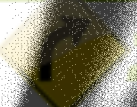


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Annual Report 2006







## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### INVESTORS GRIEVANCE COMMITTEE

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

### SHARE TRANSFER AND TRANSMISSION COMMITTEE

Kalanithi Maran
Kavery Kalanithi

### MANAGEMENT

Kalanithi Maran	Chairman & Managing Director
Kavery Kalanithi	Joint Managing Director
S. Natrajan	Vice President Finance
P. Laul	Vice President Marketing
K. Shanmugam	Vice President Sales
Hansraj Saxena	Vice President Programming
S. Kannan	Vice President Technical
K. Swaminathan	General Manager Administration
R. Ravi	Company Secretary and Compliance Officer

**REGISTERED OFFICE**

367/369, Anna Salai,  
Teynampet,  
Chennai 600 018  
Tel: (91 44) 2431 8181; Fax: (91 44) 2434 2729

**AUDITORS**

M/s. S. R. Batliboi & Associates,  
Chartered Accountants,  
TPL House, Second Floor,  
3, Cenotaph Road, Teynampet,  
Chennai 600 018

**REGISTRAR AND SHARE TRANSFER AGENT**

M/s. Karvy Computershare Private Limited  
"Karvy House",  
46, Avenue 4,  
Street No.1, Banjara Hills,  
Hyderabad 500 034

**BANKERS OF THE COMPANY**

City Union Bank Limited, Mandaveli, Chennai 600 028  
ABN Amro Bank, Haddows Road, Chennai 600 006  
Kotak Mahindra Bank Limited, Anna Salai, Teynampet, Chennai 600 018  
Standard Chartered Bank, Grindlays Gardens, Haddows Road, Chennai 06  
The Karur Vysya Bank Limited, Anna Salai, Teynampet, Chennai 600 018  
ICICI Bank Limited, Cenotaph Road, Teynampet, Chennai 600 018  
Indian Bank, Kodambakkam, Chennai 600 024  
HDFC Bank Limited, ITC Centre, Anna Salai, Chennai 600 002

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## **NOTICE**

**Notice** is hereby given that the Twenty First Annual General Meeting of the Shareholders of Sun TV Limited will be held at Kalaignar Arangam, Anna Arivalayam, 367/369, Anna Salai, Teynampet, Chennai - 600 018 on Thursday, the 28<sup>th</sup> day of September 2006 at 10.00 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2006 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.
3. To elect a Director in the place of Mr. S. Sridharan, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in the place of Mr. M. K. Harinarayanan, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. M/s. S. R. Batliboi & Associates, Chartered Accountants, Chennai retire and being eligible offer themselves for re-appointment.

In this connection to consider and if thought fit, to pass with or without modification 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 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 Board of Directors of the Company."

**By order of the Board**

**R. Ravi**

Company Secretary

Regd. Office:

367 / 369, Anna Salai,  
Teynampet,  
Chennai 600 018

18<sup>th</sup> July 2006

**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 15<sup>th</sup> September 2006 to 28<sup>th</sup> September 2006 (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 Thursday, the 28th September 2006 shall be paid to those members whose names appear on the register of members as on 14<sup>th</sup> September 2006.
4. Members are requested to quote their DP ID & Client ID/ Folio Numbers in all correspondence with the Company.



**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT  
THE ANNUAL GENERAL MEETING**

**1. Mr. S. Sridharan**

Mr. S. Sridharan, aged 44 years, was appointed as a non-executive independent Director of the Company in January 2006. He has over 18 years of experience and is a member and elected Director of The Madras Stock Exchange Limited.

He is the Chairman of the Investor Grievance Committee and a member of the Audit Committee and Remuneration Committee of the Board of Directors.

He does not hold any shares in the Company.

**2. Mr. M. K. Harinarayanan**

Mr. M. K. Harinarayanan, aged 42 years, is a non-executive independent Director of the Company and was appointed in January 2006. He hails from a traditional family who pioneered the brick industry in 1941. He is a developer of residential layouts in the western part of Chennai and owns and operates Service Apartments to cater to the present influx of entertainment, communication and IT industries.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Investor Grievance Committee.

He does not hold any shares in the Company.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty First Annual Report and Audited Financial Accounts of the Company for the financial year ended 31<sup>st</sup> March 2006.

