

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I 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, 2016, 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 of these standalone financial statements that give a true and fair 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

My responsibility is to express an opinion on these stand alone financial statements based on my audit.

I 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.

I conducted the audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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.

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

Opinion

In my opinion and to the best of the information and according to the explanations given to me, 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, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 25.14 and 25.15, regarding matters of material uncertainty in relation to assets of the company, FM Radio licenses and investments in other Radio FM companies.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I 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, I report that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
 - b) in my opinion proper books of account as required by law have been kept by the Company so far as it appears from my 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 my 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to my separate Report in "Annexure B".
- g) The matters described in the "Emphasis of Matters" paragraph above, in my opinion, may have an adverse effect on the functioning of the Company; and
- h) 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 my opinion and to the best of the information and according to the explanations given to me:
 - i. The Company does not have any pending litigations which would impact its financial position
 - 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 25, 2016

(V. THIYAGARAJHEN)
Chartered Accountant
Membership # 29295

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of my report of even date

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 my 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.

c) According to the information and explanation given to me, the Company does not possess any immovable property. Hence, paragraph 3(i)(c) of the order is not applicable.
2. In my opinion and according to the information and explanations given to me, 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 unsecured 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.
4. In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans, investments, guarantees and security.
5. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 or

any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable.

6. To the best of my knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the services of the Company.
7. a) According to the information and explanations given to me, and on the basis of examination of the books of accounts, 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, Service tax, customs duty, excise duty, Value added tax, cess and any other material statutory dues.

b) According to the information and explanations given to me, no undisputed dues payable in respect of provident fund, employee's state insurance, income-tax, sales-tax, Service tax, customs duty, excise duty, Value added tax, cess and other material statutory dues were outstanding as at 31st March 2016 for a period of more than six months from the date they became payable.
8. The Company did not have any outstanding dues to Banks /financial institutions/debenture holders during the year.
9. In my opinion, the Company has not obtained any term loans. During the year, the company has not raised money by way of initial public offer or further public offer. Accordingly, paragraph 3(ix) of the order is not applicable.
10. According to the information and explanations given to me, no fraud on or by the Company has been noticed or reported during the year.
11. The company has not paid or provided any managerial remuneration during the year. Therefore paragraph 3(xi) of the order is not applicable.
12. In my opinion, the Company is not a Nidhi Company. Accordingly, clause xii of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
13. In my opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act 2013 where applicable, and the details have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to me, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, clause xiv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
15. In my opinion and according to the information and explanations given to me, the Company has not entered into any non - cash transactions with directors or persons connected with the Directors. Accordingly, clause xv of Para 3 of Companies (Auditors Report) Order 2016 is not applicable.
16. In my opinion and according to the information and explanations given to me, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Chennai
Date : May 25, 2016

(V. THIYAGARAJHEN)
Chartered Accountant
Membership # 29295

"ANNEXURE B" TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of M/s.South Asia FM Limited ("the Company") as of March 31, 2016 in conjunction with my audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting,

assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on

- i. Existing policies and procedures adopted by the company for ensuring orderly and efficient conduct of business.
- ii. Continuous adherence to Company's policies.
- iii. Existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made & Cash and Bank Balances.
- iv. Existing system to prevent and detect fraud & errors.
- v. Accuracy and completeness of Company's accounting records; and
- vi. Existing capacity to prepare timely and reliable financial information.

