

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s. South Asia FM Limited**

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of M/s. South Asia FM Limited ("the company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these stand alone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

## **Emphasis of Matter**

Without qualifying our opinion, we draw attention to notes 15 and 16, regarding matters of material uncertainty in relation to assets of the company and investments in other Radio FM companies respectively.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (" the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the Paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone Financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of sub-section (2) of section 164 of the Act; and;
  - f) The matters described in the "Emphasis of Matters" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its Financial position in its financial statements - Refer Note 15 and 16 to the financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Chennai  
Date : May 28, 2015

(V. THIYAGARAJHEN)  
Chartered Accountant  
Membership # 29295

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b) The Company has a phased programme of physical verification of fixed assets, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. In accordance with such programmes, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
2. The Company's nature of operations does not require it to hold inventories. Accordingly, Paragraph 3(ii) of the Order is not applicable.
3. a) The Company has granted loans to one body corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').  
  
b) In the case of the loans granted to the body corporate listed in the register maintained under section 189 of the Act, the borrower has been regular in the payment of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are payable on demand. Accordingly, paragraph 3(iii) (b) of the Order is not applicable to the Company in respect of repayment of the principal amount.  
  
c) There are no overdue amounts of more than rupees one lakh in respect of the loans granted to the body corporate listed in the register maintained under section 189 of the Act.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for its business activities. We have not observed any major weakness in the internal control system during the course of the audit.
5. The Company has not accepted any deposits from the public.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013,

related to services of the company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

7. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular, wherever applicable, in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, Service tax, customs duty, excise duty, Value added tax, cess and any other material statutory dues.

According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, Service tax, customs duty, excise duty, Value added tax, cess and other material statutory dues were outstanding as at 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

**b) Statement of Disputed Dues**

<i>Nature of the statute</i>	<i>Nature of the dues</i>	<i>Amount Rs. In Lakhs</i>	<i>Period to which the amount relates</i>	<i>Forum where dispute is pending</i>
NIL	NIL	NIL	NIL	NIL

c) According to the information and explanations given to us, the Company does not have any amount which is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

8. The Company's accumulated losses do not exceed fifty percent of its net worth. The company has not incurred cash loss in the financial year covered by our audit and in the financial year immediately preceding such financial year.
9. The Company did not have any outstanding dues to Banks /financial institutions/debenture holders during the year.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The Company has not obtained any term loans.

12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Chennai  
Date : May 28, 2015

(V. THIYAGARAJHEN)  
Chartered Accountant  
Membership # 29295

**SOUTH ASIA FM LIMITED**

**Balance Sheet as at March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

Particulars	Notes	March 31, 2015	March 31, 2014
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	4,838,605,000	4,838,605,000
Reserves and surplus	4	(1,697,739,987)	(1,892,384,011)
		<b>3,140,865,013</b>	<b>2,946,220,989</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	70,000	70,000
Long-term provisions	6	-	2,752
		<b>70,000</b>	<b>72,752</b>
<b>Current liabilities</b>			
Trade payables	7	201,784,083	213,769,891
Other current liabilities	7	12,911,110	11,569,995
		<b>214,695,193</b>	<b>225,339,886</b>
<b>TOTAL</b>		<b>3,355,630,206</b>	<b>3,171,633,627</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	94,145,174	137,728,024
Intangible assets	9	214,729,060	294,101,723
Capital work-in-progress		13,314,852	13,532,677
Non-current investments	10	1,791,231,517	1,791,231,517
Long-term loans and advances	11	448,409,952	426,016,933
Other non-current assets	12.2	195,000,000	5,000,000
		<b>2,756,830,555</b>	<b>2,667,610,874</b>
<b>Current assets</b>			
Current investments	10.1	151,273,638	136,617,411
Trade receivables	12.1	287,300,688	237,292,632
Cash and bank balances	13	111,883,766	95,827,685
Short-term loans and advances	11	46,354,293	33,837,705
Other current assets	12.2	1,987,266	447,320
		<b>598,799,651</b>	<b>504,022,753</b>
<b>TOTAL</b>		<b>3,355,630,206</b>	<b>3,171,633,627</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements. 22

As per our report of even date

For and on behalf of the board of directors of South Asia FM Limited

**V. THIYAGARAJHEN**  
Chartered Accountant  
Membership No.: 29295

**K. SHANMUGAM**  
Managing Director

**J. RAVINDRAN**  
Director

**C. VENKATESH**  
Company Secretary

Place: Chennai

Date : May 28, 2015



**SOUTH ASIA FM LIMITED**

**Statement of profit and loss for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

Particulars	Notes	March 31, 2015	March 31, 2014
<b>Income</b>			
Revenues from services	14	790,836,007	631,661,949
Other income	15	50,271,319	37,587,406
<b>Total revenue (I)</b>		<b>841,107,326</b>	<b>669,249,355</b>
<b>Expenses</b>			
Costs of Revenues	16	180,073,591	175,312,015
Employee benefits expense	17	179,807,893	152,443,367
Other expenses	18	130,105,944	123,320,113
Advertisement and marketing expenses	19	24,269,561	11,658,069
<b>Total (II)</b>		<b>514,256,989</b>	<b>462,733,564</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>326,850,337</b>	<b>206,515,791</b>
Depreciation and amortization expense	20	131,830,400	117,084,512
Finance costs	21	375,913	380,381
Profit/(loss) before tax		<b>194,644,024</b>	<b>89,050,898</b>
<b>Tax expenses</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit after tax</b>		<b>194,644,024</b>	<b>89,050,898</b>
<b>Earnings per equity share</b>			
- Basic		0.78	0.36
- Diluted		0.71	0.33
- Nominal Value per share		10.00	10.00

