SUN TV NETWORK LIMITED
Murasoli Maran Towers, 73,MRC Nagar Main Road, MRC Nagar, Chennai - 600 028, India.
Tel : +91-44-4467 6767 Fax : +91-44-4067 6161

Form A

Format of Covering Letter of the Annual Audit Report to be filed with the BSE Limited

1	Name of the Company	Sun TV Network Limited Ref: Scrip Code: 532733 – Scrip Id: SUNTV
2	Annual Standalone and Consolidated Financial Statements for the year ended	31st March, 2013
3	Type of Audit Observation	Unqualified
4	Frequency of Audit Observation	Not Applicable
5	To be signed by	
	Chief Executive Officer / Managing Director	For **Sun TV Network Limited** **K. Vijaykumar** Managing Director and Chief Executive Officer
	Chief Financial Officer	For **Sun TV Network Limited** **V. C. Unnikrishnan** Chief Financial Officer
	Auditor of the Company	Refer our Audit Report dated May 17, 2013 on the Standalone and Consolidated Financial Statements of the Company For **S.R. Batliboi & Associates LLP** Chartered Accountants ICAI Firm registration number: 101049W **per S Balasubrahmanyam** Partner Membership No.: 053315
	Audit Committee Chairman	For **Sun TV Network Limited** **J. Ravindran** Chairman – Audit Committee

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 and Compliance Officer

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FINANCIAL PERFORMANCE FOR LAST 5 YEARS
(All amounts are in Millions of Indian Rupees, unless otherwise stated)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Total Income	18,726.4	18,315.7	19,705.0	14,375.2	10,915.2
Total Expenditure (Excluding Interest & Financial Charges)	8,539.1	7,997.0	8,132.0	5,699.0	4,215.3
Profit before interest and tax	10,187.3	10,318.7	11,573.0	8,676.2	6,699.9
Interest & Financial Charges	47.9	55.5	19.8	12.0	38.9
Profit Before Taxation	**10,139.4**	**10,263.2**	**11,553.2**	**8,664.2**	**6,661.0**
Provision for Taxation	3,306.0	3,316.7	3,831.0	2,990.4	2,289.9
Profit after tax	**6,833.4**	**6,946.5**	**7,722.2**	**5,673.8**	**4,371.1**
Earnings Per Share (Face value Rs. 5 /- each)	**17.34**	**17.63**	**19.60**	**14.40**	**11.09**

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NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of Sun TV Network Limited will be held at Kalaignar Arangam, Anna Arivalayam, 367 / 369, Anna Salai, Teynampet, Chennai - 600 018 on Friday, the 27th day of September 2013 at 10.00 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Statement of Profit & Loss for the financial year ended on that date together with the Reports of Directors and Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in the place of Mr. J. Ravindran, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in the place of Mr. Nicholas Martin Paul, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, (FRN: 101049W) Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration, and out of pocket expenses, if any, to be fixed by the Board of Directors, on the recommendation of the Audit Committee of the Board.

Regd. Office:
Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai - 600 028.

May 17, 2013

BY ORDER OF THE BOARD

R. RAVI
COMPANY SECRETARY

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. For appointment of a proxy to be effective, the proxy form (enclosed) shall be duly filled, stamped, executed and lodged with the Registered Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.**

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September 2013 to 27th September 2013 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.

3. The Dividend as recommended by the Board of Directors and to be approved by the Shareholders at the Annual General Meeting to be held on Friday, the 27th September 2013 shall be paid to those members whose names appear on the Register of Members as on the close of 13th September 2013.

4. Members are requested to quote their DP ID & Client ID/ Folio Numbers in all correspondence with the Company.

5. Members and/or their proxies should bring the Attendance Slips duly filled in for attending the meeting.

Regd. Office:
Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai - 600 028.

May 17, 2013

BY ORDER OF THE BOARD

R. RAVI
COMPANY SECRETARY

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr. J. Ravindran	Mr. Nicholas Martin Paul
Brief Profile	Mr. J. Ravindran aged 38 was appointed as a non-executive Independent Director of the Company in February 2006. He has a bachelor's degree in arts and law degree from the University of Madras. An advocate by profession, Mr. J. Ravindran is practicing in Madras High Court. He is a former Assistant Solicitor General of India, Madras High Court. He is a Director in SpiceJet Limited, Kal Radio Limited and South Asia FM Limited. He does not hold any share in the Company.	Mr. Nicholas Martin Paul aged 46 was appointed as a non-executive Independent Director of the Company in February 2006. He has a bachelor's degree in history from University of Madras. Mr. Nicholas Martin Paul is a Director in SpiceJet Limited, Splendid Fine Foods Private Limited, Tan Business Ventures Private Limited and Tan Retail Ventures Private Limited. He does not hold any share in the Company.
Directorship held in other Companies (Excluding Private Companies and Foreign Companies)	3	1
Memberships / Chairmanships of Committees in Public Companies	He is the Chairman of the Audit Committee, Remuneration Committee and Member of the Investor Grievance Committee of Sun TV Network Limited. He is the Chairman of the Audit Committee and Member of Remuneration Committee of South Asia FM Limited. He is the Chairman of the Audit Committee and Member of Remuneration Committee of Kal Radio Limited. He is the Chairman of the Audit Committee, Investor Relations Committee and Member of Compensation Committee of the SpiceJet Limited.	He is the Member of the Audit Committee, Remuneration Committee and Investor Grievance Committee of Sun TV Network Limited. He is the Member of the Audit Committee, Investor Relations Committee and Compensation Committee of the SpiceJet Limited.
Shareholding	Nil	Nil
Relationships between Directors inter-se	Nil	Nil

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Twenty Eighth Annual Report and Audited Financial Accounts of the Company for the financial year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

The financial highlights for the year ended 31st March 2013 are given below:

(Rs. in Crores)

Particulars	For the year ended	
	31st March, 2013	31st March, 2012
Total Income	1,872.64	1,831.57
Total Expenditure (Excluding Interest & Financial Charges)	853.91	799.70
Profit before interest and tax	1,018.73	1,031.87
Interest & Financial Charges	4.79	5.55
Profit Before Tax	**1,013.94**	**1,026.32**
Provision for Taxation	330.60	331.67
Profit after tax	**683.34**	**694.65**
Accumulated Profit, beginning of the year	1,632.61	1,442.55
Interim Dividend	(295.57)	(344.82)
Tax on Interim dividend	(47.95)	(55.94)
Proposed dividend	(78.82)	(29.56)
Tax on Proposed dividend	(13.39)	(4.80)
Transfer to General Reserve	(68.33)	(69.47)
Profit Carried forward	**1,811.89**	**1,632.61**
Earnings Per Share (Face value Rs.5/-)	17.34	17.63

The total Income for the year ended 31st March 2013 was Rs.1,872.64 crores as against Rs.1,831.57 crores during the previous year ended 31st March 2012. Profit Before Tax was Rs.1,013.94 crores as against Rs.1,026.32 crores in the previous year. Profit After Tax was Rs.683.34 crores as against Rs.694.65 crores in the previous year.

FINAL DIVIDEND:

For the financial year ended 31st March 2013, the Board of Directors has recommended a Final Dividend of 40%, i.e., Rs. 2.00/- per equity share of face value of Rs.5.00/- each on May 17, 2013. This Final Dividend together with the Interim Dividends of Rs.2.50/- per equity share (50%) each declared at the Board Meetings held on August 3, 2012, November 9, 2012 and January 23, 2013 respectively during the Financial Year 2012-13 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 2013. (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 27th September 2013 will be paid to the shareholders whose name appear in the Register of Members as on the closure date of 13th September 2013. Your Company has steadily stepped up payment of dividends in recent years. The pay out ratio currently stands at 63.76%.

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.

During the year your Company successfully bid for the Indian Premier League (IPL) Franchise offered by the Board of Control for Cricket in India (BCCI) and has been awarded the Hyderabad Franchise. The new team "SunRisers Hyderabad" made a commendable debut and made it to the last four of the 2013 tournament.

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, 2013 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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. J. Ravindran and Mr. Nicholas Martin Paul, Directors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Board recommends their re-appointment as Directors of your Company.

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 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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 a part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT:

As mandated by SEBI vide its circular CIR/CFD/DIL/8/2012 dated August 13, 2012 for inclusion of Business Responsibility Reports as part of the Annual Report by listed entities 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 2012-13; 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 1916 employees as of 31st March 2013 (previously 1908). 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 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company.

The Board has duly reviewed the Statutory Auditors' Report for the year ended 31st March 2013. 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.

In Compliance with Cost Accounting Records (Tele Communication Industry) Rules, 2011, M/s. Sundar & Associates (FRN:101188) was appointed as Cost Auditors of the Company for Financial Year 2012-13.

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.3.25 Crores (previous year Rs.2.20 Crores) to Sun Foundation, a Charitable trust to support the various social welfare activities carried out by the trust.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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.112.74 Crores for the year under review as against Rs.89.85 Crores for the previous year ended 31st March 2012. 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.10.85 Crores as against Loss of Rs.6.54 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.

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, 2013.

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.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of Rs. 6.99 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 2013.

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	31st March 2013	31st March 2012
Foreign Exchange Earnings	103.10	85.17
Foreign Exchange Outgo	25.99	26.49

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 17, 2013

Kalanithi Maran
Chairman

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 thereto.

INDUSTRY

The Media and Entertainment Industry after a challenging year of 2012 looks much better going forward as some improvement likely in the global economy in 2013 and India's real GDP expected to be in the region of 6.1% to 6.7% during the year. The impetus introduced by digitization, continued growth of regional media, upcoming elections, continued strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth above 11 percent in 2013. Every segment across the industry (television, radio, advertisement, films, print) is getting digitised in its own way and thereby leading to development of new media. 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. The Government's drive towards digitalisation and addressability for cable television by 2014 is expected to provide a boost to direct-to-home (DTH) and digital cable growth.

In a nutshell, 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.

Regional media continues on a strong growth trajectory especially in the print and television sectors. 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.While television continues to be the dominant medium, related segments such as animation & VFX, digital advertising and gaming are fast increasing their share in the overall pie. Radio is expected to display a healthy growth rate after the advent of Phase 3. Print, while witnessing a decline in growth rate, will continue to be the second largest medium in the Indian M&E industry.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

OPPORTUNITIES AND THREATS

Opportunities:

The on going digitalisation 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 digitalisation,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".

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.

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

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 2013 was Rs.1,872.64 crores as against Rs.1,831.57 crores during the previous year ended 31st March 2012. Profit Before Tax was Rs.1,013.94 crores as against Rs.1,026.32 crores in the previous year. Profit After Tax was Rs.683.34 crores as against Rs.694.65 crores in the previous year. For the financial year ended 31st March 2013, the Board of Directors has recommended a Final Dividend of 40%, i.e., Rs. 2.00/- per equity share of face value of Rs.5.00/- each on May 17, 2013. This Final Dividend together with the Interim Dividends of Rs. 2.50/- per equity share (50%) each declared at the Board meeting held on August 3, 2012, November 9, 2012 and January 23, 2013 during the Financial Year 2012-13 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 2013.(Prev. Year of 190%, i.e., Rs 9.50/- per equity share of face value of Rs.5.00/- each.) The Reserve and surplus of the company as on 31st March 2013 stood at Rs. 2,695.81 crores as against Rs. 2,448.20 crores as on 31st March 2012.

Human Resources:

At Sun Network, with 1916 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 17, 2013

K. Vijaykumar
Managing Director &
Chief Executive Officer

FINANCIAL REVIEW 2012-13

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

1. EARNINGS

Total Income

The total Income for the year ended 31st March 2013 was Rs.1,872.64 crores as against Rs.1,831.57 crores during the previous year ended 31st March 2012. 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.1,013.94 crores as against Rs.1,026.32 crores in the previous year. Profit After Tax was Rs. 683.34 crores as against Rs.694.65 crores in the previous year.

Dividend

The outgo on account of interim and final dividend including dividend tax is Rs. 435.73 crores (previous year Rs.435.12 crores).

2. FINANCIAL POSITION

Shareholder's Funds

Shareholders' Fund as on 31st March 2013 was Rs. 2,892.85 crores (previous year Rs.2,645.24 crores).

Loan funds

The Company is debt free and had no loan funds – secured or unsecured as on 31st March 2013 (previous year Rs. Nil).

Assets

Net block of fixed assets were at Rs. 823.23 crores. The addition to fixed assets for the year was Rs.327.44 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 2013 were at Rs.399.25 crores and Rs.0.42 crores respectively.

3. RATIOS

Earnings per share

The Earnings per share of face value of Rs.5.00/- for the year ended 31st March 2013 is Rs.17.34 (previous year Rs.17.63).

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 2012-13
(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 TV 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.

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 17, 2013

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

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**

Five Board Meetings were held during the financial year 2012-13. 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:

20th April 2012, 25th May 2012, 3rd August 2012, 9th November 2012 and 23rd January 2013.

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	5	Yes	3	Nil	Nil
Mrs. Kavery Kalanithi	Executive Director	5	Yes	3	Nil	1
Mr. K. Vijaykumar	Managing Director	5	Yes	2	Nil	1
Mr. S. Selvam	Director	5	Yes	1	Nil	Nil
Mr. J. Ravindran	Independent Director	5	Yes	4	4	6
Mr. M.K. Harinarayanan	Independent Director	5	Yes	2	1	2
Mr. Nicholas Martin Paul	Independent Director	4	Yes	2	Nil	4
Mr. R. Ravivenkatesh	Independent Director	4	Yes	2	Nil	2

* 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.

- **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. R. Ravivenkatesh, all are Non-Executive Independent Directors of the Company with Mr. J. Ravindran as its Chairman.
Mr. R. Ravi, Company Secretary act as Secretary of the Committee.

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

Four meetings of the Audit Committee were held during the year and the dates are 25th May 2012, 3rd August 2012, 9th November 2012 and 23rd January 2013.

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	3

- **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 / re-appointment 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 entirely consist of Independent Directors which met on 20th April 2012.

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 2013 is as follows:

Particulars	(Rs. in Million)
Salary	134.0
Perquisites and other allowances	428.5
Total	562.5

The Remuneration paid / payable to the Managing Director and Chief Executive Officer for the year ended 31st March 2013 is as follows:

Particulars	(Rs. in Million)
Salary	6.5

The Remuneration paid / payable to the Executive Director for the year ended 31st March 2013 is as follows:

Particulars	(Rs. in Million)
Salary	134.0
Perquisites and other allowances	428.4
Total	562.4

The Remuneration paid / payable to Non–Executive Directors for the year ended 31st March 2013 is as follows:

	(Rs. in Million)
Name of the Director	**Sitting fee ***
Mr. S. Selvam	0.010
Mr. J. Ravindran	0.028
Mr. M.K. Harinarayanan	0.028
Mr. Nicholas Martin Paul	0.022
Mr. R. Ravivenkatesh	0.018

*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. 2,000/- each.