Place : Chennai
Date : May 25, 2016

(V. THIYAGARAJHEN)
Chartered Accountant
Membership # 29295

SOUTH ASIA FM LIMITED

Balance Sheet as at March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

	Notes	31-Mar-16	31-Mar-15
Equity and liabilities			
Shareholders' funds			
Share capital	3	6,153,605,000	4,838,605,000
Reserves and surplus	4	(73,625,962)	(1,697,739,988)
		6,079,979,038	3,140,865,012
Non-current liabilities			
Other long-term liabilities	5	20,000	70,000
Long-term provisions	6	-	-
		20,000	70,000
Current liabilities			
Trade payables	6	255,576,945	201,784,084
Other current liabilities	6	14,980,124	12,911,110
		270,557,069	214,695,194
TOTAL		6,350,556,108	3,355,630,206
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7	86,112,760	94,145,174
Intangible assets	8	135,234,535	214,729,059
Capital work-in-progress		-	-
Non-current investments	9	2,791,231,517	1,791,231,517
Long-term loans and advances	10	508,957,726	461,724,805
Other non-current assets	11	226,516,944	195,000,000
		3,748,053,482	2,756,830,555
Current assets			
Current investments	12	327,144,788	151,273,638
Trade receivables	13	346,706,111	287,300,688
Cash and bank balances	14	1,882,045,658	111,883,766
Short-term loans and advances	15	40,987,313	46,354,292
Other current assets	16	5,618,757	1,987,266
		2,602,502,626	598,799,650
TOTAL		6,350,556,108	3,355,630,206
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.	25		

As per our report of even date

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

V. THİYAGARAJHEN
Chartered Accountant
Membership No.: 29295

K. SHANMUGAM
Managing Director

J. RAVINDRAN
Director

C. VENKATESH
Company Secretary

Place: Chennai

Date : May 25, 2016

SOUTH ASIA FM LIMITED

Statement of profit and loss for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

	Notes	31-Mar-16	31-Mar-15
Income			
Revenues from services	17	898,622,257	790,836,007
Other income	18	129,138,147	50,271,319
Total revenue (I)		1,027,760,404	841,107,326
Expenses			
Costs of Revenues	19	193,612,262	180,073,591
Employee benefits expense	20	211,696,380	179,807,893
Finance costs	21	546,501	375,913
Depreciation and amortization expense	22	101,007,164	131,830,400
Other expenses	23	154,479,310	130,105,945
Advertisement and marketing expenses	24	57,304,760	24,269,561
Total (II)		718,646,377	646,463,303
Profit/(loss) before tax		309,114,027	194,644,023
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit after tax		309,114,027	194,644,023
Earnings per equity share			
- Basic		0.81	0.78
- Diluted		0.76	0.48
- 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.	25		

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 25, 2016

SOUTH ASIA FM LIMITED

Cash Flow Statement for the year ended 31 March, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		309,114,027		194,644,023
<i>Adjustments for:</i>				
Depreciation and amortisation	101,007,164		131,830,400	
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	655,367		508,107	
Expense on employee stock option scheme				
Finance costs	546,501		375,913	
Interest income	(25,851,822)		(39,027,208)	
Dividend income	(5,871,149)		(6,713,278)	
Net (gain) / loss on sale of investments	-			
Rental income from investment properties				
Rental income from operating leases	(473,663)		(676,920)	
Share of profit from partnership firms				
Share of profit from AOPs				
Share of profit from LLPs				
Liabilities / provisions no longer required written back	(10,928,312)		(191,610)	
Adjustments to the carrying amount of investments				
Provision for losses of subsidiary companies				
Provision for doubtful trade and other receivables, loans and advances	2,261,450		1,494,539	
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				
		61,345,537		87,599,943
Operating profit / (loss) before working capital changes		370,459,563		282,243,966
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-		-	
Trade receivables	(50,738,561)		(51,502,595)	
Short-term loans and advances	5,366,979		(12,516,587)	
Long-term loans and advances	(47,232,921)		(22,393,019)	
Other current assets	(3,631,491)		(1,539,946)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	53,792,862		(11,985,807)	
Other current liabilities	2,069,014		1,532,725	
Other long-term liabilities	(50,000)		-	
Short-term provisions				
Long-term provisions	-		(2,752)	
		(40,424,119)		(98,407,981)
		330,035,444		183,835,985
Cash flow from extraordinary items		-		-
Cash generated from operations		330,035,444		183,835,985
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		330,035,444		183,835,985

SOUTH ASIA FM LIMITED

Cash Flow Statement for the year ended 31 March, 2016 (Contd.)