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements. 22

As per our report of even date

For and on behalf of the board of directors of South Asia FM Limited

**V. THIYAGARAJHEN**  
Chartered Accountant  
Membership No.: 29295

**K. SHANMUGAM**  
Managing Director

**J. RAVINDRAN**  
Director

**C. VENKATESH**  
Company Secretary

Place: Chennai  
Date : May 28, 2015

## SOUTH ASIA FM LIMITED

## Cash Flow Statement for the year ended 31 March, 2015

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		194,644,024		89,050,898
<u>Adjustments for:</u>				
Depreciation and amortisation	131,830,400		117,084,512	
Provision for impairment of fixed assets and intangibles				
Amortisation of share issue expenses and discount on shares				
(Profit) / loss on sale / write off of assets	508,105		(139,670)	
Expense on employee stock option scheme				
Finance costs	375,913		380,381	
Interest income	(39,027,208)		(30,601,697)	
Dividend income	(6,713,278)		(5,092,493)	
Net (gain) / loss on sale of investments	-			
Rental income from investment properties				
Rental income from operating leases	(676,920)		(500,000)	
Share of profit from partnership firms				
Share of profit from AOPs				
Share of profit from LLPs				
Liabilities / provisions no longer required written back	(191,610)		(1,253,546)	
Adjustments to the carrying amount of investments				
Provision for losses of subsidiary companies				
Provision for doubtful trade and other receivables, loans and adv	1,494,539		1,842,381	
Provision for estimated loss on derivatives				
Provision for warranty				
Provision for estimated losses on onerous contracts				
Provision for contingencies				
Other non-cash charges (specify)				
Net unrealised exchange (gain) / loss				
		87,599,942		81,719,868
Operating profit / (loss) before working capital changes		282,243,966		170,770,766
<u>Changes in working capital:</u>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-		-	
Trade receivables	(51,502,595)		(67,189,572)	
Short-term loans and advances	(12,516,588)		3,871,736	
Long-term loans and advances	(22,393,019)		(6,690,653)	
Other current assets	(1,539,946)		3,174,718	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(11,985,807)		134,793,556	
Other current liabilities	1,532,725		(206,055,929)	
Other long-term liabilities	-		-	
Short-term provisions				
Long-term provisions	(2,752)		(19,294)	
		(98,407,983)		(138,115,438)
		183,835,983		32,655,328
Cash flow from extraordinary items		-		-
Cash generated from operations		183,835,983		32,655,328
Net income tax (paid) / refunds		-		-
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>183,835,983</b>		<b>32,655,328</b>

**SOUTH ASIA FM LIMITED**

**Cash Flow Statement for the year ended 31 March, 2015 (Contd.)**

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(9,547,086)		(5,862,629)	
Proceeds from sale of fixed assets	381,919		523,742	
Inter-corporate deposits (net)				
Non current Bank balances	(190,000,000)		-	
Bank balances not considered as Cash and cash equivalents				
- Placed	(86,263,163)		(67,472,452)	
- Matured				
Current investments not considered as Cash and cash equivalents				
- Purchased net off proceeds	(14,656,227)		(17,283,030)	
Purchase of long-term investments				
- Others	-		-	
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	39,027,208		30,601,697	
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	6,713,278		5,092,493	
Rental income from investment properties				
Rental income from operating leases	676,920		500,000	
Amounts received from partnership firms				
Amounts received from AOPs				
Amounts received from LLPs		(253,667,152)		(53,900,179)
Cash flow from extraordinary items		-		-
Net income tax (paid) / refunds		(253,667,152)		(53,900,179)
		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(253,667,152)</b>		<b>(53,900,179)</b>

**SOUTH ASIA FM LIMITED**

**Cash Flow Statement for the year ended 31 March, 2015 (Contd.)**

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(in Rs.)	(in Rs.)	(in Rs.)	(in Rs.)
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares				
Proceeds from issue of preference shares				
Redemption / buy back of preference / equity shares				
Share application money received / (refunded)				
Repayment of long-term borrowings				
Net increase / (decrease) in working capital borrowings				
Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost	(375,913)		(380,381)	
Dividends paid				
Tax on dividend				
		(375,913)		(380,381)
Cash flow from extraordinary items		-		-
<b>Net cash flow from / (used in) financing activities (C)</b>		(375,913)		(380,381)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(70,207,082)</b>		<b>(21,625,232)</b>
Cash and cash equivalents at the beginning of the year		95,827,685		49,980,465
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>25,620,603</b>		<b>28,355,233</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		111,883,766		95,827,685
Less: Bank balances not considered as Cash and cash equivalents		86,263,163		67,472,452
Net Cash and cash equivalents included in Note 13		<b>25,620,603</b>		<b>28,355,233</b>
Add: Current investments considered as part of Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year *</b>		<b>25,620,603</b>		<b>28,355,233</b>
* Comprises:				
(a) Cash on hand		101,569		97,468
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		25,519,034		28,257,765
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3		-		-
(iv) In earmarked accounts (Refer Note (ii) below)		-		-
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		25,620,603		28,355,233

**Notes:**

(i) The above statements have been prepared in indirect method as per Accounting Standard 3

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For and on behalf of the Board of Directors

V. THIYAGARAJHEN  
Chartered Accountant  
Membership No.: 29295

K. SHANMUGAM  
Managing Director

J. RAVINDRAN  
Director

Place: Chennai  
Date : May 28, 2015

C. VENKATESH  
Company Secretary

**SOUTH ASIA FM LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015**

**1. CORPORATE INFORMATION**

South Asia FM Limited ('the Company') is engaged in producing and broadcasting radio software programming in Indian regional languages. The Company operates all the 23 FM stations for which the license has been procured.

The Company has 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, the Company has taken up a 48.9% beneficial interest in the Red FM Radio Companies by acquiring the equity of their holding companies at par. The promoters of Red FM continue to hold 51.1% in Red FM. As part of this strategic tie-up, (a) the promoters of Red FM have through their investment Company A H Multisoft Private Limited and (b) AstroPlc through its investment Company, South Asia Multimedia Technologies Limited, subscribed to 40% of the equity of the Company.

The Company 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 of the Company	Effective holding
Deccan Digital Networks (Hyderabad) Private Limited	28.99%
Metro Digital Networks (Hyderabad) Private Limited	28.99%
AV Digital Networks (Hyderabad) Private Limited	28.99%
Pioneer Radio Training Services Private Limited	48.89%
Optimum Media Services Private Limited	48.89%
Asia Radio Broadcast Private Limited	48.89%
Digital Radio (Delhi) Broadcasting Limited	48.89%
Digital Radio (Mumbai) Broadcasting Limited	48.89%
Digital Radio (Kolkata) Broadcasting Limited	48.89%
South Asia Multimedia Limited	48.89%

**2. SIGNIFICANT ACCOUNTING POLICIES**

***1. Basis of Accounting***

These statements have been prepared under historical cost convention on accrual basis and comply with the Accounting standards referred to in Section 133 of the Companies Act, 2013.

