
HDFC Liquid Fund-Dividend Daily Reinvest - 3,961,914 units	40.4	-
ICICI Prudential FMP Series 72-440 Days Plan L Direct Plan Cumulative - 5,090,326 units	50.9	-
Reliance Fixed Horizon Fund-XXV-Series 19-Growth Plan - 8,048,833 units	80.7	-
TATA Fixed Maturity Plan Series 46 Scheme M-Plan A-Growth - 5,000,000 units	50.0	-
Kotak FMP Series 145-Growth - 7,608,565 units	76.1	-
SBI Debt Fund Series-366 Days 54-Regular Plan -Growth - 5,000,000 units	50.0	-
<b>Total Current Investments</b>	<b>2,595.2</b>	<b>432.2</b>
<b>Total Value of Quoted Current investments</b>	<b>4.1</b>	<b>2.8</b>
<b>Market Value of Quoted Investments</b>	<b>56.7</b>	<b>52.7</b>
<b>Total Value of Unquoted Current investments</b>	<b>2,591.1</b>	<b>429.4</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>17 Inventories (valued at lower of cost and net realizable value)</b>		
Consumables and media	5.7	5.0
<b>Total</b>	<b>5.7</b>	<b>5.0</b>
<b>18 Trade receivables</b>		
<b>Trade receivables (Unsecured)</b>		
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	458.6	417.4
- Considered doubtful	668.0	517.7
	<b>1,126.6</b>	<b>935.1</b>
Provision for doubtful receivables	(668.0)	(517.7)
	<b>(A) 458.6</b>	<b>417.4</b>
<b>Other trade receivables</b>		
Unsecured, considered good	5,883.4	5,417.5
	<b>(B) 5,883.4</b>	<b>5,417.5</b>
<b>Total</b>	<b>(A + B) 6,342.0</b>	<b>5,834.9</b>
<b>Trade receivables include</b>		
Dues from Private Companies in which the Company's directors are members/directors:		
Kal Publications Private Limited	116.7	120.9
Kungumam Publications Private Limited	-	8.6
Sun Distribution Services Private Limited	643.9	336.3
Udaya FM Private Limited	-	6.6
Sun Business Solutions Private Limited	0.3	0.1
Sun Direct TV Private Limited	1,145.6	1,001.4

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>19 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	392.9	565.9
Deposits with original maturity of less than three months	-	50.0
On unpaid dividend account	2.2	1.9
Cheques on hand	0.1	-
Cash on hand	0.2	0.4
<b>(A)</b>	<b>395.4</b>	<b>618.2</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months*	5,698.7	3,533.2
Margin Money Deposit	10.4	10.4
<b>(B)</b>	<b>5,709.1</b>	<b>3,543.6</b>
Less: Disclosed under non current assets - Refer note 15	<b>(C) (10.4)</b>	<b>(10.4)</b>
<b>Total (A+B+C)</b>	<b>6,094.1</b>	<b>4,151.4</b>

\* Balances in deposit accounts with banks includes unutilized monies from the public issue of Rs. Nil (March 31, 2013 : Rs. 206.4 million). Also refer note 41.

**20 Short term Loans and advances (Unsecured)**

<b>Loans to Associates - Considered good</b>	333.1	338.9
<b>(A)</b>	<b>333.1</b>	<b>338.9</b>
<b>Loan and advances to other related parties - Considered good</b>	17.8	11.9
<b>(B)</b>	<b>17.8</b>	<b>11.9</b>
<b>Advances recoverable in cash or kind</b>		
Considered good	265.8	358.4
Considered doubtful	128.5	73.5
<b>(C)</b>	<b>394.3</b>	<b>431.9</b>
Provision for doubtful advances	(128.5)	(73.5)
<b>(C)</b>	<b>265.8</b>	<b>358.4</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>Other loans and advances</b>		
Prepaid expenses - Considered good	175.5	172.2
Advance income-tax (net of provision for taxation)	9.2	
Balances with statutory / government authorities		
- Considered good	608.0	608.0
- Considered doubtful	22.1	22.1
	<b>814.8</b>	<b>802.3</b>
Provision for doubtful balances with statutory and government authorities	(22.1)	(22.1)
	<b>(D)</b>	<b>780.2</b>
	<b>792.7</b>	<b>780.2</b>
<b>Total</b>	<b>[A+ B + C + D]</b>	<b>1,489.4</b>
	<b>1,409.4</b>	<b>1,489.4</b>