5. Investor'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 25th May 2012, 3rd August 2012, 9th November 2012 and 23rd January 2013. 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	3

During the year, the Company received 18 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 2013.

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 10 occasions during the year on 25th April 2012, 25th May 2012, 06th July 2012, 13th July 2012, 3rd August 2012, 9th November, 2012, 19th November 2012, 23rd January 2013, 28th January 2013 and 25th March 2013. The names and attendance of Committee members are given below:

Name of the Director	No. of Meetings attended
Mr. Kalanithi Maran	10
Mrs. Kavery Kalanithi	10

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
2011 - 12	AGM	"Kalaignar Arangam", Anna Arivalayam, 367/369,Anna Salai, Teynampet, Chennai – 600 018	28.09.2012	10.00 am
2010 - 11	AGM	"Kalaignar Arangam", Anna Arivalayam, 367/369,Anna Salai, Teynampet, Chennai – 600 018	19.09.2011	10.00 am
2009 - 10	AGM	Narada Gana Sabha, 314, T T K Road, Chennai - 600 018.	05.08.2010	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. Postal Ballot

Resolutions passed through Postal Ballot on June 11, 2012

The following Ordinary resolutions were passed on June 11, 2012 through postal ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, namely:

1. Appointment and Payment of remuneration of Mr. K. Vijaykumar as Managing Director and Chief Executive Officer of the Company.
2. Appointment and Payment of remuneration of Mr. Kalanithi Maran as Executive Chairman of the Company.
3. Appointment and Payment of remuneration of Mrs. Kavery Kalanithi as Executive Director of the Company.

Mrs. Lakshmi Subramanian, Practising Company Secretary was appointed as the Scrutinizer to conduct the Postal Ballot process.

The Notice dated May 08, 2012 was sent to the members and the last date for receipt of postal ballot forms was June 08, 2012. According to the Scrutinizer's report the resolution was passed by majority. The result of the postal ballot was declared on June 11, 2012.

9. 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.13 of this report.

10. Means of Communication

- The quarterly unaudited financial results and the annual audited financial results are normally published in Financial Express and Malai Sudar. 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.

11. Management Discussions and Analysis Report

Management Discussion and Analysis report is annexed.

12. General Shareholders Information

The details are enclosed elsewhere in the report

13. 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 "Malai Sudar" (Tamil) newspapers.

4. Audit Qualification

The Auditors have not qualified the financial statements of the Company.

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**

  27th September 2013
  "Kalaignar Arangam", Anna Arivalayam,
  367/369, Anna Salai, Teynampet, Chennai – 600 018

- **Financial Year**

  1st April 2012 to 31st March 2013.

- **Book Closure Dates**

  From 14th September, 2013 to 27th September, 2013 (both days inclusive)

- **Dividend**

  For the financial year ended 31st March 2013, the Board of Directors has recommended a Final Dividend of 40%, i.e., Rs. 2.00/- per equity share of face value of Rs. 5.00/- each on May 17, 2013. This Final Dividend together with the Interim Dividends of Rs. 2.50/- per equity share (50%) each declared at the Board Meetings held on August 3,2012, November 9, 2012 and January 23, 2013 respectively during the Financial Year 2012-13 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 2013. (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. 2.00/- per equity share (40%) of face value of Rs. 5.00/- each will be paid subject to the approval of shareholders at the ensuing Annual General Meeting on 27th September 2013.

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

- **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 13th September 2013 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.

- **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, Bhubaneshwar, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Guwahati, Patna and Trivandram, the dividend would be remitted by ECS to your bank account. The Company would advice 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 advice your DPs immediately about change.

  Further, if there is any change in your address kindly advice 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**

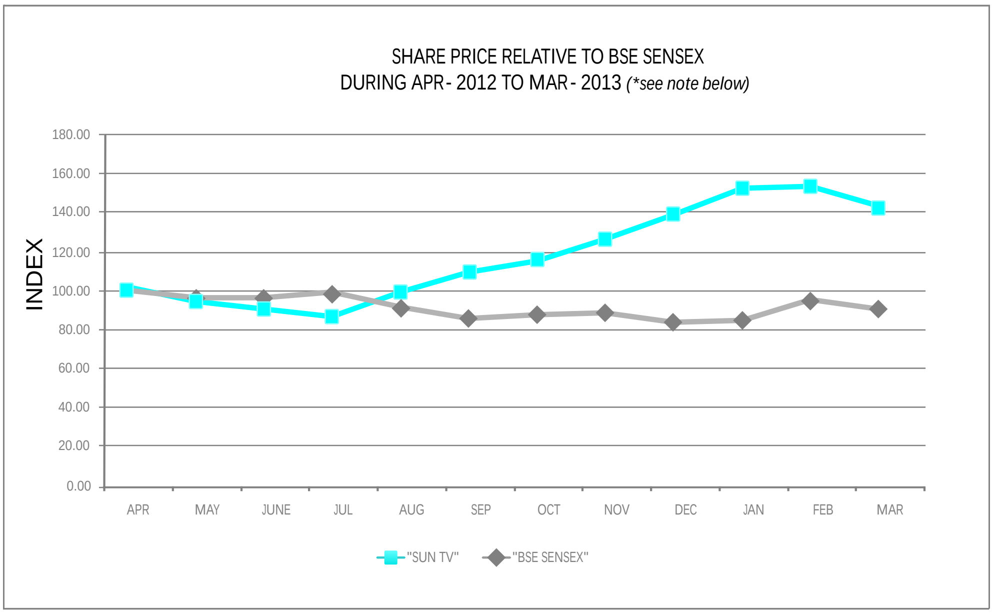
  National Securities Depository Ltd. (NSDL)
  Central Depository Services (India) Ltd. (CDSL)
  ISIN : INE424H01027

- **Share Transfer Process**
- M/s. Karvy Computershare Private Limited processes the physical transfers and other requests from the Shareholders.
- The Board delegated the power to approve the transfers to the Share Transfer Committee and the transfers are approved as and when necessary.
- 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.
- As per SEBI's instructions, the Company's Shares can be sold through Stock Exchanges only in dematerialized form.
- **Market Price Data & Performance in Comparison with BSE and NSE Indices**
- **Market Price Data**

	B.S.E			N.S.E		
Month	High	Low	Traded Volume (No. of shares)	High	Low	Traded Volume (No. of shares)
Apr-12	311.60	274.00	8,12,914	284.15	274.00	4,44,088
May-12	310.00	237.70	14,71,041	305.90	237.70	6,71,428
Jun-12	307.55	220.00	67,71,053	325.00	219.40	14,35,084
Jul-12	325.55	176.75	52,76,144	326.15	227.90	16,22,292
Aug-12	314.65	265.10	28,64,527	314.70	265.00	7,90,449
Sep-12	361.80	291.00	13,23,386	361.80	290.50	7,87,891
Oct-12	373.75	311.25	24,20,872	373.35	311.00	11,55,120
Nov-12	413.60	321.50	42,15,591	414.10	321.25	14,23,838
Dec-12	434.15	392.50	37,29,517	434.25	391.70	10,85,412
Jan-13	478.00	414.40	20,73,033	478.80	414.60	9,04,232
Feb-13	493.90	404.00	32,86,121	494.90	403.25	13,69,113
Mar-13	457.05	375.00	24,15,356	447.40	374.95	14,03,210

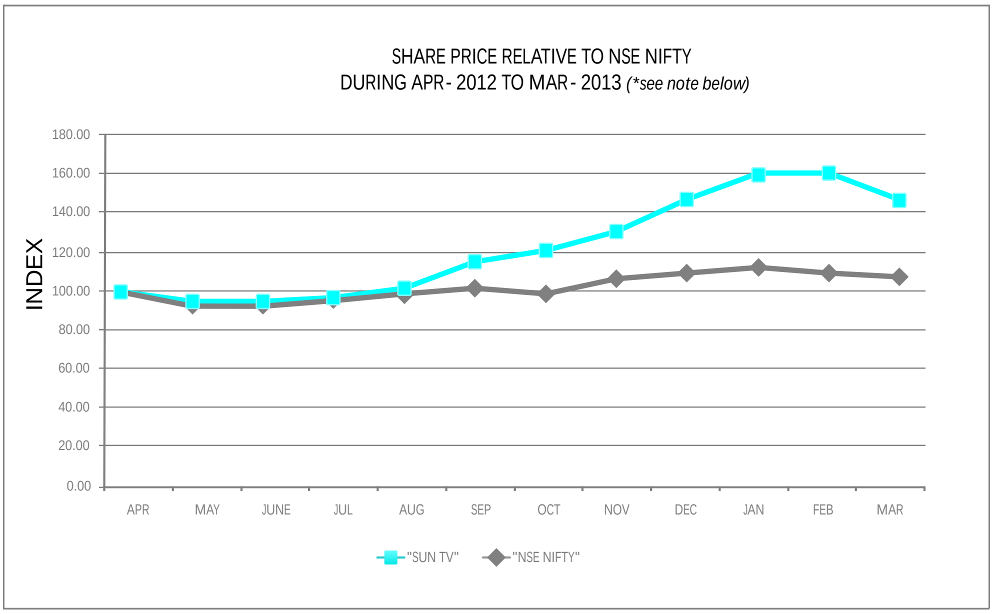
REPORT ON CORPORATE GOVERNANCE
(Pursuant to clause 49 of the Listing Agreement)

- **Performance in comparison with BSE SENSEX**



* The closing value for April is taken as 100. The values, for the months, from April' 12 to Mar' 13, are worked out as a percentage, keeping the Base Value for Apr' 12 as 100.

- **Performance in comparison with NSE NIFTY**



* The closing value for April is taken as 100. The values for the months, from April’ 12 to Mar’ 13, are worked out as a percentage, keeping the Base Value for Apr’ 12 as 100.

Shareholding pattern/ Distribution

- Shareholding pattern as on 31.03.2013

Category	% to total Capital
Promoter Group	77.00
Financial Institutions / Bank	0.09
Non Residents (NRI / OCB / FIIS)	14.28
Mutual Funds	1.78
Others	6.85
Total	**100.00**

- **Distribution of Shareholding as on 31.03.2013**

Category	No. of Holders	% to total	No. of Shares	% to total
1-10000	34,511	99.04	3,820,618	0.97
Above 10000	334	0.96	390,264,002	99.03
Total	**34,845**	**100.00**	**394,084,620**	**100.00**

Summary of Shareholding

Category	No. of Holders	Total Shares	% to Equity
Physical	113	483	0.00
NSDL	24,102	392,187,230	99.52
CDSL	10,630	1,896,907	0.48
Total	**34,845**	**394,084,620**	**100.00**

- **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 2013, 394,084,137 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) 23420815Fax: (040) 23420814
Email: mailmanager@karvy.com
www.karvycomputershare.com

On behalf of the Board

Place: Chennai
Date: May 17, 2013

K. Vijaykumar
Managing Director &
Chief Executive Officer

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, 2013, 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 not 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 17, 2013

To

The Members of Sun TV Network Limited,

This is to conform 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 2013, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

On behalf of the Board

Place: Chennai
Date: May 17, 2013

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.sunnetwork.in
5. Email id : ravi@sunnetwork.in
6. Financial Year reported : April 1, 2012 – March 31, 2013
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. Number of National Locations: 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, Visakapatanam, 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. 18,176.20 million
3. **Total Profit after taxes (INR)** : Rs. 6,833.40 million
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   The Company's total spending on CSR is 0.48% 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 are 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, 2013, the Company has two 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	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-housestructure to implement the policy/policies?	The overall responsibility for implementation of BR / CSR Policies of the Company is under Mr. K. Vijaykumar, Managing Director 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)

<table>
<tr><th>Sr. No</th><th>Questions</th><th>Business Ethics</th><th>Product Respon -sibility</th><th>Employees Wellbeing</th><th>Stakeholder Engagement</th><th>Human Rights</th><th>Environment</th><th>Public & Regulatory Policy</th><th>CSR</th><th>Customer Relations</th></tr>
<tr><td></td><td></td><td>P1</td><td>P2</td><td>P3</td><td>P4</td><td>P5</td><td>P6</td><td>P7</td><td>P8</td><td>P9</td></tr>
<tr><td>1</td><td>The Company has not understood the Principles</td><td colspan="9" rowspan="6">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 under the supervision and guidance of the Board of Directors.</td></tr>
<tr><td>2</td><td>The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles</td></tr>
<tr><td>3</td><td>The Company does not have financial or manpower resources available for the task</td></tr>
<tr><td>4</td><td>It is planned to be done within next six months Board Director?</td></tr>
<tr><td>5</td><td>It is planned to be done within next one year</td></tr>
<tr><td>6</td><td>Any other reason</td></tr>
</table>

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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 sustain ability Report? What is hyperlink for viewing this report? How frequently it is published?**

The Company has not published any BR or sustain ability report till financial year 2012-13.

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethic 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.**

   18 Investor Complaints were received during the FY 2012-13, 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 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.

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:** 1916

2. **Please indicate the total number of employees hired on temporary / contractual / casual basis:** 270

3. **Please indicate the number of permanent women employees:** 224

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 training sessions on safety and it also sponsors its employees to skill up gradation programs conducted by various 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 stakeholders?**

   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 newly built 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.

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?**

   No. 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.**

   Indian Broadcasting Foundation and 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**

   The Company through these associations supported 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.

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

   The programs are undertaken through own foundation.

3. **Have you done any impact assessment of your initiative?** No.

