



CORPORATE INFORMATION

BOARD OF DIRECTORS

Kalanithi Maran Chairman & Managing Director
Kavery Kalanithi Joint Managing Director
S. Selvam
S. Sridharan
M.K. Harinarayanan
J. Ravindran
Nicholas Martin Paul

SECRETARY

R.Ravi

BANKERS

City Union Bank Limited, Mandaveli, Chennai -28
Royal Bank of Scotland, N.V., Chennai - 31
Kotak Mahindra Bank Limited, Annasalai, Teynampet, Chennai -18
Standard Chartered Bank, Haddows Road, Chennai - 6
The Karur Vysya Bank Limited, Anna Salai, Teynampet, Chennai -18
ICICI Bank Limited, Cenotaph Road, Teynampet, Chennai -18
HDFC Bank Limited, ITC Centre, Chennai -2
Axis Bank Limited, Mylapore, Chennai - 4
Corporation Bank, Mylapore, Chennai - 4
Indian Bank, Kodambakkam, Chennai -24

AUDITORS

M/s S.R. Batliboi & Associates
Chartered Accountants,
TPL House, Second Floor,
3, Cenotaph Road, Teynampet, Chennai - 18

REGISTERED OFFICE

Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai - 28

REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computer Share (P) Ltd,
Plot Nos. 17 to 24, Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081

AUDIT COMMITTEE

S. Sridharan Chairman
M.K. Harinarayanan
J. Ravindran
Nicholas Martin Paul

REMUNERATION COMMITTEE

J. Ravindran Chairman
S. Sridharan
M.K. Harinarayanan
Nicholas Martin Paul

INVESTORS GRIEVANCE COMMITTEE

M.K. Harinarayanan Chairman
S. Sridharan
J. Ravindran
Nicholas Martin Paul

SHARE TRANSFER AND TRANSMISSION COMMITTEE

Kalanithi Maran Chairman
Kavery Kalanithi

MANAGEMENT

Kalanithi Maran Chairman & Managing Director
Kavery Kalanithi Joint Managing Director
K. Vijaykumar Chief Operating Officer
V. C. Unnikrishnan Chief Financial 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	2010-11	2009-10	2008-09	2007-08	2006-07
Total Income	19,705.0	14,375.2	10,915.2	9,259.9	7,264.0
Total Expenditure (Excluding Interest & Financial Charges)	8,132.0	5,699.0	4,215.3	3,522.1	3,144.1
Profit before interest and tax	11,573.0	8,676.2	6,699.9	5,737.8	4,119.9
Interest & Financial Charges	19.8	12.0	38.9	55.6	30.9
Profit Before Taxation	11,553.2	8,664.2	6,661.0	5,682.2	4,089.0
Provision for Taxation	3,831.0	2,990.4	2,289.9	2,012.4	1,400.8
Profit after tax	7,722.2	5,673.8	4,371.1	3,669.8	2,688.2
Earnings Per Share (Face value Rs. 5 /-)	19.60	14.40	11.09	9.31	6.85

NOTICE

NOTICE is hereby given that the Twenty Sixth 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 Monday, the 19th day of September 2011 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 2011 and the Profit & Loss Account 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 is eligible for re-appointment.
4. To appoint a Director in the place of Mr. Nicholas Martin Paul, who retires by rotation and is eligible 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, Chartered Accountants, Chennai be and are hereby appointed as the 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, the amount and timing of which are to be decided by the Audit Committee / Board of Directors of the Company.”

BY ORDER OF THE BOARD

**R. RAVI
COMPANY SECRETARY**

Regd. Office:
Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai - 28.

May 26, 2011

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 10th September 2011 to 19th September 2011 (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 Monday, the 19th September 2011 shall be paid to those members whose names appear on the Register of Members as on the close of 9th September 2011.
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.



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 36 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 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 44 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.
Directorships held in other public companies (excluding Private Companies and Foreign Companies)	3	1
Memberships/ Chairmanships of committees in public companies	He is the Chairman of the Remuneration Committee and Member of the Investors Grievance Committee and Audit Committee of Sun TV Network Limited. He is the Chairman of the Investors Relations Committee and Member of Audit Committee and Compensation Committee of SpiceJet Limited. He is the Chairman of the Audit Committee of South Asia FM Limited. He is also the Chairman of Audit Committee of Kal Radio Limited and Member of Remuneration Committee.	He is member of Audit Committee, Remuneration Committee and Investors Grievance Committee of Sun TV Network Limited. He is also a Member of Audit Committee and Investors Relations Committee of SpiceJet Limited.
Shareholding of Non-Executive Director	Nil	Nil
Relationships between directors inter-se	Nil	Nil

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Twenty Sixth Annual Report and Audited Financial Accounts of the Company for the financial year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

The financial highlights for the financial year ended 31st March 2011 are given below:

(Rs.in Millions)

Particulars	For the year ended	
	31 st March, 2011	31 st March, 2010
Total Income	19,705.0	14,375.2
Total Expenditure (Excluding Interest & Financial Charges)	8,132.0	5,699.0
Profit before interest and tax	11,573.0	8,676.2
Interest & Financial Charges	19.8	12.0
Profit Before Taxation	11,553.2	8,664.2
Provision for Taxation	3,831.0	2,990.4
Profit after tax	7,722.2	5,673.8
Accumulated Profit, beginning of the year	11,490.7	9,833.1
Interim Dividend	(1,970.4)	(591.1)
Tax on Interim dividend	(327.3)	(100.5)
Proposed dividend	(1,477.8)	(2,364.5)
Tax on Proposed dividend	(239.7)	(392.7)
Transfer to General Reserve	(772.2)	(567.4)
Profit Carried forward	14,425.5	11,490.7
Earnings Per Share (Face value Rs.5/-)	19.60	14.40

The total income for the year ended 31st March 2011 registered a handsome growth of 37.08% at Rs. 19,705.0 millions as against Rs.14,375.2 millions during the previous year ended 31st March 2010. Profit before taxes grew by 33.34% at Rs. 11,553.2 million as against Rs. 8,664.2 millions in the previous year. The Profit after tax was higher by 36.10% at Rs.7,722.2 million as against Rs. 5673.8 million in the previous year after providing for a higher provision towards income tax and deferred tax of Rs. 3831.0 million for the year ended 31st March 2011 in line with higher profits. Your Company continued to maintain its leadership position in the market, supported by highly popular content and a well - diversified mix of clients (national, regional and local) cutting across a broad spectrum of products and services resulting in the continuous growth of advertising and subscription revenue.

FINAL DIVIDEND:

For the financial year ended 31st March 2011, the Board of Directors has recommended a Final Dividend of 75%, i.e., Rs.3.75 per equity share of face value of Rs.5.00 each. This Final Dividend together with the Interim Dividend of 100%, i.e., Rs.5.00 per equity share of face value of Rs.5.00 each declared on 28th January 2011 would result in a total dividend of 175 %, i.e., Rs.8.75 per equity share of face value of Rs.5.00 each for the financial year ended 31st March 2011.(Prev. Year of 150 %, i.e., Rs 7.50 per equity share of face value of Rs.5.00 each.)



BUSINESS OVERVIEW

Your Company, one of the largest Television Broadcasters in India operating 20 Satellite Television Channels across four languages of Tamil, Telugu, Kannada and Malayalam and presently airing 43 FM radio stations across India has been on a high growth trajectory in the recent years. Your Company continued its dominance of the Southern region, aided by increasing viewership of its popular channels, which in turn helped in growing advertising and subscription revenues.

As part of its strategy to increase global viewership of its channels, your Company appointed Global Media Management LLC and World Media Connect LLC during the financial year to manage and grow its distribution and advertising business, respectively, in the North American market. Your Company is looking to increase its penetration of the South Indian diaspora that lives in North America and consequently, increase both subscription and advertising revenue from the region. Sun TV Network's footprint currently extends to the USA, Canada, Europe, the Middle East, Singapore, Malaysia, Sri Lanka, South Africa, Australia and New Zealand.

REGISTERED OFFICE

The construction of your Company's own office building at MRC Nagar has been completed and consequent to this the Registered Office has been shifted to our own premises at Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai - 600028.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

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

During the year under review Mr. Kalanithi Maran and Mrs Kavery Kalanithi have been re-appointed as Chairman & Managing Director and Joint Managing Director respectively with effect from 15th December, 2010 vide ordinary resolution passed through Postal Ballot dated 29th October, 2010.

CORPORATE GOVERNANCE

A Report on Corporate Governance together with Auditors' Certificate on compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is provided elsewhere in the Annual Report.

PARTICULARS OF EMPLOYEES

Sun TV Network Limited had 2111 employees as of March 31, 2011 (previous year 1987). 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 said 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

M/s. S.R.Batliboi & Associates, Chartered Accountants, the Auditors of the Company retire at the conclusion of this Annual General Meeting of the Company. Your Board propose their re-appointment as the Statutory Auditors of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has donated a sum of Rs. 7.8 millions to Sun Foundation, a Charitable trust to support the various social welfare activities carried out by the trust.

SUBSIDIARY COMPANIES

The two subsidiaries Kal Radio Limited and South Asia FM Limited together own 41 licenses of which 40 Radio stations were fully operational for the year under review. The revenue of the two subsidiaries were at Rs. 86.99 crores for the year under review as against Rs. 56.24 Crores for the previous year ended 31st March, 2010. After accounting for minority interest in South Asia FM Limited the share of loss of the two subsidiaries (Kal Radio Limited and South Asia FM Limited) is Rs. 1.68 crores as against Rs. 39.43 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, Profit and Loss Account 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.

During the previous year your company had incorporated a wholly owned subsidiary "Sun TV Network Europe Limited" in United Kingdom to Broadcast and distribute its channels in U.K. and Europe and it has started earning revenues. The total revenue of Sun TV Network Europe Limited is Rs. 13.47 crores as against Rs. 3.32 Crores in the previous year and the Net Loss after taxes is Rs. 2.88 crores as against Rs. 8.05 Crores in the previous year.



CONSOLIDATED FINANCIAL STATEMENTS

As required by the listing agreement with the Stock Exchanges, the Audited Consolidated Financial Statements prepared in Accordance with Accounting Standard-AS 21 notified by the Companies Accounting Standard Rules, 2006 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 Chairman and Managing Director 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.

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 2011.

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 Satellites 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 digital technology in broadcasting its programs. The outdated technologies are constantly identified and updated with latest innovations.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings	: Rs. 690 Millions
	(Previous year Rs.560.3 Million)
Foreign Exchange Outgo	: Rs. 1,190.5 Millions
	(Previous year Rs.651.9 Million)

ACKNOWLEDGMENT

Your Directors take this opportunity to place on record their appreciation of the dedication 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 our viewers, content producers, vendors, financial institutions, banks, investors, service providers as well as regulatory and governmental authorities.

We look forward to the future with determination and confidence.

On behalf of the Board

Place : Chennai
Date : May 26, 2011

Kalanithi Maran
Chairman & Managing Director

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

The figures have been stated in Rs. Millions 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 is one of the fastest growing sectors in the world. The emergence of new technologies in recent years has radically redefined the way media impacts households and corporations alike.

The Indian Media and Entertainment Industry (M&E) has been no exception to the global trends. The key components of M&E industry in the country include film, television, radio, advertising, print media, and music. With the increase in TV penetration, the share of television in M&E has become significant in value terms. The Television Industry with increased hours of mass entertainment programming during prime time and better coverage of popular events like sports and elections has seen an explosive growth in consumer mindshare. Its status as the preferred mode of entertainment of the people is obvious from the fact that it now contributes more than 60 percent of the entertainment industry's revenues. Television, the major contributor to the overall industry revenue, is estimated to grow at a steady rate over the next five years with increased viewership thanks to a wider range of channels. The television industry is now ready to advance to the next stage of its evolution, leverage off a whole host of newer technologies and completely change the way home entertainment is delivered. Over the next few years, cable and satellite, along with emerging delivery platforms like DTH and IP-TV are expected to revolutionize the industry. With increasing numbers of TV households getting digitized, the revenue potential of large broadcasters, hitherto lost through rampant underreporting, gets fully realized through the devices installed at customer premises. Mobile TV is yet another exciting prospect, involving live video streaming directly on to a handset, which in turns unleashes a range of customer applications ranging from education to entertainment to life saving interventions through telemedicine.

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 20 channels spread across four languages and in six genres of GEC, news, music, movies, kids and comedy. Sun Network also has a large network pan India in the FM Radio broadcasting segment with 44 FM licenses along with its subsidiaries. Sun Network continues to consolidate its leadership position, built over the years, by fortifying its hold over key aspects of pricing and access to quality content. Sun Network has a distinct advantage in the southern regional markets on account of its insightful understanding of the regional preferences and with key competitive strengths including that of a large movie library of regional languages. Sun Network is the preferred choice for content providers as it is the only player with maximum reach in the areas it operates.

OPPORTUNITIES AND THREATS

Opportunities:

The rapid pace of innovation and the introduction of new TV broadcast technologies 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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

The M&E industry is on the threshold of prodigious growth, influenced by many factors such as the convergence of TV, mobile telephony and the internet. 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 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 a dominant market share in the four southern states of India (Tamil Nadu, Kerala, Karnataka and Andhra Pradesh), has played a prominent role in the recent strong growth witnessed in the regional media markets in India. Its presence across genres like general entertainment, movies, music and news ensure continued and sustained viewership. 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.

As the largest regional television network, Sun Network would be one of the major beneficiaries of the recent growth in the DTH space. With the entry of new players like Reliance Big TV, Bharti and others into the DTH market, 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.

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

FINANCE AND HUMAN RESOURCE

Finance:

The total Income for the year ended 31st March 2011 amounted to Rs. 19,705 millions as against Rs. 14,375.2 millions during the previous year ended 31st March 2010. The Profit after tax was at Rs. 7,722.2 millions for the year ended 31st March 2011 as against Rs.5,673.8 millions in the previous year. The Board of Directors has recommended a Final Dividend of 75%, i.e., Rs. 3.75 per equity share of face value of Rs.5.00 each. This Final Dividend together with the Interim Dividend of 100%, i.e., Rs.5.00 per equity share of face value of Rs.5.00 each declared on 20th January 2010 would result in a total dividend of 175%, i.e., Rs. 8.75 per equity share of face value of Rs.5.00 each for the financial year ended 31st March 2011. (Prev. Year of 150%, i.e., Rs 7.50 per equity share of face value of Rs.5.00 each.). The Reserves and Surplus of the Company as on 31st March 2011 stood at Rs. 21,886.7 millions as against Rs. 18179.7 millions as on 31st March 2010.

Human Resources:

At Sun Network, with 2111 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 26, 2011

Kalanithi Maran
Chairman & Managing Director



FINANCIAL REVIEW 2010-11
(Pursuant to clause 49(11) (E) (1) of the Listing Agreement)

The Financial highlights during the year under review comprised:
(All amounts are in millions unless otherwise stated)

- ⇒ A 37.08 per cent growth in Total Income
- ⇒ Increase in Profit before taxes by 33.34 per cent
- ⇒ Increase in Profit after taxes by 36.10 per cent

1. EARNINGS

Total Income

Total Income grew from Rs. 14,375.2 million to Rs. 19,705 million, a 37.08 per cent increase. 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)

PBT increased from Rs. 8,664.2 million to Rs. 11,553.2 million, with a 33.34 per cent increase and PAT increased from Rs. 5,673.8 million to Rs. 7,722.2 million, a 36.10 per cent increase.

Dividend

The outgo on account of interim and final dividend including dividend tax is Rs. 4,015.2 million (previous year Rs. 3,448.8 million).

2. FINANCIAL POSITION

Shareholder's Funds

Shareholders' Fund as on 31st March 2011 was Rs. 23,857.1 million. (previous year Rs. 20,150.1 million).

Loan funds

The Company is debt free and had no loan funds – secured or unsecured as on 31st March 2011 (previous year Rs. Nil).