## *2. Fixed Assets and Depreciation*

### ➤ *Tangible Assets*

- Tangible Fixed Assets are stated at cost less accumulated depreciation.
- Depreciation on tangible Fixed Assets other than leasehold improvements is provided on written down value method at the rates and in the manner specified in Schedule II to the Act. Tangible Assets individually costing less than Rs.5,000 are depreciated @ 100% in the year of purchase.
- Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease.
- BECIL infrastructure assets included in Tangible Fixed Assets (**Note 8**) represents aggregate value of the company's share of the cost of the assets, jointly owned, along with other license holders, at various stations. These assets are jointly controlled assets and the company's share of cost of these assets has been determined corresponding to the number of licence holders in each station.

### ➤ *Intangible Assets*

- One Time Entry Fees (OTEF) paid by the company for acquiring new licenses is capitalized as an asset, in respect of the stations that have become operational. OTEF is amortized over a period of ten years, being the period of license, the ten year period starting (i) from the date of operationalisation of the station or (ii) after the expiry of one year from the date of signing the agreement, whichever is earlier.
- On Air License cost is capitalized as an asset and is amortized over a period of five years from the month in which the license is operative.
- Costs incurred towards the purchase of computer software are depreciated using straight line method over a period of three years.

## *3. 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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets 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 asset.

#### ***4. Employee Benefit Plans***

Employee benefit plans comprise both defined benefit and defined contribution plans.

The company contributes to a gratuity fund maintained by the Life Insurance Corporation of India ('LIC') based upon actuarial valuation.

Provident fund is a defined contribution plan. Each eligible employee and the company make equal contributions at a percentage of the basic salary specified under the Employee's Provident Fund's and Miscellaneous Provisions Act, 1952. The company has no further obligations under the plan beyond its periodic contributions.

#### ***5. Current Taxation***

- Provision for income tax is determined at the current tax rates based on assessable income or on the basis of Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax) whichever is higher.

#### ***6. Deferred Taxation***

- Deferred tax is recognized, subject to the consideration of prudence, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

#### ***7. Revenue Recognition***

- Revenue from Radio broadcasting is recognized on accrual basis on the airing of client's commercials.
- All expenses, not related / attributable to the acquisition of Fixed Assets, and incurred during the year are recognized as expense during the year.

#### ***8. License Fees***

- As per the new frequency module (FM) broadcasting policy, effective April 1, 2005, license fees are charged to revenue at the rate of 4% of gross revenue for the period or 10% of Reserve One Time Entry Fees (ROTEF) for the concerned city, whichever is higher.

### *9. Foreign Currency Transactions*

- Realized gains and losses on foreign exchange transactions are recognized in the Profit & Loss account. Current Assets and current liabilities denominated in foreign currency outstanding at the year end are translated at the year end exchange rates and the resultant exchange differences are recognized in the Financial Statements. Exchange Gain / Loss in respect of liabilities incurred for the acquisition of Fixed Assets are recognized in the Profit & Loss account.

### *10. Preliminary Expenditure*

- Preliminary expenses are written off over a period of five years commencing from the year in which the company commenced operations.

### *11. Provisions and contingent Liabilities*

- A provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date.
- These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

### *12. Segment Reporting*

The company's operations are relating to FM Radio broadcasting and this is the only primary reportable segment.

### *13. Investments*

Current Investments are carried at lower of Cost or quoted/fair value. Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary.



**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**4 Reserves and surplus**

Particulars	March 31, 2015	March 31, 2014
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(1,892,384,011)	(1,981,434,909)
Profit/(loss) for the year	194,644,024	89,050,898
<b>Net surplus/(deficit) in the statement of profit and loss</b>	<b>(1,697,739,987)</b>	<b>(1,892,384,011)</b>
<b>Total reserves and surplus</b>	<b>(1,697,739,987)</b>	<b>(1,892,384,011)</b>

**5 Other long-term liabilities**

Particulars	March 31, 2015	March 31, 2014
Others ( Rent Deposit )	70,000	70,000
	<b>70,000</b>	<b>70,000</b>

**6 Long-term provisions**

Particulars	March 31, 2015	March 31, 2014
<b>Provision for employee benefits:</b>		
Provision for gratuity (net)	-	2,752
	<b>-</b>	<b>2,752</b>

**7 Other current liabilities**

Particulars	March 31, 2015	March 31, 2014
Trade payables	201,784,083	213,769,891
<b>Other liabilities</b>		
Statutory Payables	5,311,663	6,478,987
Advance Received from Customers	7,599,447	5,091,008
	<b>12,911,110</b>	<b>11,569,995</b>
	<b>222,294,640</b>	<b>230,430,894</b>

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees unless otherwise mentioned)

8 Tangible assets

Particulars	Plant and Machinery	Furniture and Fittings	Leasehold Improvements	Motor vehicles	Total
<b>Cost or valuation</b>					
At 1 April 2013	442,502,653	2,761,229	107,289,160	9,245,022	561,798,064
Additions	11,613,100	104,250	38,000	-	11,755,350
Disposals	(1,111,964)	-	-	-	(1,111,964)
<b>At 31 March 2014</b>	<b>453,003,788</b>	<b>2,865,479</b>	<b>107,327,160</b>	<b>9,245,022</b>	<b>572,441,449</b>
Additions	2,618,470	197,767	1,448,674	5,500,000	9,764,911
Disposals	(2,605,182)	(56,000)	-	-	(2,661,182)
<b>At 31 March 2015</b>	<b>453,017,076</b>	<b>3,063,246</b>	<b>108,775,834</b>	<b>14,745,022</b>	<b>579,545,178</b>
<b>Depreciation</b>					
At 1 April 2013	289,663,737	1,689,892	99,288,478	7,189,209	397,831,316
Charge for the year	30,411,366	203,675	6,462,709	532,251	37,610,001
Disposals	(727,892)	-	-	-	(727,892)
<b>At 31 March 2014</b>	<b>319,347,211</b>	<b>1,893,567</b>	<b>105,751,187</b>	<b>7,721,460</b>	<b>434,713,425</b>
Charge for the year	48,402,007.922	488,002.905	2,041,131.833	1,526,594.355	52,457,737
Disposals	(1,733,598)	(37,560)	-	-	(1,771,158)
<b>At 31 March 2015</b>	<b>366,015,620</b>	<b>2,344,010</b>	<b>107,792,319</b>	<b>9,248,054</b>	<b>485,400,004</b>
<b>Net Block</b>					
<b>At 31 March 2014</b>	<b>133,656,577</b>	<b>971,912</b>	<b>1,575,973</b>	<b>1,523,562</b>	<b>137,728,024</b>
<b>At 31 March 2015</b>	<b>87,001,456</b>	<b>719,236</b>	<b>983,515</b>	<b>5,496,968</b>	<b>94,145,174</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**9 Intangible assets**