(All amounts are in Indian Rupees unless otherwise mentioned)

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(15,023,198)		(9,547,087)	
Proceeds from sale of fixed assets	887,604		381,919	
Inter-corporate deposits (net)				
Non current Bank balances	(31,516,944)		(190,000,000)	
Bank balances not considered as Cash and cash equivalents				
- Placed	(1,838,711,276)		(86,263,163)	
- Matured				
Current investments not considered as Cash and cash equivalents				
- Purchased net off proceeds	(175,871,150)		(14,656,227)	
Purchase of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	(1,000,000,000)		-	
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	25,851,822		39,027,208	
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	5,871,149		6,713,278	
Rental income from investment properties				
Rental income from operating leases	473,663		676,920	
Amounts received from partnership firms				
Amounts received from AOPs				
Amounts received from LLPs		(3,028,038,330)		(253,667,153)
Cash flow from extraordinary items		-		-
Net income tax (paid) / refunds		(3,028,038,330)		(253,667,153)
Net cash flow from / (used in) investing activities (B)		(3,028,038,330)		(253,667,153)

SOUTH ASIA FM LIMITED

Cash Flow Statement for the year ended 31 March, 2016 (Contd.)

(All amounts are in Indian Rupees unless otherwise mentioned)

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	2,630,000,000		-	
Proceeds from issue of preference shares				
Redemption / buy back of preference / equity shares				
Proceeds from issue of share warrants				
Share application money received / (refunded)				
Proceeds from long-term borrowings				
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	(546,501)		(375,913)	
Dividends paid				
Tax on dividend				
Cash flow from extraordinary items		2,629,453,499		(375,913)
Net cash flow from / (used in) financing activities (C)		2,629,453,499		(375,913)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(68,549,387)		(70,207,080)
Cash and cash equivalents at the beginning of the year		111,883,766		95,827,685
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		43,334,380		25,620,604
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 13)		1,882,045,658		111,883,766
Less: Bank balances not considered as Cash and cash equivalents		1,838,711,276		86,263,163
Net Cash and cash equivalents included in Note 13		43,334,382		25,620,603
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *		43,334,382		25,620,603
* Comprises:				
(a) Cash on hand		79,202		101,569
(b) Cheques, drafts on hand		-		-
(c) Balances with banks		43,255,180		25,519,034
(i) In current accounts		-		-
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3 months		-		-
(iv) In earmarked accounts (Refer Note (ii) below)		-		-
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		43,334,382		25,620,603

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. THİYAGARAJHEN
Chartered Accountant
Membership No.: 29295

Place: Chennai
Date: May 25, 2016

K. SHANMUGAM
Managing Director

J. RAVINDRAN
Director

C. VENKATESH
Company Secretary

SOUTH ASIA FM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

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) Astro Plc 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 7) 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 license 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 operationalization 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, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

3 Share capital

	31-Mar-16	31-Mar-15
Authorized shares		
401,000,000 Equity Shares of Rs.10/- each (Previous Year - 251,000,000 Equity Shares of Rs.10/- each)	4,010,000,000	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
	6,550,000,000	5,050,000,000
Issued, subscribed and fully paid-up shares		
381,859,817 Equity Shares of Rs.10/- each (Previous Year - 250,359,817 Equity Shares of Rs.10/- each)	3,818,598,170	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
	6,153,605,000	4,838,605,000

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

Equity shares

	31-Mar-16		31-Mar-15	
	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	131,500,000	1,315,000,000	Nil	Nil
Outstanding at the end of the period	381,859,817	3,818,598,170	250,359,817	2,503,598,170

Non-Cumulative Compulsorily Convertible Preference Shares

	31-Mar-16		31-Mar-15	
	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
Outstanding at the end of the period	233,500,683	2,335,006,830	233,500,683	2,335,006,830

b. During the year the company has allotted 13,15,00,000 equity shares of Rs. 10 each as fully paidup to the following shareholders in the existing proportion of their shareholding on October 26,2015 at a premium of Rs. 10 each on rights basis:

- (i) Sun TV Network Limited
- (ii) A.H Multisoft Private Limited
- (iii) South Asia Multimedia Technologies Limited

c. 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 2016, the amount of per share dividend recognized as distributions to equity shareholders was Rs.NIL.