BUSINESS RESPONSIBILITY REPORT

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. 32.5 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:

<u>For queries related to</u>

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, 2013 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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. 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 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, 2013;

(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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 Registration Number: 101049W

per S Balasubrahmanyam
Partner
Membership Number: 053315

Place of Signature: Chennai
Date: May 17, 2013

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 the 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 account 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	551.2	FY 2009 – 10	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 in 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

Chennai
May 17, 2013

Balance Sheet as at March 31, 2013

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

	Notes	March 31, 2013	March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,970.4	1,970.4
Reserves and surplus	4	26,958.1	24,482.0
		28,928.5	**26,452.4**
Non-current liabilities			
Deferred tax liability (net)	5	284.4	337.7
Other long-term liabilities	6	41.7	43.8
Long-term provisions	7	17.2	13.5
		343.3	**395.0**
Current liabilities			
Trade payables	8	296.2	295.8
Other current liabilities	9	1,514.1	1,437.2
Short-term provisions	10	936.3	350.5
		2,746.6	**2,083.5**
TOTAL		**32,018.4**	**28,930.9**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	8,232.3	7,705.7
Intangible assets	12	3,992.5	2,924.9
Capital work-in-progress		4.2	11.3
Non-current investments	13	4,623.8	4,623.8
Long-term loans and advances	14	3,843.2	4,777.2
		20,696.0	**20,042.9**
Current assets			
Current investments	15	54.6	151.6
Inventories	16	5.0	3.5
Trade receivables	17	5,353.0	4,649.1
Cash and bank balances	18	3,886.3	2,899.1
Short-term loans and advances	19	1,255.1	504.3
Other current assets	20	768.4	680.4
		11,322.4	**8,888.0**
TOTAL		**32,018.4**	**28,930.9**

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 17, 2013

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 17, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

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

	Notes	March 31, 2013	March 31, 2012
Income			
Revenues from operations	21	18,176.2	17,573.7
Other income	22	195.3	188.7
Total revenue (I)		**18,371.5**	**17,762.4**
Expenses			
Cost of revenues	23	1,551.6	1,006.5
Employees' benefits expense	24	1,771.1	1,640.6
Other expenses	25	1,037.9	859.1
Advertisement and marketing expenses	26	46.7	60.8
Total (II)		**4,407.3**	**3,567.0**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		**13,964.2**	**14,195.4**
Depreciation and amortization expense	27	4,131.8	4,430.0
Interest and Dividend Income	28	(354.9)	(553.3)
Finance costs	29	47.9	55.5
Total (III)		**3,824.8**	**3,932.2**
Profit before tax (I)-(II)-(III)		**10,139.4**	**10,263.2**
Tax expenses			
Current tax		3,359.3	3,388.8
Deferred tax		(53.3)	(72.1)
Total tax expense		**3,306.0**	**3,316.7**
Profit after tax		**6,833.4**	**6,946.5**
Earnings per share information:			
Net profit attributable to equity shareholders		6,833.4	6,946.5
Weighted average number of equity shares outstanding		394,084,620	394,084,620
Basic and diluted earnings per share (Rs.)		17.34	17.63
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
Chartered Accountants
ICAI Firm registration number: 101049W

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 17, 2013

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 17, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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

	March 31, 2013	March 31, 2012
Cash flows from operating activities		
Net profit before taxation	**10,139.4**	**10,263.2**
Adjustments to reconcile:		
Depreciation of tangible assets	901.3	998.7
Amortization of intangible assets	3,230.5	3,412.3
Impairment of intangible assets	-	19.0
(Profit) / loss on sale of fixed assets, net	(54.0)	(6.3)
Translation loss / (gain) on monetary assets and liabilities, net	5.5	14.9
Provision for doubtful debts	242.5	18.0
Provision for doubtful advances and assets	28.2	66.6
Bad debts written off	-	38.5
Liabilities / provisions no longer required written back	(24.2)	(10.4)
Interest income	(310.8)	(490.1)
Dividend income	(44.1)	(63.2)
Interest expense	43.4	51.4
Operating profit before working capital changes	**14,157.7**	**14,312.6**
Movements in working capital:		
(Increase)/Decrease in trade receivables	(946.4)	(842.0)
(Increase)/Decrease in inventories	(1.5)	4.0
(Increase)/Decrease in other current assets	(157.8)	47.6
(Increase)/Decrease in loans and advances	(803.5)	(316.7)
Increase / (Decrease) in trade payables and other liabilities	160.3	(941.1)
Increase / (Decrease) in provisions	11.0	350.9
Cash generated from / (used in) operations	**12,419.8**	**12,615.3**
Direct taxes paid (net of refunds)	(4,062.1)	(3,938.9)
Net cash flow from / (used in) operating activities (A)	**8,357.7**	**8,676.4**
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(3,979.6)	(3,124.0)
Purchase of intangible assets (including advances towards purchase of intangible assets)	(1,949.5)	(3,994.6)
Purchase of current investments	(1,824.1)	(3,840.0)
Redemption of current investments	1,861.3	4,476.3
Proceeds from sale of assets	1,900.5	22.2
Advance received against sale of subsidiary**	-	35.9
Proceeds from sale of subsidiary**	25.8	-
Term deposits placed with banks during the year	(3,305.5)	(2,457.0)
Term deposits refunded from banks during the year	2,451.8	4,997.2
Interest received	380.6	513.0
Dividends received	44.1	63.2
Net cash from / (used in) investing activities (B)	**(4,394.6)**	**(3,307.8)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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

	March 31, 2013	March 31, 2012
Cash flows (used in) / from financing activities		
Loans availed	8,751.8	6,635.0
Loans repaid	(8,751.8)	(6,635.0)
Proposed dividends paid	(295.6)	(1,477.8)
Tax on proposed dividends paid	(48.0)	(239.7)
Interim dividends paid	(2,955.7)	(3,448.3)
Tax on interim dividends paid	(479.5)	(559.4)
Interest paid	(43.4)	(51.4)
Net cash (used in) / from financing activities (C)	**(3,822.2)**	**(5,776.6)**
Exchange differences on translation of foreign currency cash and cash equivalents (D)	(7.4)	3.3
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	133.5	(404.7)
Cash and cash equivalents at the beginning of the year	442.1	846.8
Cash and cash equivalents at the end of the year	**575.6**	**442.1**

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	3,886.3	2,899.1
Less : Term deposits placed with banks	(3,310.7)	(2,457.0)
Cash and cash equivalents, end of year	**575.6**	**442.1**

b) Components of cash and cash equivalents

Cash and cheques on hand	0.2	0.3
With banks - on current account	523.5	168.5
- on deposit account (unrestricted)	50.0	271.6
- on unpaid dividend accounts (restricted)*	1.9	1.7

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

** Total Aggregate sale consideration received from sale of subsidary is Rs 61.7 million (GBP 750,000).

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 17, 2013

Chennai
May 17, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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. During the current year, the Company has acquired license to operate an Indian Premier League ('IPL') franchise in the city of Hyderabad from the Board of Control for Cricket in India ('BCCI').

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 respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. 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.

(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.

	Percent
Buildings	5.00 - 80.00
Plant and machinery	13.91 - 100.00
Computer and related equipment	20.00 - 100.00
Furniture and fittings	18.10 - 100.00
Office equipment	13.91 - 100.00
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, 2013 includes cost of program production equipment of Rs. 1,562.6 million (Rs. 1,514.4 million), post production equipment of Rs.674.4 million (Rs. 675.0 million), reception and distribution facilities of Rs. 1,079.4 million (Rs. 1,010.7 million), computer and related equipments of Rs. 1,048.3 million (Rs. 948.7 million) and aircraft of Rs. 2,951.5 million (Rs. 2,641.4 million). The net block of plant and machinery as at March 31, 2013 includes the net block of program production equipment of Rs. 275.1 million (Rs. 284.3 million), post production equipment of Rs. 182.1 million (Rs. 228.9 million), reception and distribution facilities of Rs. 296.2 million (Rs. 294.2 million), computer and related equipments of Rs. 276.3 million (Rs. 322.5 million) and aircraft of Rs. 2,945.0 million (Rs. 2,005.3 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 amortization 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, 2013
(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 amortized 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 amortized over the license period, being 10 years.

- Goodwill

  Goodwill is amortized 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.

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) 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.

g) 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. 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 netcollections.

- Income from content trading represent revenue earned from mobile service providers and DTH service providers. Income is recognised as per the terms of contract with the respective service providers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

- 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. Interest income is included under the head “other income” in the statement of profit and loss.
- 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.

h) 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.

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.

i) 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.

j) 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.

k) Leases

<u>Operating leases (where the Company is the lessee)</u>

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.

<u>Operating leases (where the Company is the lessor)</u>

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.

l) 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.

m) Foreign currency transactions

<u>Initial recognition</u>

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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.

n) 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.

o) 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.

p) 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.

q) 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, 2013
(All amounts are in millions of Indian Rupees, except in respect of number and per share information)

	March 31, 2013	March 31, 2012
3. Share capital		
Authorised Shares		
450,000,000 equity shares of Rs 5/- each (March 31, 2012 - 450,000,000 of Rs. 5/- each)	2,250.0	2,250.0
Issued, subscribed and fully paid-up Shares		
394,084,620 equity shares of Rs 5/- each (March 31, 2012 - 394,084,620 of Rs. 5/- each)	1,970.4	1,970.4
	1,970.4	**1,970.4**

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

	March 31, 2013		March 31, 2012	
	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
Outstanding at the end of the year	**394,084,620**	**1,970.4**	**394,084,620**	**1,970.4**

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, 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 9.50/ share (March 31, 2012: Rs. 9.50/ share).

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, 2013	March 31, 2012
Equity shares allotted as fully paid-up pursuant towards purchase consideration on amalgamation *	59,264,000	59,264,000

* 29,632,000 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, 2013

(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, 2013		March 31, 2012	
	Number	% holding	Number	% holding
Mr. Kalanithi Maran	303,445,157	77.0%	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, 2013	March 31, 2012
4	**Reserves and surplus**		
	Securities premium account	**4,718.2**	**4,718.2**
	General reserve		
	Balance as per the last financial statements	3,437.7	2,743.0
	Add: amount transferred from surplus balance in the statement of profit and loss	683.3	694.7
	Closing Balance	**4,121.0**	**3,437.7**
	Surplus in the statement of profit and loss		
	Balance as per last financial statements	16,326.1	14,425.5
	Profit for the year	6,833.4	6,946.5
	Less: Appropriations		
	Interim dividend [Rs. 7.50/- per share (March 31, 2012: Rs. 8.75/- per share)]	(2,955.7)	(3,448.2)
	Tax on interim dividend	(479.5)	(559.4)
	Proposed final dividend [Rs. 2.00/- per share (March 31, 2012: Rs. 0.75/- per share)]	(788.2)	(295.6)
	Tax on proposed dividend	(133.9)	(48.0)
	Transfer to general reserve	(683.3)	(694.7)
	Total appropriations	(5,040.6)	(5,045.9)
	Net surplus in the statement of profit and loss	**18,118.9**	**16,326.1**
	Total reserves and surplus	**26,958.1**	**24,482.0**
5	**Deferred tax Liability (net)**		
	Deferred Tax Liability		
	Tangible Assets and Intangible Assets		
	- Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	563.5	489.9
	- Rule 9A/9B allowance	-	22.7
	Gross deferred tax liability	**563.5**	**512.6**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		March 31, 2013	March 31, 2012
	Deferred tax Asset		
	- Provision for doubtful debts	(171.1)	(84.6)
	- Provision for doubtful advances and assets	(73.0)	(60.5)
	- Sec. 40(a)(ia) disallowances	(17.1)	(16.2)
	- Others	(17.9)	(13.6)
	Gross deferred tax asset	**(279.1)**	**(174.9)**
	Net deferred tax liability	**284.4**	**337.7**
6	**Other long-term liabilities**		
	Interest free deposits from customers	41.7	43.8
		41.7	**43.8**
7	**Long-term Provisions**		
	Provision for employee benefits		
	Provision for gratuity	17.2	13.5
		17.2	**13.5**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		March 31, 2013	March 31, 2012
8	**Trade Payables**		
	Trade payables (refer Note 35 for details of dues to micro and small enterprises)	296.2	295.8
9	**Other Current liabilities**		
	Investor Education and Protection Fund will be credited by following amounts (as and when due)		
	- Unpaid dividend	1.9	1.7
	Deferred revenues	236.5	75.7
	Interest free deposits from customers	55.1	44.2
	Advances from customers	85.8	78.4
	Advance received for sale of subsidiary	-	35.9
	Dues payable in respect of fixed assets	47.9	97.1
	Directors' Remuneration Payable	856.9	923.0
	Salaries, wages and other employee benefits payable	38.6	29.2
	Retention Money Payable	6.4	13.9
	Statutory Dues	185.0	138.1
		1,514.1	**1,437.2**
10	**Short Term Provisions**		
	Provision for employee benefits		
	Provision for gratuity	1.7	4.3
	Provision for leave benefits	12.5	2.6
		14.2	**6.9**
	Other provisions		
	Proposed dividend	788.2	295.6
	Provision for tax on proposed dividend	133.9	48.0
		922.1	**343.6**
		936.3	**350.5**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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
Gross Block								
At April 1, 2011	**877.4**	**2,410.1**	**6,503.7**	**592.6**	**608.1**	**207.7**	**228.6**	**11,428.2**
Additions	-	219.7	286.5	48.5	199.5	11.5	14.5	780.2
Disposals	-	-	-	-	-	-	(49.8)	(49.8)
At March 31, 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)
At March 31, 2013	**877.4**	**2,674.1**	**7,316.2**	**651.0**	**828.0**	**225.6**	**199.8**	**12,772.1**
Depreciation								
At April 1, 2011	-	65.5	3,130.1	56.1	52.0	51.8	132.6	3,488.1
Charge for the year	-	208.3	524.9	87.1	119.5	32.2	26.7	998.7
Disposals	-	-	-	-	-	-	(33.9)	(33.9)
At March 31, 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)
At March 31, 2013	**-**	**458.7**	**3,341.5**	**212.8**	**287.2**	**112.4**	**127.2**	**4,539.8**
Net Block								
At March 31, 2012	**877.4**	**2,356.0**	**3,135.2**	**497.9**	**636.1**	**135.2**	**67.9**	**7,705.7**
At March 31, 2013	**877.4**	**2,215.4**	**3,974.7**	**438.2**	**540.8**	**113.2**	**72.6**	**8,232.3**