Particulars	Software	Licenses	Total
<b>Gross block</b>			
<b>At 1 April 2013</b>	23,142,963	790,781,805	813,924,768
Purchase	-	1,207,000	1,207,000
Disposals	-	-	-
<b>At 31 March 2014</b>	<b>23,142,963</b>	<b>791,988,805</b>	<b>815,131,768</b>
Purchase	-	-	-
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>23,142,963</b>	<b>791,988,805</b>	<b>815,131,768</b>

<b>Amortization</b>			
<b>At 1 April 2013</b>	23,054,193	418,501,341	441,555,534
Charge for the year	65,792	79,408,719	79,474,511
Adjustment for disposals	-	-	-
<b>At 31 March 2014</b>	<b>23,119,985</b>	<b>497,910,060</b>	<b>521,030,045</b>
Charge for the year	22,979	79,349,684	79,372,663
Adjustment for disposals	-	-	-
<b>At 31 March 2015</b>	<b>23,142,963</b>	<b>577,259,745</b>	<b>600,402,708</b>

<b>Net block</b>			
<b>At 31 March 2014</b>	<b>22,979</b>	<b>294,078,744</b>	<b>294,101,723</b>
<b>At 31 March 2015</b>	<b>0.00</b>	<b>214,729,060</b>	<b>214,729,060</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**10 Non-current investments**

<b>Particulars</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Long Term Investments (At cost) - Trade Equity instruments (Unquoted)</b>		
Deccan Digital Networks (Hyd) P Ltd 413,605 Equity Shares of Rs. 10/- each	4,146,390	4,146,390
A.V.Digital Networks (Hyd) P Ltd 413,605 Equity Shares of Rs. 10/- each	4,146,390	4,146,390
Metro Digital Networks (Hyd) P Ltd 413,605 Equity Shares of Rs. 10/- each	4,146,390	4,146,390
Pioneer Radio Training Services P Ltd 2,857,000 Equity Shares of Rs. 10/- each	28,595,000	28,595,000
Optimum Media Services P Ltd 2,857,000 Equity Shares of Rs. 10/- each	28,595,000	28,595,000
Asia Radio Broadcast P Ltd 2,857,000 Equity Shares of Rs. 10/- each	28,595,000	28,595,000
<b>Preference shares (Unquoted)</b>		
Deccan Digital Networks (Hyd) P Ltd 57,000,000 0.1% Cumulative Non Convertible Redeemable Preference Shares of Rs. 10/- each	679,634,035	679,634,035
A.V.Digital Networks (Hyd) P Ltd 21,000,000 0.1% Cumulative Non Convertible Redeemable Preference Shares of Rs. 10/- each	250,378,419	250,378,419
Metro Digital Networks (Hyd) P Ltd 64,000,000 0.1% Cumulative Non Convertible Redeemable Preference Shares of Rs. 10/- each	762,994,893	762,994,893
<b>Total Unquoted Non current Investments</b>	<b>1,791,231,517</b>	<b>1,791,231,517</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**10.1 Current investments**

**Current investments (valued at lower of cost and fair value, unless stated otherwise)**

	March 31, 2015	March 31, 2014
<b>MUTUAL FUNDS - QUOTED</b>		
TATA Fixed Maturity Plan series 46 Scheme C - Plan A NIL (Previous Year - 499,990 Units)	0	22,094,324
TATA Floater Fund Plan A - Growth 11,772.765 Units (Previous Year - NIL)	24,126,781	-
ICICI Prudential Short Term Regular Plan Growth option 403,600.919 Units ( Previous Year - NIL)	11,422,673	-
ICICI Prudential Short Term Regular Plan Monthly Dividend NIL (Previous Year - 895,144.103 Units)	-	10,721,272
TATA Short Term Bond Fund Plan A - Growth 206,969.919 Units (Previous Year - NIL)	5,000,000	-
HDFC FLOATING RATE Income Fund Short Term Plan Whole Sale Dividend Reinvestment Daily 5,171,996.57 Units (Previous Year - 4,853,428.848 Units)	52,138,380	48,926,927
IDFC Money Manager Fund - Investment Plan - Weekly Dividend 521,954.42 Units (Previous Year - 491,277.871 Units)	5,343,205	5,029,654
IDFC Money Manager Fund - Investment Plan - Daily Dividend 4,469,854 Units (Previous Year - 4,207,922.493 Units)	44,984,799	42,345,234
ICICI Prudential FMP Series 72 368 Days Plan P Direct Plan Cumulative NIL (Previous Year - 750,000 Units)	(0)	7,500,000
ICICI Prudential Savings Fund - Direct Plan - Growth 39,670.77Units (Previous Year - NIL)	8,257,800	-
<b>Total Quoted Current Investments</b>	<b>151,273,638</b>	<b>136,617,411</b>

Aggregate amount of quoted investments Market value: Rs.152,624,431.21  
(31 March 2014: Rs.137,207,794)