## FINANCIAL RESULTS

The financial highlights for the financial year ended 31<sup>st</sup> March 2006 are given below:

(Rs. in Millions)

Particulars	For the year ended	
	31 <sup>st</sup> March 2006	31 <sup>st</sup> March 2005
Total Income	3391.1	3010.5
Total Expenditure	1331.1	1750.2
Profit before interest and tax	2060.0	1260.3
Interest & Financial Charges	65.0	35.9
Profit Before Tax	1995.0	1224.4
Provision for Taxation	692.7	456.8
Profit after Tax	1302.3	767.6
Accumulated Profit, beginning of the year	4043.2	3275.6
Issue of Bonus Shares	600.0	-
Interim dividend	1850.0	-
Tax on interim dividend	259.5	-
Proposed dividend	137.8	-
Tax on proposed dividend	19.3	-
Transfer to General Reserve	130.2	-
Profit carried forward	2348.7	4043.2

## DIVIDEND

The Board of Directors recommend a dividend of Rs.2/- per equity share as the final dividend for the financial year ended 31<sup>st</sup> March 2006.

## SUBSIDIARIES

The Company has two subsidiaries, M/s. Kal Radio Limited and M/s. South Asia FM Limited. Both the subsidiaries are in the business of FM Radio Broadcasting and are yet to commence commercial operations.

## 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. The Board recommends their re-appointment as the Statutory Auditors of the Company.



## DIRECTORS

Mr. Kalanithi Maran was appointed as the Chairman & Managing Director of the Company and Mrs. Kavery Kalanithi was appointed as the Joint Managing Director of the Company on 15<sup>th</sup> December 2005. In order to make the composition of the Board of Directors in accordance with the Clause 49 of the listing agreement the following four independent directors were appointed: Mr. S. Sridharan and Mr. M. K. Harinarayanan were appointed as Directors liable to retire by rotation at the Extraordinary General Meeting held on 23<sup>rd</sup> January 2006. Similarly, Mr. J. Ravindran and Mr. Nicholas Martin Paul were appointed as Directors liable to retire by rotation at the Extraordinary General Meeting held on 15<sup>th</sup> February 2006.

Mr. S. Sridharan and Mr. M. K. Harinarayanan, Directors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## MOBILISATION OF FUNDS THROUGH PUBLIC ISSUE

The Company was converted into a public limited company by a special resolution of the members passed at an Extraordinary General Meeting held on December 15, 2005 and the fresh certificate of incorporation was obtained on December 27, 2005.

The Company had successfully completed its maiden public issue of 68,89,000 Equity Shares of Rs.10/- each for cash at a price of Rs.875/- per equity share including a share premium of Rs.865/- per equity share, aggregating Rs.6,027.88 Millions, constituting 10% of the fully diluted post issue paid-up capital of the Company. The shares were issued to the public through 100% Book Building process which opened on April 03, 2006 and closed on April 07, 2006 and the objects of the issue are capitalization of our subsidiaries, launch of new TV channels, construction of corporate office, studio facilities, additional uplinking infrastructure, purchase of new equipment, up-gradation of existing equipment and general corporate purposes.

The shares of your company got listed both in Bombay Stock Exchange Limited and National Stock Exchange of India Limited with effect from 24<sup>th</sup> April 2006.

## BUSINESS REVIEW

Your company was able to make remarkable strides in its field of business. Your Company's flagship Channel Sun TV was launched in 1993. The growth happened mainly due to local flavor, significant audience participation and preferences of the viewers. The Company also launched additional channels in both Tamil and Malayalam and FM Radio Stations in the cities of Chennai, Coimbatore and Tirunelveli, during the past.

The Company has an extensive programming content, including one of the largest movie libraries in India. It has internal production capabilities, which enable us to develop new programming quickly and efficiently catering to the local preferences.

The Company is also exploring the possibility of improving its revenues by expanding its reach across International Markets.

The Company also has plans to launch new channels and FM Radio Stations across the country through our subsidiary companies. In general the business outlook for the future is looking good.

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

The shares of the Company are listed in the Stock Exchanges only with effect from 24<sup>th</sup> April 2006 consequent to its maiden public issue. It was opined that complying with the provisions of the listing agreement regarding the corporate governance report, Management Discussion and Analysis Report and consolidated financial statements are applicable only with effect from the financial year 2006 - 2007 onwards.

Accordingly, the Company is complying with the provisions of the Listing Agreement from the financial year 2006 - 2007 onwards.

### **FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES**

The Audited Financial Statements of the two subsidiaries namely Kal Radio Limited and South Asia FM Limited and also a statement of the holding company's interest in the subsidiaries as specified in sub-section (3) of Section 212 of the Companies Act, 1956 are annexed hereto and form part of this Annual Report. Consolidated financials of the parent company with the subsidiaries are not provided as the listing agreement is applicable with effect from the financial year 2006 - 07 onwards only.

### **DISCLOSURE OF INFORMATION AS PROVIDED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.**

Following are the persons drawing their remuneration in excess of Rs. 24,00,000/- per annum, if employed throughout the year or drawing the remuneration in excess of Rs.2,00,000/- per month, if employed for the part of the year: