



Sun TV Network Limited

Annual Report 2009



CORPORATE INFORMATION**BOARD OF DIRECTORS**

Kalanithi Maran	Chairman and 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
ABN Amro Bank, Haddows Road, Chennai - 6
Kotak Mahindra Bank Limited, Annasalai, Chennai - 18
Standard Chartered Bank, Haddows Road, Chennai - 6
The Karur Vysya Bank Limited, Teynampet, Chennai - 18
ICICI Bank Limited, Cenotaph Road, Chennai - 18
HDFC Bank Limited, ITC Centre, Chennai - 2
Axis Bank Limited, Mylapore, Chennai - 4
Corporation Bank, Mylapore, Chennai - 4
Indian Overseas Bank, Cathedral Road, Chennai - 2

AUDITORS

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

REGISTERED OFFICE

4, Norton Road,
Mandaveli,
Chennai - 28

REGISTRAR AND SHARE TRANSFER AGENT

M/s Karvy Computer Share (P) Ltd,
"Karvy House"
46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad 500 034.

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 and Managing Director
Kavery Kalanithi Joint Managing Director
Ajay Vidyasagar Chief Operating Officer
S.Natrajhen Chief Financial Officer
S.Kannan Chief Technical Officer
Hansraj Saxena Chief Operating Officer - Sun Pictures
A.Manohar Prasad Senior Vice President
K.Vijaya Kumar Senior Vice President - Kannada Programmes
C.Praveen Senior Vice President - Malayalam Programmes
R.Ravi Company Secretary and Compliance Officer

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NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of Sun TV Network Limited will be held at Narada Gana Sabha, 314, T T K Road, Chennai – 600018 on Friday, the 25th day of September 2009 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 2009 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 modifications(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."

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED that, subject to all applicable approvals and pursuant to Section 257 of the Companies Act, 1956 Mr. S.Selvam be and is hereby appointed as a Director of the Company liable to retire by rotation in respect of whom the Company has received due notice in writing signifying the intention of a member to propose him as a Director".

BY ORDER OF THE BOARD

R. RAVI
COMPANY SECRETARY

Regd. Office:
4, Norton Road,
Mandaveli, Chennai – 600 028

10th August, 2009

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 22nd August, 2009 to 4th September, 2009 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
3. The Dividend as recommended by the Board of Directors and to be approved by the Shareholders at the Annual General Meeting to be held on Friday, the 25th September, 2009 shall be paid to those members whose names appear on the Register of Members as on the close of 21st August, 2009.
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.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

A notice has been received from a member along with a deposit of Rupees Five hundred as required by Section 257 of the Companies Act, 1956, proposing Mr. S.Selvam as a candidate for the office of Director liable to retire by rotation.

Mr. S.Selvam has over three decades of experience in media industry. He produced about 40 films in South Indian regional languages and scripted number of regional films. It is therefore, in the interest of the Company to appoint him as a Director. Brief particulars of his other directorship experience etc. as required by the Listing Agreement are provided as an annexure to this notice. He was a Director of our Company from 6th August 2007 and resigned on 28th March 2009.

None of the other Directors are interested or concerned in this resolution. The Board recommends this Resolution for your approval

BY ORDER OF THE BOARD

R. RAVI
COMPANY SECRETARY

Regd. Office:
4, Norton Road,
Mandaveli, Chennai – 600 028

10th August, 2009

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT AND REAPPOINTMENT AT THE ANNUAL GENERAL MEETING.**1. Mr. S. Selvam**

The Company has received a notice from a member proposing the appointment of Mr. S. Selvam as a Director. Mr. S. Selvam, aged 69 is a graduate in Arts from Madras University and has over three decades of experience in media industry. He produced about 40 films in South Indian regional languages and scripted number of regional films. Presently, he is a Director in Udaya FM Private Limited, Kal Investments (Madras) Private Limited, Kungumam Publications Private Limited and Kungumam Nithiyagam Private Limited. He does not hold membership or chairmanship of any Committees of public companies. He holds 78, 89, 576 shares in the Company. He was a Director of our Company from 6th August 2007 and resigned on 28th March 2009.

2. Mr. J. Ravindran

Mr. J. Ravindran aged 34 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 currently standing counsel for Chennai Metropolitan Development Authority and Tamil Nadu Electricity Board in Madras High Court. He is a Director in Kal Radio Limited and South Asia FM Limited. He is the Chairman of the Remuneration Committee and member of the Audit Committee and Investor's Grievance Committee. He does not hold any share in the Company.

3. Mr. Nicholas Martin Paul

Mr. Nicholas Martin Paul aged 41 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. Paul is a Director in Tan Business Ventures Private Limited and Tan Retail Ventures Private Limited. He is member of the Audit Committee, Investor's Grievance Committee and Remuneration Committee. He does not hold any share in the Company.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Twenty Fourth Annual Report and Audited Financial Accounts of the Company for the financial year ended 31st March 2009.

