

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present the Thirty Fourth Annual Report and Audited Financial Statements of the Company for the financial year ended March 31, 2019.

### FINANCIAL HIGHLIGHTS

The financial highlights for the year ended March 31, 2019 are given below:

(Rs. in Crore)

Particulars	Standalone for the year ended		Consolidated for the year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Income	3,883.22	3,002.10	4,009.65	3,105.29
Total Expenditure	1,747.28	1,343.70	1,840.32	1,410.33
Profit before share of profit from Joint Ventures and tax	2,135.94	1,658.40	2,169.33	1,694.96
Share of profit from joint ventures	-	-	15.41	22.98
Profit before tax	2,135.94	1,658.40	2,184.74	1,717.94
Income tax expense	741.08	565.36	751.06	582.42
Profit for the year	1,394.86	1,093.04	1,433.68	1,135.52
<b>Profit for the year attributable to:</b>				
- Owners of the Company	-	-	1433.27	1,135.12
- Non-Controlling Interest	-	-	0.41	0.40
<b>Other Comprehensive Income for the year</b>				
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(0.54)	(0.40)	(1.31)	(0.87)
<b>Other Comprehensive Income for the year attributable to:</b>				
- Owners of the Company	-	-	(1.29)	(0.86)
- Non-Controlling Interest	-	-	(0.02)	(0.01)
Total comprehensive income for the year	1,394.32	1,092.64	1432.37	1,134.65
<b>Total Comprehensive Income for the year attributable to:</b>				
- Owners of the Company	-	-	1431.96	1,134.25
- Non-Controlling Interest	-	-	0.41	0.40
Total comprehensive income for the year	1,394.32	1,092.64	1432.37	1,134.65
Retained Earnings at the beginning of the year	3,487.41	2,869.09	3535.73	2,875.80
Interim Dividend	492.61	394.09	492.61	394.09
Tax on Interim Dividend	101.26	80.23	101.26	80.23
Retained Earnings at the end of the year	4,287.86	3,487.41	4373.83	3,535.73
Earnings Per Share (Face Value Rs. 5/-)	35.39	27.74	36.38	28.81

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### SUMMARY OF OPERATIONS

The Total Income for the year ended March 31, 2019 was Rs. 3,883.22 crore as against Rs. 3,002.10 crore during the previous year ended March 31, 2018. Profit Before Tax was Rs. 2,135.94 crore as against Rs. 1,658.40 crore in the previous year. Profit After Tax was Rs. 1,394.86 crore as against Rs. 1,093.04 crore in the previous year.

### BUSINESS OVERVIEW

Your Company, one of the largest Television Broadcasters in India operating Satellite Television Channels across four languages of Tamil, Telugu, Kannada and Malayalam and also airing FM Radio Stations across India continues to have sustained and increased viewership of its channels with Sun TV being the most watched channel in India.

Your Company commenced the transmission of new Bengali general entertainment channel SUN Bangla on February 3, 2019. With 3.5 hours of programming per day, SUN Bangla will be available as a free to air channel initially.

M/s. Kal Radio Limited, subsidiary of your Company, had launched 6 more FM Radio Stations in Second Batch of Private FM Radio Phase III Channels catering to southern cities of India and 5 More FM Radio Stations was launched in Second Batch of Private FM Radio Phase III Channels by your Company's subsidiary, M/s. South Asia FM Limited catering to Northern, Eastern & Western parts of India.

### DIVIDEND

In accordance with the Dividend Distribution Policy adopted by the Board and available on the website of the Company, the Board of Directors during the financial year ended March 31, 2019 have declared an interim dividend of Rs. 5.00 per share (100%) at their Board meeting held on August 10, 2018 and Rs. 2.50 per share (50%) each at their Board meetings held on November 2, 2018, February 8, 2019 and March 8, 2019 respectively resulting in a total dividend of 250%, i.e., Rs. 12.50 per equity share of face value of Rs. 5.00 each for the financial year ended March 31, 2019. (Prev. Year - 200%, i.e., Rs. 10.00 per equity share of face value of Rs. 5.00 each) and have not recommended any Final Dividend. The Payout ratio currently stands at 42.58% of current year profit after taxes.

### TRANSFER TO RESERVES

During the financial year 2018 - 19, no amount has been transferred to the General Reserve.

### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 of the Companies Act, 2013 your Directors to the best of their knowledge and belief confirm that:

- ◆ In the preparation of the Statement of Profit & Loss for the financial year ended March 31, 2019 and Balance Sheet at that date ("financial statements"), the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ◆ Appropriate accounting policies have been selected and applied them consistently and made such judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- ◆ Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit function;
- ◆ The financial statements have been prepared on a going concern basis.
- ◆ Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- ◆ Proper systems are in place to ensure compliance of all laws applicable to the Company;

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The CSR Committee of the Company has approved a CSR policy. The Annual report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended in Annexure I to this Report. Further details relating to the Corporate Social Responsibility Committee are provided in the Corporate Governance Report, which forms part of this report.