* 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, 2013 are Rs 52.7 million and Rs 3.1 million respectively (March 31, 2012 - Rs 53.0 million and Rs 4.1 million respectively).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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
Gross Block						
At April 1, 2011	9,134.5	3,172.5	89.3	155.4	196.3	12,748.0
Additions	2,925.0	511.8	10.5	-	-	3,447.3
Disposals	(62.9)	-	-	-	-	(62.9)
At March 31, 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)
At March 31, 2013	**15,775.7**	**3,684.3**	**110.0**	**155.4**	**196.3**	**19,921.7**
Depreciation						
At April 1, 2011	6,729.2	2,750.0	75.4	88.2	196.3	9,839.1
Charge for the year	2,519.0	864.3	12.2	16.8	-	3,412.3
Disposals	(62.9)	-	-	-	-	(62.9)
At March 31, 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)
At March 31, 2013	**11,808.2**	**3,684.3**	**99.6**	**121.8**	**196.3**	**15,910.2**
Impairment						
At April 1, 2011	-	-	-	-	-	-
Charge for the year	19.0	-	-	-	-	19.0
At March 31, 2012	**19.0**	**-**	**-**	**-**	**-**	**19.0**
Charge for the year	-	-	-	-	-	-
At March 31, 2013	**19.0**	**-**	**-**	**-**	**-**	**19.0**
Net Block						
At March 31, 2012	**2,792.3**	**70.0**	**12.2**	**50.4**	**-**	**2,924.9**
At March 31, 2013	**3,948.5**	**-**	**10.4**	**33.6**	**-**	**3,992.5**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

	March 31, 2013	March 31, 2012
13 Non-current investments		
Long Term Investments (At cost) - Trade		
Equity instruments (Unquoted)		
-In Subsidiary Companies :		
121,305,000 (March 31, 2012 - 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, 2012 - 148,092,000) fully paid equity shares of Rs 10/- each in South Asia FM Limited	1,480.9	1,480.9
Preference shares (Unquoted)		
-In Subsidiary Companies :		
140,100,410 (March 31, 2012 - 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, 2012 - 52,880,000) fully paid 0.1% Compulsorily Convertible Preference Shares of Rs 10/- each in Kal Radio Limited	528.8	528.8
Total Unquoted Non current Investments	**4,623.8**	**4,623.8**
14 Long term Loans and advances (Unsecured)		
Capital advances		
Considered good	2,080.1	3,765.6
Considered doubtful	119.1	94.2
	2,199.2	3,859.8
Provision for doubtful capital advances	(119.1)	(94.2)
(A)	**2,080.1**	**3,765.6**
Security deposit (Considered good)		
Rental and other deposits	45.4	42.0
Deposits with Government agencies	17.8	16.6
(B)	**63.2**	**58.6**
Other loans and advances (Considered good)		
Advance income-tax (net of provision for taxation)	1,639.9	935.1
Prepaid expenses	60.0	17.9
(C)	**1,699.9**	**953.0**
Total (A+ B + C)	**3,843.2**	**4,777.2**
15 Current investments		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted equity instruments		
-939,276 fully paid equity shares of Rs 1/- each (March 31, 2012 - 469,638 fully paid equity shares of Rs 1/- each) in City Union Bank Limited	2.8	1.4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2013	March 31, 2012
Unquoted Mutual Funds		
- DWS Short Maturity Fund-Regular Plan-Monthly Dividend-Reinvestment - 2,142,613.414 units (March 31,2012 - Nil units)	25.7	-
- Kotak Bond (Short Term)-Monthly Dividend - 2,587,439.305 units (March 31,2012 - Nil units)	26.1	-
-Templeton India Low Duration Fund-Monthly Dividend Reinvestment - Nil units (March 31, 2012 - 3,894,297.423 units)	-	40.4
-Reliance Fixed Horizon Fund-XXI-Series 5-Growth Option- Nil units (March 31,2012 - 5,000,000 units)	-	50.0
Unquoted Equity instruments		
Current portion of long term investment (Cost)		
-In Subsidiary Companies :		
Nil fully paid equity shares of £ 1/- each in Sun TV Network Europe Limited (March 31, 2012 - 750,000 units)*	-	59.8
Total Current Investments	**54.6**	**151.6**
Total Value of Quoted Current Investments	**2.8**	**1.4**
Market Value of Quoted Investments	**52.7**	**22.7**
Total Value of Unquoted Current Investments	**51.8**	**150.2**

*The investment in Sun TV Network Europe Limited were disclosed as current portion of long term investment above in the previous year, in view of management decision to reorganize / dispose / restructure the same. The disposal of these investments were completed in the current year.

16 Inventories (valued at lower of cost and net realizable value)

Consumables and media	5.0	3.5
Total	**5.0**	**3.5**

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	189.1	103.6
- Considered doubtful	503.4	260.9
	692.5	**364.5**
Provision for doubtful receivables	(503.4)	(260.9)
(A)	**189.1**	**103.6**

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

		March 31, 2013	March 31, 2012
Other trade receivables			
Unsecured, considered good		5,163.9	4,545.5
	(B)	**5,163.9**	**4,545.5**
	Total (A + B)	**5,353.0**	**4,649.1**
Dues from Private Companies in which the Company's directors are members/directors:			
Kal Publications Private Limited		51.8	32.0
Sun Distribution Services Private Limited (Formerly Sun 18 Media Services South Private Limited)		336.3	228.8
SpiceJet Limited		13.0	13.1
Kungumam Publications Private Limited		8.6	4.0
Udaya FM Private Limited		6.6	0.2
Sun Business Solutions Private Limited		0.1	0.5
Sun Direct Private Limited		998.6	1,003.9

18 Cash and bank balances

Cash and cash equivalents		
Balances with banks:		
On current accounts	523.5	168.5
Deposits with original maturity of less than three months	50.0	271.6
On unpaid dividend account	1.9	1.7
Cheques on hand	-	0.1
Cash on hand	0.2	0.2
	575.6	**442.1**
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months*	3,310.7	2,457.0
	3,310.7	**2,457.0**
	3,886.3	**2,899.1**

* Balances in deposit accounts with banks includes unutilized monies from the public issue of Rs. 206.4 million (March 31, 2012 : Rs. 344.5 million). Also refer note 42.

19 Short term Loans and advances (Unsecured)

Loans and advances to related parties - Considered good		50.8	62.6
	(A)	**50.8**	**62.6**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
Advances recoverable in cash or kind			
Considered good		358.9	87.3
Considered doubtful		73.5	70.2
		432.4	**157.5**
Provision for doubtful advances		(73.5)	(70.2)
	(B)	**358.9**	**87.3**
Other loans and advances			
Prepaid expenses		166.4	317.3
Balances with statutory/ government authorities			
- Considered good		679.0	37.1
- Considered doubtful		22.1	22.1
		867.5	**376.5**
Provision for doubtful balances with statutory and government authorities		(22.1)	(22.1)
	(C)	**845.4**	**354.4**
	Total (A+ B + C)	**1,255.1**	**504.3**

Loans and advances to related parties include

	March 31, 2013	March 31, 2012
Dues from Private Companies in which the Company's directors are members/directors:		
- Kal Publications Private Limited	5.5	7.5
- Sun Direct TV Private Limited	4.7	4.8
- Kal Comm Private Limited	-	5.2

20 Other Current assets

Unsecured, considered good unless stated otherwise

	March 31, 2013	March 31, 2012
Interest accrued		
- on fixed deposits	1.0	0.8
- on inter-corporate deposits / loans to subsidiaries	217.2	287.2
Unbilled Revenues	523.3	392.4
Other receivable	26.9	-
Total	**768.4**	**680.4**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		March 31, 2013	March 31, 2012
21	**Revenue from operations**		
	Revenues from services		
	Advertising income	10,496.7	9,454.2
	Broadcast fees	1,436.1	1,639.6
	Program licensing income	1,031.0	843.0
	Subscription income	5,120.0	4,956.3
	Income from movie distribution	3.1	596.7
	Income from content trading	62.4	25.0
	Aircraft charter services	26.9	58.9
		18,176.2	**17,573.7**
22	**Other income**		
	Profit on sale of assets (net)	54.0	6.3
	Gain on foreign exchange fluctuation (net)	35.5	72.7
	Export incentives	29.4	54.7
	Liabilities / provisions not required written back	24.2	10.4
	Other non-operating income	52.2	44.6
		195.3	**188.7**
23	**Cost of Revenues**		
	Telecast costs	257.9	162.4
	Program production expenses	562.6	307.1
	Cost of program rights	280.5	188.9
	Consumables and media expensed	28.1	21.9
	Pay channel service charges	317.0	257.6
	Licenses	51.5	27.0
	Others	54.0	41.6
		1,551.6	**1,006.5**
24	**Employees' benefits expense**		
	Salaries, wages and bonus	539.7	410.4
	Gratuity expense (Refer Note 39)	8.0	10.9
	Contributions to provident fund and other funds	61.5	52.4
	Staff welfare expense	30.5	26.7
	Directors' remuneration		
	- Salary	274.5	217.2
	- Ex-gratia / Bonus	856.9	923.0
		1,771.1	**1,640.6**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
25	**Other expenses**		
	Legal and professional fees (Refer details below for payments made to auditors)	92.8	86.6
	Travel and conveyance	47.4	56.3
	Rent	98.8	79.4
	Electricity expense	91.6	80.3
	Power and fuel	71.6	58.1
	Repairs and maintenance		
	- Building	8.8	6.8
	- Plant and machinery	73.8	59.4
	- Others	86.7	67.6
	Communication	19.9	65.5
	Utilities	79.8	61.5
	Insurance	11.9	10.7
	Bad debts written off	-	38.5
	Provision for doubtful debts	242.5	18.0
	Provision for doubtful advances and assets	28.2	66.6
	Donations	32.5	32.2
	Rates and taxes	20.1	16.6
	Miscellaneous expenses	31.5	55.0
		1,037.9	**859.1**
	Payment to auditor		
	As auditor:		
	Audit fee	3.1	3.1
	Limited review	1.8	1.8
	Service Tax	0.8	0.5
	In other capacity:		
	Other services (certification fees)	0.1	0.1
	Reimbursement of expenses	0.1	0.1
		5.9	**5.6**
26	**Advertisement and marketing expenses**		
	Advertisement and marketing expenses	46.7	60.8
		46.7	**60.8**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		March 31, 2013	March 31, 2012
27	**Depreciation and amortization expense**		
	Depreciation of tangible assets	901.3	998.7
	Amortization of intangible assets	3,230.5	3,412.3
	Impairment of intangible assets	-	19.0
		4,131.8	**4,430.0**
28	**Interest and Dividend Income**		
	Interest income		
	- on bank deposits	310.4	441.7
	- on loans to subsidiaries	-	2.5
	- on others	0.4	45.9
	Dividend income on current investments	44.1	63.2
		354.9	**553.3**
29	**Finance costs**		
	Interest		
	- on loans against deposits	42.7	44.4
	- others	0.7	7.0
	Bank charges	4.5	4.1
		47.9	**55.5**

30. Capital and other commitments

a) Capital Commitments (net of advances)

	March 31, 2013	March 31, 2012
Outstanding commitments on capital contracts	52.0	322.1
Commitments for acquisition of film and program broadcasting rights	1,957.0	1,485.1
Total	**2,009.0**	**1,807.2**

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 eight times the duty saved to be fulfilled within a period of eight years from date of import of the capital goods.

Accordingly, the Company currently has an export obligation aggregating to Rs.1,135.3 million (March 31, 2012 Rs. 2,251.2 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, 2013
(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 2013 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 2013 IPL season.

31. Contingent liabilities

	March 31, 2013	March 31, 2012
Income Tax*	2,039.8	1,488.6
Customs Duty**@	615.8	5.0
Total	**2,655.6**	**1,493.6**

* The Company received demands of income tax in respect of earlier years, 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 the appellate authority 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 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.

@ In response to enquiries by the Customs Authorities on certain customs duty exemptions availed by the Company in the previous years, the Company has deposited a sum of Rs. 610.8 million under protest in the current year, pending final resolution of the matter. The Management is advised by Senior Counsels that appropriate legal remedies are available and accordingly is confident of recovering the same.

32. Value of imports calculated on CIF basis

	March 31, 2013	March 31, 2012
Capital goods	3,700.3	357.0
Others	0.8	1.6
Total	**3,701.1**	**358.6**

33. Expenditure in foreign currency (on accrual basis)

	March 31, 2013	March 31, 2012
Travelling and related expenses	18.2	37.2
Acquisition of film and program broadcasting rights	85.3	109.8
Satellite Hire Charges	107.7	40.9
Others	48.7	77.0
Total	**259.9**	**264.9**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

34. Earnings in foreign exchange (on accrual basis)

	March 31, 2013	March 31, 2012
Program licensing income	1,031.0	843.0
Advertisement income	10.9	8.7
Income from sale of Aircraft	1,897.5	-
Total	**2,939.4**	**851.7**

35. Dues to Micro and Small Enterprises

There is no overdue amount payable to Micro, Small and Medium 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.

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:

		March 31, 2013		March 31, 2012	
Particulars	**Foreign Currency**	**Amount in Foreign Currency**	**Amount in Indian Rupees**	**Amount in Foreign Currency**	**Amount in Indian Rupees**
Trade Receivables	USD	2.9	158.7	2.5	126.4
Trade Receivables	CAD	0.1	2.0	0.1	1.9
Trade Receivables	AUD	0.1	5.6	0.1	3.1
Advance from customer	USD	0.1	2.0	-	-
Security deposits from customers	AUD	0.1	2.8	0.1	2.7
Security deposits from customers	USD	0.3	16.6	0.3	16.4
Security deposits paid	USD	0.2	9.8	0.2	9.2
Investments	GBP	-	-	0.8	59.8
Advance received towards sale of subsidiary	GBP	-	-	0.5	35.9

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(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, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Trade Receivables				
Kal Radio Limited	2.6	1.5	4.4	1.5
South Asia FM Limited	2.6	1.1	2.6	1.1
Loans and advances				
Kal Radio Limited	9.7	5.3	10.3	9.6
South Asia FM Limited	29.7	39.8	44.5	39.8
Inter - corporate deposits and Loans				
Sun TV Network Europe Limited	-	-	-	30.6
Interest Accrued				
Kal Radio Limited	71.8	116.8	116.8	116.8
South Asia FM Limited	145.4	170.4	170.4	170.4
Sun TV Network Europe Limited	-	-	-	6.9

38. Leases

Operating leases (As a Lessee)

The Company has taken a KU band satellite transponder and office premises on 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, 2013	March 31, 2012
Lease payments recognised in the statement of profit and loss for the year	269.4	164.5
Minimum Lease Payments		
Not later than one year	246.3	220.8
Later than 1 year but not later than 5 years	397.2	342.8
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.

(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, 2013	March 31, 2012
Lease payments recognised in the statement of profit and loss for the year	29.1	22.6
Minimum Lease Payments		
Not later than one year	31.7	26.9
Later than 1 year but not later than 5 years	34.5	20.2
Later than 5 years	-	-

39. Employees' benefit plan - 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 & Loss

	March 31, 2013	March 31, 2012
Current service cost on Benefit Obligations	9.2	8.2
Past service cost on Benefit Obligations	-	-
Interest cost on Benefit Obligations	4.9	4.0
Expected return on plan assets	(4.3)	(3.5)
Net actuarial (gains) / losses recognised in the year	(1.8)	2.2
Net Benefit Expense	**8.0**	**10.9**
Actual return on plan assets	4.0	3.2

Balance Sheet

Details of provision for gratuity

	March 31, 2013	March 31, 2012
Defined benefit obligation	71.3	62.4
Fair value of plan assets	(52.4)	(44.6)
Plan Liability / (Asset)	**18.9**	**17.8**
Experience adjustments on plan liabilities	2.1	1.8
Experience adjustments on plan Asset	(0.3)	(0.4)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

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

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	62.4	52.5
Current service cost	9.2	8.2
Interest cost	4.9	4.0
Actuarial (gains) / losses on obligation	(2.1)	1.8
Benefits paid	(3.1)	(4.1)
Closing defined benefit obligation	**71.3**	**62.4**

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

	March 31, 2013	March 31, 2012
Opening fair value of plan assets	44.6	35.3
Expected return	4.3	3.5
Actuarial gains / (losses)	(0.3)	(0.4)
Contributions by the Company	6.9	10.3
Benefits paid	(3.1)	(4.1)
Closing fair value of plan assets	**52.4**	**44.6**

The experience adjustments on plan liabilities and assets, and net (surplus) / deficit for the years ended March 31, 2011, March 31, 2010 and March 31, 2009 are as follows:

	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation at the end of the period	52.5	39.1	25.6
Fair value of plan assets	(35.3)	(29.2)	(19.4)
Net deficit	17.2	9.9	6.2
Experience adjustments on plan liabilities	0.7	1.8	(3.8)
Experience adjustments on plan assets	0.4	(0.5)	(0.5)

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

	March 31, 2013	March 31, 2012
Discount rate	8.00%	8.00%
Expected rate of return on assets	9.25%	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.

40. Related party disclosures (to the extent not disclosed elsewhere in these financial statements)

1. Controlling Party

Mr. Kalanithi Maran

2. Enterprises in which Key Management personnel or their relatives have significant influence

Kal Publications Private Limited
Spicejet Limited
Udaya FM Private Limited
Sun Direct TV Private Limited
Kungumam Publications Private Limited
Sun Distribution Services Private Limited
(Formerly Sun 18 Media Services South Private Limited)
Kal Investments (Madras) Private Limited
Kal Airways Private Limited
Kal Holdings Private Limited
Sun Foundation
Murasoli Maran Family Trust
S & S Textiles
D.K. Enterprises Private Limited
Kungumam Nithyagam Private Limited
Kal Comm Private Limited
Kal Media Services Private Limited
Kal Cables Private Limited
Sun Business Solutions Private Limited

3. Subsidiary Companies

South Asia FM Limited
Kal Radio Limited
Sun TV Network Europe Limited (upto May 07, 2012)

4. Associates

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

5 Key Management personnel

Mr. Kalanithi Maran	– Executive Chairman
Mrs. Kavery Kalanithi	– Executive Director
Mr. K Vijaykumar	– Managing Director and Chief Executive Officer

6. Relatives of Key Management personnel

Mrs. Mallika Maran

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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 Companies		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Income :						
Subscription Income						
Sun Distribution Services Private Limited	1,391.7	1,630.1	-	-	-	-
Sun Direct TV Private Limited	1,777.9	1,830.3	-	-	-	-
Advertising Income						
Sun Direct TV Private Limited	1.6	96.7	-	-	-	-
Kal Publications Private Limited	20.0	-	-	-	-	-
Kungumam Publications Private Limited	3.5	-	-	-	-	-
SpiceJet Limited	1.1	12.2	-	-	-	-
Others	-	12.7	-	-	-	-
Program licensing income						
Sun TV Network Europe Limited	-	-	-	17.3	-	-
Aircraft charter services						
SpiceJet Limited	-	14.7	-	-	-	-
Kal Publications Private Limited	0.3	22.2	-	-	-	-
Sun Direct TV Private Limited	-	1.0	-	-	-	-
South Asia FM Limited	-	-	-	1.0	-	-
Kal Radio Limited	-	-	4.1	13.6	-	-
Sun Distribution Services Private Limited	22.5	-	-	-	-	-
Others	-	6.3	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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 Companies		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Interest earned								
Kal Comm Private Limited	-	30.2	-	-	-	-	-	-
Kal Publications Private Limited	-	15.7	-	-	-	-	-	-
Sun TV Network Europe Limited	-	-	-	2.5	-	-	-	-
Rental and Business Support Income								
Kal Radio Limited	-	-	2.9	2.5	-	-	-	-
South Asia FM Limited	-	-	2.1	1.9	-	-	-	-
Sun Direct TV Private Limited	15.5	14.8	-	-	-	-	-	-
Kal Publications Private Limited	14.7	12.1	-	-	-	-	-	-
Others	11.3	8.8	-	-	-	-	-	-
Movie Content Income								
Sun Direct TV Private Limited	49.4	18.2	-	-	-	-	-	-
Expenses								
Program Production expenses								
Kal Publications Private Limited	43.8	43.8	-	-	-	-	-	-
Others	25.1	1.8	-	-	-	-	-	-
Pay channel service charges								
Sun Distribution Services Private Limited	208.8	244.5	-	-	-	-	-	-
Legal and Professional Fees								
Professional Fees								
Mrs.MallikaMaran	-	-	-	-	-	-	0.2	0.2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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 Companies		Key managerial personnel	
	31.03.2013	**31.03.2012**	**31.03.2013**	**31.03.2012**	**31.03.2013**	**31.03.2012**
Rent Expense						
Kal Publications Private Limited	23.6	17.6	-	-	-	-
Donations						
Sun Foundation	32.5	22.0	-	-	-	-
Security Charges						
Kal Comm Private Limited	12.1	-	-	-	-	-
Advertisement expenses						
Kal Publications Private Limited	5.9	3.8	-	-	-	-
Remuneration paid (including ex-gratia)						
Salary - Mr.Kalanithi Maran	-	-	-	-	134.0	108.6
Salary - Mrs.Kavery Kalanithi	-	-	-	-	134.0	108.6
Salary - Mr. K Vijaykumar					6.5	-
Ex-gratia/Bonus- Mr.Kalanithi Maran	-	-	-	-	428.5	461.5
Ex-gratia/Bonus- Mrs.Kavery Kalanithi	-	-	-	-	428.4	461.5
Dividends Paid						
Mr.Kalanithi Maran	-	-	-	-	2,503.5	3,793.1
Reimbursement/ (Recovery) of Cost of shared services (Net)						
Kal Publications Private Limited	0.9	0.2	-	-	-	-
South Asia FM Limited	-	-	-	0.1	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Sale of assets						
Kal Publications Private Limited	-	0.1	-	-	-	-
Travelling Expenses						
SpiceJet Limited	11.4	1.1	-	-	-	-
Channel Placement Fees						
Sun Direct TV Private Limited	94.1	10.4	-	-	-	-
Loans repaid to the Company						
Sun TV Network Europe Limited	-	-	-	28.8	-	-
Balances Outstanding:						
Accounts Receivable						
Sun Direct TV Private Limited	998.6	1,003.9	-	-	-	-
Sun Distribution Services Private Limited	336.3	228.8	-	-	-	-
Kal Radio Limited	-	-	2.6	1.5	-	-
South Asia FM Limited	-	-	2.6	1.1	-	-
Digital Radio (Delhi) Broadcasting Limited	-	-	15.0	-	-	-
Others	80.1	49.8	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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 Companies		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Loans and Advances						
South Asia FM Limited	-	-	29.7	39.8	-	-
Kal Publications Private Limited	5.5	7.5	-	-	-	-
Kal Comm Private Limited	-	5.2	-	-	-	-
Kal Radio Limited	-	-	9.7	5.3	-	-
Sun Direct TV Private Limited	4.7	4.8	-	-	-	-
Interest accrued on Inter corporate deposits						
Kal Radio Limited	-	-	71.8	116.8	-	-
South Asia FM Limited	-	-	145.4	170.4	-	-
Prepaid Expenses						
Sun Direct TV Private Limited	145.5	239.6	-	-	-	-
Rental and other deposits						
Kal Publications Private Limited	0.6	0.6	-	-	-	-
Security Deposit and Other Current Liabilities						
Kal Radio Limited	-	-	0.2	0.2	-	-
Kal Publications Limited	0.1	0.1	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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 Companies		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Accounts Payable						
Kal Comm Private Limited	12.1	4.7	-	-	-	-
South Asia FM Limited	-	-	-	0.1	-	-
Kal Publications Private Limited	22.6	10.8	-	-	-	-
Sun Distribution Services Private Limited	39.7	30.9	-	-	-	-
SpiceJet Limited	7.4	-	-	-	-	-
Others	6.0	5.8	-	-	-	-
Ex-gratia / Bonus Payable						
Mr. Kalanithi Maran	-	-	-	-	428.5	461.5
Mrs. Kavery Kalanithi	-	-	-	-	428.4	461.5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

41. Franchise License Fee

On October 25, 2012 the Company acquired the right to operate a franchise in the Indian Premier League ('IPL') for a consideration of Rs. 850.5 million, payable annually for a period of 5 years as per the terms of the franchise agreement entered into by the Company with the Board of Control for Cricket in India ('BCCI'). The annual franchise fee payable to the BCCI as above would be recognized as an expense on an accrual basis in accordance with terms of the Company's agreement with the BCCI.

42. Utilisation of IPO proceeds

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2013 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2013	Actual use of funds as at March 31, 2012
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	1,362.3	1,224.2
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	-	-
5	Share issue expenses	308.5	278.1	278.1
	Total	**6,027.9**	**5,821.5**	**5,683.4**

43. 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 17, 2013

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 17, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956

1	Name of the Company	**KAL RADIO LIMITED**	**SOUTH ASIA FM LIMITED**
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, 2013	March 31, 2013
5	The net aggregate amount of Profits/(Losses) of the subsidiary as far as it concerns the Holding Company.	Rs. In Millions	Rs. In Millions
	1. Dealt with in the Account of Sun TV Network Ltd by way of dividends on the shares held in the subsidiary:		
	(a) For the subsidiaries' financial year ended on 31-3-2013.	Nil	Nil
	(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.	Nil	Nil
	2. Not dealt with in the account of Sun TV Network Ltd.		
	(a) For the subsidiaries' financial year ended on 31-3-2013.	123.51	(15.04)
	(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.	(589.62)	(1,156.98)

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIALS STATEMENTS

The Board of Directors
Sun TV Network Limited

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, 2013, 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. 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, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(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 the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 4,616.6 million as at March 31, 2013, total revenue of Rs. 1,057.9 million and cash flows amounting to Rs. 105.1 million for the year then ended. These financial statements and other financial information 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.

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. 78.7 million representing the group's share of profits of these associates for the year ended March 31, 2013.

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 17, 2013

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Consolidated Balance Sheet as at March 31, 2013

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

	Notes	March 31, 2013	March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,970.4	1,970.4
Reserves and surplus	4	25,883.9	23,149.2
		27,854.3	**25,119.6**
Minority Interest		317.8	293.2
Preference shares in subsidiary held by minority shareholders		934.0	934.0
Non-current liabilities			
Deferred tax liability (net)	5	284.4	337.8
Other long-term liabilities	6	42.0	91.9
Long-term provisions	7	18.9	13.1
		345.3	**442.8**
Current liabilities			
Trade payables	8	368.8	446.3
Other current liabilities	9	1,639.6	1,478.1
Short-term provisions	10	936.3	350.5
		2,944.7	**2,274.9**
TOTAL		**32,396.1**	**29,064.5**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	8,536.0	8,111.8
Intangible assets	12	5,232.8	4,346.4
Capital work-in-progress		28.2	35.3
Non-current investments	13	2,004.7	1,926.0
Long-term loans and advances	14	4,020.5	4,941.6
		19,822.2	**19,361.1**
Current assets			
Current investments	15	432.2	318.1
Inventories	16	5.0	5.1
Trade receivables	17	5,834.9	5,090.3
Cash and bank balances	18	4,161.8	3,075.1
Short-term loans and advances	19	1,567.0	818.3
Other current assets	20	573.0	396.5
		12,573.9	**9,703.4**
TOTAL		**32,396.1**	**29,064.5**

Consolidated Balance Sheet as at March 31, 2013

(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	**For and on behalf of the board of directors**	
Chartered Accountants		
ICAI Firm registration number: 101049W		
per S Balasubrahmanyam	**Kalanithi Maran**	**K. Vijaykumar**
Partner	Chairman	Managing Director &
Membership No.: 053315		Chief Executive Officer
	R. Ravi	
	Company Secretary	
Chennai	Chennai	
May 17, 2013	May 17, 2013	

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

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

	Notes	March 31, 2013	March 31, 2012
Income			
Revenues from operations	21	19,230.0	18,471.7
Other income	22	300.5	202.5
Total revenue (I)		**19,530.5**	**18,674.2**
Expenses			
Cost of revenues	23	1,844.3	1,328.7
Employees' benefits expense	24	1,993.7	1,859.2
Other expenses	25	1,239.9	1,061.4
Advertisement and marketing expenses	26	60.7	74.3
Decrease / (Increase) in Inventories		-	4.6
Total (II)		**5,138.6**	**4,328.2**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		**14,391.9**	**14,346.0**
Depreciation and amortization expense	27	4,417.3	4,735.8
Interest and Dividend Income	28	(421.6)	(593.0)
Finance costs	29	48.8	58.2
Total (III)		**4,044.5**	**4,201.0**
Profit before tax (I-II-III)		**10,347.4**	**10,145.0**
Tax expenses			
Current tax		3,359.3	3,388.8
Deferred tax		(53.4)	(72.1)
Total tax expense		**3,305.9**	**3,316.7**
Share in profits from Associates		**78.7**	**78.6**
Profit after taxes and before minority interest		**7,120.2**	**6,906.9**
Minority Interest		(24.6)	22.2
Profit / (Loss) after tax		**7,095.6**	**6,929.1**
Earnings per share information:			
Net profit attributable to equity shareholders		7,095.6	6,929.1
Weighted average number of equity shares outstanding		394,084,620	394,084,620
Basic and diluted earnings per share (Rs.)		18.01	17.62
Nominal value of equity share (Rs.)		5.00	5.00