FINANCIAL RESULTS

The financial highlights for the financial year ended 31st March 2009 are given below:

(Rs.in Millions)

Particulars	For the year ended	
	31 st March, 2009	31 st March, 2008
Total Income	10,915.2	9,259.9
Total Expenditure (Excluding Interest)	4,215.3	3,522.1
Profit before interest and tax	6,699.9	5,737.8
Interest & Financial Charges	38.9	55.6
Profit Before Taxation	6,661.0	5,682.2
Provision for Taxation	2,289.9	2,012.4
Profit after tax	4,371.1	3,669.8
Accumulated Profit, beginning of the year	7,051.8	4,901.6
Interim Dividend	(591.1)	-
Tax on Interim dividend	(100.5)	-
Proposed dividend	(394.1)	(985.2)
Tax on Proposed dividend	(67.0)	(167.4)
Transfer to General Reserve	(437.1)	(367.0)
Profit Carried forward	9,833.1	7,051.8
Earnings Per Share (Face value Rs.5/-)	11.09	9.31

The total Income for the year ended 31st March 2009 registered a healthy growth of 17.88 % to cross the Rs. 10 billion mark to Rs 10,915.2 millions as against Rs.9,259.9 millions during the previous year ended 31st March 2008. The year on year growth in Profit before taxes despite the difficult economic scenario was at 17.22 % at Rs.6,661.0 million as against Rs.5,682.2 millions in the previous year. In tune with the improved profits, after providing for a higher provision towards income tax, deferred tax and fringe benefits tax of Rs.2,289.9 million for the year ended 31st March 2009, the Profit after tax was higher by 19.11 % at Rs.4,371.1 million as against Rs.3,669.8 million in the previous year. The Channels have been able to continue its advertising growth because of a well diversified mix of clients (national, regional and local) across multiple product categories.

FINAL DIVIDEND:

The Board of Directors has recommended a Final Dividend of 20 %, i.e., Rs.1.00 per equity share of face value of Rs.5.00 each. This Final Dividend together with the Interim Dividend of 30 %, i.e., Rs.1.50 per equity share of face value of Rs.5.00 each declared on January 27th 2009 would result in a total dividend of 50 %, i.e., Rs.2.50 per equity share of face value of Rs.5.00 each for the financial year ended 31st March 2009.(Prev. Year of 50. %, i.e., Rs 2.50 per equity share of face value of Rs.5.00 each.)

BUSINESS OVERVIEW

Your Company continues to hold the leadership position as 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 42 FM radio stations across India. During the financial year 2008 – 09 the first ever 24 hour Comedy channel in India Adithya was on air in Tamil language on 8th February, 2009. On April 5th 2009 Ushe TV, the first Kannada Comedy Channel and Navvulu, the first Telugu Comedy Channel went on air and on April 12th, 2009, Chintu the first ever kids channel in Kannada and Kushi, the first ever Telugu kids channel went on air. In September 2008, the Company ventured into distribution and production of movies in the southern languages through its new division, Sun Pictures which released five Tamil movies during the year under review the Company. Sun Pictures is also producing the movie titled "Endhiran –The Robot" starring Mr. Rajnikanth, Mrs. Aishwarya Rai Bachan and Directed by Mr. Shankar with Music by Oscar winner Mr. A.R. Rahman.

The financial year 2008 - 09 also saw your Company's Subsidiaries, Kal Radio Limited and South Asia FM Limited launching 13 more stations to complete 42 of the 44 stations across the country.

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. S. Selvam, Director had resigned from the Board of Director with effect from 28th March, 2009. The Board records its appreciation of the contribution made by Mr. S. Selvam during his tenure as a director of the Company.

CHANGE OF REGISTERED OFFICE OF THE COMPANY:

The Registered Office of the Company had been shifted to 4, Norton Road, Mandaveli, Chennai 600 028 with effect from 15th May'2008.

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 1545 employees as of March 31, 2009 (previous year 1337). 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.Baliboi & 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.17.5 millions to Sun Foundation, a charitable trust to support the various social welfare activities carried out by the trust.

SUBSIDIARY COMPANIES

The Audited Financial Statements of the two subsidiaries namely Kal Radio Limited and South Asia FM Limited and also the 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.

The two subsidiaries together own 41 licenses of which 39 Radio stations were fully operational by the second half of the financial year. The Revenues of the two subsidiaries recorded a turnover of Rs.33.17 crores for the year under review as against Rs.8.87 crores for the year ended 31st March 2008. After accounting for the minority interest in South Asia FM Limited the share of loss of the subsidiaries is Rs.72.12 crores as against Rs.40.98 crores in the previous year.

M/s. South Asia Multimedia Technologies Limited which owns 6.98 % stake in South Asia FM Limited has expressed its desire to enhance its stake to 20 % thro' further cash infusion and Sun TV Network Limited would be reducing its stake by about 5 % subject to necessary approvals.

CONSOLIDATED FINANCIAL STATEMENTS

As required by Accounting Standard-AS 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the Company are attached. The Audited Consolidated Financial Statements also account for the minority interest of your Company's subsidiary South Asia FM Limited pursuant to the strategic alliance with Red FM.

CEO/CFO CERTIFICATION

The 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 2009.

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. 2,592.5 Millions
	(Previous year Rs. 385.3 Million)
Foreign Exchange Outgo	: Rs. 3059.69 Millions
	(Previous year Rs. 1,428 Million)

ACKNOWLEDGEMENT

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 viewers, producers, vendors, financial institutions, banks, investors, service providers as well as regulatory and governmental authorities.

On behalf of the Board

Place : Chennai

Date : 24th June, 2009

Kalanithi Maran

Chairman and Managing Director