Assets

Net block of fixed assets were at Rs. 7,940.1 million. The addition to fixed assets for the year was Rs. 3,614.4 million. 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, 2011 were at Rs. 1,876.5 and Rs. 170.6 million respectively.

4. RATIOS

Earnings per share

The Earnings per share of face value of Rs. 5.00 for the year ended 31st March 2011 is Rs. 19.60 (previous year Rs 14.40).

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 Ltd's (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 2010-11
(Pursuant to clause 49(11) (E) (1) of the Listing Agreement)

PRINCIPAL RISKS AND THEIR MITIGATION

STRATEGIC RISK

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

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

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

Risk Mitigation

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

OPERATIONAL RISK

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

Risk Mitigation

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

FINANCIAL RISK

Treasury Investments Risk

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

Risk Mitigation

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



FINANCIAL REVIEW 2010-11
(Pursuant to clause 49(11) (E) (1) of the Listing Agreement)

Leverage Risk

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

Risk Mitigation

The company is a zero debt company.

Receivable Risk

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

Risk Mitigation

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

LEGAL AND STATUTORY RISKS

Risk on contractual liabilities

The risk arising out of contracts that impose onerous responsibilities.

Risk Mitigation

The Company constantly reviews all Agreements, documents and contracts review 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.

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.

On behalf of the Board

Place : Chennai
Date : May 26, 2011

Kalanithi Maran
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

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

Corporate Governance is the set of processes, custom, policies, laws and institutions affecting the way a company is directed, administered or controlled. 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 two 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 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**

Eight Board Meetings were held during the year. The dates on which the said meetings held are as follows:

28th May 2010, 28th July 2010, 3rd September 2010, 28th October 2010, 12th November 2010, 9th December 2010, 28th January, 2011 and 11th March 2011.

Attendance of each Director at the Board Meetings and last AGM and the number of companies and committees where he/she is a Director/Member.

Name of the Director	Category	Attendance		No. of Directorships in public limited companies including this company	Committee Memberships (including this Company)	
		Board	AGM		Chairman	Member
Kalanithi Maran	Chairman and Managing Director	8	Yes	4	2	Nil
Kavery Kalanithi	Joint Managing Director	8	Yes	4	Nil	4
S. Selvam	Director	8	Yes	1	Nil	Nil
S. Sridharan	Independent Director	8	Yes	2	3	2
J. Ravindran	Independent Director	8	Yes	4	5	4
M.K. Harinarayanan	Independent Director	8	Yes	2	1	4
Nicholas Martin Paul	Independent Director	8	Yes	2	Nil	5



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

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.

♦ **Postal Ballot**

During the year, the shareholders of the Company passed two ordinary resolutions through postal ballot. Detailed procedure followed by the Company is provided hereunder:

1. The Board of Directors of the Company (" Board") in its meeting held on 3rd September 2010 sought the approval of the shareholders through postal ballot for the following two items as Ordinary resolutions:

Item No. 1 Re-appointment of Mr. Kalanithi Maran as Chairman & Managing Director of the Company and payment of remuneration to him for a period of five years effective from December 15, 2010.

Item No. 2 Re-appointment of Mrs. Kavery Kalanithi as Whole Time Director designated as Joint Managing Director of the Company and payment of remuneration to her for a period of five years effective from December 15, 2010.

The Board appointed Mrs. Lakshmmi Subramanian, Practising Company Secretary as Scrutinizer for conducting the postal ballot process.

2. The Notice of the Postal Ballot dated September 3, 2010, Postal Ballot form and self-addressed pre-paid postage envelope were sent to the shareholders. The last date for receipt of the Postal Ballot form from the Shareholders was October 23, 2010.
3. Mrs. Lakshmmi Subramanian submitted her report dated October 29, 2010 with the Company and based on the said report, results of Postal Ballot were declared on October 29, 2010:

Item No.	No. of Ballots Received	No. of Invalid Ballots Received	Votes cast in favour	Votes cast against
1.	869	60	770	39
2.	869	89	723	57

The Resolutions were approved by the overwhelming majority of the shareholders.

♦ **Code of Conduct**

A declaration signed by the Chairman and Managing Director, 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.

REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

3. Audit Committee♦ **Composition, Names of Members and Chairman**

The Audit Committee comprises of Mr. S. Sridharan, Mr. M.K. Harinarayanan, Mr. J. Ravindran and Mr. Nicholas Martin Paul, all are non-executive independent Directors of the Company with Mr. S. Sridharan as its Chairman.

♦ **Meetings and the attendance during the year**

Five meetings of the Audit Committee were held during the year 27th May, 2010, 28th July, 2010, 27th October, 2010, 12th November 2010 and 27th January, 2011.

Name of the Director	No. of Meetings attended
S. Sridharan	5
M.K. Harinarayanan	5
J. Ravindran	5
Nicholas Martin Paul	5

♦ **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 Agreements as well as in Section 292 A of the Companies Act, 1956. The role of Audit Committee is as prescribed under Clause 49(II)(D) of the Listing Agreements.

4. Remuneration Committee and Remuneration Policy

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

This Committee comprises entirely of Independent Directors. The Committee met on 27th May 2010.

The names and attendance of committee members are given below:

Name of the Member	No. of Meetings attended
J. Ravindran	1
M.K. Harinarayanan	1
S. Sridharan	1
Nicholas Martin Paul	1

♦ **Remuneration to Directors**

The Remuneration paid /payable to the Chairman and Managing Director for the year ended 31st March 2011 is as follows:

	(Rs. in Million)
Salary	108.6
Ex - gratia / Bonus	535.4
Total	644.0



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

The Remuneration paid/payable to the Joint Managing Director for the year ended 31st March 2011 is as follows:

	(Rs. in Million)
Salary	108.6
Ex - gratia / Bonus	535.4
Total	644.0

The Remuneration paid /payable to Non –Executive Directors for the year ended 31st March 2011 is as follows:

	(Rs.in Million)
Name of the Director	Sitting fee *
S. Sridharan	0.04
M. K. Harinarayanan	0.04
J. Ravindran	0.04
Nicholas Martin Paul	0.04
S. Selvam	0.01

*includes sitting fee paid for attending Committee Meetings

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

5. Investor / Shareholder's Grievance Committee

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

The Investor / Shareholder's Grievance Committee Comprises of Mr. M.K. Harinarayanan, Chairman, Mr. S. Sridharan, Mr. J. Ravindran and Mr. Nicholas Martin Paul as members.

Mr. R. Ravi, Company Secretary is the Compliance Officer of the Company.

The Committee met on 4 occasions during the year on 27th May, 2010, 28th July, 2010, 27th October, 2010 and 27th January, 2011. The names and attendance of Committee members are given below:

Name of the Director	No. of Meetings attended
J. Ravindran	4
M.K. Harinarayanan	4
S. Sridharan	4
Nicholas Martin Paul	4

During the year, the Company received 22 Complaints mostly pertaining to non credit of shares into demat account of the respective shareholder due to mismatch in demat account and 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 31.03.2011.

REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

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, Chairman and Managing Director as Chairman and Mrs. Kavery Kalanithi, Joint Managing Director, as Member.

The Committee met on 2 occasions during the year on 14th, July 2010 and 6th September 2010. The names and attendance of Committee members are given below:

Name of the Director	No. of Meetings attended
Kalanithi Maran	2
Kavery Kalanithi	2

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
2009 - 10	AGM	Narada Gana Sabha, 314, T T K Road, Chennai - 600 018.	05.08.2010	10.00 am
2008 - 09	AGM	Narada Gana Sabha, 314, T T K Road, Chennai - 600 018.	25.09.2009	10.00 am
2007 - 08	AGM	Narada Gana Sabha, 314, T T K Road, Chennai - 600 018.	27.08.2008	10.00 am

Special Resolution passed in the previous Three Annual General Meeting

NIL.

8. Disclosure

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



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

9. 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

10. Management Discussion and Analysis Report

Management Discussion and Analysis report is annexed

11. Shareholders Information

The details are enclosed elsewhere in the report

12. Non Mandatory Requirements

1. The Board – Chairman's Office

The Chairman of Sun TV Network is an Executive 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 listing arrangements. The results, in the prescribed format, are published in "Financial Express" (English) and "Maalai Chudar" (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: 44676767 Fax: 40676161

♦ **Forthcoming Annual General Meeting**

19th September, 2011
Kalaingar Arangam, Anna Arivalayam,
367 / 369, Anna Salai, Teynampet, Chennai - 600 018

♦ **Financial Year**

1st April 2010 to 31st March 2011

♦ **Book Closure Dates**

From 10th September, 2011 to 19th September, 2011 (both days inclusive)

REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

♦ **Dividend**

The Final Dividend for the year ended 31st March 2010 as declared at the Annual General Meeting held on 5th August 2010 at Rs.6/- per equity share of Rs. 5/- each (at the rate of 120%) of the face value of the equity shares of the Company has been paid to the Shareholders on 6th August 2010.

For the year ended 31st March 2011, the Board of Directors at their Meeting held on 28th January 2011, declared an Interim Dividend at Rs.5.00/- per equity share of Rs. 5/- each (at the rate of 100 %) of the face value of the Company has been paid on 9th February 2011.

The Board of Directors have for the year under review also recommended a Final Dividend of Rs. 3.75 per equity share of Rs. 5/- each (at the rate of 75%) of the face value and the same will be paid after approval by the Members of the Company at the ensuing Annual General Meeting.

♦ **Instruction to Shareholders**

♦ **Shareholders holding shares in physical form**

Please notify the change in your address to the Company's registrar Karvy Computer share Private Limited, if any, immediately and not later than 25th August, 2011 to enable them to forward the dividend warrants to your present address. Members are also advised to intimate M/s Karvy Computer Share 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 advise you after remittance of the dividend.

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

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

♦ **Listing on Stock Exchanges and Stock Code**

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

Annual listing fees has been paid to the above stock exchanges.



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

♦ **Depositories Connectivity**

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

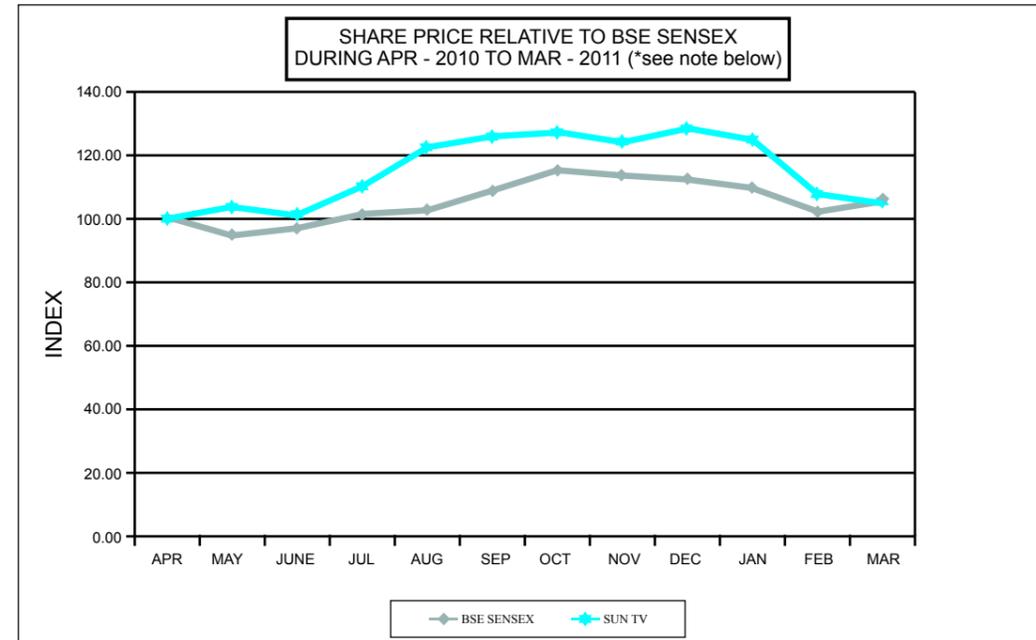
♦ **Market price data & performance in comparison with BSE and NSE Indices**

♦ **Market Price Data**

Month	B.S.E			N.S.E		
	High	Low	Traded Volume (No. of shares)	High	Low	Traded Volume (No. of shares)
Apr-10	444.05	370.55	477,491	441.40	415.05	2,446,919
May-10	453.00	391.10	472,059	452.70	392.50	3,210,351
Jun-10	440.00	383.00	907,260	447.70	376.35	4,841,237
Jul-10	475.00	421.00	1,037,557	470.50	425.00	3,677,144
Aug-10	546.90	451.00	1,149,917	548.30	452.00	6,744,973
Sep-10	543.25	487.60	726,261	543.25	393.00	6,140,579
Oct-10	543.95	491.00	524,165	543.95	490.10	4,568,489
Nov-10	542.00	470.00	867,582	542.00	472.25	3,861,426
Dec-10	550.00	495.00	485,083	550.00	485.70	2,900,157
Jan-11	556.50	460.40	263,346	556.90	460.05	3,370,106
Feb-11	504.00	371.10	10,175,534	505.95	370.35	28,462,127
Mar-11	463.80	390.00	1,485,281	464.00	393.05	3,456,310

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' 10 to Mar' 11, are worked out as a percentage, keeping the Base Value for Apr' 10 as 100.

♦ **Share Transfer Process**

- ♦ The physical transfers and other requests from the Shareholders are processed by Karvy Computer Share Private Ltd.
- ♦ 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 exchange only in dematerialized form.



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Shareholding pattern/ Distribution

- ♦ Shareholding pattern as on 31.03.2011

Category	% to total Capital
Promoter Group	77.00
Financial Institutions / Bank	0.04
Non Residents (NRI / OCB / FIIS)	9.55
Mutual Funds	3.02
Others	10.39
Total	100.00

- ♦ **Distribution of Shareholding as on 31.03.2011**

Category	No. of Holders	% to total	No. of Shares	% to total
1-10000	29010	99.16	2523002	0.64
Above 10000	245	0.84	391561618	99.36
Total	29255	100	39,40,84,620	100

- ♦ **Dematerialization of Shares**

- ♦ The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Ltd. (CDSL) to provide the facility of holding equity shares in dematerialization 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 2011, 39,40,83,848 equity shares constituting 99.999% of the total paid up capital of the company have been dematerialized. All the equity shares are freely tradable.
- ♦ 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.

REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

- ♦ **Address for correspondence**
- ♦ **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: 4467 6767 Fax: 4067 6161
Email: ravi@sunnetwork.in
www.suntv.in

- ♦ **Registrars and Share Transfer Agents**
M/s Karvy Computer Share Private Limited
Plot Nos. 17 to 24,
Vittal Rao Nagar,
Madhapur,
Hyderabad 500 081.
Tel: (040) 44655000 Fax: (040) 23420814
Email: einward.ris@karvy.com
www.karvycomputershare.com

On behalf of the Board

Place : Chennai
Date : May 26, 2011

Kalanithi Maran
Chairman & Managing Director

Confirmation on Code of Conduct

To

The Members of Sun TV Network Limited,

This is to inform that the Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at 31st March 2011, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

On behalf of the Board

Place : Chennai
Date : May 26, 2011

Kalanithi Maran
Chairman & Managing Director



REPORT ON CORPORATE GOVERNANCE
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

AUDITORS' CERTIFICATE

To

The Members of Sun TV Network Limited

We have examined the compliance of conditions of Corporate Governance by Sun TV Network Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No.:053315

Chennai

May 26, 2011

AUDITORS' REPORT

To

The Members of Sun TV Network Limited

1. We have audited the attached Balance Sheet of Sun TV Network Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and



AUDITORS' REPORT (Continued)

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

per S Balasubrahmanyam
Partner
Membership No.:053315

Chennai
May 26, 2011

**Annexure referred to in paragraph 3 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) The Company has granted unsecured loans to two Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 30.9 million and the year-end balance of loans granted to such Companies was Rs. 28.8 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of Order are not applicable to the Company and hence not commented upon.



Annexure to Auditors Report (Continued)

- (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 the sale of services. The activities of the Company did 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.
- (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) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (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.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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. The provisions relating to sales tax are not applicable to the Company.