### SUBSIDIARY COMPANIES

Your Company has two subsidiaries viz., M/s. Kal Radio Limited and M/s. South Asia FM Limited (SAFM). SAFM is a subsidiary which has been classified as Joint Venture (JV) as per Ind-AS in financial statements of the Company and accounted as per applicable Ind-AS accounting standard framework. There has been no material change in the nature of business of the subsidiaries. Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary. In terms of proviso to sub section (3) of Section 129 of the Act, the salient features of the financial statement of the subsidiaries is set out in the prescribed Form AOC-1 as Annexure II which forms part of the annual report.

### TRANSACTIONS WITH RELATED PARTIES

The information on material transactions with related parties pursuant to Section 134(3)(h) of the Act, read with rule 8(2) of the Companies (Accounts) Rules, 2014, in Form AOC-2 is annexed to this report as Annexure III.

### AUDITORS AND SECRETARIAL AUDITORS

At the 32<sup>nd</sup> Annual General Meeting (AGM) held on September 22, 2017 the shareholders had approved the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (ICAI Firm Registration No: 117366W/W-100018), as the Statutory Auditors of the Company for a term of five years, i.e. till the conclusion of 37<sup>th</sup> AGM to be held in the year 2022. Pursuant to the amendment of Section 139 of the Companies Act, 2013, the requirement of seeking ratification for continuance of the Statutory Auditors at every AGM is no longer required and accordingly the Notice of ensuing AGM does not include the proposal of seeking shareholder's ratification for continuance of Statutory Auditors.

As per the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mrs. Lakshmmi Subramanian, Senior Partner of M/s. Lakshmmi Subramanian & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year under review is annexed herewith as Annexure IV.

The unmodified / unqualified report of Statutory Auditors and Secretarial Auditors forms part of this report.

### COST AUDIT

In pursuance of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 M/s. S. Sundar & Associates, Cost Accountants, was engaged to carry out Audit of Cost Records of the Company for the financial year 2018 - 19. Requisite proposal seeking ratification of remuneration payable to the Cost Auditor forms part of the notice of ensuing Annual General Meeting.

### MATERIAL SUBSIDIARY COMPANY

As per Regulation 16 of the Listing Regulations, your Company has no material subsidiary company, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively of your Company and its subsidiaries in the immediately preceding accounting year.

### TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 125(2) of the Companies Act, 2013, an amount of Rs. 4,37,120 being unclaimed dividend pertaining to the financial year 2010-11, had been transferred during the year to the Investor Education and Protection Fund established by the Central Government.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### DIRECTORS

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 (2) of the Companies Act, 2013.

### RETIREMENT BY ROTATION

As per the provisions of the Companies Act, 2013, Mr. K. Vijaykumar, Director of the Company will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors recommend his re-appointment.

The information on the particulars of director eligible for re-appointment in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been provided in the notice convening the Annual General Meeting.

### CHANGES IN BOARD OF DIRECTORS

The Company through postal ballot dated April 26, 2019 made the following changes in the Board of Directors:

1. Mr. R. Mahesh Kumar was appointed as a Director and Managing Director of the Company and Ms. Kaviya Kalanithi Maran was appointed as a Director and an Executive Director, both with effect from April 1, 2019.
2. Mr. K. Vijaykumar who resigned as Managing Director and Chief Executive Officer with effect from March 31, 2019 and continues on the Board as an Executive Director with effect from April 1, 2019.
3. Mr. Sridhar Venkatesh and Mr. Desmond Hemanth Theodore were appointed as Independent Directors of the Company with effect from April 1, 2019.
4. The Independent Directors Mr. J. Ravindran, Mr. Nicholas Martin Paul, Mr. M.K. Harinarayanan and Mr. R. Ravivenkatesh whose first term of office expires on September 25, 2019 have been appointed for a second term of five consecutive years on the Board of the Company with effect from September 26, 2019.

### KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the Key Managerial Personnel of the Company are Mr. R. Mahesh Kumar, Managing Director, Mr. V.C. Unnikrishnan, Chief Financial Officer and Mr. R. Ravi, Company Secretary.

There has been no change in the Key Managerial Personnel except appointment of Mr. R. Mahesh Kumar as Managing Director in place of Mr. K. Vijayakumar, presently an Executive Director.

### CHANGES IN CAPITAL STRUCTURE, MEMORANDUM AND ARTICLES OF ASSOCIATION:

There is no change in the Capital Structure, Memorandum and Articles of Association during the financial year under review.

The Company through Postal Ballot dated April 26, 2019 increased its Authorised Capital to Rs. 600 Crore (Rupees Six Hundred Crore Only) from Rs. 225 Crore (Rupees Two Hundred and Twenty Five Crore Only), the Memorandum and Articles of Association have also been amended to be in line with the Companies Act, 2013.

### CORPORATE GOVERNANCE REPORT, MANAGEMENT DISCUSSION & ANALYSIS REPORT AND OTHER INFORMATION REQUIRED UNDER THE COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required under Regulation 34 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") with the Stock exchanges, we continue to be a pioneer in benchmarking our corporate governance policies with the best in the media industry. The report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### BUSINESS RESPONSIBILITY REPORT

As stipulated under the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as part of the Annual Report and the said report will also be available on the website of the Company.

### PARTICULARS OF EMPLOYEES

Sun TV Network Limited had 1476 employees as of March 31, 2019 (previously 1682). In accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the required information is provided in the Annual Report which forms part of this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, the Annual Report is being sent to all the Shareholders of the Company excluding the aforesaid information. The said information is available for inspection at the registered office of the Company during working hours .

### SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There were no material changes and commitments affecting the financial position of the Company occurred between the end of financial year to which this financial statements relate to and the date of this Report.

### EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 will be available on the website of the Company [www.suntv.in](http://www.suntv.in).

### NUMBER OF MEETINGS OF THE BOARD

During the financial year, Six Board Meetings were held. The details of meetings are furnished in the Corporate Governance Report. The intervening gap between the Meetings did not exceed one hundred and twenty days.

### INDEPENDENT DIRECTORS' DECLARATION

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

### POLICY OF DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in Section 178(3) of the Companies Act, 2013 is available at the Company's website [www.suntv.in](http://www.suntv.in). Further, information about elements of remuneration package of individual directors are provided in the extract of Annual Return Form MGT - 9.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

The Company has not given any loans or provided any guarantees and details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements (Note No. 6 & 9).

### INTERNAL CONTROL

The information about internal control is set out in the Management Discussion & Analysis Report, which is attached and forms part of report.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### **PUBLIC DEPOSITS**

Your Company has not accepted any Deposits from the public in terms of Section 73 of the Companies Act, 2013 during the financial year under review.

### **RISK MANAGEMENT**

As per the provisions of Section 134 of the Companies Act, 2013 and Regulation 21 of the Listing Regulations, the Board has constituted a Risk Management Committee comprising of Independent Directors. The Risk Management is overseen by the Risk Management Committee of the Company on a continuous basis. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board's Report.

### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company has practice of conducting structured induction and familiarization programme of the independent directors as detailed in the Corporate Governance Report which forms part of the Annual Report.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

As per Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of policy are explained in the Corporate Governance Report. Policy on Vigil Mechanism is hosted on the website.

### **PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES**

The financial position of each of the subsidiaries is provided in a separate statement AOC - 1, attached to the Financial Statement pursuant to first proviso of Section 129(3) of the Companies Act, 2013 as Annexure II.

### **INDEPENDENT DIRECTORS' MEETING**

As per Regulation 25 of the Listing Regulations, a separate meeting of Independent Directors was held during the financial year. The detailed information is given in the Corporate Governance Report.

### **BOARD EVALUATION**

In terms of applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out a formal annual evaluation of its own performance, the directors individually as well as the functioning of its committees. A detailed explanation has been given in the Corporate Governance Report.

### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted an Anti-Sexual Harassment policy in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the year under review no complaints on sexual harassment were received. The Company has constituted Internal Complaints Committee with four members to consider and resolve sexual harassment complaints. The Committee met once in the financial year ended March 31, 2019.

### **INFORMATION AS REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

#### **(A) CONSERVATION OF ENERGY**

The Company is engaged in Satellite Television Broadcasting operations and the information, as intended under Section 134 (3)(m) does not arise.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company uses the latest high definition (HD) digital technology in broadcasting its programs. The outdated technologies are constantly identified and updated with latest innovations.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Crore)

PARTICULARS	March 31, 2019	March 31, 2018
Foreign Exchange Earnings	216.95	171.18
Foreign Exchange Outgo	74.18	70.50

### CONSOLIDATED FINANCIAL STATEMENTS

As required by Indian Accounting Standard – Ind AS 110 and Ind AS 27 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 non-controlling interest of your Company's subsidiary.

### CERTIFICATIONS

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) of the Listing Regulations and the Managing Director has confirmed the Code of Conduct as envisaged in Listing Regulations. In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an Independent professional has given a Certificate on Corporate Governance Compliance and a Certificate stating that none of the Directors are disqualified, which forms part of the report.

### APPRECIATION AND ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation of the dedication, hard work, solidarity, co-operation, support and commitment of employees at all levels in maintaining the sustained growth of your Company and remain in the forefront of media and entertainment business.

Your Directors thank and express their gratitude for the support and co-operation received from the Central Government, mainly the Ministry of Information and Broadcasting and the Department of Telecommunication, and State Governments and other stakeholders including viewers, producers, vendors, banks, investors, service providers as well as regulatory and governmental authorities and stock exchanges, for their continued support.

**On behalf of the Board**

**Place :** Chennai  
**Date :** May 23, 2019

**Kalanithi Maran**  
**Chairman**