Consolidated Statement of Profit and Loss for the year ended March 31, 2013
(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	**For and on behalf of the board of directors**	
Chartered Accountants		
ICAI Firm registration number: 101049W		
per S Balasubrahmanyam	**Kalanithi Maran**	**K. Vijaykumar**
Partner	Chairman	Managing Director &
Membership No.: 053315		Chief Executive Officer
	R. Ravi	
	Company Secretary	
Chennai	Chennai	
May 17, 2013	May 17, 2013	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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

	March 31, 2013	March 31, 2012
Cash flow from operating activities		
Net profit before taxation	**10,347.4**	**10,145.0**
Adjustments to reconcile:		
Depreciation on tangible assets	1,005.6	1,121.7
Amortisation of intangible assets	3,411.7	3,595.1
Impairment of intangible assets	-	19.0
Profit on sale of fixed assets, net	(54.0)	(6.3)
Profit on disposal of subsidiary, net	107.1	-
Translation loss /(gain) on monetary assets and liabilities	(9.4)	19.7
Provision for doubtful debts	244.4	19.7
Provision for doubtful advances and assets	28.2	66.6
Bad debts written off	-	48.1
Liabilities / provisions no longer required written back	(24.9)	(25.7)
Interest income	(357.3)	(517.5)
Dividend income	(64.3)	(75.6)
Interest expense	44.0	53.0
Operating profit before working capital changes	**14,678.5**	**14,462.8**
Movements in working capital :		
(Increase) / Decrease in trade receivables	(959.0)	(883.7)
(Increase) / Decrease in inventories	1.7	9.0
(Increase) / Decrease in other current assets	(157.8)	39.1
(Increase) / Decrease in loans and advances	(837.8)	3,036.5
Increase / (Decrease) in trade payables and other liabilities	13.7	(2,590.2)
Increase / (Decrease) in provisions	13.1	(1,371.1)
Cash generated from / (used in) operations	**12,752.4**	**12,702.4**
Direct taxes paid (net of refunds)	(4,062.1)	(3,938.9)
Net cash flow from / (used in) operating activities (A)	**8,690.3**	**8,763.5**
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(3,981.7)	(3,136.7)
Purchase of intangible assets and expenditure on intangible assets under development (including advances towards purchase of intangible assets)	(1,955.5)	(3,994.7)
Purchase of current investments	(2,035.2)	(316.7)
Sale of investments	1,861.3	867.9
Proceeds from sale of assets	1,900.7	22.1
Proceeds from disposal of subsidiary**	25.8	-
Repayment of short term Loan	-	(1.4)
Term deposits placed with banks during the year	(3,543.6)	(2,550.7)
Term deposits refunded from banks during the year	2,557.4	5,032.6
Interest received	338.6	540.4
Dividends received	64.3	75.6
Net cash from / (used in) investing activities (B)	**(4,767.9)**	**(3,461.6)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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

Cash flows (used in) / from financing activities		
Loans availed	8,751.8	6,635.0
Loans repaid	(8,751.8)	(6,635.0)
Proposed dividends paid	(295.6)	(1,477.8)
Tax on proposed dividends paid	(48.0)	(239.7)
Interim dividends paid	(2,955.7)	(3,448.3)
Tax on interim dividends paid	(479.5)	(559.4)
Interest paid	(44.0)	(53.0)
Net cash (used in) / from financing activities (C)	**(3,822.8)**	**(5,778.2)**
Exchange differences on translation of foreign currency cash and cash equivalents (D)	6.5	3.1
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	106.1	(473.2)
Cash and cash equivalents at the beginning of the year	517.7	990.9
Less: Cash & cash equivalents of Divested Company	(5.6)	-
Cash and cash equivalents at the end of the year	**618.2**	**517.7**

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

Cash and bank balances, per Note 18	4,161.8	3,075.1
Less : Term deposits placed with banks	(3,543.6)	(2,557.4)
Cash and cash equivalents, end of year	**618.2**	**517.7**

b) Components of cash and cash equivalents

Cash and cheques on hand	0.4	0.6
With banks - on current account	565.9	233.8
- on deposit account (unrestricted)	50.0	281.6
- on unpaid dividend accounts (restricted)*	1.9	1.7

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

** Total Aggregate sale consideration received from disposal of subsidiary is Rs 61.7 million (GBP 750,000).

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 17, 2013

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 17, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(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, 2012 – 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, 2012 – 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. During the current year, the Company has disposed its interest in Sun TV Network Europe Limited ('STNEL') a Company incorporated in the United Kingdom which was a wholly owned subsidiary till the previous year. STNEL was engaged in the business of broadcasting and distribution of the Company's channels in Europe. KRL, SAFML and STNEL 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. During the current year, the Group has acquired license to operate an Indian Premier League ('IPL') franchise in the city of Hyderabad from the Board of Control for Cricket in India ('BCCI'). 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.

<u>SAFML's strategic alliance with Red FM</u>

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.

(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 Company	
	March 31, 2013	March 31, 2012
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 (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') 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, except in case of assets for which provision for impairment is made and revaluation are carried out, if applicable. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The CFS have been prepared and presented in accordance with the requirements of the Revised Schedule VI, as notified under the Companies Act, 1956 and applicable to the Group.

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, 2013 and Statement of Profit and Loss and Cash Flows of Sun TV, KRL, SAFML and STNEL for the year ended March 31, 2013.
- 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, 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

- All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.
- 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.

<u>Associates:</u>

- 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

<u>Fixed assets</u>

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.

(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:

	Percent
Buildings	5.00 - 80.00
Plant and machinery	13.91 - 100.00
Computer and related equipment	20.00 - 100.00
Furniture and fittings	18.10 - 100.00
Office equipment	13.91 - 100.00
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, 2013 includes cost of program production equipment of Rs. 1,564.8 million (Rs. 1,517.7 million), post production equipment of Rs. 674.4 million (Rs. 675.0 million), reception and distribution facilities of Rs. 1,751.6 million (Rs. 1,683.8 million), computer and related equipments of Rs. 1,142.6 million (Rs. 1,041.0 million) and aircraft of Rs 2,951.5 million (Rs. 2,641.4 million). The net block of plant and machinery as at March 31, 2013 includes the net block of program production equipment of Rs. 270.9 million (Rs. 284.3 million), post production equipment of Rs. 182.1 million (Rs. 228.9 million), reception and distribution facilities of Rs. 521.5 million (Rs. 559.1 million), computer and related equipments of Rs. 302.6 million (Rs. 368.9 million) and aircraft of Rs 2,945.0 million (Rs. 2,005.3 million).

The assets of the Associates are depreciated using straight line method over their estimated useful life.

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, 2013
(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 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) 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.

<u>Investment in associates</u>

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.

h) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

- 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.
- 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. Interest income is included under the head "other income" in the statement of profit and loss.
- 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.

i) 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

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. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

l) 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.

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.

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.

o) 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.

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 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.

q) 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.

r) 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, 2013

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

	March 31, 2013	March 31, 2012
3. Share capital		
Authorised Shares		
450,000,000 equity shares of Rs 5/- each (March 31, 2012 - 450,000,000 of Rs. 5/- each)	2,250.0	2,250.0
Issued, subscribed and fully paid-up Shares		
394,084,620 equity shares of Rs 5/- each (March 31, 2012 - 394,084,620 of Rs. 5/- each)	1,970.4	1,970.4
	1,970.4	**1,970.4**

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

	March 31, 2013		March 31, 2012	
	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
Outstanding at the end of the year	**394,084,620**	**1,970.4**	**394,084,620**	**1,970.4**

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, 2013, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 9.50/share (March 31, 2012: Rs. 9.50/share).

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, 2013	March 31, 2012
Equity shares allotted as fully paid-up pursuant towards purchase consideration on amalgamation *	59,264,000	59,264,000

* 29,632,000 equity shares of Rs 10/- were issued 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.

(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

Equity shares of Rs. 5 each fully paid	March 31, 2013		March 31, 2012	
	Number	**% holding**	**Number**	**% holding**
Mr. Kalanithi Maran	303,445,157	77.0%	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, 2013	March 31, 2012
4 Reserves and surplus		
Securities premium account	**4,718.2**	**4,718.2**
General reserve		
Balance as per the last financial statements	3,437.7	2,743.0
Add: Amount transferred from surplus balance in the statement of profit and loss	683.3	694.7
Closing Balance	**4,121.0**	**3,437.7**
Surplus in the statement of profit and loss		
Balance as per last financial statements	14,989.7	13,106.6
Profit for the year	7,095.6	6,929.1
Less: Appropriations		
Interim dividend [Rs 7.50/- per share (March 31, 2012: Rs 8.75/- per share)]	(2,955.7)	(3,448.3)
Tax on interim dividend	(479.5)	(559.4)
Proposed final dividend [Rs 2.00 /- per share (March 31, 2012: Rs 0.75/- per share)]	(788.2)	(295.6)
Tax on proposed dividend	(133.9)	(48.0)
Transfer to general reserve	(683.3)	(694.7)
Total appropriations	(5,040.6)	(5,046.0)
Net surplus in the statement of profit and loss	**17,044.7**	**14,989.7**
Foreign currency translation reserve		
Balance, beginning of year	3.6	(1.4)
Exchange difference during the year on net investment in non-integral foreign operations	-	5.0
Reversal on disposal of subsidiary during the year	(3.6)	-
Balance, end of year	**-**	**3.6**
Total reserves and surplus	**25,883.9**	**23,149.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

	March 31, 2013	March 31, 2012
5 Deferred tax Liability (net)		
Deferred tax Liability		
Tangible Assets and Intangible Assets		
- Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	563.5	490.0
- Rule 9A/9B allowance	-	22.7
Gross deferred tax liability	**563.5**	**512.7**
Deferred tax Asset		
- Provision for doubtful debts	(171.1)	(84.6)
- Provision for doubtful advances and assets	(73.0)	(60.5)
- Sec. 40(a)(ia) disallowances	(17.1)	(16.2)
- Others	(17.9)	(13.6)
Gross deferred tax asset	(279.1)	(174.9)
Net deferred tax liability	**284.4**	**337.8**
6 Other long-term liabilities		
Trade Payables	-	0.3
Interest free deposits from customers	42.0	43.8
Deposits received from distributors	-	47.8
	42.0	**91.9**
7 Long-term Provisions		
Provision for employee benefits		
Provision for gratuity	18.9	13.1
	18.9	**13.1**
8 Trade Payables		
Trade payables (refer Note 34 for details of dues to micro and small enterprises)	368.8	446.3
9 Other current liabilities		
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid dividend	1.9	1.7
Deferred revenues	231.5	106.8
Interest free deposits from customers	55.1	44.2
Advances from customers	85.8	78.4
Advance received for sale of subsidiary	-	35.9
Dues payable in respect of fixed assets	47.9	97.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2013	March 31, 2012
Director's Remuneration Payable	856.9	923.0
Salaries, wages and other employee benefits payable	38.6	29.2
Retention Money Payable	6.4	13.9
Statutory Dues	315.5	147.9
	1,639.6	**1,478.1**

10 Short Term Provisions

Provision for employee benefits		
Provision for gratuity	1.7	4.3
Provision for leave benefits	12.5	2.6
	14.2	**6.9**
Other provisions		
Proposed dividend	788.2	295.6
Provision for tax on proposed dividend	133.9	48.0
	922.1	343.6
	936.3	**350.5**

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, 2013

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

11 Tangible assets

	Freehold Land	Buildings	Plant and Machinery	Office Equipments	Furniture and Fittings	Leasehold Improvements	Motor vehicles*	Total
Gross Block								
At April 1, 2011	877.4	2,410.1	7,250.5	649.7	613.7	388.1	249.9	12,439.4
Additions	-	219.7	308.4	49.4	199.5	11.5	14.5	803.0
Disposals	-	-	-	-	-	-	(49.8)	(49.8)
At March 31, 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)
At March 31, 2013	**877.4**	**2,674.1**	**8,084.9**	**710.4**	**833.6**	**406.3**	**221.1**	**13,807.8**
Depreciation								
At April 1, 2011	-	65.5	3,503.7	76.8	54.3	147.8	145.0	3,993.1
Charge for the year	-	208.3	608.7	87.1	120.3	68.3	29.0	1,121.7
Disposals	-	-	-	-	-	-	(34.0)	(34.0)
At March 31, 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)
At March 31, 2013	**-**	**458.7**	**3,862.8**	**237.9**	**290.8**	**278.2**	**143.4**	**5,271.8**
Net Block								
At March 31, 2012	**877.4**	**2,356.0**	**3,446.5**	**535.2**	**638.6**	**183.5**	**74.6**	**8,111.8**
At March 31, 2013	**877.4**	**2,215.4**	**4,222.1**	**472.5**	**542.8**	**128.1**	**77.7**	**8,536.0**

* 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, 2013 are Rs 52.7 million and Rs 3.1 million respectively (March 31, 2012 - Rs 53.1 million and Rs 4.1 million respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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
Gross Block							
At April 1, 2011	9,134.5	3,172.5	145.8	1,934.8	196.3	438.1	15,022.0
Additions	2,925.0	511.8	10.6	-	-	-	3,447.4
Disposals	(62.9)	-	-	-	-	-	(62.9)
At March 31, 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)
At March 31, 2013	**15,775.7**	**3,684.3**	**166.6**	**1,934.8**	**196.3**	**438.1**	**22,195.8**
Depreciation							
At April 1, 2011	6,729.2	2,750.0	124.7	708.7	196.3	-	10,508.9
Charge for the year	2,519.0	864.3	13.7	198.1	-	-	3,595.1
Disposals	(62.9)	-	-	-	-	-	(62.9)
At March 31, 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)
At March 31, 2013	**11,808.2**	**3,684.3**	**151.8**	**1,103.4**	**196.3**	**-**	**16,944.0**
Impairment							
At April 1, 2011	-	-	-	-	-	-	-
Charge for the year	19.0	-	-	-	-	-	19.0
At March 31, 2012	**19.0**	**-**	**-**	**-**	**-**	**-**	**19.0**
Charge for the year	-	-	-	-	-	-	-
At March 31, 2013	**19.0**	**-**	**-**	**-**	**-**	**-**	**19.0**
Net Block							
At March 31, 2012	**2,792.3**	**70.0**	**18.0**	**1,028.0**	**-**	**438.1**	**4,346.4**
At March 31, 2013	**3,948.5**	**-**	**14.8**	**831.4**	**-**	**438.1**	**5,232.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