Annexure to Auditors Report (Continued)

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 million)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income Tax	5.8*	FY 2002 – 03	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	4.9*	FY 2004 – 05	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	190.0	FY 2005 – 06	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	387.0	FY 2006 – 07	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income Tax	142.4	FY 2007 – 08	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, sales tax and cess which are outstanding on account of any dispute.

* Out of the above, an amount of Rs. 10.7 million has been deposited with the concerned authorities under protest.

- (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.
- (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.



Annexure to Auditors Report (Continued)

- (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.

S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

per S Balasubrahmanyam

Partner

Membership No.:053315

Chennai

May 26, 2011

Balance Sheet as at March 31, 2011*(All amounts are in millions of Indian Rupees, unless otherwise stated)*

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds :			
Share capital	1	1,970.4	1,970.4
Reserves and surplus	2	21,886.7	18,179.7
		23,857.1	20,150.1
Deferred tax liability (net)	3	409.8	339.1
		24,266.9	20,489.2
APPLICATION OF FUNDS			
Fixed assets :			
Gross block	4	11,428.2	8,013.6
Less: Accumulated Depreciation		(3,488.1)	(2,941.2)
Net block		7,940.1	5,072.4
Intangible assets :			
Gross block	5	11,715.6	7,595.7
Less: Accumulated Amortisation		(9,839.1)	(6,118.3)
Net block		1,876.5	1,477.4
Capital work-in-progress (including capital advances)		151.9	1,593.2
Intangible assets under development		18.7	1,520.7
		9,987.2	9,663.7
Investments	6	5,411.7	5,066.4
Non-current assets	7	136.7	300.0
Current assets, Loans and Advances :			
Inventories	8	7.5	3.3
Sundry debtors	9	3,880.5	3,001.8
Cash and bank balances	10	5,844.0	4,242.0
Other current assets	11	1,646.6	1,399.2
Loans and advances	12	1,558.1	1,130.0
		12,936.7	9,776.3
Less: Current liabilities and Provisions :			
Current liabilities	13	(2,470.7)	(1,550.1)
Provisions	14	(1,734.7)	(2,767.1)
Net current assets		8,731.3	5,459.1
		24,266.9	20,489.2

Notes to the financial statements

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The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
 Partner
 Membership No.: 053315
 Chennai
 May 26, 2011

Kalanithi Maran
 Chairman and
 Managing Director
 Chennai
 May 26, 2011

Kavery Kalanithi
 Joint Managing
 Director

R. Ravi
 Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011***(All amounts are in millions of Indian Rupees, except earnings per share and unless otherwise stated)*

	Schedule	March 31, 2011	March 31, 2010
Income			
Revenues from services	15	19,237.1	13,950.1
Other income	16	467.9	425.1
Total Income		19,705.0	14,375.2
Expenditure			
Cost of revenues	17	1,027.1	888.8
Employees' remuneration and benefits	18	1,740.1	1,160.1
General and administration expenses	19	799.8	718.9
Selling expenses	20	91.2	76.8
Financial charges	21	19.8	12.0
Depreciation on fixed assets	4	717.5	718.3
Amortisation of intangible assets	5	3,756.3	2,136.1
Total Expenditure		8,151.8	5,711.0
Profit before tax		11,553.2	8,664.2
Provision for taxation			
Current tax		3,760.3	2,912.3
Deferred tax		70.7	78.1
Total tax expense		3,831.0	2,990.4
Profit after tax		7,722.2	5,673.8
Accumulated profit, beginning of the period		11,490.7	9,833.1
Profit available for appropriation		19,212.9	15,506.9
Appropriations:			
Interim dividend		(1,970.4)	(591.1)
Tax on interim dividend		(327.3)	(100.5)
Proposed dividend		(1,477.8)	(2,364.5)
Tax on proposed dividend		(239.7)	(392.7)
Transfer to general reserve		(772.2)	(567.4)
Profit carried forward to Balance Sheet		14,425.5	11,490.7

Earnings per share information:

Net profit attributable to equity shareholders		7,722.2	5,673.8
Weighted average number of equity shares outstanding		39,40,84,620	39,40,84,620
Basic and diluted earnings per share	Rs.	19.60	14.40
Nominal value of equity share	Rs.	5.00	5.00

Notes to the financial statements 22

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.
As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 26, 2011

Kalanithi Maran
Chairman and
Managing Director

Chennai
May 26, 2011

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
Cash flows from operating activities		
Net profit before taxation	11,553.2	8,664.2
Adjustments for:		
Depreciation on fixed assets	717.5	718.3
Amortisation of intangible assets	3,756.3	2,136.1
(Profit) / loss on sale of fixed assets	27.5	(3.5)
Translation loss / (gain) on monetary assets and liabilities	(6.0)	6.2
Provision for doubtful debts	8.8	37.3
Provision for doubtful advances and assets	49.2	52.0
Bad debts written off	113.6	155.3
Interest income	(300.5)	(392.4)
Dividend income	(74.7)	(17.2)
Interest expense	15.0	6.7
Operating profit before working capital changes	15,859.9	11,363.0
(Increase)/Decrease in sundry debtors	(997.1)	(853.5)
(Increase)/Decrease in inventories	(4.2)	(2.0)
(Increase)/Decrease in other current assets	(298.1)	24.4
(Increase)/Decrease in loans and advances	(269.9)	(86.7)
Increase/(Decrease) in current liabilities and provisions (Refer note c below)	747.8	154.9
Cash generated from operations	15,038.4	10,600.1
Direct taxes paid (net of refunds)	(3,624.7)	(2,810.6)
Net cash from / (used in) operating activities	11,413.7	7,789.5
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(1,991.1)	(2,309.8)
Purchase of intangible assets and expenditure on intangible assets under development	(2,805.5)	(3,487.4)
Purchase of investments	(345.3)	(525.8)
Proceeds from sale of assets (Net of expenses on sale)	1.7	5.2
Intercompany deposits placed	-	(48.2)
Refund of Intercompany deposits	3.8	-
Loans and advances to Subsidiaries	-	(27.1)
Term deposits placed with banks during the year	(4,504.0)	(4,152.8)
Term deposits refunded from banks during the year	3,419.0	3,533.0
Interest received	323.9	343.7
Dividends received	74.7	17.2
Net cash from / (used in) investing activities	(5,822.8)	(6,652.0)



CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Cash flows (used in) / from financing activities

Loans availed	1,712.3	1,514.5
Loans repaid	(1,712.3)	(1,514.5)
Proposed dividends paid	(2,364.5)	(394.1)
Tax on proposed dividends paid	(392.7)	(67.0)
Interim dividends paid	(1,970.4)	(591.1)
Tax on interim dividends paid	(327.3)	(100.5)
Interest paid	(15.0)	(6.7)
Net cash (used in) / from financing activities	(5,069.9)	(1,159.4)
Exchange differences on translation of foreign currency cash and cash equivalents	(4.0)	5.1
Net (decrease) / increase in cash and cash equivalents	517.0	(16.8)
Cash and cash equivalents at the beginning of the year	329.8	346.6
Cash and cash equivalents at the end of the year	846.8	329.8

Notes:

a) The reconciliation to the cash and bank balances as given in Schedule 10 is as follows :

Cash and bank balances, per Schedule 10	5,844.0	4,242.0
Less : Term deposits placed with banks	(4,997.2)	(3,912.2)
Cash and cash equivalents, end of year	846.8	329.8

b) Components of cash and cash equivalents

Cash and cheques on hand	0.5	0.6
With banks - on current account	845.1	328.7
- on deposit account (unrestricted)	-	-
- on deposit account (restricted)	-	-
- on unpaid dividend accounts (restricted)*	1.2	0.5

c) Adjustments for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

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

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 26, 2011

Kalanithi Maran
Chairman and
Managing Director

Chennai
May 26, 2011

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

March 31, 2011 March 31, 2010

1 Share capital

Authorised

450,000,000 equity shares of Rs 5/- each (March 31, 2010 - 450,000,000 of Rs. 5/- each) 2,250.0 2,250.0

Issued, subscribed and paid-up

394,084,620 equity shares of Rs 5/- each (March 31, 2010 - 394,084,620 of Rs. 5/- each) 1,970.4 1,970.4

Of the above:

60,400,150 shares of Rs. 10/- each (March 31, 2010 - 60,400,150 shares of Rs. 10/- each) were issued as fully paid up bonus shares by capitalisation of profits. These shares were subsequently sub-divided into 120,800,300 shares of Rs. 5/- each (March 31, 2010 - 120,800,300 shares of Rs. 5/- each).

197,042,310 shares of Rs. 5/- each (March 31, 2010 - 197,042,310 shares of Rs. 5/- each) were issued as fully paid up bonus shares by capitalisation of securities premium.

29,632,000 equity shares of Rs 10/- each (March 31, 2010 - 29,632,000 equity shares of Rs 10/- each) 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 (March 31, 2010 - 59,264,000 equity shares of Rs 10/- each).

2 Reserves and surplus

General reserve

Balance, beginning of year	1,970.8	1,403.4
Add : Transfer from profit and loss account	772.2	567.4
Balance, end of year	<u>2,743.0</u>	<u>1,970.8</u>

Securities Premium	4,718.2	4,718.2
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Balance in Profit and Loss Account	14,425.5	11,490.7
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	21,886.7	18,179.7
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3. Deferred tax liability / (asset), net

Net deferred tax liability / (asset) represents the aggregate tax effect of the timing difference arising from :

- Depreciation / amortisation	472.7	419.4
- Provision for ex gratia	-	(6.6)
- Provision for doubtful debts	(78.8)	(77.8)
- Provision for doubtful advances and assets	(38.9)	(31.5)
- Sec. 40(a)(ia) disallowances	(7.0)	(2.8)
- Rule 9A / 9B allowance	75.2	41.9
- Others	(13.4)	(3.5)

	409.8	339.1
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SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

4 Fixed assets

	Freehold Land	Buildings	Plant and machinery	Furniture and fittings	Leasehold Improvements	Motor vehicles*	March 31, 2011	March 31, 2010
<i>Gross block</i>								
Balance, April 1, 2010	877.4	261.1	6,262.3	106.0	282.7	224.1	8,013.6	6,604.8
Additions	-	2,149.0	903.0	520.5	32.2	9.7	3,614.4	1,422.6
Disposals	-	-	(69.0)	(18.4)	(107.2)	(5.2)	(199.8)	(13.8)
Balance - March 31, 2011	877.4	2,410.1	7,096.3	608.1	207.7	228.6	11,428.2	8,013.6
<i>Accumulated Depreciation</i>								
Balance, April 1, 2010	-	12.4	2,678.8	33.9	111.0	105.1	2,941.2	2,235.0
Charge for the period	-	53.1	550.9	33.3	48.0	32.2	717.5	718.3
Adjustment for disposals	-	-	(43.5)	(15.2)	(107.2)	(4.7)	(170.6)	(12.1)
Balance - March 31, 2011	-	65.5	3,186.2	52.0	51.8	132.6	3,488.1	2,941.2
<i>Net block</i>								
As at March 31, 2011	877.4	2,344.6	3,910.1	556.1	155.9	96.0	7,940.1	5,072.4
As at March 31, 2010	877.4	248.7	3,583.5	72.1	171.7	119.0	5,072.4	

Capital work-in-progress (including capital advances) - Rs. 151.9 million (March 31, 2010 - Rs. 1,593.2 million)

* Under certain arrangements between the Company and its Directors, the Company has, 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, 2011 are Rs 87.3 million and Rs 22.5 million respectively (March 31, 2010 - Rs 88.3 million and Rs 30.4 million respectively).



SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

5 Intangible assets	Film and Program Broadcasting Rights	Film Production Costs				Goodwill	March 31, 2011	March 31, 2010
		Distribution and Related Rights	Computer Software	Licenses				
<i>Gross block</i>								
Balance, April 1, 2010	6,145.0	1,020.0	79.0	155.4	196.3	7,595.7	5,146.1	
Additions	1,992.6	2,152.5	10.3	-	-	4,155.4	2,511.1	
Disposals	(35.5)	-	-	-	-	(35.5)	(61.5)	
Balance - March 31, 2011	8,102.1	3,172.5	89.3	155.4	196.3	11,715.6	7,595.7	
<i>Accumulated Amortisation</i>								
Balance, April 1, 2010	4,961.6	866.5	61.9	71.4	156.9	6,118.3	4,043.7	
Charge for the period	1,803.1	1,883.5	13.5	16.8	39.4	3,756.3	2,136.1	
Adjustment for disposals	(35.5)	-	-	-	-	(35.5)	(61.5)	
Balance - March 31, 2011	6,729.2	2750.0	75.4	88.2	196.3	9,839.1	6,118.3	
<i>Net block</i>								
As at March 31, 2011	1,372.9	422.5	13.9	67.2	-	1,876.5	1,477.4	
As at March 31, 2010	1,183.4	153.5	17.1	84.0	39.4	1,477.4		



SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

March 31, 2011 March 31, 2010

6. Investments

Long Term Investments (At cost) - Trade

In Subsidiary Companies (Unquoted)

121,305,000 (March 31, 2010 - 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, 2010 - 148,092,000) fully paid equity shares of Rs 10/- each in South Asia FM Limited	1,480.9	1,480.9
750,000 (March 31, 2010 - 750,000) fully paid equity shares of £ 1/- each in Sun TV Network Europe Limited	59.8	59.8
140,100,410 (March 31, 2010 - 131,700,410) fully paid 0.1% Compulsorily Convertible Preference Shares of Rs 10/- each in South Asia FM Limited	1,401.0	1,317.0
52,880,000 (March 31, 2010 - 52,880,000) fully paid 0.1% Compulsorily Convertible Preference Shares of Rs 10/- each in Kal Radio Limited	528.8	528.8
Aggregate amount of unquoted investments	4,683.6	4,599.6

Current Investments (At lower of cost and market value)

Quoted (trade)

469,638 fully paid equity shares of Rs 1/- each (March 31, 2010 – 469,638 fully paid equity shares of Rs 1/- each) in City Union Bank Limited	1.4	1.4
	1.4	1.4

Mutual Funds (Current, Non-trade Investment)

ICICI Prudential Institutional Daily Dividend - 25,481,128.313 units (March 31, 2010 - Nil units) Face Value: Rs. 10 per unit	255.0	-
Kotak Quarterly Interval Plan (Series 1 Dividend) - 8,070,623.933 units (March 31, 2010 - Nil units) Face Value Rs. 10 per unit	80.7	-
Pramerica Ultra Short Term Bond Fund (Daily Dividend Option) - 80,228.271 units (March 31, 2010 - Nil units) Face Value Rs. 1,000 per unit	80.2	-
DWS Money Plus Fund (Institutional Daily Dividend) - 22,883,972.978 units (March 31, 2010 - Nil units) Face Value Rs. 10 per unit	230.6	-
TATA Treasury Manager Ship (Daily Dividend) - 39,675.112 units (March 31, 2010 - Nil units) Face Value Rs. 1,000 per unit	40.1	-
Canara Robeco Treasury Advantage Fund (Daily Dividend) - 3,230,241.25 units (March 31, 2010 - Nil units) Face Value - Rs. 10 per unit	40.1	-
HDFC Cash Management Fund - Nil units (March 31, 2010 - 6,688,947.990 units) Face value: Rs 10 per unit	-	67.1
ICICI Prudential Flexible Income Plan - Nil units (March 31, 2010 - 2,330,966.456 units) Face value: Rs 100 per unit	-	246.5
Fanklin Templeton Floating Rate Income Fund - Nil units (March 31, 2010 - 15,169,092.114 units) Face value: Rs 10 per unit	-	151.8
	726.7	465.4
	5,411.7	5,066.4
Market value of quoted (trade) Investments	21.0	13.5
NAV of Mutual Funds	727.0	465.4
Refer Note 22.18 for details of investments purchased and sold during the year.		

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)*

	March 31, 2011	March 31, 2010
7. Non-current assets		
<i>Film and program broadcasting rights</i>		
Balance, beginning of year	300.0	232.8
Additions during the year	1,802.0	1,949.4
Less: Rights transferred to other current assets	(1,965.3)	(1,882.2)
	136.7	300.0
8. Inventories (At lower of cost and net realisable value)		
Consumables and media	7.5	3.3
	7.5	3.3
9. Sundry debtors (Unsecured)		
Outstanding for a period exceeding six months		
- Considered good	239.2	66.0
- Considered doubtful	242.9	214.4
	<u>482.1</u>	<u>280.4</u>
Other debtors		
- Considered good	3,641.3	2,935.8
- Considered doubtful	-	19.7
	<u>3,641.3</u>	<u>2,955.5</u>
Total	4,123.4	3,235.9
Less: Provision for doubtful debts	(242.9)	(234.1)
	3,880.5	3,001.8
Also refer Note 22.4 for dues from companies under the same management		
10 Cash and bank balances		
Cash on hand	0.2	0.6
Cheques on hand	0.3	-
Bank balances with scheduled banks		
- on current accounts	845.1	328.7
- on deposit accounts*	4,997.2	3,912.2
- on unpaid dividend accounts	1.2	0.5
	5,844.0	4,242.0
* Balances in deposit accounts with scheduled banks includes unutilised monies from the public issue of Rs. 522.9 million (March 31, 2010 of Rs 546.4 million) [Also refer Note 22.17].		
11 Other current assets		
<i>Film and program broadcasting rights</i>		
Balance, beginning of year	923.0	789.4
Add: Rights transferred from non-current assets	1,965.3	1,882.2
Less: Rights transferred to intangible assets	(1,992.6)	(1,748.6)
Balance, end of year	895.7	923.0



SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

March 31, 2011 March 31, 2010

Interest accrued		
- on fixed deposits	18.5	5.3
- on inter-corporate deposits / loans to subsidiaries	292.4	329.0
Unbilled revenues	440.0	141.9
	1,646.6	1,399.2

12. Loans and advances (Unsecured)

Considered doubtful		
Advances towards movie rights	94.2	69.1
Advances recoverable in cash or in kind, or for value to be received	25.7	25.7
Considered good		
Advances recoverable in cash or in kind, or for value to be received	112.6	97.7
Advances towards movie rights	851.7	536.9
Inter - corporate deposits to subsidiaries	-	3.8
Loans and advances to Subsidiaries	28.8	27.9
Deposits with Government agencies	14.2	15.3
Rental and other deposits	22.2	48.8
Advance income-tax and taxes deducted at source, net of provision for income-tax	410.7	305.4
Prepaid expenses	60.9	60.2
Balances with excise authorities	57.0	34.0
	1,678.0	1,224.8
Less: Provision for doubtful advances	(119.9)	(94.8)
	1,558.1	1,130.0

Also refer Note 22.4 for amount dues from companies under the same management.

13. Current liabilities

Sundry creditors [Also refer Note 22.12]		
-total outstanding dues of micro and small enterprises	-	-
-total outstanding dues of creditors other than micro and small enterprises	508.3	254.0
Advances from customers	115.6	125.9
Deferred revenues	74.8	52.9
Deposits from customers and other current liabilities	136.3	136.1
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
-Unpaid dividends	1.2	0.5
Accrued expenses	1,634.5	980.7
	2,470.7	1,550.1

14. Provisions

Provision for gratuity	17.2	9.9
Proposed dividend	1,477.8	2,364.5
Tax on proposed dividend	239.7	392.7
	1,734.7	2,767.1

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)*

	March 31, 2011	March 31, 2010
15 Revenues from services		
Advertising income	9,702.0	7,887.2
Broadcast fees	1,537.4	1,342.8
Program licensing income	690.0	560.3
Subscription income	5,022.6	3,398.1
Income from content trading	14.5	20.3
Income from movie distribution	2,213.2	674.9
Aircraft charter services	57.4	66.5
	19,237.1	13,950.1
16 Other income		
Interest earned		
- on bank deposits [TDS Rs 31.8 million(March 31, 2010 - Rs 47.1 million)]	295.2	296.8
- on intercorporate deposits and loans to subsidiaries [TDS Rs. Nil million (March 31, 2010 - Rs 19.5 million)]	5.3	95.1
- on overdue advances	-	0.5
Advances written off, recovered	-	2.0
Dividend income from mutual funds (Current, non trade)	74.7	17.2
Profit on sale of assets (net)	-	3.5
Miscellaneous income	92.7	10.0
	467.9	425.1
17 Cost of revenues		
Telecast costs	144.2	184.2
Program production expenses	381.4	278.1
Cost of program rights	118.1	243.8
Consumables and media expensed	15.7	16.5
Pay channel service charges	300.7	111.1
Licenses	33.8	26.3
Others	33.2	28.8
	1,027.1	888.8
18 Employees' remuneration and benefits		
Salaries and allowances	376.1	362.4
Gratuity expense	14.3	13.9
Contributions to provident fund and employee state insurance plans	37.9	27.8
Staff welfare	23.8	14.4
Directors' remuneration		
- Salary	217.2	217.2
- Ex- gratia / Bonus	1,070.8	524.4
	1,740.1	1,160.1



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

	March 31, 2011	March 31, 2010
19 General and administration expenses		
Legal and professional fees [Also refer Note 22.8]	92.3	31.0
Travel and conveyance	52.4	54.8
Rent	70.9	63.2
Electricity expense	67.3	40.2
Power and fuel	51.3	33.1
Repairs and maintenance		
- Building	9.6	0.8
- Plant and machinery	48.8	41.6
- Others	57.2	74.5
Communication	34.3	25.7
Utilities	40.5	25.9
Insurance	12.4	12.8
Bad debts written off	113.6	155.3
Provision for doubtful debts	8.8	37.3
Provision for doubtful advances and assets	49.2	52.0
Donations	7.8	8.7
Loss on foreign exchange fluctuation (net)	4.3	28.5
Loss on sale of assets (net) / assets scrapped	27.5	-
Rates and taxes	25.8	2.4
Miscellaneous expenses	25.8	31.1
	799.8	718.9
20 Selling expenses		
Advertisement and marketing expenses	91.2	76.8
	91.2	76.8
21 Financial charges		
Interest		
- on loans against deposits	2.3	5.0
- others	12.7	1.7
Bank charges	4.8	5.3
	19.8	12.0

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

22 Notes to the financial statements

22.1 Background

Sun TV Network Limited ('Sun TV' or 'the Company') was incorporated on December 18, 1985 as Sumangali Publications 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 current year, the Company released a blockbuster movie simultaneously in three languages titled 'Enthiran' in Tamil and 'Robot' in Telugu and Hindi'. The Company earned revenues of Rs.179 crores, including Rs. 8 crores expected towards satellite rights which has not been included in the revenues in current year. The Company has spent Rs.132 crores on the production of this blockbuster.

22.2 Statement of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The accompanying financial statements have been stated in millions of Indian rupees and, accordingly, transactions or balances less than Rs 0.1 million are not considered material and hence not disclosed.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) 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.

Amounts paid under contractual terms for purchasing fixed assets, 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

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 - 13.91
Plant and machinery	13.91 - 100.00
Computer and related equipment	40.00 - 51.64
Furniture and fittings	13.91 - 51.64
Office equipment	13.91 - 51.64
Motor Vehicles	25.89 - 51.64

Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease.

Costs incurred towards purchase of aircraft are depreciated using the straight-line method based on management's estimate of useful live of such Aircrafts, i.e. 10 to 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, 2011 includes cost of program production equipment of Rs. 1,466.0 million (Rs. 1,452.6 million), post production equipment of Rs. 674.6 million (Rs. 660.0 million), reception and distribution facilities of Rs. 891.1 million (Rs. 854.0 million), computer and related equipments of Rs. 830.6 million (Rs. 491.8 million), office equipment of Rs. 592.6 million (Rs. 162.5 million) and aircraft of Rs. 2,641.4 million (Rs. 2,641.4 million). The net block of plant and machinery as at March 31, 2011 includes the net block of program production equipment of Rs. 299.9 million (Rs. 363.4 million), post production equipment of Rs. 286.2 million (Rs. 341.7 million), reception and distribution facilities of Rs. 227.0 million (Rs. 311.2 million), computer and related equipments of Rs. 378.7 million (Rs. 115.8 million), office equipment of Rs. 536.5 million (Rs. 93.6 million) and aircraft of Rs. 2,181.8 million (Rs. 2,357.8 million).

d) Intangible assets

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. Satellite Rights, where the right to telecast commences after 12 months from the balance sheet date are disclosed as non-current assets and rights, where the right to telecast commences within 12 months from the balance sheet date are disclosed as other current assets.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

Satellite Rights are transferred to intangible assets, as and when they become available for telecast on television. Satellite Rights disclosed under intangible assets represent rights, which are available for use as at the balance sheet date.

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.

□ 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.

Expenditure incurred towards production of movies not complete as at balance sheet date and amounts paid under contractual terms for acquiring distribution rights and related rights of movies not released in theatres as at the 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.

□ Goodwill

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

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

g) Retirement and other employee benefit

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

h) Taxation

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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

i) 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 of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

j) 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.

- 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 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 recognised on time proportion basis.
- 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.
- Dividend Income is recognised when the right to receive payment is established by the balance sheet date.

k) Operating leases (where the Company is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

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

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. At the year-end, monetary items are converted into rupee equivalents at the year-end exchange rates. 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.

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

n) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

o) Segment reporting

The Company considers business segments as its primary segment. The Company's operations predominantly relate to broadcasting 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.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Financial Statements (Continued)****22.3 Quantitative information as per the Act**

Due to the nature of its business, the requirements relating to the quantitative details of sales and the information under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company except to the extent disclosed in these financial statements.

22.4 Additional information required under the Act

Balances due from companies under the same management as defined under section 370(1B) of the Companies Act, 1956 and Clause 32 of the listing agreement include the following:

	Balance outstanding as at		Maximum amount outstanding at any time during the year ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Sundry debtors				
Kal Comm Private Limited	78.5	191.3	338.5	840.9
Sun Direct TV Private Limited	515.3	205.6	669.2	239.6
Sun TV Network Europe Limited	45.9	-	45.9	-
Kal Publications Private Limited	0.5	0.2	8.1	0.2
Kal Radio Limited	-	1.6	1.6	2.0
Sun 18 Media Services South Private Limited	217.3	-	282.4	-
Loans and advances				
Sun Direct TV Private Limited	4.8	-	4.8	-
Kal Publications Private Limited	7.1	-	7.1	1.2
Kal Comm Private Limited	5.2	5.2	5.2	5.2
Kal Radio Limited	9.6	11.7	11.7	19.1
South Asia FM Limited	34.2	30.0	34.2	30.0
Inter - corporate deposits and Loans				
Kal Radio Limited	-	3.8	3.8	528.8
South Asia FM Limited	-	-	-	1,317.0
Sun TV Network Europe Limited	28.8	27.1	28.8	33.1
Interest Accrued				
Kal Radio Limited	116.8	116.8	116.8	84.4
South Asia Fm Limited	170.4	210.4	210.4	169.0
Sun TV Network Europe Limited	5.2	1.8	5.2	1.8
Advance towards equity				
South Asia FM Limited	-	-	-	110.0

22.5 Capital commitments (net of advances)

	31.03.2011	31.03.2010
Outstanding commitments on capital contracts	85.4	1,287.9
Commitments for acquisition of film and program broadcasting rights	1,209.7	843.1
	1,295.1	2,131.0

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

22.6 *Contingent Liabilities not provided for*

	31.03.2011	31.03.2010
Income Tax*	719.4	587.7
Customs Duty**	5.0	5.0
	724.4	592.7

* 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 has gone on appeal against the said demands, and based on judicial pronouncements and other arguments, management believes that the Company's claim is likely to be accepted by appellate authorities.

** The Company has received demand for differential customs duty 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.

22.7 *Remuneration to directors*

a) Remuneration to directors

	31.03.2011	31.03.2010
Salary	217.2	217.2
Ex-gratia / Bonus	1,070.8	524.4
Total	1,288.0	741.6

b) Computation of net profits in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors:

Particulars	31.03.2011	31.03.2010
Profit before tax as per Profit and loss account	11,553.2	8,664.2
Add:		
Managerial remuneration	1,288.0	741.6
Depreciation as per books	717.5	718.3
Amortisation of intangible assets	3,756.3	2,136.1
Provision for doubtful debts	8.8	37.3
Less:		
Depreciation as per section 350 of the Companies Act, 1956	717.5	718.3
Amortisation of intangible assets as per section 350 of the Companies Act, 1956	3,716.9	2,096.9
Write back of capital advances	-	2.0
Reversal of provision for doubtful debts	-	-
Net profit as per Section 349 of the Companies Act, 1956	12,889.4	9,480.3
Commission to whole time directors	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Financial Statements (Continued)****22.8 Auditors' remuneration**

Auditors' Remuneration (included in legal and professional fees):

	31.03.2011	31.03.2010
As auditors	5.0	4.0
Out of pocket expenses	0.1	0.1
Service Tax	0.5	0.4
Total	5.6	4.5

22.9 Imports (value comprising cost, insurance and freight)

	31.03.2011	31.03.2010
Capital goods	1,028.2	407.4
Others	2.5	5.0
Total	1,030.7	412.4

22.10 Expenditure in foreign currency (on cash basis)

	31.03.2011	31.03.2010
Travelling and related expenses	6.2	37.8
Expenses towards movies under production	13.8	49.9
Acquisition of film and program broadcasting rights	87.0	99.8
Others	52.8	52.0
Total	159.8	239.5

22.11 Earnings in foreign exchange (on accrual basis)

	31.03.2011	31.03.2010
Program licensing income	690.0	560.3
Total	690.0	560.3

22.12 Dues to Micro, Small and Medium 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, Small and Medium Enterprises during the current and previous year.

22.13 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

Particulars	31.03.2011	31.03.2010
Lease payments recognised in the profit and loss account for the year	159.7	104.8
Minimum Lease Payments		
Not later than one year	91.3	101.4
Later than 1 year but not later than 5 years	148.8	233.1
Later than 5 years	-	-

22.14 Unhedged foreign currency balances

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

Particulars	Foreign Currency	31.03.2011		31.03.2010	
		Amount in Foreign Currency (in millions)	Amount in Indian Rupees	Amount in Foreign Currency (in millions)	Amount in Indian Rupees
Sundry Debtors	USD	1.3	58.3	1.5	69.0
Sundry Debtors	GBP	0.4	25.2	-	-
Sundry Debtors	CAD	0.1	5.4	0.1	5.3
Deposits from customers and Security deposits	AUD	0.1	2.3	0.1	2.1
Deposits from customers and Security deposits	USD	0.2	10.3	0.2	7.1
Advances from customers	GBP	-	-	0.2	10.8
Investments	GBP	0.8	59.8	0.8	59.8
Loans and Advances	GBP	0.4	29.6	0.4	27.1

22.15 Employee benefit plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Financial Statements (Continued)**

Profit & Loss Account

	March 31, 2011	March 31, 2010
Current service cost on Benefit Obligations	13.1	7.1
Past service cost on Benefit Obligations	-	4.7
Interest cost on Benefit Obligations	3.0	2.0
Expected return on plan assets	(2.9)	(2.2)
Net actuarial (gains) / losses recognised in the year	1.1	2.3
Net Benefit Expense	14.3	13.9
Actual return on plan assets	2.6	1.7

Balance Sheet

Details of Provision for gratuity

	March 31, 2011	March 31, 2010
Defined benefit obligation	52.5	39.1
Fair value of plan assets	(35.3)	(29.2)
Plan Liability / (Asset)	17.2	9.9
Experience adjustments on plan liabilities	0.7	1.8
Experience adjustments on plan assets	0.4	(0.5)

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

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	39.1	25.6
Current service cost	13.1	7.1
Past service cost	-	4.7
Interest cost	3.0	2.0
Actuarial (gains) / losses on obligation	0.7	1.8
Benefits paid	(3.4)	(2.1)
Closing defined benefit obligation	52.5	39.1

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

	March 31, 2011	March 31, 2010
Opening fair value of plan assets	29.2	19.4
Expected return	2.9	2.2
Actuarial gains / (losses)	(0.4)	(0.5)
Contributions by employer	7.0	10.2
Benefits paid	(3.4)	(2.1)
Closing fair value of plan assets	35.3	29.2

The experience adjustments on plan liabilities and assets, and net surplus / deficit for the years ended March 31, 2009 and March 31, 2008 are as follows:.