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**11 Loans and advances**

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Capital advances</b>				
Secured, considered good	2,117,614	58,940	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	<b>2,117,614</b>	<b>58,940</b>	-	-
Provision for doubtful advances	-	-	-	-
<b>(A)</b>	<b>2,117,614</b>	<b>58,940</b>	-	-
<b>Security deposit</b>				
<b>Rental and other deposits</b>				
Unsecured, considered good	19,100,109	17,882,872	-	-
Doubtful	-	-	-	-
<b>Deposits with Government agencies</b>				
Unsecured, considered good	26,756,212	26,756,212	-	-
Doubtful	-	-	-	-
	<b>45,856,321</b>	<b>44,639,084</b>	-	-
Provision for doubtful security deposit	-	-	-	-
<b>(B)</b>	<b>45,856,321</b>	<b>44,639,084</b>	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	360,490,176	341,868,398	-	-
Doubtful	-	-	-	-
	<b>360,490,176</b>	<b>341,868,398</b>	-	-
Provision for doubtful advances	-	-	-	-
<b>(C)</b>	<b>360,490,176</b>	<b>341,868,398</b>	-	-
<b>Other loans and advances</b>				
Advance income-tax (net of provision for taxation)	39,945,841	39,450,511	12,063,481	9,232,711
Prepaid expenses	-	-	34,290,812	24,604,994
Balances with statutory/ government authorities	-	-	-	-
<b>(D)</b>	<b>39,945,841</b>	<b>39,450,511</b>	<b>46,354,293</b>	<b>33,837,705</b>
<b>Total (A+ B + C + D)</b>	<b>448,409,952</b>	<b>426,016,933</b>	<b>46,354,293</b>	<b>33,837,705</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**12.1 Trade receivables**

Particulars	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Unsecured, considered good unless stated otherwise</b> Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	67,234,915	32,832,375
- Considered doubtful	-	-	11,563,165	10,068,626
	-	-	<b>78,798,080</b>	<b>42,901,001</b>
Provision for doubtful receivables	-	-	11,563,165	10,068,626
<b>(A)</b>	-	-	<b>67,234,915</b>	<b>32,832,375</b>
<b>Other receivables</b>				
Unsecured, considered good	-	-	220,065,773	204,460,257
Doubtful	-	-	-	-
	-	-	<b>220,065,773</b>	<b>204,460,257</b>
Provision for doubtful receivables	-	-	-	-
<b>(B)</b>	-	-	<b>220,065,773</b>	<b>204,460,257</b>
<b>Total (A + B)</b>	-	-	<b>287,300,688</b>	<b>237,292,632</b>

**12.2 Other assets**

Particulars	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Interest accrued				
- on fixed deposits	-	-	1,923,501	385,522
<b>(A)</b>	-	-	<b>1,923,501</b>	<b>385,522</b>
<b>Rent Receivable from Related party</b>				
- Sun Direct TV Private Limited	-	-	63,765	61,798
<b>(B)</b>	-	-	<b>63,765</b>	<b>61,798</b>
<b>Non current Bank Balances</b> (Refer Note 13) <b>(C)</b>	195,000,000	5,000,000	-	-
	<b>195,000,000</b>	<b>5,000,000</b>	-	-
<b>Total (A + B + C)</b>	<b>195,000,000</b>	<b>5,000,000</b>	<b>1,987,266</b>	<b>447,320</b>

**13 Cash and bank balances**

Particulars	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	-	-	25,519,034	28,257,765
Deposits with original maturity of less than three months	-	-	-	-
Cash on hand	-	-	101,569	97,468
<b>(A)</b>	-	-	<b>25,620,603</b>	<b>28,355,233</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	86,263,163	67,472,452
Margin money deposit	-	-	195,000,000	5,000,000
<b>(B)</b>	-	-	<b>281,263,163</b>	<b>72,472,452</b>
<b>Less</b>				
Amount disclosed under Other non-current assets (Refer Note 12.2)			195,000,000	5,000,000
<b>Total</b>	-	-	<b>111,883,766</b>	<b>95,827,685</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**3 Share capital**

	March 31, 2015	March 31, 2014
<b>Authorized shares</b>		
251,000,000 Equity Shares of Rs.10/- each ( Previous Year - 251,000,000 Equity Shares of Rs.10/- each )	2,510,000,000	2,510,000,000
254,000,000 0.1% Non-Cumulative Compulsorily Convertible Preference Shares of Rs.10/- each ( Previous Year - 254,000,000 0.1% Non-Cumulative Compulsorily Convertible Preference Shares of Rs.10/- each )	2,540,000,000	2,540,000,000
	<b>5,050,000,000</b>	<b>5,050,000,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
250,359,817 Equity Shares of Rs.10/- each ( Previous Year - 250,359,817 Equity Shares of Rs.10/- each )	2,503,598,170	2,503,598,170
233,500,683 0.1% Non-Cumulative Compulsorily Convertible Preference Shares of Rs.10/- each ( Previous Year - 233,500,683/- 0.1% Non-Cumulative Compulsorily Convertible Preference Shares of Rs.10/- each )	2,335,006,830	2,335,006,830
	<b>4,838,605,000</b>	<b>4,838,605,000</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

**Equity shares**

Particulars	March 31, 2015		March 31, 2014	
	No.	Amount	No.	Amount
At the beginning of the period	250,359,817	2,503,598,170	250,359,817	2,503,598,170
Issued during the period	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the period</b>	<b>250,359,817</b>	<b>2,503,598,170</b>	<b>250,359,817</b>	<b>2,503,598,170</b>

**Non-Cumulative Compulsorily Convertible Preference Shares**

Particulars	March 31, 2015		March 31, 2014	
	No.	Amount	No.	Amount
At the beginning of the period	233,500,683	2,335,006,830	233,500,683	2,335,006,830
Issued during the period	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the period</b>	<b>233,500,683</b>	<b>2,335,006,830</b>	<b>233,500,683</b>	<b>2,335,006,830</b>

**b. Terms/rights attached to**

**(i) Equity Shares:**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

During the year ended 31 March 2015, the amount of per share dividend recognized as distributions to equity shareholders was Rs.NIL.  
(31 March 2014: Rs. NIL).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

**(ii) Preference Shares:**

The company has only one class of Preference shares having a face value of Rs.10 per share. The preference shares are non cumulative and are convertible to equity shares at any time within a period of 18 years from the date of issue at the option of the company.

The preference shares are convertible at the ratio of one equity share for every ten preference shares held.

During the year ended 31 March 2015, the amount of per share dividend paid to preference shareholders was Rs.NIL.