(31 March 2015: 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 2016, the amount of per share dividend paid to preference shareholders was Rs.NIL.

(31 March 2015: Rs. NIL).

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

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

	31-Mar-16		31-Mar-15	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
Sun TV Network Limited	226,992,000	59.44%	148,092,000	59.15%
AH Multisoft Private Limited	76,371,962	20.00%	50,071,962	20.00%
South Asia Multimedia Technologies Limited, Mauritius	76,371,963	20.00%	50,071,963	20.00%
Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10 each fully paid				
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, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

4 Reserves and surplus

	31-Mar-16	31-Mar-15
Securities Premium Reserve (A)	1,315,000,000	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(1,697,739,988)	(1,892,384,011)
Profit/(loss) for the year	309,114,026	194,644,023
Total (B)	(1,388,625,962)	(1,697,739,988)
Total (A) + (B)	(73,625,962)	(1,697,739,988)

Non Current liabilities

5 Other long-term liabilities

	31-Mar-16	31-Mar-15
Others (Rent Deposit)	20,000	70,000
	20,000	70,000

Current Liabilities

6 Trade Payables and Other Current Liabilities

	31-Mar-16	31-Mar-15
Trade payables	255,576,945	201,784,084
	255,576,945	201,784,084
Other current liabilities		
Statutory Payables	7,217,023	5,311,663
Advance Received from Customers	7,763,101	7,599,447
	14,980,124	12,911,110

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

7 Tangible assets

	Plant and Machinery	Furniture and Fittings	Leasehold Improvements	Motor vehicles	Total
Cost or valuation					
At 1 April 2014	453,003,788	2,865,479	107,327,160	9,245,022	572,441,449
Additions	2,618,470	197,767	1,448,674	5,500,000	9,764,911
Disposals	(2,605,182)	(56,000)	-	-	(2,661,182)
At 31 March 2015	453,017,076	3,007,246	108,775,834	14,745,022	579,545,178
Additions	8,578,873	454,599	3,872,387	2,117,339	15,023,198
Disposals	(4,945,908)	(189,515)	-	-	(5,135,423)
At 31 March 2016	456,650,041	3,272,330	112,648,221	16,862,361	589,432,953
Depreciation					
At 1 April 2014	319,347,211	1,893,567	105,751,187	7,721,460	434,713,425
Charge for the year	48,402,008	488,003	2,041,132	1,526,594	52,457,737
Disposals	(1,733,598)	(37,560)	-	-	(1,771,158)
At 31 March 2015	366,015,621	2,344,010	107,792,319	9,248,054	485,400,004
Charge for the year	17,856,864	202,884	1,791,420	1,661,472	21,512,640
Disposals	(3,468,344)	(124,107)	-	-	(3,592,451)
At 31 March 2016	380,404,141	2,422,787	109,583,739	10,909,526	503,320,193
Net Block					
At 31 March 2015	87,001,455	663,236	983,515	5,496,968	94,145,174
At 31 March 2016	76,245,900	849,543	3,064,482	5,952,835	86,112,760

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

8 Intangible assets

	Software	Licenses	Total
Gross block			
At 1 April 2014	23,142,963	791,988,804	815,131,767
Purchase	-	-	-
Disposals	-	-	-
At 31 March 2015	23,142,963	791,988,804	815,131,767
Purchase	-	-	-
Disposals	-	-	-
At 31 March 2016	23,142,963	791,988,804	815,131,767
Amortization			
At 1 April 2014	23,119,985	497,910,060	521,030,045
Charge for the year	22,979	79,349,684	79,372,663
Adjustment for disposals	-	-	-
At 31 March 2015	23,142,963	577,259,745	600,402,708
Charge for the year	-	79,494,524	79,494,524
Adjustment for disposals	-	-	-
At 31 March 2016	23,142,963	656,754,269	679,897,232
Net block			
At 31 March 2015	(0)	214,729,059	214,729,059
At 31 March 2016	0	135,234,535	135,234,535