13 Non-current investment		**March 31, 2013**	**March 31, 2012**
Long Term Investments (At cost) - Trade			
Equity instruments (Unquoted)			
-In Associate Companies :			
AV Digital Networks (Hyderabad) Private Limited			
413,605 (March 31, 2012 - 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, 2012 - 21,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each		224.2	250.4
Share of Profit / (Loss) from the Associate Company		(5.0)	(26.2)
Total	**(A)**	**219.2**	**224.2**
Metro Digital Networks (Hyderabad) Private Limited			
413,605 (March 31, 2012 - 413,605) fully paid equity shares of Rs 10/- each		39.0	4.1
Share of Profit / (Loss) from the Associate Company		21.3	34.9
		60.3	39.0
64,000,000 (March 31, 2012 - 64,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each		763.0	763.0
Total	**(B)**	**823.3**	**802.0**
Deccan Digital Networks (Hyderabad) Private Limited			
413,605 (March 31, 2012 - 413,605) fully paid equity shares of Rs 10/- each		37.9	29.9
Share in Profit/ (Loss) from Associate Company		12.0	8.0
		49.9	37.9
57,000,000 (March 31, 2012 - 57,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each		679.6	679.6
Total	**(C)**	**729.5**	**717.5**
Asia Radio Broadcast Private Limited			
2,857,000 (March 31, 2012 - 2,857,000) fully paid equity shares of Rs 10/- each		30.2	29.8
Share of Profit / (Loss) from the Associate Company		3.5	0.4
Total	**(D)**	**33.7**	**30.2**

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

		March 31, 2013	March 31, 2012
Pioneer Radio Training Services Private Limited			
2,857,000 (March 31, 2012 - 2,857,000) fully paid equity shares of Rs 10/- each		73.2	62.0
Share of Profit / (Loss) from the Associate Company		16.9	11.2
Total	**(E)**	90.1	73.2
Optimum Media Services Private Limited			
2,857,000 (March 31, 2012 - 2,857,000) fully paid equity shares of Rs 10/- each		78.9	28.6
Share of Profit / (Loss) from the Associate Company		30.0	50.3
Total	**(F)**	108.9	78.9
Total Unquoted Non current Investments	**[A+B+C+D+E+F]**	**2,004.7**	**1,926.0**

14 Long term Loans and advances (Unsecured)

		March 31, 2013	March 31, 2012
Capital advances			
Considered good		2,080.1	3,765.6
Considered doubtful		119.8	94.2
		2,199.9	3,859.8
Provision for doubtful capital advances		(119.1)	(94.2)
	(A)	**2,080.8**	**3,765.6**
Security deposit (Considered good)			
Rental and other deposits		77.8	71.9
Deposits with Government agencies		61.1	64.6
	(B)	**138.9**	**136.5**
Advances recoverable in cash or kind			
-Considered good		7.2	2.7
	(C)	**7.2**	**2.7**
Other loans and advances (Considered good)			
Advance income-tax (net of provision for taxation)		1,697.3	987.9
Prepaid expenses		96.3	48.9
	(D)	**1,793.6**	**1,036.8**
	Total [A+ B + C + D]	**4,020.5**	**4,941.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

15 Current investments	March 31, 2013	March 31, 2012
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted equity instruments		
-939,276 fully paid equity shares of Rs 1/- each (March 31, 2012 - 469,638 fully paid equity shares of Rs 1/- each) in City Union Bank Limited	2.8	1.4
Unquoted Mutual Funds		
-DWS Short Maturity Fund-Regular Plan-Monthly Dividend-Reinvestment - 2,142,613.414 units (March 31, 2012 - Nil units)	25.7	-
-Kotak Bond (Short Term)-Monthly Dividend - 2,587,439.305 units (March 31, 2012 - Nil units)	26.1	-
-Templeton India Low Duration Fund-Monthly Dividend Reinvestment - Nil units (March 31, 2012 - 3,894,297.423 units)	-	40.4
-Reliance Fixed Horizon Fund-XXI-Series 5-Growth Option- Nil units (March 31, 2012 - 5,000,000 units)	-	50.0
Axis Fixed Term Plan Series 20 - Dividend - Nil units (March 31, 2012 - 7,400,000) Face Value Rs.10 per unit	-	74.0
HDFC Cash Management Fund -Treasury Advantage Plan-Wholesale Daily Dividend - Nil units (March 31, 2012 - 43,483,434 units) Face Value Rs.10 per unit	-	43.5
IDFC Fixed Maturity Quarterly Series 71 Dividend - Nil units (March 31, 2012 - 1,000,000) Face Value Rs.10 per unit	-	10.0
TATA Liquid Fund Plan A - 18,909.889 units (March 31, 2012 - Nil Units)	21.1	-
IDFC Dynamic Bond Fund - 30,40,072.235 units (March 31, 2012 - Nil Units)	31.6	-
ICICI Prudential Short Term Fund - 8,41,324.479 units (March 31, 2012 - Nil Units)	10.1	-
HDFC High Interest Fund - ST Plan - 43,77,756.19 units (March 31, 2012 - Nil Units)	46.4	-
IDFC Super Saver Income fund - 9,77,273.257 units (March 31, 2012 - Nil Units)	10.1	-
Kotak Bond (Short term) Plan - Monthly Dividend - 3,106,762 units (March 31, 2012 - 3,106,762) Face Value Rs.10 per unit	33.3	31.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2013	March 31, 2012
HDFC short term fund - 4,87,780.21 units (March 31, 2012 - Nil Units)	5.1	-
IDFC Dynamic Bond Fund - Quarterly dividend - 9,80,221.68 units (March 31, 2012 - Nil Units)	10.3	-
Templeton India Low Duration Fund - 34,78,962 units (March 31, 2012 - 5,198,124) Face Value Rs.10 per unit	35.9	52.0
Tata Floater Fund - Daily Dividend - 16,702 units (March 31, 2012 - 1,566,061) Face Value Rs.10 per unit	16.8	15.7
Tata Short term Bond Fund - Plan A - 7,82,066.92 units (March 31, 2012 - Nil Units)	10.1	-
Axis Short Term Fund - 94,90.004.29 units (March 31, 2012 - Nil Units)	96.3	-
ICICI Prudential Short Term Fund - 8,41,121.01 units (March 31, 2012 - Nil Units)	10.1	-
Templeton India Income Builder account Plan A - 15,56,711.68 units (March 31, 2012 - Nil Units)	20.2	-
IDFC Super Saver Income Fund - Monthly Dividend - 10,12,377.42 units (March 31, 2012 - Nil Units)	10.2	-
IDFC Super Saver Income Fund - Fortnightly Dividend - 9,78,140.75 units (March 31, 2012 - Nil Units)	10.0	-
Total Current Investments	**432.2**	**318.1**
Total Value of Quoted Current investments	**2.8**	**1.4**
Market Value of Quoted Investments	**52.7**	**22.7**
Total Value of Unquoted Current investments	**429.4**	**316.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
16 Inventories (valued at lower of cost and net realizable value)			
Consumables and media		5.0	3.5
Receivers and Cards		-	1.6
Total		**5.0**	**5.1**
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		417.4	250.1
- Considered doubtful		517.7	273.3
		935.1	**523.4**
Provision for doubtful receivables		(517.7)	(273.3)
	(A)	**417.4**	**250.1**
Other trade receivables			
Unsecured, considered good		5,417.5	4,840.2
Unsecured, considered doubtful		-	-
		5,417.5	4,840.2
Provision for doubtful receivables		-	-
	(B)	**5,417.5**	**4,840.2**
	Total (A + B)	**5,834.9**	**5,090.3**

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

	March 31, 2013	March 31, 2012
Kal Publications Private Limited	120.9	101.1
Sun Distribution Services Private Limited (Formerly Sun 18 Media Services South Private Limited)	336.3	228.8
SpiceJet Limited	13.0	13.1
Kungumam Publications Private Limited	8.6	4.0
Udaya FM Private Limited	6.6	0.2
Sun Business Solutions Private Limited	0.1	0.5
Sun Direct Private Limited	1,001.4	1,005.9

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

		March 31, 2013	March 31, 2012
18 Cash and bank balances			
Cash and cash equivalents			
Balances with banks:			
On current accounts		565.9	233.8
Deposits with original maturity of less than three months		50.0	281.6
On unpaid dividend account		1.9	1.7
Cheques on hand		-	0.1
Cash on hand		0.4	0.5
		618.2	**517.7**
Other bank balances			
Deposits with original maturity for more than 3 months but less than 12 months*		3,533.2	2,557.4
Margin Money Deposit		10.4	-
		3,543.6	**2,557.4**
		4,161.8	**3,075.1**

* Balances in deposit accounts with banks includes unutilized monies from the public issue of Rs 206.4 million (March 31, 2012 Rs 344.5 million). Also refer Note 40.

		March 31, 2013	March 31, 2012
19 Short term Loans and advances (Unsecured)			
Loans to Associates - Considered good		338.9	344.6
	(A)	**338.9**	**344.6**
Loan and advances to other related parties - Considered good		11.9	18.3
	(B)	**11.9**	**18.3**
Advances recoverable in cash or kind			
Considered good		358.9	87.3
Considered doubtful		73.5	70.2
		432.4	**157.5**
Provision for doubtful advances		(73.5)	(70.2)
	(C)	**358.9**	**87.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
Other loans and advances			
Prepaid expenses		172.2	320.9
Balances with statutory / government authorities			
- Considered good		685.1	47.2
- Considered doubtful		22.1	22.1
		879.4	**390.2**
Provision for doubtful balances with statutory and government authorities		(22.1)	(22.1)
	(D)	**857.3**	**368.1**
	Total [A+ B + C + D]	**1,567.0**	**818.3**

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

	March 31, 2013	March 31, 2012
- Kal Publications Private Limited	5.5	7.5
- Dues from Sun Direct TV Private Limited	4.7	4.8
- Dues from Kal Comm Private Limited	-	5.2
- Dues from AV Digital Networks (Hyderabad) Private Limited	338.9	344.6

20 Other Current assets

	Current	
	March 31, 2013	March 31, 2012
Unsecured, considered good unless stated otherwise		
Interest accrued		
- on fixed deposits	22.8	4.1
Unbilled Revenues	523.3	392.4
Other Receivables	26.9	-
Total	**573.0**	**396.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

		March 31, 2013	March 31, 2012
21	**Revenue from operations**		
	Revenues from services		
	Advertising income	11,554.6	10,294.3
	Broadcast fees	1,436.1	1,639.6
	Program licensing income	1,031.0	825.7
	Subscription income	5,120.0	5,046.1
	Income from movie distribution	3.1	596.7
	Income from content trading	62.4	25.0
	Aircraft charter services	22.8	44.3
		19,230.0	**18,471.7**
22	**Other income**		
	Profit on sale of assets (net)	54.0	6.3
	Profit on disposal of subsidiary (Net of Foreign currency translation reserve)	107.1	-
	Gain on foreign exchange fluctuation (net)	35.8	72.7
	Export incentives	29.4	54.7
	Liabilities / provisions not required written back	24.9	25.7
	Other non-operating income	49.3	43.1
		300.5	**202.5**
23	**Cost of Revenues**		
	Telecast costs	257.9	198.6
	Program production expenses	718.7	461.7
	Cost of program rights	280.5	188.9
	Consumables and media expensed	28.1	21.9
	Pay channel service charges	317.0	257.6
	Licenses	188.0	155.0
	Others	54.1	41.8
		1,844.3	**1,325.5**
24	**Employees' benefit expense**		
	Salaries, wages and bonus	735.7	614.5
	Gratuity expense (Refer Note 37)	10.1	12.6
	Contributions to provident fund and other funds	77.3	60.3
	Staff welfare expense	33.9	31.6
	Directors' remuneration		
	- Salary	279.6	217.2
	- Ex-gratia / Bonus	857.1	923.0
		1,993.7	**1,859.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

		March 31, 2013	March 31, 2012
25	**Other expenses**		
	Legal and professional fees (Refer details below for payments made to auditors)	99.7	95.0
	Travel and conveyance	56.5	66.2
	Rent	133.2	119.2
	Electricity expense	160.8	143.8
	Power and fuel	88.7	71.4
	Repairs and maintenance		
	- Building	8.8	6.8
	- Plant and machinery	84.5	71.7
	- Others	96.6	74.0
	Communication	33.6	81.2
	Utilities	99.7	81.4
	Insurance	12.9	12.4
	Bad debts written off	-	48.1
	Provision for doubtful debts	244.4	19.7
	Provision for doubtful advances and assets	28.2	66.6
	Donations	32.5	32.2
	Rates and taxes	20.9	18.3
	Miscellaneous expenses	38.9	53.4
		1,239.9	**1,061.4**
	Payment to auditor		
	As auditor:		
	Audit fee	3.1	3.1
	Limited review	1.8	1.8
	Service Tax	0.8	0.5
	In other capacity:		
	Other services (certification fees)	0.1	0.1
	Reimbursement of expenses	0.1	0.1
		5.9	**5.6**
26	**Advertisement and marketing expenses**		
	Advertisement and marketing expenses	60.7	74.3
		60.7	**74.3**
27	**Depreciation and amortization expense**		
	Depreciation of tangible assets	1,005.6	1,121.7
	Amortization of intangible assets	3,411.7	3,595.1
	Impairment of intangible assets	-	19.0
		4,417.3	**4,735.8**

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

		March 31, 2013	March 31, 2012
28	**Interest and Dividend Income**		
	Interest income		
	- on bank deposits	331.2	445.8
	- on loans to Associates	25.7	25.7
	- on others	0.4	45.9
	Dividend income on current investments	64.3	75.6
		421.6	**593.0**
29	**Finance costs**		
	Interest		
	- on loans against deposits	42.7	44.4
	- others	1.3	8.6
	Bank charges	4.8	5.2
		48.8	**58.2**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

30. Goodwill / (Capital Reserve) arising on investments of the group in its Associates

Name of the Associate	March 31, 2013 and March 31, 2012	
	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

31. During the current 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	Amount
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
Profit on sale of disposal of subsidiary	**107.1**

32. Capital and other commitments

a) Capital Commitments (net of advances)

	March 31, 2013	March 31, 2012
Outstanding commitments on capital contracts	52.0	322.1
Commitments for acquisition of film and program broadcasting rights	1,957.0	1,487.1
	2,009.0	**1,809.2**

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 eight times the duty saved to be fulfilled within a period of eight years from date of import of the capital goods.

Accordingly, the Group currently has an export obligation aggregating to Rs. 1,135.3 million (March 31, 2012 Rs. 2,551.2 million).

(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 2013 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 2013 IPL season.