(31 March 2014: Rs. NIL).

Upon conversion to equity shares, the preference shares ranks pari pasu with the existing equity shares of the company in all respects

**c. Details of shareholders holding more than 5% shares in the company**

Particulars	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>				
Sun TV Network Limited	148,092,000	59.15%	148,092,000	59.15%
AH Multisoft Private Limited	50,071,962	20.00%	50,071,962	20.00%
South Asia Multimedia Technologies Limited, Mauritius	50,071,963	20.00%	50,071,963	20.00%
<b>Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each fully paid</b>				
Sun TV Network Limited	140,100,410	60.00%	140,100,410	60.00%
AH Multisoft Private Limited	46,700,137	20.00%	46,700,137	20.00%
South Asia Multimedia Technologies Limited, Mauritius	46,700,136	20.00%	46,700,136	20.00%



**SOUTH ASIA FM LIMITED****Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**14 Revenue from Services**

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Revenues from services</b>		
Advertising income	790,836,007	631,661,949
	<b>790,836,007</b>	<b>631,661,949</b>

**15 Other income**

	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Interest income on</b>		
- on bank deposits	13,306,636	4,888,081
- on intercorporate deposits and loans to other companies	25,720,572	25,713,616
- Others	719,355	-
Dividend income on investments	6,713,278	5,092,493
Other non-operating income	676,920	500,000
Profit on sale of fixed assets	-	139,670
Credit no longer required	191,610	1,253,546
Profit on Sale of Investment	2,942,948	-
	<b>50,271,319</b>	<b>37,587,406</b>

**SOUTH ASIA FM LIMITED**

**Notes to financial statements for the year ended March 31, 2015**

(All amounts are in Indian Rupees unless otherwise mentioned)

**16 Cost of Revenues**

Particulars	March 31, 2015	March 31, 2014
Program production expenses	93,018,203	95,914,093
Licenses	86,962,773	79,212,393
Others	92,615	185,529
<b>Total</b>	<b>180,073,591</b>	<b>175,312,015</b>

**17 Employee benefit expense**

Particulars	March 31, 2015	March 31, 2014
Salaries and allowances	164,022,580	139,068,881
Gratuity expense	2,058,603	1,864,434
Contributions to provident fund and employee state insurance plans	12,315,757	9,945,959
Staff welfare	1,410,953	1,564,094
<b>Total</b>	<b>179,807,893</b>	<b>152,443,367</b>

**18 Other expenses**

Particulars	March 31, 2015	March 31, 2014
Legal and professional fees	6,934,673	4,442,050
Travel and conveyance	5,103,867	5,883,803
Rent	28,250,766	27,544,459
Electricity expense	41,746,170	39,105,706
Power and fuel	9,364,159	8,528,077
Repairs and maintenance		
- Building	140,000	-
- Plant and machinery	6,285,877	6,258,819
- Others	6,752,546	4,670,541
Communication	7,070,874	7,439,943
Utilities	13,910,723	13,830,976
Insurance	694,630	708,029
Provision for doubtful debts	1,494,539	1,842,381
Rates and taxes	1,225,227	2,519,318
Miscellaneous expenses	623,788	236,547
Loss on sale of Invstmt	-	309,464
Loss on Sale of Asset	508,105	-
<b>Total</b>	<b>130,105,944</b>	<b>123,320,113</b>

**Payment to auditor (included under Legal & professional Fees )**

Particulars	March 31, 2015	March 31, 2014
<b>As auditor:</b>		
Audit fee	100,000	100,000
Limited review	-	-
Service Tax	-	-
<b>In other capacity:</b>		
Other services	100,000	-
Reimbursement of expenses	-	-
<b>Total</b>	<b>200,000</b>	<b>100,000</b>

**19 Selling expenses**

Particulars	March 31, 2015	March 31, 2014
Advertisement and marketing expenses	24,269,561	11,658,069
<b>Total</b>	<b>24,269,561</b>	<b>11,658,069</b>

**20 Depreciation and amortization expense**

Particulars	March 31, 2015	March 31, 2014
Depreciation of tangible assets	52,457,737	37,610,001
Amortization of intangible assets	79,372,663	79,474,511
<b>Total</b>	<b>131,830,400</b>	<b>117,084,512</b>

**21 Finance costs**

Particulars	March 31, 2015	March 31, 2014
Interest		
- others	20,401	9,183
Bank charges	355,512	371,198
<b>Total</b>	<b>375,913</b>	<b>380,381</b>

**Note 22 – NOTES FORMING PART OF FINANCIAL STATEMENTS**

**1) *Contingent Liabilities***

Guarantees issued by Banks on behalf of the company ` .18,311,423/-  
(Previous Year ` . 18,311,423/-).

Claims against the company not Acknowledged as debts- ` . 1,008,242/-  
(Previous Year ` . 1,008,242/-).

**2) *Capital Commitments***

Estimated amount of contracts remaining to be executed on capital account (Net of Advances) -NIL(Previous year NIL).

**3) *Employee Benefits***

**a) Defined Contribution Plans :**

During the year, the company has recognized the following amounts in the profit & Loss account, which are included in 'Employee Benefit Expense' in **Note 17**

	31.03.2015	31.03.2014
Contribution to Provident Fund	1,18,52,397	93,73,101

**b) Defined Benefit Plans:**

Description of Benefits Plan	Funded Gratuity 31.03.2015 (in Rs.)	Funded Gratuity 31.03.2014 (in Rs.)
A) Reconciliation of Opening and closing balances of the present value of the defined benefit plan obligation		
Present value of obligation as at 01/04/2014	59,98,972	43,37,455
Current service cost	18,25,184	15,49,607
Interest cost	4,79,918	3,46,996
Benefits Paid	(870,522)	(6,32,553)
Actuarial gain/ (loss) on obligations	10,15,116	3,97,467