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

9 Non-current investments

	31-Mar-16	31-Mar-15
Long Term Investments (At cost) - Trade Equity instruments (Unquoted)		
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
Preference shares (Unquoted)		
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
Optimum Media Services P Ltd 100,000,000 12% Cumulative Redeemable Preference Shares of Rs. 10/- each (Previous Year - Nil)	1,000,000,000	-
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
Total Unquoted Non current Investments	2,791,231,517	1,791,231,517

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

10 Long Term Loans and advances

	31-Mar-16	31-Mar-15
Capital advances		
Secured, considered good	7,003,150	2,117,614
Unsecured, considered good	-	-
Doubtful	-	-
	7,003,150	2,117,614
Provision for doubtful advances	-	-
(A)	7,003,150	2,117,614
Security deposit, Rental and other deposits		
Unsecured, considered good	19,130,706	19,100,109
Doubtful	-	-
Deposits with Government agencies		
Unsecured, considered good	26,756,212	26,756,212
Doubtful	-	-
	45,886,918	45,856,321
Provision for doubtful security deposit	-	-
(B)	45,886,918	45,856,321
Advances recoverable in cash or kind		
Unsecured considered good	403,188,405	373,805,028
Doubtful	-	-
	403,188,405	373,805,028
Provision for doubtful advances	-	-
(C)	403,188,405	373,805,028
Other loans and advances		
Advance income-tax (net of provision for taxation)	52,879,253	39,945,841
(D)	52,879,253	39,945,841
Total (A+ B + C + D)	508,957,726	461,724,805

11 Other Non Current Assets

	31-Mar-16	31-Mar-15
Non current Bank Balances	226,516,944	195,000,000
(Refer Note 14)	226,516,944	195,000,000
Total	226,516,944	195,000,000

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

12 Current investments

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

	31-Mar-16	31-Mar-15
MUTUAL FUNDS - QUOTED		
TATA Floater Fund Plan A - Growth 11,772.765 Units (Previous Year - 11,772.765 Units)	24,126,781	24,126,781
ICICI Prudential Short Term Regular Plan Growth option 403,600.919 Units (Previous Year - 403,600.919 Units)	11,422,673	11,422,673
TATA Short Term Bond Fund Plan A - Growth 206,969.919 Units (Previous Year - 206,969.919 Units)	5,000,000	5,000,000
HDFC Floating Rate Income Fund Short Term Plan Whole Sale Dividend Reinvestment Daily 5,469,381.90 Units (Previous Year - 5,171,996.57 Units)	55,136,292	52,138,380
IDFC Money Manager Fund - Investment Plan - Weekly Dividend 551,516.03 Units (Previous Year - 521,954.42 Units)	5,645,361	5,343,205
IDFC Money Manager Fund - Investment Plan - Daily Dividend 4,707,738.95 Units (Previous Year - 4,207,922.493 Units)	47,392,192	44,984,799
ICICI Prudential Savings Fund - Direct Plan - Growth 39,670.77Units (Previous Year - 39,670.77 Units)	8,257,800	8,257,800
HDFC Liquid Fund - Direct Plan Growth Option 7,566.25 Units (Previous Year - Nil)	22,500,000	-
SBI Ultra Short Term Debt Plan - Regular Plan - Growth 15,634.19 Units (Previous Year - Nil)	30,000,000	-
ICICI Prudential Money Market Fund - Direct Plan - Growth 48,151.21 Units (Previous Year - Nil)	10,000,000	-
HDFC Floating Rate Income Plan - Short Term Plan - Wholesale Option - Growth 1,170,083.31 Units (Previous Year - Nil)	30,000,000	-
DHFL Pramerica Insta Cash Plus Fund - Direct Plan Growth 205,256.93 Units (Previous Year - Nil)	40,163,690	-
IDFC Cash Fund Growth (direct Plan) 12,323.079 Units (Previous Year - Nil)	22,500,000	-
IDFC Money Manager Fund Investment Plan - Growth (Regular Plan) 648,158.15 Units (Previous Year - Nil)	15,000,000	-
Total Quoted Current Investments	327,144,788	151,273,638