33. Contingent liabilities

	March 31, 2013	March 31, 2012
Income Tax*	2,039.8	1,488.6
Customs Duty**@	615.8	5.0
Claims against the Group not acknowledged as debt	1.0	1.0
	2,656.6	**1,494.6**

* The Company received demands of income tax in respect of earlier years, 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 the appellate authority 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 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.

@ In response to enquiries by the Customs Authorities on certain customs duty exemptions availed by the Company in the previous years, the Company has deposited a sum of Rs. 610.8 million under protest in the current year, pending final resolution of the matter. The Management is advised by Senior Counsels that appropriate legal remedies are available and accordingly is confident of recovering the same.

34. Dues to Micro and Small Enterprises

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

35. Un-hedged foreign currency balances

The Group 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:

		March 31, 2013		March 31, 2012	
Particulars	**Foreign Currency**	**Amount in Foreign Currency (in millions)**	**Amount in Indian Rupees (in millions)**	**Amount in Foreign Currency (in millions)**	**Amount in Indian Rupees (in millions)**
Sundry Debtors	USD	2.9	158.7	2.5	126.4
Sundry Debtors	CAD	0.1	2.0	0.1	1.9
Sundry Debtors	AUD	0.1	5.6	0.1	3.1
Advance from customer	USD	0.1	2.0		
Security Deposits from customers	AUD	0.1	2.8	0.1	2.7
Security Deposits from customers	USD	0.3	16.6	0.3	16.4
Security Deposits paid	USD	0.2	9.8	0.2	9.2
Advance received towards sale of subsidiary	EURO	-	-	0.5	35.9

36. Leases

Operating leases (As a lessee)

The Group has taken a KU band satellite transponder and office premises on 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, 2013	March 31, 2012
Lease payments recognised in the profit and loss account for the year	303.8	204.0
Minimum Lease Payments		
Not later than one year	277.9	251.5
Later than 1 year but not later than 5 years	497.6	427.3
Later than 5 years	2.9	17.4

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.

(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, 2013	March 31, 2012
Lease payments recognised in the statement of profit and loss account for the year	29.1	20.6
Minimum Lease Payments		
Not later than one year	31.7	24.3
Later than 1 year but not later than 5 years	34.5	18.2
Later than 5 years	-	-

37. 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 company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

Statement of Profit & Loss

	March 31, 2013	March 31, 2012
Current service cost on Benefit Obligations	11.9	10.2
Interest cost on Benefit Obligations	5.3	4.3
Expected return on plan assets	(5.0)	(4.0)
Net actuarial (gains)/ losses recognised in the year	(2.1)	2.1
Net Benefit Expense	**10.1**	**12.6**
Actual return on plan assets	4.7	3.2

Balance Sheet
Details of Provision for gratuity

	March 31, 2013	March 31, 2012
Defined benefit obligation	79.4	68.6
Fair value of plan assets	(58.8)	(51.2)
Plan Liability /(Asset)	**20.6**	**17.4**
Experience adjustments on plan liabilities	2.4	1.8
Experience adjustments on plan assets	(0.3)	(0.3)

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

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	68.6	56.1
Current service cost	11.9	10.2
Interest cost	5.3	4.3
Actuarial (gains) / losses on obligation	(2.4)	1.7
Benefits paid	(4.0)	(3.7)
Closing defined benefit obligation	**79.4**	**68.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(All amounts are in millions of Indian Rupees, unless otherwise stated)

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

	March 31, 2013	March 31, 2012
Opening fair value of plan assets	51.2	38.9
Expected return	5.0	4.0
Actuarial gains / (losses)	(0.3)	(0.4)
Contributions by employer	6.9	12.4
Benefits paid	(4.0)	(3.7)
Closing fair value of plan assets	**58.8**	**51.2**

The experience adjustments on plan liabilities and assets, and net surplus / deficit for the years ended March 31, 2011, March 31, 2010 and March 31, 2009 are as follows:

	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation at the end of the period	56.1	42.2	27.7
Fair value of plan assets	(38.9)	(31.6)	(20.6)
Net deficit	17.2	10.6	7.1
Experience adjustments on plan liabilities	0.8	5.4	(3.5)
Experience adjustments on plan assets	1.4	0.5	0.5

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

	March 31, 2013 %	March 31, 2012 %
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00% - 9.25%
Employee turnover	1%-3%	1%-3%

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.

38. Related party disclosures

1. *Enterprises in which Key Management personnel or their relatives have significant influence*

Kal Publications Private Limited
Spicejet Limited
Udaya FM Private Limited
Sun Direct TV Private Limited
Kungumam Publications Private Limited
Sun Distribution Services Private Limited
(Formerly Sun 18 Media Services South Private Limited)
Kal Investments (Madras) Private Limited
Kal Airways Private Limited
Kal Holdings Private Limited
Sun Foundation
Murasoli Maran Family Trust
S & S Textiles
D.K. Enterprises Private Limited
Kungumam Nithyagam Private Limited
Kal Comm Private Limited
Kal Media Services Private Limited
Kal Cables Private Limited
Sun Business Solutions Private Limited

2. *Associates*

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

3 *Key Management personnel*

Mr. Kalanithi Maran – Executive Chairman in Sun TV Network Limited
Mr. K Vijaykumar – Managing Director and Chief Executive Officer in Sun TV Network Limited
Mrs. Kavery Kalanithi – Executive Director in Sun TV Network Limited
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, 2013
(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		Associates		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Income :						
Subscription Income						
Sun Distribution Services Private Limited	1,391.7	1,630.1	-	-	-	-
Sun Direct TV Private Limited	1,777.9	1,830.3	-	-	-	-
Advertising Income						
Sun Direct TV Private Limited	2.7	98.1	-	-	-	-
SpiceJet Limited	1.0	12.2	-	-	-	-
Kal Publications Private Limited	20.1	-	-	-	-	-
Kungumam Publications Private Limited	3.5	-	-	-	-	-
Others	-	12.8	-	-	-	-
Aircraft Charter Services						
SpiceJet Limited	-	14.7	-	-	-	-
Kal Publications Private Limited	0.3	22.2	-	-	-	-
Sun Direct TV Private Limited	-	1.0	-	-	-	-
Sun Distribution Services Private Limited	22.5	-	-	-	-	
Others	-	6.3	-	-	-	-
Interest earned						
Kal Comm Private Limited	-	30.2	-	-	-	-
Kal Publications Private Limited	-	15.7	-	-	-	-
AV Digital Networks (Hyderabad) Private Limited	-	-	25.7	25.7	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(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		Associates		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Rental and Business Support Income								
Sun Direct TV Private Limited	16.4	15.2	-	-	-	-	-	-
Kal Publications Private Limited	14.7	12.1	-	-	-	-	-	-
Others	11.3	8.8	-	-	-	-	-	-
Movie Content Income								
Sun Direct TV Private Limited	49.4	18.2	-	-	-	-	-	-
Expenses								
Program Production expenses								
Kal Publications Private Limited	43.8	43.8	-	-	-	-	-	-
Others	25.1	1.8	-	-	-	-	-	-
Pay Channel service charges								
Sun Distribution Services Private Ltd	208.8	244.5	-	-	-	-	-	-
Rent Expense								
Kal Publications Private Limited	24.5	22.1	-	-	-	-	-	-
Donations								
Sun Foundation	32.5	22.0	-	-	-	-	-	-
Legal and professional fees								
Professional fees								
Mr. K. Shanmugam	-	-	-	-	3.9	2.3	-	-
Mrs. Mallika Maran	-	-	-	-	-	-	0.2	0.2
Repayment of Loan								
Kalanithi Maran	-	-	-	-	-	1.4	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(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		Associates		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Advertisement expenses						
Kal Publications Private Limited	5.9	3.8	-	-	-	-
Remuneration paid (including ex-gratia)						
Salary - Mr.Kalanithi Maran	-	-	-	-	134.0	108.6
Salary - Mrs.Kavery Kalanithi	-	-	-	-	134.0	108.6
Salary - Mr. K Vijaykumar	-	-	-	-	6.5	-
Ex-gratia/ Bonus- Mr.Kalanithi Maran	-	-	-	-	428.5	461.5
Ex-gratia/ Bonus- Mrs.Kavery Kalanithi	-	-	-	-	428.4	461.5
Salary / Ex-Gratia - Mr.K. Shanmugam	-	-	-	-	5.2	5.2
Share in profits / (losses) from Associates						
Deccan Digital Networks (Hyderabad) Private Limited	-	-	12.0	8.0	-	-
Asia Radio Broadcast Private Limited	-	-	3.5	0.4	-	-
Pioneer Radio Training Services Private Ltd	-	-	16.9	11.2	-	-
Optimum Media Services Pvt. Ltd	-	-	30.0	50.3	-	-
Metro Digital Networks (Hyd) Pvt. Ltd	-	-	21.3	34.9	-	-
AV Digital Networks (Hyderabad) Pvt. Ltd	-	-	(5.0)	(26.2)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(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		Associates		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Dividends Paid / Payable						
Mr. Kalanithi Maran	-	-	-	-	2,503.5	3,793.1
Reimbursement of Cost of shared services (Net)						
Kal Publications Private Limited	3.6	3.8	-	-	-	-
Sale of assets						
Kal Publications Private Limited	-	0.1	-	-	-	-
Travelling Expenses						
SpiceJet Limited	11.4	1.1	-	-	-	-
Security Charges						
Kal Comm Private Limited	12.1	-	-	-	-	-
Channel Placements Fees						
Sun Direct TV Private Limited	94.1	10.4	-	-	-	-
Balance Outstanding :						
Accounts Receivable						
Sun Direct TV Private Limited	1,001.4	1,005.6	-	-	-	-
Sun Distribution Services Private Limited	336.3	228.8	-	-	-	-
Others	149.2	118.9	-	-	-	-
Prepaid Expenses						
Sun Direct TV Private Limited	145.5	239.6	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013
(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		Associates		Key managerial personnel	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Loans and Advances						
Kal Publications Private Limited	5.5	7.5	-	-	-	-
Kal Comm Private Limited	-	5.2	-	-	-	-
Sun Direct TV Private Limited	4.7	4.8	-	-	-	-
AV Digital Networks (Hyderabad) Private Limited	-	-	321.5	321.5	-	-
Interest Receivable						
AV Digital Networks (Hyderabad) Private Limited	-	-	17.4	23.1	-	-
Rental and other deposits						
Kal Publications Private Limited	1.0	1.0	-	-	-	-
Security Deposit and Other Current Liabilities						
Kal Publications Limited	0.1	0.1	-	-	-	-
Sun Direct TV Private Limited	0.3	0.2	-	-	-	-
Accounts Payable						
Kal Comm Private Limited	12.1	4.7	-	-	-	-
Kal Publications Private Limited	22.9	17.5	-	-	-	-
Sun Distribution Services Private Limited	39.7	30.9	-	-	-	-
SpiceJet Limited	7.4	-	-	-	-	-
Others	6.0	5.9	-	-	-	-
Ex-gratia /Bonus Payable						
Mr. Kalanithi Maran	-	-	-	-	428.5	461.5
Mrs. Kavery Kalanithi	-	-	-	-	428.4	461.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

39. Franchise License Fee

On October 25, 2012 the Group acquired the right to operate a franchise in the Indian Premier League ('IPL') for a consideration of Rs. 850.5 million, payable annually for a period of 5 years as per the terms of the franchise agreement entered into by the Group with the Board of Control for Cricket in India ('BCCI'). The annual franchise fee payable to the BCCI as above would be recognized as an expense on an accrual basis in accordance with terms of the Group's agreement with the BCCI.

40. Utilisation of IPO proceeds

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2013 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2013	Actual use of funds as at March 31, 2012
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	1,362.3	1,224.2
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	-	-
5	Share issue expenses	308.5	278.1	278.1
	Total	**6,027.9**	**5,821.5**	**5,683.4**

41. 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 17, 2013

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 17, 2013

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		SUN TV NETWORK EUROPE LIMITED*	
Particulars	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Share Capital *(Incl. Share application money)*	1,769.35	1,769.35	4,838.61	4,838.61	-	59.8
Reserve & Surplus	(476.69)	(603.01)	(1,981.44)	(1,956.01)	-	(112.99)
Total Liability(^)	168.87	193.88	297.93	299.12	-	90.75
Total Assets (#)	1,461.53	1,360.22	3,155.10	3,181.72	-	37.56
Total Income (including other income)	576.40	461.15	551.08	437.36	-	89.77
Profit / (Loss) before Tax	126.32	14.00	(25.42)	(133.71)	-	(3.45)
Provision for Tax	-	-	-	-	-	-
Profit / (Loss) after Tax	126.32	14.00	(25.42)	(133.71)	-	(3.45)
Proposed Dividend (including Dividend Tax)	-	-	-	-	-	-
Investments (included in Total Assets)	258.29	172.71	1,910.57	1,844.71	-	-

^ (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)

* Exchange rate used for Balance sheet is 1 GBP = INR 68.34 (closing) & for Income Statement is 1 GBP = INR 66.75 (average).

SUN TV NETWORK LIMITED
Regd. Office: Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai – 600 028

ATTENDANCE SLIP

Twenty Eighth Annual General Meeting, 27th September 2013

Regd. Folio No./ DP ID/ Client ID ____________________

No. of shares held _______________

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company. I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company to be held on Friday, the 27th September 2013 at 10.00 AM at Kalaignar Arangam, Anna Arivalayam, 367 / 369, Anna Salai, Teynampet, Chennai - 600 018.

Name of the Member / proxy
(in BLOCK letters)

Signature of the member / proxy

Note: Members are requested to fill up this attendance slip and hand it over at the entrance of the meeting hall. No duplicate attendance slips will be issued at the venue of the meeting. Members are requested to bring their copies of the Annual Report to the meeting

SUN TV NETWORK LIMITED
Regd. Office: Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai – 600 028

PROXY FORM

Regd. Folio No./ DP ID/ Client ID ____________________

Twenty Eighth Annual General Meeting, 27th September 2013

No. of shares held _______________

I / We ____________________________________ of ____________________________________ being a member of Sun TV Network Limited hereby appoint ____ of ________________________________ as my / our Proxy or failing him/her ______________________ of ____ as my proxy to vote for me/us on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held on Friday, the 27th September 2013 at 10.00 AM at Kalaignar Arangam, Anna Arivalayam, 367 / 369, Anna Salai, Teynampet, Chennai - 600 018 and at any adjournment thereof.

Signed this ________ day of _________________ 2013

Affix
1 Rupee
Stamp

Note: The proxy form in order to be effective should be duly stamped, completed and deposited at the Registered Office of the Company at Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai – 600 028 not less than 48 hours before the time for holding the Meeting.

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