	March 31, 2009	March 31, 2008
Defined benefit obligation at the end of the period	25.6	26.0
Fair value of plan assets	(19.4)	(11.4)
Net deficit	6.2	14.6
Experience adjustments on plan liabilities	(3.8)	4.9
Experience adjustments on plan assets	(0.5)	0.4



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

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

	March 31, 2011 (%)	March 31, 2010 (%)
Discount rate	8.00%	8.00%
Expected rate of return on assets	9.25%	9.25%
Employee turnover	2.00%	2.00%

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.

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.

22.16 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 Comm Private Limited Kal Cables Private Limited Kal Investments (Madras) Private Limited Network Cable Solutions Private Limited Sun Direct TV Private Limited Sun Academy Private Limited Kungumam Publications Private Limited Udaya FM Private Limited Sun 18 Media Services South Private Limited Kal Airways Private Limited Kal Holdings Private Limited	Kungumam Nithyagam Private Limited Kal Publications Private Limited D.M.S Entertainment Private Limited HFO Entertainment Private Limited D.K. Enterprises Private Limited Sun Foundation Murasoli Maran Family Trust Kal Media Services Private Limited Spicejet Limited Sun Business Solutions Private Limited
3. Subsidiary Companies	
South Asia FM Limited	
Kal Radio Limited	
Sun TV Network Europe Limited	
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	

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

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 - Chairman and Managing Director	
Mrs. Kavery Kalanithi - Joint Managing Director	
6. Relatives of Key Management personnel	
Mrs. Mallika Maran	

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FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the financial Statement (continued)

(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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Income :								
Subscription Income								
<i>Kal Comm Private Limited</i>	879.0	1,569.2	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	1,590.9	1,089.7	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	1,262.8	-	-	-	-	-	-	-
Advertising Income								
<i>Sun Direct TV Private Limited</i>	263.9	289.0	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	-	0.2	-	-	-	-	-	-
Program licensing income								
<i>Sun TV Network Europe Limited</i>	-	-	67.1	16.6	-	-	-	-
Aircraft charter services								
<i>Sun Direct TV Private Limited</i>	41.3	41.5	-	-	-	-	-	-
<i>Kal Radio Limited</i>	-	-	-	1.2	-	-	-	-
<i>Kal Comm Private Limited</i>	1.6	20.9	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	14.5	2.9	-	-	-	-	-	-
Interest earned								
<i>South Asia FM Limited</i>	-	-	-	51.9	-	-	-	-
<i>Kal Radio Limited</i>	-	-	-	41.4	-	-	-	-
<i>Sun TV Network Europe Limited</i>	-	-	3.4	1.8	-	-	-	-



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the financial Statement (Continued)
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary Companies		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Rental Income								
<i>Kal Radio Limited</i>	-	-	0.6	0.7	-	-	-	-
<i>Sun Direct TV Private Limited</i>	-	0.5	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	0.2	0.2	-	-	-	-	-	-
<i>Kal Cables Private Limited</i>	0.1	0.1	-	-	-	-	-	-
Reversal of Provision for doubtful debts								
<i>Kal Comm Private Limited</i>	-	30.0	-	-	-	-	-	-
Expenses :								
Program production expenses								
<i>Kal Publications Private Limited</i>	43.8	43.8	-	-	-	-	-	-
<i>D.K Enterprises Private Limited</i>	1.2	0.6	-	-	-	-	-	-
Pay channel service charges								
<i>Kal Comm Private Limited</i>	112.5	111.1	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	189.4	-	-	-	-	-	-	-
Legal and professional fees								
<i>Mrs. Mallika Maran</i>	-	-	-	-	-	-	0.2	0.2
Rent Expense								
<i>Kal Publications Private Limited</i>	1.9	1.9	-	-	-	-	-	-
Donations								
<i>Sun Foundation</i>	7.8	8.7	-	-	-	-	-	-
Advertisement expenses								
<i>Kal Publications Private Limited</i>	14.3	48.5	-	-	-	-	-	-
<i>Kal Radio Limited</i>	-	-	40.0	-	-	-	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the financial Statement (Continued)
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary Companies		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Remuneration paid (including ex-gratia) Salary - Mr. Kalanithi Maran Salary - Mrs. Kavery Kalanithi Ex-gratia / Bonus - Mr. Kalanithi Maran Ex-gratia / Bonus - Mrs. Kavery Kalanithi	- - - -	- - - -	- - - -	- - - -	108.6 108.6 535.4 535.4	108.6 108.6 262.2 262.2	- - - -	- - - -
Dividends Paid Mr. Kalanithi Maran	-	-	-	-	2,655.1	758.6	-	-
Reimbursement of Cost of shared services (Net) Kal Publications Private Limited	(1.4)	(1.1)	-	-	-	-	-	-
Sale of assets Kal Publications Private Limited	-	0.5	-	-	-	-	-	-
Expenditure on intangible assets under development D.K Enterprises Private Limited	1.0	1.3	-	-	-	-	-	-
Investments made Sun TV Network Europe Limited South Asia FM Limited	- -	- -	84.0	59.8 110.0	- -	- -	- -	- -
Loans given by the Company Sun TV Network Europe Limited	-	-	-	33.0	-	-	-	-
Inter corporate deposits made by the Company Kal Radio Limited	-	-	-	48.2	-	-	-	-
Conversion of inter corporate deposits into compulsorily convertible preference shares Kal Radio Limited South Asia FM Limited	- -	- -	- -	528.8 1,317.0	- -	- -	- -	- -



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the financial Statement (continued)
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary Companies		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Balance Outstanding :								
Accounts Receivable								
<i>Kal Comm Private Limited</i>	78.5	191.3	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	515.3	205.6	-	-	-	-	-	-
<i>Kal Radio Limited</i>	-	-	-	1.6	-	-	-	-
<i>Kal Publications Private Limited</i>	0.5	0.2	-	-	-	-	-	-
<i>Sun TV Network Europe Limited</i>	-	-	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	217.3	-	45.9	-	-	-	-	-
<i>Spicejet Limited</i>	0.7	-	-	-	-	-	-	-
Inter corporate deposits receivable								
<i>Kal Radio Limited</i>	-	-	-	3.8	-	-	-	-
Loans and Advances								
<i>Kal Publications Private Limited</i>	7.1	-	-	-	-	-	-	-
<i>Kal Comm Private Limited</i>	5.2	5.2	-	-	-	-	-	-
<i>Kal Radio Limited</i>	-	-	9.6	11.7	-	-	-	-
<i>South Asia FM Limited</i>	-	-	34.2	30.0	-	-	-	-
<i>Sun Direct TV Private Limited</i>	4.8	-	-	-	-	-	-	-
<i>Sun TV Network Europe Limited</i>	-	-	28.8	27.1	-	-	-	-
Unbilled Revenue								
<i>Sun Direct TV Private Limited</i>	150.0	1.5	-	-	-	-	-	-
Interest accrued on inter corporate deposits								
<i>Kal Radio Limited</i>	-	-	116.8	116.8	-	-	-	-
<i>South Asia FM Limited</i>	-	-	170.4	210.4	-	-	-	-

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the financial Statement (continued)
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Nature of transaction	Enterprises in which Key Management personnel or their relatives have significant influence		Subsidiary Companies		Key managerial personnel		Relatives of Key managerial personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Interest Receivable <i>Sun TV Network Europe Limited</i>	-	-	5.2	1.8	-	-	-	-
Rental and other deposits <i>Kal Publications Private Limited</i>	0.6	0.6	-	-	-	-	-	-
Security Deposit and Other Current Liabilities <i>Kal Radio Limited</i>	-	-	0.2	0.2	-	-	-	-
Accounts Payable <i>Kal Comm Private Limited</i>	21.4	8.9	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	6.6	3.7	-	-	-	-	-	-
<i>Udaya FM Private Limited</i>	5.7	6.7	-	-	-	-	-	-
<i>Kal Cables Private Limited</i>	-	0.1	-	-	-	-	-	-
<i>D. K Enterprises Private Limited</i>	-	0.7	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	56.6	-	-	-	-	-	-	-
Deposits payable <i>Kal Comm Private Limited</i>	19.5	19.5	-	-	-	-	-	-
Advances from customers <i>Sun Direct TV Private Limited</i>	-	28.1	-	-	-	-	-	-
<i>Sun TV Network Europe Limited</i>	-	-	-	12.1	-	-	-	-
Ex - gratia / Bonus Payable <i>Mr. Kalanithi Maran</i>	-	-	-	-	535.4	262.2	-	-
<i>Mrs. Kavery Kalanithi</i>	-	-	-	-	535.4	262.2	-	-



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Financial Statements (Continued)****22.17 Utilisation of IPO proceeds**

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2011 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2011	Actual use of funds as at March 31, 2010
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	1,066.1	1,022.3
3	Construction of an owned corporate office, studio facilities and additional uplinking infrastructure	623.4	623.4	623.4
4	General corporate purposes	88.8	-	-
5	Share issue expenses	308.5	278.1	278.1
	Total	6,027.9	5,525.3	5,481.5

The balance proceeds from the IPO pending utilisation have been invested in fixed deposits with banks.

22.18 Details of investments purchased and sold during the year

Particulars	March 31, 2011		
	Face Value in Rs.	Units in Million	Value
ICICI Prudential Flexible Income Plan Premium-Daily Dividend	10.00	0.74	78.40
ICICI Prudential Liquid Plan-Super Institutional-Daily Dividend	10.00	2.50	250.23
ICICI Prudential Long Term Floating Rate Plan C -Weekly Dividend	10.00	25.00	250.19
ICICI Prudential Interval Fund - I - Monthly Interval Plan A Institutional Dividend	10.00	7.00	70.00
ICICI Prudential Floating Rate Plan D-Daily Dividend	10.00	2.51	251.33
HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Daily Dividend	10.00	64.31	645.10
Templeton Floating Rate Income Fund Long Term Plan Super Institutional-Daily Dividend	10.00	0.23	2.29
Templeton India Treasury Management Account Super Institutional Plan-Daily Dividend Reinvestment	10.00	0.42	420.52
Templeton India Ultra short Bond Fund Super Institutional Plan-Daily Dividend Reinvestment	10.00	22.47	225.00
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment	10.00	75.55	803.58
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Dividend Reinvestment	10.00	64.00	645.17
HDFC Liquid Fund Premium Plan-Dividend-Daily Reinvestment	10.00	66.20	811.65
HDFC Short term Opportunities Fund-Dividend	10.00	50.27	502.74
HDFC FMP 100D August 2010 (1)-Dividend	10.00	40.00	400.00



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

Particulars	March 31, 2011		
	Face Value in Rs.	Units in Million	Value
HDFC FMP 100D Sep 2010 (2) - Dividend	10.00	14.00	140.03
HDFC FMP 35D November 2010 (1) - Dividend - Series XVII	10.00	50.00	500.01
LICMF Liquid Fund Dividend Plan	10.00	58.57	643.05
LICMF Savings Plus Fund – Daily Dividend Plan	10.00	64.80	648.03
UTI Treasury Advantage Fund-Institutional Plan (Daily Dividend Option) - Reinvestment	10.00	0.40	404.54
UTI Liquid Fund - Cash Plan Institutional - Daily Income Option	10.00	0.36	367.16
UTI Floating Rate Fund - Short Term Plan - Institutional - Daily Dividend Plan	10.00	0.12	120.93
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Reinvestment	10.00	36.84	368.38
UTI Fixed Income Interval Fund - Quarterly Plan Series-III- Institutional Dividend Plan - Reinvestment	10.00	12.17	121.74
Reliance Medium Term Fund - Daily Dividend Plan	10.00	14.70	251.23
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	10.00	96.17	962.16
IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend	10.00	10.03	100.31
IDFC Cash Fund - Super Inst Plan C - Daily Dividend	10.00	10.00	100.01
IDFC Ultra Short Term Fund Monthly - Dividend	10.00	17.72	177.44
IDFC Money Manager Fund - TP - Super Inst Plan C - Daily Dividend	10.00	7.53	75.26
IDFC Fixed Maturity Plan - Monthly Series 27- Growth	10.00	7.53	75.26
IDFC Savings Advantage Fund - Plan A-Monthly Dividend	10.00	0.10	103.31
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund	10.00	4.03	50.01
Canara Robeco Floating Rate ST Daily Dividend Fund	10.00	4.91	50.38
Pramerica Liquid Fund - Daily Dividend Option - Reinvestment	10.00	0.07	70.01
Pramerica Ultra Short Term Bond Fund - Daily Dividend Option - Reinvestment	10.00	0.07	71.33
Axis Short Term Fund - Institutional Regular Dividend Reinvestment	10.00	22.14	221.78
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend Plan	10.00	10.08	100.86
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	10.00	9.99	100.01
Birla Sun Life Savings Fund - Institutional - Daily Dividend – Reinvestment	10.00	44.26	442.89
Birla Sun Life Cash Plus - Institutional Prem - Daily Dividend Reinvestment	10.00	48.48	485.70
Kotak Floater Short Term - Daily Dividend	10.00	14.90	150.72
Kotak Flexi Debt Scheme Institutional - Dividend	10.00	6.97	70.03

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Financial Statements (Continued)**

Particulars	March 31, 2011		
	Face Value in Rs.	Units in Million	Value
Kotak Quarterly Interval Plan Series 10 - Dividend	10.00	7.00	70.03
Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Dividend	10.00	15.03	150.40
UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Reinvestment	10.00	0.1	140.9
Reliance Medium Term Fund - Daily Dividend Plan	10.00	14.0	240.6
Birla Sun Life Savings Fund - Institutional - Daily Dividend – Reinvestment	10.00	31.0	312.1
Tata Floater Fund - Daily Dividend	10.00	6.0	61.0
IDFC Money Manager Fund - TP-Super Institutional Plan C - Daily Div	10.00	12.0	120.6
Birla Sun Life Cash Manager-IP-Daily - Dividend-Reinvestment	10.00	21.1	211.2
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment	10.00	0.1	150.0
Fidelity Cash Fund (Super Institutional) - Daily Dividend	10.00	10.0	101.0
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	10.00	0.6	591.7
Tata Liquid Super High Investment Fund - Daily Dividend	10.00	0.1	61.1
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment	10.00	37.0	371.0
ICICI Prudential Ultra Short Term Plan Premium Plus Daily Dividend	10.00	12.1	121.8
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10.00	18.3	195.1
ING Liquid Fund Institutional - Daily Dividend Option	10.00	12.0	120.2
ING Treasury Advantage Fund - Institutional Daily Dividend	10.00	6.0	60.2
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	10.00	0.1	140.9
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	100.00	120.1	1,202.0
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10.00	24.3	618.9
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	10.00	12.1	120.6
Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Dividend	10.00	10.0	101.0

Investments purchased, as shown above, includes the number of units and amounts credited towards reinvestment of dividends received.



FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Financial Statements (Continued)

22.19 Export Obligation

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. 2,028.8 million (March 31, 2010 Rs. 243.9 million).