Aggregate amount of quoted investments Market value: Rs.332,669,499/-

(31 March 2015: Rs.152,624,431/-)

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

13 Trade receivables

	31-Mar-16	31-Mar-15
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	83,482,472	67,234,915
- Considered doubtful	2,880,389	11,563,165
	86,362,861	78,798,080
Provision for doubtful receivables	2,880,389	11,563,165
(A)	83,482,472	67,234,915
Other receivables		
Unsecured, considered good	263,223,639	220,065,773
Doubtful	-	-
	263,223,639	220,065,773
Provision for doubtful receivables	-	-
(B)	263,223,639	220,065,773
Total (A + B)	346,706,111	287,300,688

14 Cash and bank balances

	31-Mar-16	31-Mar-15
Cash and cash equivalents		
Balances with banks:		
On current accounts	43,255,180	25,519,034
Cash on hand	79,202	101,569
(A)	43,334,382	25,620,603
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	1,838,711,276	86,263,163
Margin money deposit	226,516,944	195,000,000
(B)	2,065,228,220	281,263,163
Less		
Other non-current assets (Refer Note 11)	226,516,944	195,000,000
Total (A) + (B)	1,882,045,658	111,883,766

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

15 Short Term Loans and advances

	31-Mar-16	31-Mar-15
Other loans and advances		
Advance income-tax (net of provision for taxation)	14,164,104	12,063,481
Prepaid expenses	26,823,209	34,290,812
Total	40,987,313	46,354,292

16 Other Current Assets

	31-Mar-16	31-Mar-15
Interest accrued		
- on fixed deposits	5,581,111	1,923,501
(A)	5,581,111	1,923,501
Rent Receivable from Related party		
- Sun Direct TV Private Limited	37,646	63,765
(B)	37,646	63,765
Total (A + B)	5,618,757	1,987,266

SOUTH ASIA FM LIMITED

Notes to financial statements for the year ended March 31, 2016

(All amounts are in Indian Rupees unless otherwise mentioned)

17 Revenue from Services

	31-Mar-16	31-Mar-15
Revenues from services		
Advertising income	898,622,257	790,836,007
	898,622,257	790,836,007

18 Other income

	31-Mar-16	31-Mar-15
Interest income on		
- on bank deposits	83,600,719	13,306,636
- on intercorporate deposits and loans to other companies	25,851,822	25,720,572
- Others	-	719,355
Dividend income on investments	5,871,149	6,713,278
Other non-operating income	473,663	676,920
Provision no longer required	10,928,312	-
Credits no longer Required	2,412,482	191,610
Profit on Sale of Investment	-	2,942,948
	129,138,147	50,271,319

Note 25 - NOTES FORMING PART OF FINANCIAL STATEMENTS

1) *Contingent Liabilities*

Guarantees issued by Banks on behalf of the company **Rs.1,83,11,423/-**
 (Previous Year Rs. 1,83,11,423/-).

Claims against the company not Acknowledged as debts-Rs.10,08,242/-
 (Previous Year Rs. 10,08,242/-).

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 19

	31.03.2016	(Rupees in INR) 31.03.2015
Contribution to Provident Fund	1,34,09,599	1,18,52,397

b) *Defined Benefit Plans:*

Description of Benefits Plan	Funded Gratuity 31.03.2016 (Rs.)	Funded Gratuity 31.03.2015 (Rs.)
A) Reconciliation of Opening and closing balances of the present value of the defined benefit plan obligation		
Present value of obligation as at 01/04/2015	84,48,668	59,98,972
Current service cost	21,76,706	18,25,184
Interest cost	6,75,893	4,79,918
Benefits Paid	(2568620)	(870,522)
Actuarial gain/ (loss) on obligations	29,87,218	10,15,116
Present value of obligations as at 31/03/2016	1,17,19,865	84,48,668

