

## 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  
 ABN Amro Bank, Haddows Road, Chennai -6  
 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

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

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**REMUNERATION COMMITTEE**

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

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**INVESTORS GRIEVANCE COMMITTEE**

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

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**SHARE TRANSFER AND TRANSMISSION COMMITTEE**

Kalanithi Maran              Chairman  
Kavery Kalanithi

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**MANAGEMENT**

Kalanithi Maran              Chairman & 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  
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	2009-10	2008-09	2007-08	2006-07	2005-06
Total Income	14,375.2	10,915.2	9,259.9	7,264.0	3,391.1
Total Expenditure (Excluding Interest & Financial Charges)	5,699.0	4,215.3	3,522.1	3,144.1	1,331.1
Profit before interest and tax	8,676.2	6,699.9	5,737.8	4,119.9	2,060.0
Interest & Financial Charges	12.0	38.9	55.6	30.9	65.0
<b>Profit Before Taxation</b>	<b>8,664.2</b>	<b>6,661.0</b>	<b>5,682.2</b>	<b>4,089.0</b>	<b>1,995.0</b>
Provision for Taxation	2,990.4	2,289.9	2,012.4	1,400.8	692.7
<b>Profit after tax</b>	<b>5,673.8</b>	<b>4,371.1</b>	<b>3,669.8</b>	<b>2,688.2</b>	<b>1,302.3</b>
<b>Earnings Per Share</b> (Face value Rs. 5 /-)	<b>14.40</b>	<b>11.09</b>	<b>9.31</b>	<b>6.85</b>	<b>5.25</b>

**Notes:**

1. Gemini TV Private Limited and all units and divisions of Udaya TV Private Limited except FM Radio division were merged with the Company effective from 1st April 2006.
2. The equity shares of Rs. 10/- each were subdivided into equity shares of Rs. 5/- each with effect from 15th May, 2007.

## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of Sun TV Network Limited will be held at Narada Gana Sabha, 314, TTK Road, Chennai - 600018 on Thursday, the 5th day of August 2010 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 2010 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. S. Sridharan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Mr. M. K. Harinarayanan, 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:  
4, Norton Road,  
Mandaveli, Chennai – 600 028

May 28, 2010

### 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 24th July 2010 to 5th August 2010 (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 5th August 2010 shall be paid to those members whose names appear on the Register of Members as on the close of 23rd July 2010.
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)**

<b>Name of the Director</b>	<b>Mr. S. Sridharan</b>	<b>Mr. M. K. Harinarayanan</b>
Brief Profile	Mr. S. Sridharan, aged 48 was appointed as a non-executive Independent Director of the Company in January 2006. He has over 22 years of experience and is a member of Madras Stock Exchange Limited. He has served as elected Director in the Board of Madras Stock Exchange Limited from September 1995 to September 2001 and was the Vice President of the Exchange from October 1996 to November 1997.	Mr. M. K. Harinarayanan, aged 46 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.
Directorships held in other public companies (excluding Private Companies and Foreign Companies)	Nil	Nil
Memberships/ Chairmanships of committees in public companies	He is the Chairman of the Audit Committee and member of the Investors Grievance Committee and Remuneration Committee of Sun TV Network Limited	He is the Chairman of the Investor's Grievance Committee and a member of Audit Committee and Remuneration Committee of Sun TV Network 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 Silver Jubilee Twenty Fifth Annual Report and Audited Financial Accounts of the Company for the financial year ended 31st March 2010.

### FINANCIAL RESULTS

The financial highlights for the financial year ended 31st March 2010 are given below:

(Rs.in Millions)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Total Income	14,375.2	10,915.2
Total Expenditure (Excluding Interest & Financial Charges)	5,699.0	4,215.3
Profit before interest and tax	8,676.2	6,699.9
Interest & Financial Charges	12.0	38.9
<b>Profit Before Taxation</b>	8,664.2	6,661.0
Provision for Taxation	2,990.4	2,289.9
<b>Profit after tax</b>	5,673.8	4,371.1
Accumulated Profit, beginning of the year	9,833.1	7,051.8
Interim Dividend	(591.1)	(591.1)
Tax on Interim dividend	(100.5)	(100.5)
Proposed dividend	(2,364.5)	(394.1)
Tax on Proposed dividend	(392.7)	(67.0)
Transfer to General Reserve	(567.4)	(437.1)
<b>Profit Carried forward</b>	11,490.7	9,833.1
Earnings Per Share (Face value Rs.5/-)	14.40	11.09

The total Income for the Silver Jubilee year ended 31st March 2010 marked a record growth of 31.70 % at Rs. 14,375.2 millions as against Rs. 10,915.2 millions during the previous year ended 31st March 2009. The year on year growth in Profit before taxes continued to grow and stood at 30.07 % at Rs. 8,664.2 million as against Rs. 6,661.0 millions in the previous year. The Profit after tax was higher by 29.80 % at Rs. 5,673.8 million as against Rs. 4,371.1 million in the previous year after providing for a higher provision towards income tax, deferred tax and fringe benefits tax of Rs. 2,990.4 million for the year ended 31st March 2010 in line with higher profits. The growth in the revenue have been largely a function of the sustained advertising growth and subscription revenue contributed through a well diversified mix of clients (national, regional and local) across multiple product categories.