**Loans and advances to related parties include - Dues from Private Companies in which the Company's directors are members / directors:**

- Kal Publications Private Limited	10.5	5.5
- Sun Direct TV Private Limited	4.8	4.7
- Kal Comm Private Limited	-	-
- AV Digital Networks (Hyderabad) Private Limited	333.1	338.9

**21 Other Current assets**

	Current	
	March 31, 2014	March 31, 2013
<b>Unsecured, considered good unless stated otherwise</b>		
Interest accrued		
- on fixed deposits	34.7	22.8
Unbilled Revenues		
- Considered good	706.6	523.3
- Considered doubtful	13.3	
Provision for unbilled revenue	(13.3)	-
Other Receivables	-	26.9
<b>Total</b>	<b>741.3</b>	<b>573.0</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**March 31, 2014    March 31, 2013**

**22 Revenue from operations**

**Revenues from services**

Advertising income	11,943.8	11,554.6
Broadcast fees	1,273.4	1,436.1
Program licensing income	1,249.7	1,031.0
Subscription income	6,444.8	5,120.0
Income from movie distribution	145.7	3.1
Income from content trading	125.5	62.4
Income from Indian Premier League	1050.3	-
Aircraft charter services	3.0	22.8
	<b>22,236.2</b>	<b>19,230.0</b>

**23 Other income**

Profit on sale of assets (net)	1.4	54.0
Profit on disposal of subsidiary (Net of Foreign currency translation reserve)	-	107.1
Gain on foreign exchange fluctuation (net)	28.1	35.8
Export incentives	0.7	29.4
Liabilities / provisions not required written back	1.3	24.9
Other non-operating income	49.7	49.3
	<b>81.2</b>	<b>300.5</b>

**24 Cost of Revenues**

Telecast costs	312.7	257.9
Program production expenses	854.5	718.7
Cost of program rights	352.6	280.5
Consumables and media expensed	14.6	28.1
Pay channel service charges	367.7	317.0
Licenses	206.7	188.0
Franchisee fees	850.5	-
Others	49.3	54.1
	<b>3,008.6</b>	<b>1,844.3</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>25 Employees' benefit expense</b>		
Salaries, wages and bonus	838.3	735.7
Gratuity expense (Refer note 38)	10.2	10.1
Contributions to provident fund and other funds	85.7	77.3
Staff welfare expense	42.0	33.9
Directors' remuneration		
- Salary	278.7	279.6
- Ex-gratia / Bonus	935.0	857.1
	<b>2,189.9</b>	<b>1,993.7</b>
<b>26 Other expenses</b>		
Legal and professional fees	552.1	99.7
(Refer details below for payments made to auditors)		
Travel and conveyance	90.5	56.5
Rent	181.1	133.2
Electricity expense	181.6	160.8
Power and fuel	95.9	88.7
Repairs and maintenance		
- Building	6.9	8.8
- Plant and machinery	81.4	84.5
- Others	106.7	96.6
Communication	38.9	33.6
Utilities	109.7	99.7
Insurance	9.2	12.9
Bad debts written off	41.3	-
Provision for doubtful debts / Movie and other advances / Unbilled Revenues / assets	237.4	272.6
Donations	10.7	32.5
Rates and taxes	38.7	20.9
Miscellaneous expenses	45.3	38.9
	<b>1,827.4</b>	<b>1,239.9</b>
<b>Payment to Auditor</b>		
<b>As Auditor:</b>		
Audit fee	3.1	3.1
Limited review	1.8	1.8
Service Tax	0.8	0.8
<b>In other capacity:</b>		
Other services (certification fees)	0.1	0.1
Reimbursement of expenses	0.1	0.1
	<b>5.9</b>	<b>5.9</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	March 31, 2014	March 31, 2013
<b>27 Advertisement and marketing expenses</b>		
Advertisement and marketing expenses	113.2	60.7
	<b>113.2</b>	<b>60.7</b>
<b>28 Depreciation and amortization expense</b>		
Depreciation of tangible assets	931.2	1,005.6
Amortization of intangible assets	3,826.6	3,411.7
Impairment of intangible assets	25.0	-
	<b>4,782.8</b>	<b>4,417.3</b>
<b>29 Interest and Dividend Income</b>		
Interest income		
- on bank deposits	459.4	331.2
- on loans to associates	25.7	25.7
- on others	205.6	0.4
Dividend income on current investments	94.2	64.3
	<b>784.9</b>	<b>421.6</b>
<b>30 Finance costs</b>		
Interest		
- on loans against deposits	25.9	42.7
- others	16.8	1.3
Bank charges	3.4	4.8
	<b>46.1</b>	<b>48.8</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***31. Goodwill / (Capital Reserve) arising on investments of the group in its Associates**