SOUTH ASIA FM LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

B) Reconciliation of opening and closing balances of the fair value of plan assets.		
Fair value of plan assets as at 01/04/2015	1,05,06,494	59,96,220
Expected return on plan assets	10,24,601	7,83,004
Contributions made	42,37,951	45,97,792
Benefits paid	(25,68,620)	(8,70,522)
Actuarial gain/ (loss) on plan assets	Nil	Nil
Fair value of plan assets as at 31/03/2016	1,32,00,426	1,05,06,494
C) Table showing Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	1,05,06,494	59,96,220
Actual return on plan assets	10,24,601	7,83,004
Contributions	42,37,951	45,97,792
Benefits Paid	(25,68,620)	(8,70,522)
Fair value of plan assets at end of the year	1,32,00,426	1,05,06,494
Funded status Asset / (Liability)	14,80,561	20,57,826
Excess of actual over estimated return on plan assets	-	-
D) Actuarial Gain/ (Loss) recognized		
Actuarial gain on obligations	29,87,218	10,15,116
Actuarial gain on plan assets	-	-
Total gain for the year	29,87,218	10,15,116
Actuarial gain recognized in the year	29,87,218	10,15,116

SOUTH ASIA FM LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

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 31/03/2016	1,17,19,865	84,48,668
Fair value of plan assets as at 31/03/2016	1,32,00,426	1,05,06,494
Funded status - Asset / (Liability)	14,80,561	20,57,826
Net Asset recognized in Balance sheet included under(Long Term Loans and Advances - Note 10)	14,80,561	20,57,826
F) Expenses recognized in the Profit & Loss account		
Current service cost	21,76,706	18,25,184
Interest cost	6,75,893	4,79,918
Expected return on plan assets	(10,24,601)	(7,83,004)
Net actuarial gain/(loss) recognized	29,87,218	10,15,116
Expenses recognized in Profit & Loss account (included in 'Employee Benefit Expense' in Note 19)	48,15,216	25,37,214
G) Actual return on plan assets		
Expected return on plan assets	(10,24,601)	(7,83,004)
Actuarial gain/ (loss) on plan assets	-	-
Actual return on plan assets	(10,24,601)	(7,83,004)
H) Opening net liability	20,57,826	(2,752)
Contributions	42,37,951	45,97,792
Expenses	48,15,216	25,37,214
Closing Net Asset (Liability)	14,80,561	20,57,826
I) Actuarial assumptions*	31.03.2016	31.03.2015
Discount rate	8%	8%

SOUTH ASIA FM LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

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.

	2015-2016 (Rs.)	2014-2015 (Rs.)
4) Expenditure in Foreign Currency		
Travelling Expenses	9,270	26,983
Total	9,270	26,983

5) Dues to Small- Scale Industrial undertakings

- The company has no outstanding dues to small-scale industrial undertakings as on 31st March 2016 and 31st March 2015.

6) 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, 2016.

7) 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 :

	(Rupees in INR)	
	31.03.2016	31.03.2015
Upto 1 year	2,64,08,954	2,42,20,765
> 1 year but not later than 5 years	4,64,95,385	4,42,88,559
> 5 years	2,43,69,494	1,83,66,237

- (b) Lease payments recognized in Profit & Loss Account is Rs. 2,70,83,723/- (included in Rent - Other Expenses - Note 22) (Previous Year Rs. 2,71,58,434/-)

SOUTH ASIA FM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

8) 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.

9) *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

➤ *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

➤ *Related Party Transactions*

Figures in brackets represent corresponding previous year figures.