SOUTH ASIA FM LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

Present value of obligations as at 31/03/2015	84,48,668	59,98,972
B) Reconciliation of opening and closing balances of the fair value of plan assets.		
Fair value of plan assets as at 01/04/2014	59,96,220	43,15,409
Expected return on plan assets	7,83,004	4,50,505
Contributions made	45,97,792	18,62,859
Benefits paid	(8,70,522)	(6,32,553)
Actuarial gain/ (loss) on plan assets	Nil	Nil
Fair value of plan assets as at 31/03/2015	1,05,06,494	59,96,220
C) Table showing Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	59,96,220	43,15,409
Actual return on plan assets	7,83,004	4,50,505
Contributions	45,97,792	18,62,859
Benefits Paid	(8,70,522)	(6,32,553)
Fair value of plan assets at end of the year	1,05,06,494	59,96,220
Funded status Asset / (Liability)	20,57,826	(2,752)
Excess of actual over estimated return on plan assets	-	-
D) Actuarial Gain/ (Loss) recognized		
Actuarial gain on obligations	10,15,116	3,97,467
Actuarial gain on plan assets	-	-
Total gain for the year	10,15,116	1,02,374

SOUTH ASIA FM LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

Actuarial gain recognized in the year	10,15,116	1,02,374
E) Reconciliation of present value of Defined benefit plan obligation and fair value of plan assets to the assets and liabilities recognized in the Balance sheet		
Present value of obligation as at 31/03/2015	84,48,668	59,98,972
Fair value of plan assets as at 31/03/2015	1,05,06,494	59,96,220
Funded status - Asset / (Liability)	20,57,826	(2,752)
Net Asset recognized in Balance sheet included under Long Term Loans and Advances - Note 11 (Previous yr - Long Term Provisions - Note 6)	20,57,826	(2,752)
F) Expenses recognized in the Profit & Loss account		
Current service cost	18,25,184	15,49,607
Interest cost	4,79,918	3,46,996
Expected return on plan assets	(7,83,004)	(4,50,505)
Net actuarial gain/(loss) recognized	10,15,116	3,97,467
Expenses recognized in Profit & Loss account (included in 'Employee Benefit Expense' in Note 17)	25,37,214	18,43,565
G) Actual return on plan assets		
Expected return on plan assets	(7,83,004)	450,505
Actuarial gain/ (loss) on plan assets	-	-
Actual return on plan assets	(7,83,004)	450,505
H) Opening net liability	(2,752)	(22,046)
Contributions	45,97,792	1,862,859
Expenses	25,37,214	1,843,565
Closing Net Asset (Liability)	20,57,826	(2,752)
I) Actuarial assumptions*	31.03.2015	31.03.2014
Discount rate	8%	8%

**SOUTH ASIA FM LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015**

Expected rate of return on plan assets	8%	8%
Rate of increase in compensation levels	5%	5%
Attrition Rate	1-3%	1-3%

- The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, and other relevant factors like supply and demand in the employment market.

**4) Expenses of Employment**

<b>Particulars</b>	<b>31.03.2015 (in Rs.)</b>	<b>31.03.2014 (in Rs.)</b>
No. of employees employed throughout the year on remuneration, the aggregate of which was not less than Rs.60,00,000/- per annum .	<i>NIL</i>	<i>NIL</i>
No. of employees employed for part of the year on remuneration of Rs.5,00,000/- or more per month.	<i>NIL</i>	<i>NIL</i>

**5) CIF Value of Imports**

	<b>2014-2015 (in Rs.)</b>	<b>2013-2014 (in Rs.)</b>
Capital goods	---	18,88,540
Spares	---	---
<b>Total</b>	---	<b>18,88,540</b>

**6) Expenditure in Foreign Currency**

Travelling Expenses	26,983	25,771
<b>Total</b>	<b>26,983</b>	<b>25,771</b>

**7) Auditor's Remuneration**

Audit Fees	1,00,000	1,00,000
Other Services	1,00,000	-
<b>Total</b>	<b>2,00,000</b>	<b>1,00,000</b>

8) *Dues to Small- Scale Industrial undertakings*

- The company has no outstanding dues to small-scale industrial undertakings as on 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014.

9) *Dues to Micro, Small and Medium Enterprises*

- Management has determined that there were no balances outstanding as at the beginning of the year and no transactions entered with Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, during the current year, based on the information available with the Company as at March 31, 2015.

10) *Leases*

- (a) The company has leased premises under operating leases. The lease payments to be made in future in respect of the leases are as follows :

	31.03.2015	31.03.2014
Upto 1 year	2,42,20,765	2,51,97,437
> 1 year but not later than 5 years	4,42,88,559	6,38,94,387
> 5 years	1,83,66,237	NIL

- (b) Lease payments recognized in Profit & Loss Account is ` 2,71,58,434/- (included in Rent - Other Expenses - Note 18) (Previous Year ` 2,62,24,267/-)

11) Considering that the company has accumulated losses even after adjusting current year profits, and, applying the principles of prudence and virtual certainty of future profitability as laid down in Accounting Standard 22, deferred tax asset has not been recognized in the financial statements in the current financial year.

12) *Related Party Disclosures*

➤ *Key Management Personnel (KMP)*

- a) Mr. K. Shanmugam - Managing Director

➤ *Individual(s) having significant influence and/ or relative of such individual over the reporting enterprise (ISI)*

*Mr. Kalanithi Maran*

SOUTH ASIA FM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

➤ *Associate Enterprises (AE)*

- a) Deccan Digital Networks (Hyderabad) Private Limited
- b) Metro Digital Networks (Hyderabad) Private Limited
- c) AV Digital Networks (Hyderabad) Private Limited
- d) Pioneer Radio Training Services Private Limited
- e) Optimum Media Services Private Limited
- f) Asia Radio Broadcast Private Limited
- g) Digital Radio (Delhi) Broadcasting Limited
- h) Digital Radio (Mumbai) Broadcasting Limited
- i) Digital Radio (Kolkata) Broadcasting Limited
- j) South Asia Multimedia Limited

➤  *Holding Company (HC)*

- a) Sun TV Network Limited

➤ *Enterprise in which "individual having significant influence and/ or relative of such individual over the reporting enterprise" has significant influence( ENT )*

- a) Sun Direct TV Private Limited



**SOUTH ASIA FM LIMITED****NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015****➤ Related Party Transactions**

Figures in brackets represent corresponding previous year figures.