Name of the Associate	March 31, 2014 and March 31, 2013	
	Original Cost of Acquisition	Goodwill / (Capital Reserve)
Deccan Digital Networks (Hyderabad) Private Limited	4.1	3.8
Metro Digital Networks (Hyderabad) Private Limited	4.1	103.0
AV Digital Networks (Hyderabad) Private Limited	4.1	(3.7)
Pioneer Radio Training Services Private Limited	28.6	32.9
Optimum Media Services Private Limited	28.6	172.9
Asia Radio Broadcast Private Limited	28.6	3.5
	<b>98.1</b>	<b>312.4</b>

The aforesaid disclosure is for both the year ended March 31, 2014 and March 31, 2013

**32. During the previous year, the Group has divested its entire interest in STNEL which was a wholly owned subsidiary till the previous year. The consolidated profit for the current year includes the effect of such disposal as follows:**

Particulars	March 31, 2014	March 31, 2013
Net Assets of STNEL on date of disposal	-	(43.7)
Sale proceeds received on disposal	-	59.8
Balance in foreign currency translation reserve	-	3.6
<b>Profit on sale of disposal of subsidiary</b>	<b>-</b>	<b>107.1</b>

**33. Capital and other commitments**

## a) Capital Commitments (net of advances)

Particulars	March 31, 2014	March 31, 2013
Outstanding commitments on capital contracts	60.9	52.0
Commitments for acquisition of film and program broadcasting rights	1,627.0	1,957.0
	<b>1,687.9</b>	<b>2,009.0</b>

## b) Export Obligations

The Group has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rate of customs duty. Under the terms of the scheme, the Group has an export obligation equivalent to six times the duty saved to be fulfilled within a period of six to eight years from date of import of the capital goods.

Accordingly, the Group currently has an export obligation aggregating to Rs. 641.9 million (March 31, 2013 Rs. 1,135.3 million)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(All amounts are in millions of Indian Rupees, unless otherwise stated)

### c) License Fee to Ministry of Information and Broadcasting ('MIB')

The Group has obtained licenses to carry on FM Radio operations in 41 Locations. The Group is required to pay License Fee at 4% on the Gross revenues earned during the financial year from these FM operations or 10% of the Reserve OTEF ('One Time Entry Fee') for the respective city, whichever is higher as required by terms of requirements of the Grant of Permission Agreement between Group and Ministry of Information and Broadcasting.

### d) Franchise rights commitments

As per the terms of the franchise agreement entered into by the Group with the BCCI, the Group has a commitment to pay BCCI, Rs. 850.5 million per annum for the 2014 season to 2017 season. From the 2018 IPL season, the Group is required to pay license fees at 20% on the Franchise Income earned during the relevant year from the operation of the IPL franchise to BCCI. In the current year the Group has paid an amount aggregating to Rs. 255.2 million as franchise license fee for the 2014 IPL season.

## 34. Contingent liabilities

Particulars	March 31, 2014	March 31, 2013
Income Tax*	2768.6	2,039.8
Customs Duty** @	636.3	615.8
Claims against the Group not acknowledged as debt	1.0	1.0
	<b>3,405.9</b>	<b>2,656.6</b>

\*The Group received demands of income tax disallowing the manner of allowance claimed by the Group for certain expenses. The Group's appeal in respect of various years has been allowed by both the first and the second appellate authorities in the current year. Accordingly, management believes that based on the favourable judgment as well as relying on judicial pronouncements and other arguments, its position is likely to be accepted by the revenue authorities.

The Group has received demand of income tax disallowing certain expenditure claimed in Assessment Year 2008-09. The Group has made an appeal against the said demand and based on the legal advice obtained by it, the management believes that the Group's claim is likely to be accepted by the appellate authorities

\*\* The Group has received demand for differential customs duty aggregating to Rs. 5.0 million on account of incorrect classification of certain assets imported during FY 2007-08. The Group has gone on appeal against the said demand, and based on its arguments at such appellate proceedings, management believes that the Group's claim is likely to be accepted by the authorities.

@ Further to enquiries by the customs authorities on customs duty exemptions availed by the Group in the previous year, the Group has received a formal show cause notice containing a provisional demand of Rs. 631.3 million. Then the Group has filed its responses to this notice and has also deposited a sum of Rs. 610.8 million under protest pending final resolution of the matter. The Management has been advised by senior counsels that appropriate legal remedies are available to the Group in this matter and is accordingly confident of recovering the duty paid.

The Group is involved in certain legal proceedings and claims in relation to civil and criminal matters. These legal proceedings are currently pending adjudication before various courts and tribunals. Based on a review of the relevant facts and judicial precedents and as advised of its legal counsels, management is confident of succeeding in these litigations and consequently no provision has been made in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***35. Leases****Operating leases (As a Lessee)**

The Group has taken a KU band satellite transponder and office premises on a non cancellable operating lease. There are no escalation clauses in the lease agreements. Further, there are no restrictions imposed by the lease arrangements and there are no subleases.

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Lease payments recognised in the statement of profit and loss for the year	348.1	303.8
<b>Minimum Lease Payments</b>		
Not later than one year	336.9	277.9
Later than 1 year but not later than 5 years	568.2	497.6
Later than 5 years	-	2.9

**Operating leases (As a lessor)**

The Group has leased out its office buildings. These non cancellable leases have remaining terms of between 1 and 3 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Lease income recognised in the statement of profit and loss for the year	27.3	29.1
<b>Minimum Lease Payments</b>		
Not later than one year	33.7	31.7
Later than 1 year but not later than 5 years	63.3	34.5
Later than 5 years	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**36. Un-hedged foreign currency balances**

The Group does not use any derivative instruments to hedge its foreign currency exposure. The details foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Foreign Currency	March 31, 2014		March 31, 2013	
		Amount in Foreign Currency (in millions)	Amount in Indian Rupees (in millions)	Amount in Foreign Currency (in millions)	Amount in Indian Rupees (in millions)
Trade Receivables	USD	2.3	136.0	2.9	158.7
Trade Receivables	CAD	-	-	0.1	2.0
Trade Receivables	AUD	0.1	8.0	0.1	5.6
Trade Receivables	GBP	0.1	12.5	-	-
Advance from customer	USD	0.4	24.0	0.1	2.0
Advance from customer	CAD	0.1	2.4	-	-
Security Deposits from customers	AUD	0.1	2.8	0.1	2.8
Security Deposits from customers	USD	0.3	18.5	0.3	16.6
Security deposits paid	USD	0.3	15.3	0.2	9.8

**37. As required by Accounting Standard (AS-29) "Provisions, Contingent Liabilities and Contingent Assets" the details of Provisions are set out as under-**

Nature of Provision	Opening Balance	Provision for the year	Provision written back /adjusted	Closing Balance
Claims related to Service Tax	-	28.7	-	28.7
	-	<b>28.7</b>	-	<b>28.7</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***38. Employee benefit plans - Gratuity**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Group in the form of a qualifying insurance policy. The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

Statement of Profit and Loss

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	13.7	11.9
Interest cost on benefit obligation	6.8	5.3
Expected return on plan assets	(6.2)	(5.0)
Net actuarial (gain) / loss recognised in the year	(4.1)	(2.1)
<b>Net benefit expense</b>	<b>10.2</b>	<b>10.1</b>
Actual return on plan assets	5.4	4.7