22.20 Prior year comparatives

Prior year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Kalanithi Maran
Chairman and
Managing Director

Kavery Kalanithi
Joint Managing
Director

R Ravi
Company Secretary

Chennai
May 26, 2011

Chennai
May 26, 2011

**SUN TV NETWORK LIMITED
PART IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS

Registration Number State Code (Refer Code List)
 Balance Sheet Date
 Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. in Thousands)

Public Issue <input type="text" value="*"/> <input type="text" value="*"/>	Rights Issue <input type="text" value="*"/> <input type="text" value="*"/>
Bonus Issue <input type="text" value="*"/> <input type="text" value="*"/>	Private Placement <input type="text" value="*"/> <input type="text" value="*"/>

III. POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS (Amount in Rs. in Thousands)

Total Liabilities <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="2"/>	Total Assets <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="2"/>
SOURCES OF FUNDS	Reserves & Surplus <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="3"/>
Paid-up Capital <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="1"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>
Secured Loans <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>	Deferred Tax Liability <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="8"/>
APPLICATION OF FUNDS	Investments <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="9"/>
Net Fixed Assets <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="6"/>	Misc. Expenditure <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>
Net Current Assets, Non-Current Asset and intangible Assets <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/>	Accumulated Losses <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>

IV. PERFORMANCE OF COMPANY (Amount in Rs. in Thousands)

Turnover <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="7"/>	Total Expenditure <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="4"/>
Profit/(Loss) before tax <input type="text" value="."/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="3"/>	Profit/ Loss after tax <input type="text" value="."/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="3"/>
(Please tick (3) Appropriate Box + for Profit, - for Loss)	
Earning per Share in Rs. <input type="text" value="."/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="0"/>	Dividend Rate % <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/>

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY (as per monetary terms)

Item Code Number (ITC Code) Product Description	<input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>
Item Code Number (ITC Code) Product Description	<input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>
Item Code Number (ITC Code) Product Description	<input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="*"/> <input type="text" value="*"/> <input type="text" value="*"/>

For SUN TV NETWORK LIMITED

KALANITHI MARAN Chairman and Managing Director	KAVERY KALANITHI Joint Managing Director	R. Ravi Company Secretary	Place: Chennai Date: May 26, 2011
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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1	Name of the Company	KAL RADIO LIMITED	SOUTH ASIA FM LIMITED	SUN TV NETWORK EUROPE LIMITED
2	No. of Shares held by the company	121,305,000	148,092,000	750,000
3	Extent of holding	97.78%	59.15%	100%
4	Financial Year of the Subsidiary ended on	March 31, 2011	March 31, 2011	March 31, 2011
5	The net aggregate amount of Profits/(Losses) of the subsidiary as far as it concerns the Holding Company.	<u>Rs. In Millions</u>	<u>Rs. In Millions</u>	<u>Rs. In Millions</u>
	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 31-3-2011.	Nil	Nil	Nil
	(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.	Nil	Nil	Nil
	2. Not dealt with in the account of Sun TV Network Ltd.			
	(a) For the subsidiaries' financial year ended on 31-3-2011.	86.81	(103.56)	(28.8)
	(b) For the previous financial years of the subsidiaries since they became subsidiaries of Sun TV Network Ltd.	(516.50)	(974.33)	(80.45)

AUDITORS' REPORT ON CONSOLIDATED FINANCIALS STATEMENTS

**The Board of Directors
Sun TV Network Limited**

1. We have audited the attached consolidated balance sheet of Sun TV Network Limited, its subsidiaries and associates (together referred to as 'the Group' as described in Note 23.1 to the consolidated financial statements), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 4,804.3 million as at March 31, 2011, total revenue of Rs. 1,004.6 million and cash flows amounting to Rs. 18.0 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.
4. 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. 34.9 million representing the group's share of profits of these associates for the year ended March 31, 2011.
5. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:



AUDITORS' REPORT ON CONSOLIDATED FINANCIALS STATEMENTS (Continued)

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011
- (b) in the case of the consolidated profit and loss account, 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.

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

per S Balasubrahmanyam
Partner
Membership No.: 053315

Chennai
May 26, 2011

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Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' funds :			
Share capital	1	1,970.4	1,970.4
Reserves and surplus	2	20,566.4	16,885.4
		22,536.8	18,855.8
Minority interest		315.4	370.6
Preference shares in subsidiary held by minority shareholders		934.0	878.0
Loan funds:			
Unsecured loans	3	1.4	1.4
Deferred tax liability (net)	4	409.9	339.2
		24,197.5	20,445.0
APPLICATION OF FUNDS			
Fixed assets :			
Gross block	5	12,439.4	9,015.7
Less: Accumulated Depreciation		(3,993.1)	(3,305.6)
Net block		8,446.3	5,710.1
Intangible assets :			
Gross block	6	13,989.6	9,865.7
Less: Accumulated Amortisation		(10,508.9)	(6,597.9)
Net block		3,480.7	3,267.8
Capital work-in-progress (including capital advances)		186.0	1,627.8
Intangible assets under development		18.7	1,520.7
		12,131.7	12,126.4
Investments	7	2,716.7	2,279.5
Non-current assets	8	136.7	300.0
Current assets, Loans and Advances :			
Inventories	9	14.1	27.0
Sundry debtors	10	4,300.3	3,291.9
Cash and bank balances	11	6,030.2	4,367.2
Other current assets	12	1,354.2	1,070.2
Loans and advances	13	1,985.3	1,589.3
		13,684.1	10,345.6
Less: Current liabilities and provisions :			
Current liabilities	14	(2,737.0)	(1,839.2)
Provisions	15	(1,734.7)	(2,767.8)
Net current assets		9,212.4	5,738.6
Miscellaneous expenditure (to the extent not written off or adjusted)		-	0.5
		24,197.5	20,445.0
Notes to the financial statements	23		



Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

The schedules referred to above and the notes to accounts form an integral part of the Consolidated Balance sheet.

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Kalanithi Maran
Chairman and
Managing Director

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

Chennai
May 26, 2011

Chennai
May 26, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011*(All amounts are in millions of Indian Rupees, except earnings per share and unless otherwise stated)*

	Schedule	March 31, 2011	March 31, 2010
Income			
Revenues from services	16	20,134.6	14,528.4
Other income	17	487.0	349.5
Total Income		20,621.6	14,877.9
Expenditure			
Purchase of traded goods		5.9	61.8
Cost of revenues	18	1,349.3	1,192.0
Employees' remuneration and benefits	19	1,919.2	1,339.6
General and administration expenses	20	1,004.3	928.1
Selling expenses	21	59.1	124.9
Financial charges	22	22.5	49.4
Decrease / (Increase) in Inventories		18.2	(26.6)
Depreciation on fixed assets	5	858.1	880.8
Amortisation of intangible assets	6	3,946.5	2,328.3
Total Expenditure		9,183.1	6,878.3
Profit before taxes and minority interest		11,438.5	7,999.6
Provision for taxation			
Current tax		3,760.3	2,912.3
Deferred tax		70.7	78.2
Share in profits from Associates		34.9	8.3
Profit after taxes and before minority interest		7,642.4	5,017.4
Minority Interest		55.2	181.6
Profit after taxes and minority interest		7,697.6	5,199.0
Accumulated profit, beginning of the period		10,196.4	8,924.3
Profit available for appropriation		17,894.0	14,123.3
Appropriations:			
Interim dividend		(1,970.4)	(591.1)
Tax on interim dividend		(327.3)	(100.5)
Proposed dividend		(1,477.8)	(2,364.5)
Tax on proposed dividend		(239.7)	(392.7)
Transfer to general reserve		(772.2)	(567.4)
Adjustments for:			
Goodwill		-	62.5
Minority Interest		-	26.8
Profit carried forward to Balance Sheet		13,106.6	10,196.4



Consolidated Profit and Loss Account for the year ended March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Earnings per share information:

Net profit attributable to equity shareholders		7,697.6	5,199.0
Weighted average number of equity shares outstanding		39,40,84,620	39,40,84,620
Basic and diluted earnings per share	Rs.	19.53	13.19
Nominal value of equity share	Rs.	5.00	5.00

Notes to the financial statements

23

The schedules referred to above and the notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315

Kalanithi Maran
Chairman and
Managing Director

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

Chennai
May 26, 2011

Chennai
May 26, 2011

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
Cash flows from operating activities		
Net profit before taxation	11,438.5	7,999.6
Adjustments for:		
Depreciation on fixed assets	858.1	880.8
Amortisation of intangible assets	3,946.5	2,328.3
(Profit) / loss on sale of fixed assets	27.5	(3.9)
Translation loss / (gain) on monetary assets and liabilities	(5.6)	6.2
Provision for doubtful debts	10.9	45.9
Provision for doubtful advances and assets	49.2	52.0
Bad debts written off	113.6	155.3
Interest income	(318.3)	(316.6)
Dividend income	(76.0)	(17.2)
Preliminary expenses written off	0.5	0.2
Interest expense	15.9	42.8
Operating profit before working capital changes	16,060.8	11,173.4
(Increase)/Decrease in sundry debtors	(1,175.2)	(987.3)
(Increase)/Decrease in inventories	12.9	(25.7)
(Increase)/Decrease in other current assets	(298.1)	24.4
(Increase)/Decrease in loans and advances	(222.8)	(106.8)
Increase/(Decrease) in current liabilities and provisions (Refer note c below)	718.6	203.8
Cash generated from operations	15,096.2	10,281.8
Direct taxes paid (net of refunds)	(3,624.7)	(2,810.6)
Net cash from / (used in) operating activities	11,471.5	7,471.2
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(2,001.8)	(3,119.5)
Purchase of intangible assets and expenditure on intangible assets under development	(2,807.5)	(2,705.6)
Purchase of investments	(402.3)	(466.0)
Proceeds from sale of assets (Net of expenses on sale)	1.7	5.7
Term deposits placed with banks during the year	(4,504.0)	(4,152.8)
Term deposits refunded from banks during the year	3,376.9	3,533.0
Interest received	344.2	343.5
Dividends received	76.0	17.2
Net cash from / (used in) investing activities	(5,916.8)	(6,544.5)



CASH FLOW STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

Cash flows (used in) / from financing activities

Proceeds from issuance of shares to minority share holders	56.0	1,065.8
Loans availed	1,712.3	1,514.5
Loans repaid	(1,712.3)	(2,223.2)
Proposed dividends paid	(2,364.5)	(394.1)
Tax on proposed dividends paid	(392.7)	(67.0)
Interim dividends paid	(1,970.4)	(591.1)
Tax on interim dividends paid	(327.3)	(100.5)
Interest paid	(15.9)	(42.8)

Net cash (used in) / from financing activities (5,014.8) (838.4)

Exchange differences on translation of foreign currency cash and cash equivalents (4.0) 5.1

Net (decrease) / increase in cash and cash equivalents 535.9 93.4

Cash and cash equivalents at the beginning of the year 455.0 361.6

Cash and cash equivalents at the end of the year 990.9 455.0

Notes:

a) The reconciliation to the cash and bank balances as given in Schedule 11 is as follows :

Cash and bank balances, per Schedule 11	6,030.2	4,367.2
Less : Term deposits placed with banks	(5,039.3)	(3,912.2)
Cash and cash equivalents, end of year	990.9	455.0

b) Components of cash and cash equivalents

Cash and cheques on hand	0.8	0.8
With banks - on current account	988.9	453.4
- on deposit account (unrestricted)	-	0.3
- on unpaid dividend accounts (restricted)*	1.2	0.5

c) Adjustments for increase / decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

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

As per our report of even date.

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

For and on behalf of the Board of Directors

per S Balasubrahmanyam
Partner
Membership No.: 053315
Chennai
May 26, 2011

Kalanithi Maran
Chairman and
Managing Director
Chennai
May 26, 2011

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
1 Share capital		
Authorised		
450,000,000 equity shares of Rs 5/- each (March 31, 2010 - 450,000,000 of Rs. 5/- each)	2,250.0	2,250.0
Issued, subscribed and paid-up		
394,084,620 equity shares of Rs 5/- each (March 31, 2010 - 394,084,620 of Rs. 5/- each)	1,970.4	1,970.4
Of the above:		
60,400,150 shares of Rs. 10/- each (March 31, 2010 - 60,400,150 shares of Rs. 10/- each) were issued as fully paid up bonus shares by capitalisation of profits. These shares were subsequently sub-divided into 120,800,300 shares of Rs. 5/- each (March 31, 2010 - 120,800,300 shares of Rs. 5/- each).		
197,042,310 shares of Rs. 5/- each (March 31, 2010 - 197,042,310 shares of Rs. 5/- each) were issued as fully paid up bonus shares by capitalisation of securities premium.		
29,632,000 equity shares of Rs 10/- each (March 31, 2010 - 29,632,000 equity shares of Rs 10/- each) 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 (March 31, 2010 - 59,264,000 equity shares of Rs 10/- each).		
2 Reserves and surplus		
General reserve		
Balance, beginning of year	1,970.8	1,403.4
Add : Transfer from profit and loss account	772.2	567.4
Balance, end of year	2,743.0	1,970.8
Securities Premium	4,718.2	4,718.2
Balance in Consolidated Profit and Loss Account	13,106.6	10,196.4
	13,106.6	10,196.4
Foreign currency translation reserve (Refer Note 23.2 (o))		
Balance, beginning of year*	-	-
Exchange difference during the year on net investment in non-integral operations	(1.4)	-
Balance, end of year	(1.4)	-
	20,566.4	16,885.4

* Previous year includes Rupees five thousand two hundred and sixty seven of exchange difference on net investment in non-integral operations.



Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
3 Unsecured loans		
From Directors**	1.4	1.4
	1.4	1.4
** Repayable on demand		
4 Deferred tax liability / (asset), net		
Net deferred tax liability / (asset) represents the aggregate tax effect of the timing difference arising from :		
- Depreciation/amortisation	472.8	419.5
- Provision for ex gratia	-	(6.6)
- Provision for doubtful debts	(78.8)	(77.8)
- Provision for doubtful advances and assets	(38.9)	(31.5)
- Sec. 40(a)(ia) disallowances	(7.0)	(2.8)
- Rule 9A/9B allowance	75.2	41.9
- Others	(13.4)	(3.5)
	409.9	339.2

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Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

5 Fixed assets	Free hold Land	Buildings	Plant and machinery	Furniture and fittings	Leasehold improvements	Motor vehicles*	March 31, 2011	March 31, 2010
<i>Gross block</i>								
Balance, April 1, 2010	877.4	261.1	7,059.9	111.6	460.3	245.4	9,015.7	7,561.7
Additions	-	2,149.0	909.3	520.5	35.0	9.7	3,623.5	1,468.0
Disposals	-	-	(69.0)	(18.4)	(107.2)	(5.2)	(199.8)	(14.0)
Balance - March 31, 2011	877.4	2,410.1	7,900.2	613.7	388.1	249.9	12,439.4	9,015.7
<i>Accumulated Depreciation</i>								
Balance, April 1, 2010	-	12.4	2,972.1	35.5	171.1	114.5	3,305.6	2,437.0
Charge for the period	-	53.1	651.9	34.0	83.9	35.2	858.1	880.8
Adjustment for disposals	-	-	(43.5)	(15.2)	(107.2)	(4.7)	(170.6)	(12.2)
Balance - March 31, 2011	-	65.5	3,580.5	54.3	147.8	145.0	3,993.1	3,305.6
<i>Net block</i>								
As at March 31, 2011	877.4	2,344.6	4,319.7	559.4	240.3	104.9	8,446.3	5,710.1
As at March 31, 2010	877.4	248.7	4,087.8	76.1	289.2	130.9	5,710.1	

* Under certain arrangements between the Company and its Directors, the Company has, 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, 2011 are Rs 87.3 million and Rs 22.5 million respectively (March 31, 2010 - Rs 88.3 million and Rs 30.4 million respectively).

Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

6 Intangible assets	Film Production Costs							March 31, 2010
	Film and Program Broadcasting Rights	Distribution and Related Rights	Software	Licenses	Goodwill on Amalgamation	Goodwill on Consolidation	March 31, 2011	
<i>Gross block</i>								
Balance, April 1, 2010	6,145.0	1,020.0	131.5	1,934.8	196.3	438.1	7,352.4	
Additions	1,992.6	2,152.5	14.3	-	-	-	2,574.8	
Disposals	(35.5)	-	-	-	-	-	(61.5)	
Balance - March 31, 2011	8,102.1	3,172.5	145.8	1,934.8	196.3	438.1	9,865.7	
<i>Accumulated Amortisation</i>								
Balance, April 1, 2010	4,961.6	866.5	102.9	510.0	156.9	-	4,331.1	
Charge for the period	1,803.1	1,883.5	21.8	198.7	39.4	-	2,328.3	
Adjustment for disposals	(35.5)	-	-	-	-	-	(61.5)	
Balance - March 31, 2011	6,729.2	2,750.0	124.7	708.7	196.3	-	6,597.9	
<i>Net block</i>								
As at March 31, 2011	1,372.9	422.5	21.1	1,226.1	-	438.1	3,267.8	
As at March 31, 2010	1,183.4	153.5	28.6	1,424.8	39.4	438.1	3,267.8	



Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

March 31, 2011 March 31, 2010

7 Investments**Long Term Investments (At cost) - Trade****In Associates (Unquoted) [Refer Note 23.8]****AV Digital Networks (Hyderabad) Private Limited**

413,605 (March 31, 2010 - 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)
	<hr/>	<hr/>
	-	-

21,000,000 (March 31, 2010 - 21,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each

250.6 250.6

250.6 250.6

Metro Digital Networks (Hyderabad) Private Limited

413,605 (March 31, 2010 - 413,605) fully paid equity shares of Rs 10/- each	4.1	4.1
Share of Profit / (Loss) from the Associate Company	-	-
	<hr/>	<hr/>
	4.1	4.1

64,000,000 (March 31, 2010 - 64,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each

763.0 763.0

767.1 767.1

Deccan Digital Networks (Hyderabad) Private Limited

413,605 (March 31, 2010 - 413,605) fully paid equity shares of Rs 10/- each	17.6	11.7
Share of Profit / (Loss) from the Associate Company	12.3	5.9
	<hr/>	<hr/>
	29.9	17.6

57,000,000 (March 31, 2010 - 57,000,000) fully paid 0.1% cumulative preference shares of Rs 10/- each

679.6 679.6

709.5 697.2

Asia Radio Broadcast Private Limited

2,857,000 (March 31, 2010 - 2,857,000) fully paid equity shares of Rs 10/- each	24.4	31.0
Share of Profit / (Loss) from the Associate Company	5.4	(6.6)
	<hr/>	<hr/>
	29.8	24.4

Optimum Media Services Private Limited

2,857,000 (March 31, 2010 - 2,857,000) fully paid equity shares of Rs 10/- each	28.6	28.6
Share of Profit / (Loss) from the Associate Company	-	-
	<hr/>	<hr/>
	28.6	28.6



Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
Pioneer Radio Training Services Private Limited		
2,857,000 (March 31, 2010 - 2,857,000) fully paid equity shares of Rs 10/- each	44.8	35.8
Share of Profit / (Loss) from the Associate Company	17.2	9.0
	<u>62.0</u>	<u>44.8</u>
Current Investments (At lower of cost and market value)		
Quoted (trade)		
469,638 fully paid equity shares of Rs 1/- each (March 31, 2010 - 469,638 fully paid equity shares of Rs 1/- each) in City Union Bank Limited	1.4	1.4
	<u>1.4</u>	<u>1.4</u>
Mutual Funds (Current, Non-trade Investment)		
ICICI Prudential Institutional Daily Dividend - 25,481,128.313 units (March 31, 2010 - Nil units) Face Value: Rs. 10 per unit	255.0	-
Kotak Quarterly Interval Plan (Series 1 Dividend) - 8,070,623.933 units (March 31, 2010 - Nil units) Face Value Rs. 10 per unit	80.7	-
Pramerica Ultra Short Term Bond Fund (Daily Dividend Option) -80,228.271 units (March 31, 2010 - Nil units) Face Value Rs. 1,000 per unit	80.2	-
DWS Money Plus Fund (Institutional Daily Dividend) - 22,883,972.978 units (March 31, 2010 - Nil units) Face Value Rs. 10 per unit	230.6	-
TATA Treasury Manager Ship (Daily Dividend) - 39,675.112 units (March 31, 2010 - Nil units) Face Value Rs. 1,000 per unit	40.1	-
Canara Robeco Treasury Advantage Fund (Daily Dividend) - 3,230,241.25 units (March 31, 2010 - Nil units) Face Value - Rs. 10 per unit	40.1	-
HDFC Cash Management Fund - Nil units (March 31, 2010 - 6,688,947.990 units) Face value: Rs 10 per unit	-	67.1
ICICI Prudential Flexible Income Plan - Nil units (March 31, 2010 - 2,330,966.456 units) Face value: Rs 100 per unit	-	246.5
Franklin Templeton Floating Rate Income Fund - Nil units (March 31, 2010 - 15,169,092.114 units) Face value: Rs 10 per unit	-	151.8
Kotak Quarterly Interval Plan Series 4 - Dividend - 3,000,000 units (March 31, 2010 - Nil units) Face Value Rs 10 per unit	30.0	-
HDFC Cash Management Fund -Treasury Advantage Plan-Wholesale Daily Dividend - 7,590,773 units (March 31, 2010 - Nil units) Face Value Rs 10 per unit	76.0	-
TATA Fixed Maturity Plan Series 28 Scheme A - Dividend - 3,500,000 units (March 31, 2010 - Nil units) Face Value Rs 10 per unit	35.0	-
	<u>867.7</u>	<u>465.4</u>
	2,716.7	2,279.5
Market value of quoted (trade) Investments	21.0	13.5
NAV of Mutual Funds	868.6	465.4

Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
8 Non-current assets		
<i>Film and program broadcasting rights</i>		
Balance, beginning of year	300.0	232.8
Additions during the year	1,802.0	1,949.4
Less: Rights transferred to other current assets	(1,965.3)	(1,882.2)
	136.7	300.0
9 Inventories (At lower of cost and net realisable value)		
Consumables and media	7.5	3.3
Receivers and Cards	6.6	23.7
	14.1	27.0
10 Sundry debtors (Unsecured)		
Outstanding for a period exceeding six months		
- Considered good	296.5	125.3
- Considered doubtful	253.6	223.0
	<u>550.1</u>	<u>348.3</u>
Other debtors		
- Considered good	4,003.8	3,166.6
- Considered doubtful	-	19.7
	<u>4,003.8</u>	<u>3,186.3</u>
Total	4,553.9	3,534.6
Less: Provision for doubtful debts	(253.6)	(242.7)
	4,300.3	3,291.9
11 Cash and bank balances		
Cash on hand	0.5	0.8
Cheques on hand	0.3	-
Bank balances with scheduled banks		
- on current accounts	940.8	444.0
- on deposit accounts*	5,039.3	3,912.5
- on unpaid dividend accounts	1.2	0.5
Bank balances with other banks		
- on current accounts	48.1	9.4
	6,030.2	4,367.2
* Balances in deposit accounts with scheduled banks includes unutilised monies from the public issue of Rs. 522.9 million (March 31, 2010 of Rs 546.4 million) [Also refer Note 23.10].		
12 Other current assets		
<i>Film and program broadcasting rights</i>		
Balance, beginning of year	923.0	789.4
Add: Rights transferred from non-current assets	1,965.3	1,882.2
Less: Rights transferred to intangible assets	(1,992.6)	(1,748.6)
Balance, end of year	<u>895.7</u>	<u>923.0</u>
Interest accrued		
- on fixed deposits	18.5	5.3
Unbilled revenues	440.0	141.9
	1,354.2	1,070.2



Schedules to the Consolidated Balance Sheet as at March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
13 Loans and advances (Unsecured)		
Considered doubtful		
Advances towards movie rights	94.2	69.1
Advances recoverable in cash or in kind, or for value to be received	25.7	25.7
Considered good		
Advances recoverable in cash or in kind, or for value to be received	74.4	67.4
Loans to Associates	338.9	380.2
Advances towards movie rights	851.7	536.9
Deposits with Government agencies	57.7	59.5
Rental and other deposits	53.8	80.7
Advance income-tax and taxes deducted at source, net of provision for income-tax	452.8	328.8
Prepaid expenses	94.9	97.1
Balances with excise authorities	61.1	38.7
	2,105.2	1,684.1
Less: Provision for doubtful advances	(119.9)	(94.8)
	1,985.3	1,589.3
14 Current liabilities		
Sundry creditors	630.4	383.8
Advances from customers	115.6	113.8
Deferred revenues	119.9	116.5
Deposits from customers and other current liabilities	136.3	136.1
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
- Unpaid dividends	1.2	0.5
Accrued expenses	1,733.6	1,088.5
	2,737.0	1,839.2
15 Provisions		
Provision for gratuity	17.2	10.6
Proposed dividend	1,477.8	2,364.5
Tax on proposed dividend	239.7	392.7
	1,734.7	2,767.8

Schedules to the Consolidated Profit and Loss Account for the year ended March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
16 Revenues from services		
Advertising income	10,531.8	8,449.6
Broadcast fees	1,537.4	1,342.8
Program licensing income	622.9	544.2
Subscription income	5,157.4	3,431.3
Income from content trading	14.5	20.3
Income from movie distribution	2,213.2	674.9
Aircraft charter services	57.4	65.3
	20,134.6	14,528.4
17 Other income		
Interest earned		
- on bank deposits	297.1	296.8
- on loan to Associates	19.3	19.3
- on overdue advances	1.9	0.5
Advances written off, recovered	-	2.0
Dividend income from mutual funds (Current, non trade)	76.0	17.2
Profit on sale of assets (net)	-	3.9
Miscellaneous income	92.7	9.8
	487.0	349.5
18 Cost of revenues		
Telecast costs	182.0	211.1
Program production expenses	535.7	438.7
Cost of program rights	118.1	243.8
Consumables and media expensed	15.7	16.5
Pay channel service charges	300.7	111.1
Licenses	157.7	140.6
Others	39.4	30.2
	1,349.3	1,192.0
19 Employees' remuneration and benefits		
Salaries and allowances	537.0	523.0
Gratuity expense	14.8	14.9
Contributions to provident fund and employee state insurance plans	52.0	42.0
Staff welfare	27.4	18.1
Directors' remuneration		
- Salary	217.2	217.2
- Ex - gratia / Bonus	1,070.8	524.4
	1,919.2	1,339.6



Schedules to the Consolidated Profit and Loss Account for the year ended March 31, 2011
(All amounts are in millions of Indian Rupees, unless otherwise stated)

	March 31, 2011	March 31, 2010
20 General and administration expenses		
Legal and professional fees	102.4	37.3
Travel and conveyance	61.9	66.3
Rent	105.2	102.8
Electricity expense	125.2	93.0
Power and fuel	65.0	47.3
Repairs and maintenance		
- Building	9.6	0.8
- Plant and machinery	59.6	53.7
- Others	65.6	81.6
Communication	51.1	45.1
Utilities	60.0	44.5
Insurance	13.6	14.2
Bad debts written off	113.6	67.9
Provision for doubtful debts	10.9	45.9
Provision for doubtful advances and assets	49.2	139.4
Donations	7.8	8.7
Loss on foreign exchange fluctuation (net)	4.3	29.9
Loss on sale of assets (net) /assets scrapped	27.5	-
Rates and taxes	26.4	14.7
Advances written off	-	-
Miscellaneous expenses	44.9	34.8
Preliminary expenses written off	0.5	0.2
	1,004.3	928.1
21 Selling expenses		
Advertisement and marketing expenses	59.1	124.9
	59.1	124.9
22 Financial charges		
Interest		
- on loans against deposits	2.3	5.0
- on unsecured loans from banks	-	32.4
- others	13.6	5.4
Bank charges	6.6	6.6
	22.5	49.4

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

23 Notes to the consolidated financial statements

23.1 Background

Sun TV Network Limited ('Sun TV' or 'the Company') (formerly Sun TV Limited) was incorporated on December 18, 1985 as Sumangali Publications 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 three subsidiaries – Kal Radio Limited ('KRL') and South Asia FM Limited ('SAFML') both of which are incorporated in India and Sun TV Network Europe Limited ('STNEL') incorporated in the United Kingdom. KRL was incorporated on October 7, 2005 as Kal Radio Private Limited and 97.8% (March 31, 2010 – 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, 2010 – 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. STNE, a wholly owned subsidiary of the Company was incorporated on June 25, 2009 and is 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 are 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 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 Tamil language. KRL operates 18 Frequency Modulation ('FM') stations in South India. SAFML operates 21 FM stations and has licenses to operate in 2 other locations in the rest of India.

During the previous year, based on certain additional investments made by the minority shareholders in SAFML, the Company's effective share holding in SAFML has been reduced from 64.12% to 59.15%. Further, inter-corporate deposits placed by the Company aggregating to Rs. 528.8 million in KRL and Rs. 1,317.0 million in SAFML have been converted into 0.1% compulsorily convertible preference shares at their face value.

SAFML's strategic alliance with Red FM

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



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

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, 2011	March 31, 2010
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'.

23.2 Statement of significant accounting policies

a) Basis of preparation

The Consolidated Financial Statements ('CFS') have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') to reflect the financial position of Sun TV together with its subsidiaries, KRL, SAFML and STNEL ('Subsidiaries') and its associates referred to in the preceding paragraph. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Group are consistent with those used in the previous year. Further, the consolidated financial statements are presented in the general format specified in Schedule VI to the Companies Act, 1956. However, in view of the exemptions given by Accounting Standard Interpretation 15 issued by the ICAI, full compliance with the above Act are not required and so they do not reflect all the disclosure requirements of the Act.

The accompanying consolidated financial statements have been stated in millions of Indian rupees and, accordingly, transactions or balances less than Rs 0.1 million are disclosed by way of a separate note wherever applicable.

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, 2011 and Profit and Loss and Cash Flows of Sun TV, KRL, SAFML and STNEL for the year ended March 31, 2011.
- 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, 2011.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

- 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.

Associates:

- The investment in the associate companies has been accounted under the equity method as per Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006 (as amended). The Company's share in profits / losses of an associate company is accounted for to the extent of the Company's direct and indirect percentage holding in its share capital of the respective associates.
- Any excess / shortage of cost to the Company of its investment in the subsidiaries and associates over its proportionate share in the equity of such subsidiaries and associates as at the date of the investment are recognized 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d) 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.

Amounts paid under contractual terms for purchasing fixed assets and fixed assets acquired but not put to use at the Balance Sheet date are classified as capital work in progress.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

Assets intended to be sold or otherwise disposed off within twelve months from the Balance Sheet date if any, are classified as other current assets and are disclosed as assets held for disposal, and are stated at the lower of net book value and net realisable value as estimated by management.

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:

	Per cent
Buildings	5.00 - 13.91
Plant and machinery	13.91 - 100.00
Computer and related equipment (included under plant and machinery)	40.00 - 51.64
Furniture and fittings	13.91 - 51.64
Office equipment (included under plant and machinery)	13.91 - 51.64
Motor Vehicles	25.89 - 51.64

Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease.

Costs incurred towards purchase of aircraft (included under vehicles) are depreciated using the straight-line method based on management's estimate of useful life of such Aircrafts, i.e. 10 to 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, 2011 includes cost of program production equipment of Rs. 1,469.3 million (Rs. 1,455.9 million), post production equipment of Rs. 674.6 million (Rs. 660.0 million), reception and distribution facilities of Rs. 1,542.3 million (Rs. 1,500.1 million), computers and related equipment of Rs. 922.9 million (Rs. 583.7 million), office equipment of Rs. 649.7 million (Rs. 218.8 million) and aircraft of Rs. 2,641.4 million (Rs. 2,641.4 million). The net block of plant and machinery as at March 31, 2011 includes the net book value of program production equipment of Rs. 299.9 million (Rs. 363.6 million), post production equipment of Rs. 286.2 million (Rs. 341.7 million), reception and distribution facilities of Rs. 558.5 million (Rs. 719.8 million), computers and related equipment of Rs. 420.4 million (Rs. 169.7 million), office equipment of Rs 572.9 million (Rs. 135.2 million) and aircraft of Rs 2,181.8 million (Rs. 2,357.8 million).