<b>Group Head</b>	<b>Nature of Transactions</b>	<b>Related Party</b>	<b>Relationship</b>	<b>Revenue items - recognized during the period In `.</b>	<b>Balance Sheet items - O/s as at 31.03.2015 In `.</b>
Other Current Assets	Rent receivable	Sun Direct TV Private Limited	ENT	-	63,765 (61,798)
Other Current Liabilities	Interest Payable	Sun TV Network Limited	HC	-	NIL (7,00,00,000)
Other Current Liabilities	Rent Deposit	Sun Direct TV Private Limited	ENT	-	70,000 (70,000)
Other Current Liabilities	Electricity Payable	Sun TV Network Limited	HC	-	1,89,546 (NIL)
Other Current Liabilities	Staff Welfare Payable	Sun TV Network Limited	HC	-	65,892 (NIL)
Other Income	Rental Income	Sun Direct TV Private Limited	ENT	6,76,920 (5,00,000)	-
Other Expenses	Rent Expense	Sun TV Network Limited	HC	11,21,256 (10,11,564)	-
Other Expenses	Electricity Charges	Sun TV Network Limited	HC	8,80,592 (8,37,687)	-
Employee Benefit Expense	Staff Welfare Others	Sun TV Network Limited	HC	3,49,778 (3,52,515)	-
Other Expenses	Advertisement & Publicity	Sun TV Network Limited	HC	NIL (25,00,000)	-

**SOUTH ASIA FM LIMITED****NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015**

<i>Other Income</i>	<i>Interest earned</i>	AV Digital Networks(Hyderabad) Private Limited	AE	2,57,20,572 (2,57,20,000)	-
<i>Loans &amp; Advances</i>	<i>Advance</i>	AV Digital Networks(Hyderabad) Private Limited	AE	-	34,46,47,998 (33,30,73,999)
<i>Non current Investments</i>	<i>Investments</i>	Deccan Digital Networks(Hyderabad) Private Limited	AE	-	683,780,425 (683,780,425)
<i>Non current Investments</i>	<i>Investments</i>	Metro Digital Networks(Hyderabad) Private Limited	AE	-	767,141,283 (767,141,283)
<i>Non current Investments</i>	<i>Investments</i>	AV Digital Networks(Hyderabad) Private Limited	AE	-	254,524,809 (254,524,809)
<i>Non current Investments</i>	<i>Investments</i>	Pioneer Radio Training Services Private Limited	AE	-	28,595,000 (28,595,000)
<i>Non current Investments</i>	<i>Investments</i>	Optimum Media Services Private Limited	AE	-	28,595,000 (28,595,000)
<i>Non current Investments</i>	<i>Investments</i>	Asia Radio Broadcast Private Limited	AE	-	28,595,000 (28,595,000)

**13) Foreign currency exposure**

The company does not use any derivative instruments to hedge its foreign currency transactions. Balance outstanding as at the balance sheet date, in respect of foreign currency transactions which are not hedged, is NIL. (Previous Year: NIL)

**14) Earnings per share**

		<i>For the year ended</i>	
		<b>31.03.2015</b>	<b>31.03.2014</b>
Profit / (Loss) after tax	(a)	19,46,44,024	8,90,50,898
<b>Basic</b>			
Weighted average number of equity shares of Rs.10/- each outstanding during the year	(b)	25,03,59,817	25,03,59,817
<b>Dilution</b>			
Effect of potential equity shares on Non cumulative Compulsorily Convertible Preference shares		2,33,50,068	2,33,50,068
Weighted average number of equity shares of Rs.10/- each outstanding during the year	(c)	27,37,09,885	27,37,09,885
<b>Earnings per Share</b>		<b>Rs.</b>	<b>Rs.</b>
Basic	- (a)/(b)	0.78	0.36
Diluted	- (a)/(c)	0.71	0.33

SOUTH ASIA FM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

15) Subsequent to March 31 2015, the Company has received an order from the Enforcement Directorate, Ministry of Finance, Government of India, provisionally attaching fixed deposits with banks and mutual fund investments aggregating to Rs. 21.34 crores of the Company, under the Prevention of Money Laundering Act, 2002 in connection with an investigation not involving the Company. As per the said order, this attachment relates to the allegation that, investments, by way of share capital, amounting to Rs. 96.77 crores, made by South Asia Multimedia Technologies Limited (SAMTL) and Rs. 96.78 Crores made by AH Multisoft Private Limited (AHMPL), into the Company, aggregating to Rs. 193.55 crores, were illegal gratification paid to one Shri. Dayanithi Maran, brother of Shri. Kalanithi Maran, who is a director of the Company. The Company denies all these allegations and the management of the Company believes that all applicable laws and regulations have been adhered to with respect to said investments into the Company by the above entities. Accordingly, the Company will be taking all necessary legal steps to protect the interest of the Company and its shareholders. Whilst the matter is sub-judice, in the opinion of the management, the above said allegations should have no impact on its ongoing businesses, operations, and its financial position. Further, the management is of the view that no accounting adjustments are considered necessary in these financial statements in this regard. Based on the legal opinion received, the Management is confident that the said Provisional Attachment Order by the Enforcement Directorate is not tenable against the Company.

16) The Ministry of Information and Broadcasting of the Government of India ('MIB') has, during the year, invited applications for the e-Auction of Private FM Radio Phase - III. The Company and its investees have filed applications to migrate their existing FM Radio licenses ( expiring on various dates in FY 2016-17 and thereafter) from Phase II to the Phase III licensing regime ("FM License Migration Applications"), which are currently being processed by the MIB and their communication is awaited. Management is confident of receiving the approvals for the Company's FM License Migration Applications, which is essential for the continued operations of these FM Radio stations and the recoverability of the Company's investments, direct and indirect, in its radio operations /investees. Accordingly, no impairment to asset values and / or diminution other than temporary in the value of the related assets/investments, have been considered necessary in this regard.

SOUTH ASIA FM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2015

17) Prior year figures have been regrouped and recast wherever necessary to conform to the current year's classifications.

For and on behalf of the Board of Directors

In terms of our report of even date

K.SHANMUGAM  
Managing Director

J. RAVINDRAN  
Director

C.VENKATESH  
Company Secretary

V THIYAGARAJHEN  
CHARTERED ACCOUNTANT  
Membership # 29295

PLACE : CHENNAI

DATE : 28<sup>th</sup> May,2015