Particulars	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	88.2	79.4
Fair value of plan assets	(80.4)	(58.8)
<b>Plan Liability / (Asset)</b>	<b>7.8</b>	<b>20.6</b>
Experience adjustments on plan liabilities	5.1	2.4
Experience adjustments on plan Asset	(1.0)	(0.3)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	79.4	68.6
Current service cost	13.7	11.9
Interest cost	6.8	5.3
Actuarial (gains) / losses on obligation	(5.1)	(2.4)
Benefits paid	(6.6)	(4.0)
<b>Closing defined benefit obligation</b>	<b>88.2</b>	<b>79.4</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

### Changes in the fair value of plan assets are as follows:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Fair value of planned assets at the beginning of the year	58.8	51.2
Expected return on plan assets	6.2	5.0
Contributions	23.0	6.9
Benefits paid	(6.6)	(4.0)
Actuarial gain / (loss) on plan assets	(1.0)	(0.3)
<b>Fair value of plan assets at the end of the year</b>	<b>80.4</b>	<b>58.8</b>

The experience adjustments on plan liabilities and assets, and net (surplus) / deficit for the years ended March 31, 2012, March 31, 2011 and March 31, 2010 are as follows:

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation at the end of the period	68.6	56.1	42.2
Fair value of plan assets	(51.2)	(38.9)	(31.6)
Net deficit	17.4	17.2	10.6
Experience adjustments on plan liabilities	1.8	0.8	5.4
Experience adjustments on plan assets	0.3	1.4	(0.5)

The principal actuarial assumptions used in determining gratuity obligation for the Group's plans are shown below:

Particulars	As at March 31, 2014	As at March 31, 2013
Discount rate	8.00% - 9.10%	8.00%
Expected rate of return on assets	8.75%	9.25%
Employee turnover	2.00%	2.00%

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The Group does not currently have any estimates of the contribution to be paid to the plan during the next year. Accordingly, the same has not been disclosed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014***(All amounts are in millions of Indian Rupees, unless otherwise stated)***39. Related party transactions****Controlling Party**

Mr. Kalanithi Maran

**1. Enterprises in which Key Management personnel or their relatives have significant influence**

Kal Publications Private Limited	Sun Foundation
SpiceJet Limited	Murasoli Maran Family Trust
Udaya FM Private Limited	D.K. Enterprises Private Limited
Sun Direct TV Private Limited	Kungumam Nithiyagam Private Limited
Sun Distribution Services Private Limited	Kal Comm Private Limited
Kal Investments (Madras) Private Limited	Kal Media Services Private Limited
Kal Airways Private Limited	Kal Cables Private Limited
Kal Holdings Private Limited	Sun Business Solutions Private Limited

**2. Associates**

AV Digital Networks (Hyderabad) Private Limited  
 Digital Radio (Mumbai) Broadcasting Limited  
 Asia Radio Broadcast Private Limited  
 Deccan Digital Networks (Hyderabad) Private Limited  
 Digital Radio (Kolkata) Broadcasting Limited  
 Pioneer Radio Training Services Private Limited  
 Metro Digital Networks (Hyderabad) Private Limited  
 Digital Radio (Delhi) Broadcasting Limited  
 Optimum Media Services Private Limited  
 South Asia Multimedia Private Limited

**3 Key Management personnel**

Mr. Kalanithi Maran – Executive Chairman  
 Mrs. Kavery Kalanithi – Executive Director  
 Mr. K Vijaykumar – Managing Director and Chief Executive Officer  
 Mr. K Shanmugam – Managing Director of Kal Radio Limited and South Asia FM Limited

**4. Relatives of Key Management personnel**

Mrs. Mallika Maran

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Transactions and balances with related parties.