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

e) Intangible assets

- 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, or over the license period of the software, whichever is shorter.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

□ 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. Satellite Rights, where the right to telecast commences after 12 months from the balance sheet date are disclosed as non-current assets and rights, where the right to telecast commences within 12 months from the balance sheet date are disclosed as other current assets.

Satellite Rights are transferred to intangible assets, as and when they become available for telecast on television. Satellite Rights disclosed under intangible assets represent rights, which are available for use as at the balance sheet date.

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.

□ 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.

Expenditure incurred towards production of movies not complete as at balance sheet date and amounts paid under contractual terms for acquiring distribution rights and related rights of movies not released in theatres as at the 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.

□ 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 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.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

f) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

g) Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

Investment in associates

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

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.

i) Retirement and other employee benefit

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

j) Taxation

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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date the group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

l) 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.

- 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.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

- 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 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 recognised on time proportion basis.
- 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.
- Dividend Income is recognised when the right to receive payment is established by the balance sheet date.

m) 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 asset, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

n) Cash and Cash equivalents

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

o) Foreign currency transactions

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.

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; and 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 arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

All exchange differences arising on settlement / conversion of foreign currency transactions are included in the profit and loss account.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Consolidated Financial Statements (Continued)**Translations

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

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

p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management's estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

q) Segment reporting

The Group considers business segments as its primary segment. The Group's operations predominantly relate to broadcasting 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.

23.3 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	31.03.2011	31.03.2010
Lease payments recognised in the profit and loss account for the year	193.3	138.8
Minimum Lease Payments		
Not later than one year	126.8	130.0
Later than 1 year but not later than 5 years	238.9	331.1
Later than 5 years	41.9	62.3



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

23.4 Unhedged 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:

Particulars	Foreign Currency	31.03.2011		31.03.2010	
		Amount in Foreign Currency (in millions)	Amount in Indian Rupees	Amount in Foreign Currency (in millions)	Amount in Indian Rupees
Sundry Debtors	USD	1.3	58.3	1.5	69.0
Sundry Debtors	GBP	0.4	25.2	-	-
Sundry Debtors	CAD	0.1	5.4	0.1	5.3
Sundry Creditors	USD	-	-	0.0	1.5
Deposits from customers and Security deposits	AUD	0.1	2.3	0.1	2.1
Deposits from customers and Security deposits	USD	0.2	10.3	0.2	7.1

23.5 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.

Profit & Loss Account

	March 31, 2011	March 31, 2010
Current service cost on Benefit Obligations	15.1	9.1
Interest cost on Benefit Obligations	3.2	2.1
Expected return on plan assets	(3.1)	(2.3)
Net actuarial (gains)/ losses recognised in the year	(0.5)	5.9
Net Benefit Expense	14.7	14.8
Actual return on plan assets	2.9	1.9

Balance Sheet

Details of Provision for gratuity

	March 31, 2011	March 31, 2010
Defined benefit obligation	56.1	42.2
Fair value of plan assets	(38.9)	(31.6)
Plan Liability /(Asset)	17.2	10.6
Experience adjustments on plan liabilities	0.8	5.4
Experience adjustments on plan assets	1.4	0.5

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Consolidated Financial Statements (Continued)**

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

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	42.2	27.7
Current service cost	15.1	9.1
Interest cost	3.2	2.1
Actuarial (gains) / losses on obligation	(0.9)	5.4
Benefits paid	(3.5)	(2.1)
Closing defined benefit obligation	56.1	42.2

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

	March 31, 2011	March 31, 2010
Opening fair value of plan assets	31.6	20.6
Expected return	3.1	2.3
Actuarial gains / (losses)	(0.4)	(0.5)
Contributions by employer	8.1	11.3
Benefits paid	(3.5)	(2.1)
Closing fair value of plan assets	38.9	31.6

The experience adjustments on plan liabilities and assets, and net surplus / deficit for the years ended March 31, 2009 and March 31, 2008 are as follows:.

	March 31, 2009	March 31, 2008
Defined benefit obligation at the end of the period	27.7	26.8
Fair value of plan assets	(20.6)	(12.3)
Net deficit	7.1	14.5
Experience adjustments on plan liabilities	(3.5)	4.2
Experience adjustments on plan assets	0.5	0.4

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

	March 31, 2011 %	March 31, 2010 %
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.00% - 9.25%	8.00% - 9.25%
Employee turnover	1%-3%	1%-3%

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)

Schedules to the Consolidated Financial Statements (Continued)

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.

The overall expected rate of return on assets is determined based on the 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.

23.6 Capital commitments (net of advances)

	31.03.2011	31.03.2010
Outstanding commitments on capital contracts	85.4	1,288.6
Commitments for acquisition of film and program broadcasting rights	1,209.7	843.1
	1,295.1	2,131.7

23.7 Contingent Liabilities not provided for

	31.03.2011	31.03.2010
Income Tax*	719.4	587.7
Customs Duty**	5.0	5.0
Claims against the Group not acknowledged as debt	1.0	1.0
	725.4	593.7

* - 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 has gone on appeal against the said demands, and based on judicial pronouncements and other arguments, the Company's claim is likely to be accepted by appellate authorities.

** - The Company has received demand for differential customs duty 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.

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

Name of the Associate	March 31, 2011 and March 31, 2010	
	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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Consolidated Financial Statements (Continued)**23.9 *Related party disclosures (to the extent not disclosed elsewhere in these consolidated financial statements)*

1. Enterprises in which Key Management personnel or their relatives have significant influence	
Kal Comm Private Limited	Kungumam Nithyagam Private Limited
Kal Cables Private Limited	Kal Publications Private Limited
Kal Investments (Madras) Private Limited	D.M.S Entertainment Private Limited
Network Cable Solutions Private Limited	HFO Entertainment Private Limited
Sun Direct TV Private Limited	D.K. Enterprises Private Limited
Sun Academy Private Limited	Sun Foundation
Kungumam Publications Private Limited	Murasoli Maran Family Trust
Udaya FM Private Limited	Kal Media Services Private Limited
Sun 18 Media Services South Private Limited	Spicejet Limited
Kal Airways Private Limited	Sun Business Solutions Private Limited
Kal Holdings 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	
South Asia Multimedia Private Limited	
Digital Radio (Delhi) Broadcasting Limited	
3. Key Management personnel	
Mr. Kalanithi Maran	Chairman and Managing Director - Sun TV Network Limited
Mrs. Kavery Kalanithi	Joint Managing Director - 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	

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the consolidated financial Statements (continued)
(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		Relatives of Key managerial personnel	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Income :								
Subscription Income								
<i>Kal Comm Private Limited</i>	879.0	1,569.2	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	1,590.9	1,089.7	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	1,262.8	-	-	-	-	-	-	-
Advertising Income								
<i>Sun Direct TV Private Limited</i>	267.6	319.1	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	62.2	0.3	-	-	-	-	-	-
Aircraft Charter Services								
<i>Sun Direct TV Private Limited</i>	41.3	41.5	-	-	-	-	-	-
<i>Kal Comm Private Limited</i>	1.6	20.9	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	14.5	2.9	-	-	-	-	-	-
Rental income								
<i>Sun Direct TV Private Limited</i>	0.5	1.0	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	0.2	0.2	-	-	-	-	-	-
<i>Kal Cables Private Limited</i>	0.1	0.1	-	-	-	-	-	-
Interest earned								
<i>AV Digital Networks (Hyderabad) Private Limited</i>	-	-	19.3	19.3	-	-	-	-



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the consolidated financial Statement (continued)
(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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Expenses :								
Pay channel service charges								
<i>Kal Comm Private Limited</i>	112.5	111.1	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	189.4	-	-	-	-	-	-	-
Donations								
<i>Sun Foundation</i>	7.8	8.7	-	-	-	-	-	-
Program production expenses								
<i>Kal Publications Private Limited</i>	43.8	43.8	-	-	-	-	-	-
<i>D.K Enterprises Private Limited</i>	1.2	0.6	-	-	-	-	-	-
Legal and professional fees								
<i>Mrs. Mallika Maran</i>	-	-	-	-	-	-	0.2	0.2
Rent Expense								
<i>Kal Publications Private Limited</i>	5.3	5.1	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	1.5	2.6	-	-	-	-	-	-
Advertisement expenses								
<i>Kal Publications Private Limited</i>	14.3	48.5	-	-	-	-	-	-
Remuneration paid (including ex-gratia)								
<i>Salary - Mr. Kalanithi Maran</i>	-	-	-	-	108.6	108.6	-	-
<i>Salary - Mrs. Kavery Kalanithi</i>	-	-	-	-	108.6	108.6	-	-
<i>Ex - gratia / Bonus - Mr. Kalanithi Maran</i>	-	-	-	-	535.4	262.2	-	-
<i>Ex - gratia / Bonus - Mrs. Kavery Kalanithi</i>	-	-	-	-	535.4	262.2	-	-
<i>Salary - Ex - gratia - Mr. K. Shanmugam</i>	-	-	-	-	4.9	4.9	-	-

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the consolidated financial Statement (continued)
(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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Share in profits / (losses) from Associates <i>Deccan Digital Networks (Hyderabad) Private Limited</i> <i>Asia Radio Broadcast Private Limited</i> <i>Pioneer Radio Training Services Private Limited</i>	-	-	12.3 5.4 17.2	5.9 (6.6) 9.0	-	-	-	-
Dividends Paid / Payable <i>Mr. Kalanithi Maran</i>	-	-	-	-	2,655.1	758.6	-	-
Reimbursement of Cost of shared services <i>Kal Publications Private Limited</i>	(1.4)	1.0	-	-	-	-	-	-
Sale of Assets <i>Kal Publications Private Limited</i>	-	0.5	-	-	-	-	-	-
Expenditure on intangible assets under development <i>D.K. Enterprises Private Limited</i>	1.0	1.3	-	-	-	-	-	-



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the consolidated financial Statement (continued)
(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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Balance Outstanding :								
Unsecured loans payable								
Mr. Kalanithi Maran	-	-	-	-	1.4	1.4	-	-
Accounts Receivable								
Kal Comm Private Limited	78.5	191.3	-	-	-	-	-	-
Sun Direct TV Private Limited	516.2	205.8	-	-	-	-	-	-
Kal Publications Private Limited	69.3	0.5	-	-	-	-	-	-
Sun 18 Media Services South Private Limited	217.3	-	-	-	-	-	-	-
Spicejet Limited	0.7	-	-	-	-	-	-	-
Loans and Advances								
Kal Publications Private Limited	7.1	-	-	-	-	-	-	-
Kal Comm Private Limited	5.2	5.2	-	-	-	-	-	-
AV Digital Networks (Hyderabad) Private Limited	-	-	321.5	321.5	-	-	-	-
Sun Direct TV Private Limited	4.8	-	-	-	-	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

Schedules to the consolidated financial Statement (continued)
(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	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Interest receivable <i>AV Digital Networks (Hyderabad) Private Limited</i>	-	-	17.4	58.7	-	-	-	-
Unbilled revenue <i>Sun Direct TV Private Limited</i>	150.0	1.5	-	-	-	-	-	-
Rental and other deposits <i>Kal Publications Private Limited</i>	1.0	1.0	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	1.1	1.1	-	-	-	-	-	-
Accounts Payable <i>Kal Comm Private Limited</i>	21.4	8.9	-	-	-	-	-	-
<i>Kal Publications Private Limited</i>	6.9	4.2	-	-	-	-	-	-
<i>Udaya FM Private Limited</i>	-	6.7	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	0.1	0.1	-	-	-	-	-	-
<i>Kal Cables Private Limited</i>	-	0.1	-	-	-	-	-	-
<i>D.K. Enterprises Private Limited</i>	-	0.7	-	-	-	-	-	-
<i>Sun 18 Media Services South Private Limited</i>	56.6	-	-	-	-	-	-	-
Deposits Payable <i>Kal Comm Private Limited</i>	19.5	19.5	-	-	-	-	-	-
<i>Sun Direct TV Private Limited</i>	0.2	0.2	-	-	-	-	-	-
Ex - gratia / Bonus Payable <i>Mr. Kalanithi Maran</i>	-	-	-	-	535.4	262.2	-	-
<i>Mrs. Kavery Kalanithi</i>	-	-	-	-	535.4	262.2	-	-
Advances from customers <i>Sun Direct TV Private Limited</i>	0.6	28.1	-	-	-	-	-	-



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011*(All Amounts are in Millions of Indian Rupees, Unless otherwise stated)***Schedules to the Consolidated Financial Statements (Continued)****23.10 Utilisation of IPO proceeds**

The utilisation of the total IPO proceeds of Rs. 6,027.9 million as at March 31, 2011 is as under:

S.No	Purpose	Uses of Funds as projected in the prospectus	Actual use of funds as at March 31, 2011	Actual use of funds as at March 31, 2010
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	1,066.1	1,022.3
3	Construction of an owned corporate office, studio facilities and additional uplinking infrastructure	623.4	623.4	623.4
4	General corporate purposes	88.8	-	-
5	Share issue expenses	308.5	278.1	278.1
	Total	6,027.9	5,525.3	5,481.5

23.11 Export Obligation

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. 2,028.8 million (March 31, 2010 Rs. 243.9 million).

23.12 Prior year comparatives

Prior year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date.

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

Firm registration number: 101049W

Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.: 053315

Kalanithi Maran
Chairman and
Managing Director

Kavery Kalanithi
Joint Managing
Director

R. Ravi
Company Secretary

Chennai
May 26, 2011

Chennai
May 26, 2011

Chennai
May 26, 2011

Chennai
May 26, 2011

**STATEMENT PURSUANT TO GENERAL CIRCULAR NO: 2/2011 DATED 8TH FEBRUARY 2011
ISSUED BY MINISTRY OF CORPORATE AFFAIRS RELATING TO SUBSIDIARY COMPANIES**

Name of the Company	KAL RADIO LIMITED		SOUTH ASIA FM LIMITED		SUN TV NETWORK EUROPE LIMITED*	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Particulars						
Share Capital <i>(Incl. Share application money)</i>	1,769.35	1,769.35	4,838.61	4,698.61	59.8	59.8
Reserve & Surplus	-	-	-	-	(1.4)	-
Total Liability(^)	228.90	247.72	315.82	371.11	141.8	95.1
Total Assets (#)	1,998.25	2,017.07	5,154.43	5,069.72	200.2	154.9
Total Income (including other income)	514.36	352.87	378.59	229.74	134.8	33.2
Profit / (Loss) before Tax	88.78	(138.95)	(175.08)	(445.41)	(28.8)	(80.3)
Provision for Tax	-	-	-	-	-	0.2
Profit / (Loss) after Tax	88.78	(138.95)	(175.08)	(445.41)	(28.8)	(80.5)
Proposed Dividend (including Dividend Tax)	-	-	-	-	-	-
Investments (included in Total Assets)	100.54	-	1,831.83	1,791.23	-	-

^ (Unsecured Loans + Deferred tax liability + Current Liability)

(Net Fixed Assets + Capital Work in Progress + Net Intangible Assets + Investments + Current Assets, Loans & Advances + Prelim. exps + debit Balance in Profit & Loss Account)

* Exchange rate used for Balance sheet is 1 GBP = INR 71.93 (closing) & for Income Statements is 1 GBP = INR 70.88 (average).

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

ATTENDANCE SLIP

Twenty Sixth Annual General Meeting, 19th September 2011

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 Sixth Annual General Meeting of the Company to be held on Monday, the 19th September 2011 at 10.00 AM at Kalaingar Arangam, Anna Arivalayam, 367 / 369, Anna Salai, Teynampet, Chennai - 600 018.

Name of the Member/proxy
(in BLOCK letters)Name of the Member/proxy

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
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PROXY FORM

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

Twenty Sixth Annual General Meeting, 19th September 2011

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 Sixth Annual General Meeting of the Company to be held on Monday, the 19th September 2011 at 10.00 AM at Kalaingar Arangam, Anna Arivalayam, 367 / 369, Anna Salai, Teynampet, Chennai - 600 018 and at any adjournment thereof.

Signed this _____ day of _____ 2011

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.