SOUTH ASIA FM LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016**

Group Head	Nature of Transactions	Related Party	Relationship	Revenue items - recognized during the period In (Rs.)	Balance Sheet items - O/s as at 31.03.2016 In (Rs.)
Other Current Assets	Rent receivable	Sun Direct TV Private Limited	ENT	-	37,646 (63,765)
Other Current Liabilities	Rent Payable	Sun TV Network Limited	HC	-	107,650 (NIL)
Other Current Liabilities	Rent Deposit	Sun Direct TV Private Limited	ENT	-	20,000 (70,000)
Other Current Liabilities	Electricity Payable	Sun TV Network Limited	HC	-	87,011 (1,89,546)
Other Current Liabilities	Staff Welfare Payable	Sun TV Network Limited	HC	-	31,507 (65,892)
Other Income	Rental Income	Sun Direct TV Private Limited	ENT	473,663 (6,76,920)	-
Other Expenses	Rent Expense	Sun TV Network Limited	HC	11,84,475 (11,21,256)	-
Other Expenses	Electricity Charges	Sun TV Network Limited	HC	9,95,656 (8,80,592)	-
Employee Benefit Expense	Staff Welfare Others	Sun TV Network Limited	HC	3,57,199 (3,49,778)	-
Advertisement Expenses	Advertisement & Publicity	Sun TV Network Limited	HC	2,50,00,000 (NIL)	-
Other Income	Interest earned	AV Digital Networks(Hyderabad) Private Limited	AE	2,57,90,465 (2,57,20,572)	-
Loans & Advances	Advance	AV Digital Networks(Hyderabad) Private Limited	AE	-	37,04,38,463 (34,46,47,998)
Non Current Investments	Investments	Deccan Digital Networks(Hyderabad) Private Limited	AE	-	683,780,425 (683,780,425)
Non Current Investments	Investments	Metro Digital Networks(Hyderabad) Private Limited	AE	-	767,141,283 (767,141,283)
Non Current Investments	Investments	AV Digital Networks(Hyderabad) Private Limited	AE	-	254,524,809 (254,524,809)

SOUTH ASIA FM LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016**

Non Current Investments	Investments	Pioneer Radio Training Services Private Limited	AE	-	28,595,000 (28,595,000)
Non Current Investments	Investments	Optimum Media Services Private Limited	AE	-	1,028,595,000 (28,595,000)
Non Current Investments	Investments	Asia Radio Broadcast Private Limited	AE	-	28,595,000 (28,595,000)

10) 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)

11) Earnings per share

		<i>For the year ended</i>	
		31.03.2016	31.03.2015
		(Rs.)	(Rs.)
Profit / (Loss) after tax	(a)	30,91,81,578	19,46,44,024
Basic			
Weighted average number of equity shares of Rs.10/- each outstanding during the year	(b)	30,71,27,577	25,03,59,817
Dilution			
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)	33,04,77,645	27,37,09,885
Earnings per Share			
Basic	- (a)/(b)	1.01	0.78
Diluted	- (a)/(c)	0.94	0.71

12) Deferred Tax Asset

Particulars	As at 31.03.2016
Timing Difference in Depreciable Asset	1,19,99,946
Eligible carry Forward of Loss/unabsorbed depreciation	39,64,53,000
40a Disallowance	40,06,000
Expenses allowable against taxable income in future years	4,85,000
Total	41,29,43,946

SOUTH ASIA FM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

In the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized, above deferred tax asset aggregating to `41,29,43,946 has not been recognized.

13) Corporate Social Responsibility

Gross amount required to be spent by the company during the year Rs.17,21,802

Amount spent during the year Rs. 16,07,906

14) During the current financial year, the Company 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. 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. Accordingly, the management is of the view that no accounting adjustments are considered necessary in these financial statements in this regard. Furthermore, the Company continues to have full possession of the assets sought to be attached.

15) 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 has 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"). With respect to the Company, (a) An interim order of the Madras High Court had permitted the Company to participate in the e-auctions in Phase III. (b) With reference to migration from Phase II to Phase III stated above, the company has been permitted to continue existing operations by way of interim orders by the Madras High court. While the matter continues to be sub-judice at the Madras High Court, 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. Accordingly, the management is of the view that no accounting adjustments are considered necessary in these financial statements in this regard.

SOUTH ASIA FM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS ON 31.03.2016

16) 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 : May 25, 2016