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Income :</b>						
<b>Subscription Income</b>						
Sun Distribution Services Private Limited	1,961.7	1,391.7	-	-	-	-
Sun Direct TV Private Limited	1,912.3	1,777.9	-	-	-	-
<b>Advertising Income</b>						
Sun Direct TV Private Limited	6.0	2.7	-	-	-	-
SpiceJet Limited	1.2	1.0	-	-	-	-
Kal Publications Private Limited	14.8	20.1	-	-	-	-
Kungumam Publications Private Limited	-	3.5	-	-	-	-
<b>Income from IPL</b>						
SpiceJet Limited	50.2	-	-	-	-	-
Sun Direct TV Private Limited	1.5	-	-	-	-	-
Digital Radio (Delhi) Broadcasting Limited	-	-	15.0	-	-	-
<b>Interest earned</b>						
AV Digital Networks (Hyderabad) Private Limited	-	-	25.7	25.7	-	-
<b>Aircraft charter services</b>						
Kal Publications Private Limited	3.0	0.3	-	-	-	-
Sun Distribution Services Private Limited	-	22.5	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Transactions and balances with related parties.

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Rental and Business Support Income</b>						
Sun Direct TV Private Limited	16.9	16.4	-	-	-	-
Kal Publications Private Limited	16.7	14.7	-	-	-	-
Others	10.6	11.3	-	-	-	-
<b>Movie Content Income</b>						
Sun Direct TV Private Limited	75.1	49.4	-	-	-	-
<b>Program production expenses</b>						
Kal Publications Private Limited	43.8	43.8	-	-	-	-
Others	3.6	25.1	-	-	-	-
<b>Pay channel service charges</b>						
Sun Distribution Services Private Limited	241.6	208.8	-	-	-	-
<b>Legal and Professional Fees</b>						
Mrs. Mallika Maran	-	-	-	-	0.2	0.2
Mr. K. Shanmugam	-	-	-	-	5.6	3.9
<b>Rent Expense</b>						
Kal Publications Private Limited	26.5	24.5	-	-	-	-



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Donations</b>						
Sun Foundation	10.7	32.5	-	-	-	-
<b>Advertisement expenses</b>						
Kal Publications Private Limited	15.5	5.9	-	-	-	-
<b>Security Charges</b>						
Kal Comm Private Limited	-	12.1	-	-	-	-
<b>Remuneration paid (including ex-gratia)</b>						
Salary - Mr. Kalanithi Maran	-	-	-	-	131.4	134.0
Salary - Mrs. Kavery Kalanithi	-	-	-	-	131.4	134.0
Salary - Mr. K Vijaykumar	-	-	-	-	10.4	6.5
Ex-gratia / Bonus - Mr. Kalanithi Maran	-	-	-	-	467.5	428.5
Ex-gratia / Bonus - Mrs. Kavery Kalanithi	-	-	-	-	467.5	428.4
Salary - Mr. K. Shanmugam	-	-	-	-	5.5	5.2
<b>Dividends Paid</b>						
Mr. Kalanithi Maran	-	-	-	-	2,734.0	2,503.5
<b>Share in profits / (losses) from Associates</b>						
Deccan Digital Networks (Hyderabad) Private Limited	-	-	20.3	12.0	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Asia Radio Broadcast Private Limited	-	-	7.6	3.5	-	-
Pioneer Radio Training Services Private Limited	-	-	28.5	16.9	-	-
Optimum Media Services Pvt. Ltd	-	-	36.0	30.0	-	-
Metro Digital Networks (Hyderabad) Private Limited	-	-	25.6	21.3	-	-
AV Digital Networks (Hyderabad) Private Limited	-	-	(2.0)	(5.0)	-	-
<b>Reimbursement/(Recovery) of Cost of shared services (Net)</b>						
KaI Publications Private Limited	2.0	3.6	-	-	-	-
<b>Travelling Expenses</b>						
SpiceJet Limited	15.1	11.4	-	-	-	-
<b>Channel Placement Fees</b>						
Sun Direct TV Private Limited	99.8	94.1	-	-	-	-
<b>Balances Outstanding:</b>						
Accounts Receivable	1,145.6	1,001.4	-	-	-	-
Sun Direct TV Private Limited	643.9	336.3	-	-	-	-
Sun Distribution Services Private limited	117.2	149.2	-	-	-	-
Others						

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Loans and Advances</b>						
<i>Kal Publications Private Limited</i>	10.5	5.5	-	-	-	-
<i>Sun Direct TV Private Limited</i>	4.8	4.7	-	-	-	-
<i>AV Digital Networks (Hyderabad) Private Limited</i>	-	-	333.1	338.9	-	-
<i>Digital Radio (Delhi) Broadcasting Limited</i>	-	-	1.3	-	-	-
<i>Udaya FM Private Limited</i>	0.4	-	-	-	-	-
<b>Prepaid Expenses</b>						
<i>Sun Direct TV Private Limited</i>	45.7	145.5	-	-	-	-
<b>Rental and other deposits</b>						
<i>Kal Publications Private Limited</i>	1.0	1.0	-	-	-	-
<b>Security Deposit and Other Current Liabilities</b>						
<i>Kal Publications Private Limited</i>	0.1	0.1	-	-	-	-
<i>Sun Direct TV Private Limited</i>	0.4	0.3	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Associate Companies		Key managerial personnel / Relatives of Key managerial personnel	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Accounts Payable</b>						
<i>Kal Publications Private Limited</i>	2.2	22.9	-	-	-	-
<i>Sun Distribution Services private limited</i>	73.6	39.7	-	-	-	-
<i>Kal Comm Private Limited</i>	-	12.1	-	-	-	-
<i>SpiceJet Ltd</i>	8.5	7.4	-	-	-	-
<i>Others</i>	6.2	6.0	-	-	-	-
<b>Ex-gratia / Bonus Payable</b>						
<i>Mr. Kalanithi Maran</i>	-	-	-	-	467.5	428.5
<i>Mrs. Kavery Kalanithi</i>	-	-	-	-	467.5	428.4
<i>Mr. K. Vijaykumar</i>	-	-	-	-	2.0	1.5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

**41. Utilisation of IPO proceeds**

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2014 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2014	Actual use of funds as at March 31, 2013
1	Capitalisation of the subsidiaries	3,557.7	3,557.7	3,557.7
2	Launch of new TV channels and Purchase of new equipment and up-gradation of existing equipment	1,449.5	1,449.5	1,362.3
3	Construction of an owned corporate office, studio facilities and additional uplinking infrastructure	623.4	623.4	623.4
4	General corporate purposes	88.8	88.8	-
5	Share issue expenses	308.5	308.5	278.1
	<b>Total</b>	<b>6,027.9</b>	<b>6,027.9</b>	<b>5,821.5</b>

**42. Prior year comparatives**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W

**per S Balasubrahmanyam**

Partner

Membership No.: 053315

Chennai

May 23, 2014

**For and on behalf of the Board of Directors**

**Kalanithi Maran**

Chairman

**R. Ravi**

Company Secretary

Chennai

May 23, 2014

**K. Vijaykumar**

Managing Director &  
Chief Executive Officer

**STATEMENT PURSUANT TO GENERAL CIRCULAR NO: 2/2011 DATED 8TH FEBRUARY 2011  
ISSUED BY MINISTRY OF CORPORATE AFFAIRS RELATING TO SUBSIDIARY COMPANIES**

*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

Name of the Company	KAL RADIO LIMITED		SOUTH ASIA FM LIMITED	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Particulars</b>				
Share Capital <i>(Incl. Share application money)</i>	1,769.35	1,769.35	4,838.61	4,838.61
Reserve & Surplus	(284.44)	(476.69)	(1,892.38)	(1,981.44)
Total Liability(^)	140.58	168.87	220.32	297.93
Total Assets (#)	1,625.48	1,461.53	3,166.54	3,155.10
Total Income (including other income)	684.04	576.40	669.25	551.08
Profit / ( Loss) before Tax	196.89	126.32	89.05	(25.42)
Provision for Tax	4.65	-	-	-
Profit / (Loss) after Tax	192.24	126.32	89.05	(25.42)
Proposed Dividend (including Dividend Tax)	-	-	-	-
Investments (included in Total Assets)	315.85	258.29	1,927.85	1,910.57

^ (Long Term Borrowings + Deferred tax liability (net) + Other Long term Liabilities + Current Liabilities)

# (Net Tangible Fixed assets + Net intangible Assets + Capital work in Progress + Non Current Investments + Deferred tax Assets (Net) + Long Term loans and advances + Other Non Current assets + Current Assets)

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