### FINAL DIVIDEND:

For the financial year ended 31st March'2010, the Board of Directors have recommended a Final Dividend of 120 %., i.e., Rs. 6.00 per equity share of face value of Rs.5.00 each in view of the Silver Jubilee year of the Company. This is in addition to the Interim Dividend of 30 %., i.e., Rs.1.50 per equity share of face value of Rs.5.00 each declared on January 20th 2010. This Final Dividend including the Interim Dividend would result in a total dividend of 150%., i.e., Rs.7.50 per equity share of face value of Rs.5.00 each for the financial year ended 31st March 2010 (Prev. Year 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 43 FM radio stations across India. During the financial year 2009-10 Company has floated a wholly owned subsidiary, "Sun TV Network Europe Ltd" in United Kingdom to broadcast and distribute its channels in U.K. and Europe.

The financial year 2009 - 10 also saw your Company's Subsidiary South Asia FM Limited launching 1 more station at Gangtok to complete 43 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. S. Sridharan and Mr. M.K.Harinarayan, 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.

## 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 1987 employees as of March 31, 2010 (previous year 1545). 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. 8.7 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 Revenues of the two subsidiaries were at Rs. 56.24 crores for the year under review as against Rs.33.17 crores for the previous year ended 31st March 2009. After accounting for the 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. 39.43 crores as against Rs. 68.78 crores in the previous year.

Your subsidiaries also re-branded their 37 FM radio stations situated outside Tamilnadu and Pondicherry to "RED FM" to ensure uniformity of the brand across India. South Asia FM Limited obtained necessary approvals from the Government of India to increase the stake of M/s. South Asia Multimedia Media Technologies Limited from 6.98% to 20%. This was achieved partly by infusion of cash, share transfers, issue of preference shares and by capitalization of loans into Compulsorily Convertible Preference Shares. Consequent to this, the stake of Sun TV Network Limited in South Asia FM Limited stands reduced to 59.15% and South Asia FM Limited became debt free Company.

Ministry of Corporate Affairs, Government of India has granted approval that 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, shall not apply to the Company. 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 approval, is disclosed 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 current year your Company has incorporated a wholly owned subsidiary "Sun TV Europe Limited" in United Kingdom to Broadcast and distribute its channels in U.K. and Europe.

### CONSOLIDATED FINANCIAL STATEMENTS

As required by the listing agreement with the Stock Exchanges, the Audited Consolidated Financial Statements prepared in accordance with Accounting Standard 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 2010.

### 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. 560.3 Million
	(Previous year Rs. 2,592.5 Million)
Foreign Exchange Outgo	: Rs. 651.9 Million
	(Previous year Rs. 3,059.69 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 viewers, producers, vendors, financial institutions, banks, investors, service providers as well as regulatory and governmental authorities.

**On behalf of the Board**

Place : Chennai  
Date : May 28, 2010

**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 in the MD&A 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 industries in the world. The increasing advent of new technologies and new and extensive uses of media by corporate provide both opportunities and challenges to the media and entertainment industry. Indian Entertainment Industry (M&E) post reforms has made tremendous strides. The components of M&E industry are film, television, advertising, print media and music. The rapid growth of the television industry has made it the most significant component, of M&E in value terms. The Television Industry with increased hours of mass entertainment programming during prime time and better coverage of popular events 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 stable rate over the next five years resulting in increased viewership having wider range of channels to select from. The television industry is now ready to advance to the next stage of its evolution, grasp the opportunities presented by the digital age and completely change the home entertainment landscape. Over the next few years, cable and satellite, along with emerging delivery platforms like DTH and IP-TV are expected to revolutionize the industry and it is expected that digital television connectivity would reach every nook and corner of India. Mobile TV where picture can be relayed to mobile phones is in the early stage of development and has got a tremendous future.

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 capitalize on 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 strong understanding of the flavor 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 ever evolving technologies in television open more opportunities and challenges. The M&E industry is ready to zoom at a very fast pace catalyzed by many factors like convergence of media, films, digital media and increase in broadband penetration thus helping it to become a front runner. 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.